

CITY OF LOS ANGELES  
INTER-DEPARTMENTAL CORRESPONDENCECLA:12-11-0952  
CAO: 0220-00540-1022

Date: December 4, 2012

To: The Council  
The MayorFrom: Gerry F. Miller, Chief Legislative Analyst *KEY for*Miguel A. Santana, City Administrative Officer *MAS*Subject: **LOS ANGELES HOUSING DEPARTMENT HOUSING ASSET TRANSFER AGREEMENT****SUMMARY**

As authorized by Assembly Bill (AB) 1x26, the redevelopment dissolution bill, on January 25, 2012 the City Council took an action to become the Housing Successor Entity to the former Community Redevelopment Agency of the City of Los Angeles (CRA/LA) (CF.12-0049). The transfer of the housing assets and functions are currently on hold, pending State Department of Finance (DOF) approval of the Housing Asset List and meet and confer process.

In anticipation of the transfer, the Los Angeles Housing Department (LAHD) has negotiated a Housing Asset Transfer Agreement (Attachment) with the CRA-LA / Designated Local Authority (DLA), the entity responsible for implementing CRA/LA close-out activities, and seeks authority to execute this agreement. At this time, our offices are requesting authority for pre-approval of the Housing Asset Transfer Agreement, which will facilitate the transfer of the housing assets and functions once the DOF has approved the Housing Asset List.

In a report dated November 9, 2012 (C.F. 12-0049), which includes the Housing Asset List as an attachment, LAHD has identified the following assets and functions to be transferred to the department:

- 498 housing loans;
- 22,826 affordable housing covenants;
- 32 affordable housing pipeline projects;
- 67 housing properties;
- 51 conduit bonds / unexpended bond proceeds; and
- 5 affordable housing grants.

These additional housing assets and functions will be an increase in workload for the department. As a result, LAHD has identified additional personnel and financial resources needed to manage the transfer and integration of these assets and functions into LAHD's regular operations. These requests along with an analysis of funding options will be addressed in a separate joint City Administrative Officer and Chief Legislative Analyst report.

## BACKGROUND

AB 1x26 authorized the city that created a redevelopment agency to retain the housing assets and functions previously performed by the redevelopment agency. In response, the City Council adopted a resolution on January 25, 2012, indicating the City's election, through the LAHD, to retain the housing assets and functions of the former CRA/LA (C.F. 12-0049) by becoming the Housing Successor Entity. With the adoption of the resolution, the housing assets and functions were to be transferred to LAHD as of February 1, 2012. Due to differing interpretations of AB 1x26, the lack of clarity provided by the State, delays in the formation of an Oversight Board, and several other factors, the housing assets and functions have yet to be transferred.

In an attempt to provide clarity, on June 27, 2012 the State Legislature passed and Governor Brown signed AB 1484. This bill modified the housing provisions of AB 1x26 and clarified the definition of a housing asset to include real property assets, encumbered Low and Moderate Income Housing Funds (LMIHF), loans and grants receivables, rents and payments from operations used to maintain affordability / affordable housing-related enforceable obligations, outstanding amounts owed to the LMIHF, and housing bond proceeds. The legislation also identifies mixed use projects in the definition of a housing asset, but LAHD and CRA/LA-DLA are awaiting additional clarification from the DOF regarding the transfer and/or disposition of these types of assets.

### Housing Asset List

Included in AB 1484 was a provision requiring the housing successor entity to submit a Housing Asset List to the DOF, which details all housing assets with an explanation indicating how said assets meet the definition. On August 1, 2012, LAHD submitted the mandated Housing Asset List, as prepared by the CRA/LA-DLA because the housing assets have yet to be transferred. The transmitted list also included a memo indicating that LAHD had not had an opportunity to complete a thorough review and reserves the right to make modifications to the list in the future. The DOF had 60 days from the due date of the list to object to any items on the list and if no objections were received, the Housing Asset List would be deemed approved.

In a letter dated August 31, 2012, the DOF rejected the Housing Asset List in its entirety on the grounds that LAHD did not provide sufficient documentation to substantiate that the listed housing assets meet the definition of a housing asset. The LAHD disagrees with this determination and is currently in ongoing meet and confer discussions with DOF. Even though AB 1484 does not include a timeline for the conclusion of the meet and confer process, LAHD expects a final determination in early 2013.

### Housing Asset Transfer Agreement

With the City's election to become the Housing Successor Entity, the LAHD and CRA/LA-DLA, negotiated to begin the transfer of the housing assets and functions. Through these discussions, a number of issues arose and the need for a Housing Asset Transfer Agreement between CRA/LA-DLA and LAHD was identified in order to clarify issues not addressed in the legislation such as: access to documents; liability; insurance requirements; and transfer dates. It should be noted that no such agreement is mandated by either AB 1x26 or AB 1484, but is

recommended by both Richards Watson & Gershon, the City's outside counsel for CRA/LA dissolution matters, and CRA/LA-DLA's counsel.

Per the LAHD Report dated November 9, 2012, the attached Transfer Agreement specifies how LAHD will accept housing assets and associated rights, powers, duties, and obligations of the former Agency. The Housing Asset Transfer Agreement addresses the key issue of when the assets and functions will be transferred by establishing a "Global Transfer Date." The Global Transfer Date is 30 days after DOF approval of the Housing Assets List, which is the final approving authority after CRA/LA-DLA Governing Board (three person panel appointed by the Governor to oversee the dissolution of the former CRA/LA), City Council, and Oversight Board approvals of the list. All assets and functions will transfer to the LAHD on the "Global Transfer Date" with the exception of the following assets, which will transfer per separate timelines as defined in the Housing Asset Transfer Agreement: mixed use assets, encumbered LMHFs, unencumbered housing bond funds, and reimbursement of LMHFs used to make payment of Supplemental Educational Revenue Augmentation Fund obligations. The Housing Asset Transfer Agreement precludes the transfer of obligations under the Wiggins settlement. The settlement was entered into in 2008 and imposed certain responsibilities on the former CRA/LA to preserve and replace residential hotel and single room occupancy units in the City Center and Central Industrial project areas. A separate agreement relative to the Wiggins Settlement may be negotiated at a later time.

On September 1, 2012, the CRA/LA-DLA Governing Board approved the Housing Asset Transfer Agreement and it is now before City Council for review and approval. If the City Council and Mayor take actions to approve the agreement, it will be transmitted to the CRA/LA-DLA Oversight Board for final approval. In the event that substantial changes are made to the agreement by the City Council and/or the Oversight Board, the agreement may be transmitted to any of the governing bodies for reconsideration. The LAHD reports that the department will not sign the Housing Asset Transfer Agreement until it is approved by the CRA/LA-DLA Oversight Board and the final housing asset list is approved by the DOF.

## **RECOMMENDATIONS**

That the City Council, subject to approval of the Mayor:

1. Approve the Housing Asset Transfer Agreement (Attachment) between the City of Los Angeles and the Community Redevelopment Agency / Los Angeles, A Designated Local Authority and authorize the General Manager of the Los Angeles Housing Department, or designee, to execute the Housing Asset Transfer Agreement and make technical amendments, subject to the approval of the City Administrative Officer and Chief Legislative Analyst, regarding the CRA/LA Affordable Housing Assets and Functions, subject to the approval of the Housing Asset List and the Housing Asset Transfer Agreement by the State Department of Finance; and
2. Request that the Los Angeles Housing Department report to the City Council and Mayor if substantial changes are made to the Housing Asset Transfer Agreement by the Community Redevelopment Agency / Los Angeles, A Designated Local Authority Oversight Board.

## FISCAL IMPACT STATEMENT

There is no immediate fiscal impact caused by the approval of the recommendation to authorize the Los Angeles Housing Department (LAHD) to execute the Housing Asset Transfer Agreement (Attachment) with the Community Redevelopment Agency / Los Angeles, A Designated Local Authority. A separate joint report from the Office of the City Administrative Officer and the Office of the Chief Legislative Analyst will address the additional staffing and resources needed for LAHD to absorb and manage the Housing Assets and Functions to be transferred to LAHD.

Attachment: Housing Asset Transfer Agreement

*GFM:MAS:MKK:SAM:02130056*

**AGREEMENT REGARDING CRA/LA AFFORDABLE  
HOUSING ASSETS AND FUNCTIONS**

This Agreement Regarding CRA/LA Affordable Housing Assets and Functions ("Agreement") is made and entered into as of this \_\_\_ day of \_\_\_\_\_, 2012 ("Effective Date"), by and between the CRA/LA, a Designated Local Authority ("CRA/LA"), in its capacity as the successor agency to The Community Redevelopment Agency of the City of Los Angeles, California ("Former Agency") and City of Los Angeles, a charter city ("City"), acting by and through its Housing Department ("LAHD").

**RECITALS**

A. On February 1, 2012, the Former Agency dissolved pursuant to California Health and Safety Code Section 34172.

B. In accordance with California Health and Safety Code Section 34173(d)(3), CRA/LA was formed to serve as the successor agency of the Former Agency.

C. Pursuant to California Health and Safety Code Section 34176(a), the Los Angeles City Council adopted a resolution on January 25, 2012 electing to retain the housing assets of the Former Agency and to perform the housing functions under the Community Redevelopment Law, California Health and Safety Code Section 33000, et seq. ("CRL") which were previously performed by the Former Agency and accept the transfer of all rights, powers, duties and obligations, except as otherwise provided in Part 1.85, added to the CRL by AB x1 26, related to the Former Agency's housing assets and functions; and to designate LAHD to perform said housing functions (Los Angeles Council File 12-0049).

D. CRA/LA's Governing Board approved and authorized this Agreement on \_\_\_\_\_, 2012.

E. CRA/LA's Oversight Board ("Oversight Board") approved and authorized this Agreement on \_\_\_\_\_, 2012.

F. The City Council of the City approved and authorized this Agreement on \_\_\_\_\_, 2012.

G. CRA/LA and LAHD desire to enter into this Agreement for the purpose of providing for the orderly transfer of the housing assets and functions of the Former Agency to LAHD.

NOW, THEREFORE, in consideration of the transfer and assignment of the housing assets and functions by CRA/LA and the acceptance and assumption of those housing assets and functions by LAHD, and for other good and valuable consideration,

the receipt and adequacy of which is hereby acknowledged, the parties hereby agree as follows:

1. Definitions.
  - a. "Agreement" means this Agreement Regarding CRA/LA Affordable Housing Assets and Functions.
  - b. "City" means the City of Los Angeles, a charter city.
  - c. "CRA/LA" means CRA/LA, a Designated Local Authority, in its capacity as the successor agency to The Community Redevelopment Agency of the City of Los Angeles, California.
  - d. "CRL" means the Community Redevelopment Law, California Health and Safety Code Section 33000, et seq.
  - e. "Deferrals" shall have the meaning set forth in Section 2.h of this Agreement.
  - f. "DOF" means the State of California Department of Finance.
  - g. "Effective Date" means \_\_\_\_\_, 2012 (the date set forth in the first paragraph of this Agreement).
  - h. "Enforceable Obligation" shall have the meaning set forth in California Health and Safety Code Section 34171(d).
  - i. "Former Agency" means The Community Redevelopment Agency of the City of Los Angeles, California, which has been dissolved pursuant to California Health and Safety Code Section 34172(a)(1).
  - j. "Global Transfer Date" means the date thirty (30) days after the last to occur of the three approvals set forth in Recitals D, E and F above and the date the DOF approves the list of housing assets (or any additions to such list) or such list (or any additions to such list) is deemed approved by the DOF pursuant to California Health and Safety Code Section 34176(a)(2).
  - k. "Housing Assets" means all those items and interests of the Former Agency identified as "housing assets" in California Health and Safety Code Section 34176(e) and set forth on the list of housing assets, as such list may be modified from time to time, submitted to and approved or deemed approved by the DOF pursuant to California Health and Safety Code Section 34176(a)(2).
  - l. "Housing Functions" means those functions previously performed by the Former Agency in connection with the housing activities of the Former Agency.
  - m. "LAHD" means the City of Los Angeles Housing Department.

- n. "LMIH Asset Fund" shall have the meaning set forth in California Health and Safety Code Section 34176(d).
- o. "Loans" shall have the meaning set forth in Section 2.e of this Agreement.
- p. "Low Mod Encumbrances" shall have the meaning set forth in Section 2.c of this Agreement.
- q. "Oversight Board" means the Oversight Board for CRA/LA, established pursuant to California Health and Safety Code Section 34179.
- r. "Personal Property" shall have the meaning set forth in Section 2.b of this Agreement.
- s. "Pipeline Project" means a low and moderate income housing project which is not yet fully constructed or for which CRA/LA has not fully funded its Enforceable Obligation associated with such project.
- t. "Real Properties" shall have the meaning set forth in Section 2.a of this Agreement.
- u. "Rents/Operations" shall have the meaning set forth in Section 2.f of this Agreement.
- v. "ROPS" means a Recognized Obligation Payment Schedule as defined in California Health and Safety Code Section 34171(h).
- w. "Special Rents" shall have the meaning set forth in Section 2.g of this Agreement.
- x. "Transfer Date" means the date a Housing Asset is transferred and assigned by CRA/LA and accepted and assumed by LAHD as particularly described and specified in Section 2 below.
- y. "Unencumbered Housing Bond Proceeds" shall have the meaning set forth in Section 2.d of this Agreement.
- z. "Wiggins Settlement" shall mean that certain Settlement Agreement and Stipulated Judgment entered into by the Former Agency and the City, as defendants, with various plaintiffs settling County of Los Angeles vs. Board of Directors of the Community Redevelopment Agency of the City of Los Angeles, et al. and Jerome Wiggins, et al., vs. Board of Directors of the Community Redevelopment Agency of the City of Los Angeles (LASC Case Nos. BC 276472 and BC 277539).

2. **Transfer, Assignment, and Assumption of Housing Assets and Housing Functions.** Due to the sheer number and types of Housing Assets of the Former Agency, the parties agree that each category of Housing Assets, as described

below, should be handled in a specified manner and specified timeframe as provided in this Agreement. Except as otherwise expressly hereafter provided, CRA/LA hereby transfers and assigns to LAHD any and all rights, obligations, duties and interests it may have in, to and under the Housing Assets, including related Housing Functions, as of the Transfer Date applicable to the specific category of Housing Assets, and LAHD hereby accepts and assumes all such rights, obligations, duties and interests in, to and under the Housing Assets, including related Housing Functions, as of the Transfer Date applicable to the specific category of Housing Assets. The CRA/LA has retained and not transferred or assigned to the City under this Agreement the obligations allocated to the Former Agency under the Wiggins Settlement. The CRA/LA intends to enter into a separate agreement at a later time with the City and/or a third party outlining roles and responsibilities relating to the implementation of the Wiggins Settlement.

a. Real Property Assets are listed in Exhibit A to Attachment 1, attached hereto and incorporated herein by reference ("Real Properties").

i. Real Properties Transfer Date: The Real Properties that are not considered mixed assets pursuant to California Health and Safety Code Section 34176(f) shall transfer on the Global Transfer Date; provided that this date may be extended by up to an additional sixty (60) days as the parties mutually agree is necessary to arrange for preparation, formal approval, if any, and recording of deeds and certificates of acceptance, if required, for such transfers. The parties agree to facilitate and execute all deeds and certificates of acceptance for the Real Properties in an expeditious manner. Approval of this Agreement authorizes the CRA/LA Chief Executive Officer or designee and the LAHD General Manager or designee to execute any documents necessary to effectuate the transfers of Real Properties. CRA/LA is not responsible for providing title insurance to LAHD for the Real Properties. The parties acknowledge that nineteen (19) of the Real Properties transferred to the City and/or LAHD prior to the date of this Agreement as indicated in Exhibit A to Attachment 1. To the extent necessary to accomplish the purposes of this Section 2.a.i, LAHD agrees to cause the transfer of such properties to the CRA/LA for re-transfer to LAHD.

ii. Mixed Assets. As of the date of this Agreement, the CRA/LA has not identified any Real Properties that are considered mixed assets pursuant to California Health and Safety Code Section 34176(f). The parties acknowledge that if any such mixed assets are discovered or otherwise deemed to exist after the date of this Agreement, the process set forth in California Health and Safety Code Section 34176(f) will apply.

b. Personal Property Assets are listed in Exhibit B to Attachment 1, attached hereto and incorporated herein by reference ("Personal Property").

i. Personal Property Transfer Date: The Personal Property shall transfer on the Global Transfer Date, except that files and records pertaining to a Housing Asset shall transfer on the applicable Transfer Date for such Housing Asset, except as provided in subsection ii below.



ii. Files Related to Litigation. The parties agree that CRA/LA will retain and not transfer on the applicable Transfer Date any files or records related to a claim or lawsuit which has been submitted or filed by the applicable Transfer Date. LAHD will have full access to review the non-privileged and non-attorney work product portions of such claim and litigation-related files as needed upon reasonable request during normal business hours for CRA/LA in the CRA/LA offices and as further provided in Section 5 of this Agreement. CRA/LA will transfer such claim and litigation-related files no later than twenty (20) business days after a final judicial determination by a state or federal court of such claim or lawsuit, or upon determination by CRA/LA legal counsel that such transfer can occur.

iii. Review/Copy Rights. CRA/LA retains the rights to review and make copies at no expense to LAHD of any records and files transferred to LAHD pursuant to this Agreement during normal business hours for LAHD.

iv. Fees. To the extent that any Personal Property that transfers to LAHD is subject to a renewal or license fee, LAHD is responsible for making the payment for all such fees that become due after the applicable Transfer Date.

c. Low and Moderate Income Housing Fund Encumbrances are listed in Exhibit C-1 to Attachment 1, attached hereto and incorporated herein by reference ("Low Mod Encumbrances").

i. Low Mod Encumbrances Transfer Date:

(A) For each specific Low Mod Encumbrance for which the associated Pipeline Project is under construction, unless otherwise agreed to by the parties, acting through the CRA/LA Chief Executive Officer or designee and the LAHD General Manager or designee, the corresponding loan associated with the Low Mod Encumbrance will transfer on the date that is twenty (20) business days after the earlier of (a) the date of issuance of a certificate of occupancy for the associated Pipeline Project and the closing of the permanent financing loan for the associated Pipeline Project, or (b) the date LAHD requests a transfer of the loan associated with the Low Mod Encumbrance. In the event LAHD requests a transfer of the loan and the associated Low Mod Encumbrance has not already been fully disbursed by CRA/LA to the Pipeline Project, CRA/LA will disburse cash subject to that encumbrance to LAHD concurrently with the transfer of the loan. LAHD will use any such funds for only the associated Pipeline Project and shall return any unused funds to CRA/LA no later than the date twenty (20) business days after the closing of the permanent financing for that Pipeline Project. LAHD agrees to provide appropriate and regular accountings of the use of the funds to CRA/LA, its Oversight Board, the DOF or any other party with a right to an accounting.

(B) For each specific Low Mod Encumbrance for which the associated Pipeline Project is not under construction, unless otherwise agreed to by the parties, acting through the CRA/LA Chief Executive Officer or designee and the LAHD General Manager or designee, the corresponding loan associated with the Pipeline

Project will transfer on the date that is twenty (20) business days after the earlier of (a) the date CRA/LA has fully disbursed funds for the associated Low Mod Encumbrance or (b) the date LAHD requests a transfer of the loan associated with the Low Mod Encumbrance but not within twenty (20) prior to the scheduled closing of the construction loan pertaining to the associated Pipeline Project. In the event LAHD requests a transfer of the loan and the associated Low Mod Encumbrance has not already been fully disbursed by CRA/LA to the Pipeline Project, CRA/LA will disburse cash subject to that encumbrance to LAHD concurrently with the transfer of the loan. LAHD will use any such funds for only the associated Pipeline Project and shall return any unused funds to CRA/LA no later than the date twenty (20) business days following the closing of the permanent financing for that Pipeline Project. LAHD agrees to provide appropriate and regular accountings of the use of the funds to CRA/LA, its Oversight Board, the DOF or any other party with a right to an accounting.

Special Provisions with Respect to Pipeline Projects.

CRA/LA agrees to retain the cash subject to a Low Mod Encumbrance prior to the applicable Low Mod Encumbrance Transfer Date (as set forth in subsection i above) and to use the cash for no purpose other than that specific Low Mod Encumbrance until such time as either the applicable (A) Low Mod Encumbrance and the cash have transferred to LAHD or (B) the Low Mod Encumbrance has been fully discharged or released. With respect to any loan that is transferred without the associated Low Mod Encumbrance having already been fully disbursed by CRA/LA to the Pipeline Project, if the cash on hand that is transferred is not sufficient to fully fund the associated Enforceable Obligation, CRA/LA agrees to timely take such actions as necessary to include the required amounts on the appropriate ROPS and transfer the payments received by CRA/LA pursuant to the ROPS for such Low Mod Encumbrance and related loan to LAHD within twenty (20) business days after CRA/LA's receipt thereof. CRA/LA agrees to continue to oversee each Pipeline Project until such time as the contracted work has been completed or the Low Mod Encumbrance and loan related to the Pipeline Project has transferred to LAHD pursuant to this Agreement. LAHD agrees to monitor and ensure compliance with any adopted CRA/LA and Former Agency policies for such Pipeline Projects as set forth in the applicable loan documents for such Pipeline Project. CRA/LA agrees to notify LAHD at least 90 days prior to the anticipated date of transfer of a Low Mod Encumbrance or related loan for a Pipeline Project to LAHD, dependent on information provided by the developer of such Pipeline Project to CRA/LA. LAHD will use any funds transferred to it for only the associated Pipeline Project and shall return any unused funds to CRA/LA no later than the date twenty (20) business days after the closing of the permanent financing for that Pipeline Project. LAHD agrees to provide appropriate and regular accountings of the use of the funds to CRA/LA, its Oversight Board, the DOF or any other party with a right to an accounting.

d. Unencumbered Housing Bond Proceeds are listed in Exhibit C-2 to Attachment 1, attached hereto and incorporated herein by reference ("Unencumbered Housing Bond Proceeds"), and are subject to approval as set forth in California Health and Safety Code Section 34176(g).

i. Unencumbered Housing Bond Proceeds Transfer Date. For each project to be funded with Unencumbered Housing Bond Proceeds, the funds shall transfer twenty (20) business days following the date the ROPS containing the use or commitment of Unencumbered Housing Bond Proceeds for that project is deemed valid pursuant to California Health and Safety Code Section 34177(l). LAHD will use any funds received solely for that project and shall return any unused funds to CRA/LA no later than the date twenty (20) business days following the date of closing of permanent financing for such project. LAHD agrees to provide appropriate and regular accountings of the use of the funds to CRA/LA, its Oversight Board, the DOF or any other party with a right to an accounting

ii. Special Provisions with Respect to Unencumbered Housing Bond Proceeds. LAHD agrees that it will select projects to fund with Unencumbered Housing Bond Proceeds that are consistent with the CRL and the applicable bond covenants, including without limitation all requirements relating to maintaining the tax exempt nature of any tax exempt bonds, and agrees to use and commit the Unencumbered Housing Bond Proceeds in a manner consistent with the CRL and the purposes of the LMIH Asset Fund. The parties agree and recognize that the process set forth in California Health and Safety Code Section 34176(g) controls use of any Unencumbered Housing Bond Proceeds and agree to cooperate in following that process. However, the parties recognize that notice will need to be provided earlier than may be required by statute to permit approval by both the CRA/LA governing board and the Oversight Board in a timely fashion, and accordingly, LAHD agrees to use its best efforts to provide CRA/LA such notice at least forty (40) days before, but in no event later than twenty (20) days, before a ROPS is due to be submitted to the DOF.

e. Loan Receivables are listed in Exhibit D to Attachment 1, attached hereto and incorporated herein by reference ("Loans").

Loans Transfer Date: The Loans shall transfer on the Global Transfer Date, provided however for any Loan for which funds remain undisbursed on the Global Transfer Date, the undisbursed proceeds for that Loan will transfer to LAHD on the Low Mod Encumbrance Transfer Date (as set forth in Section 2.c.i above) for the specific Low Mod Encumbrance associated with that Loan to the extent not disbursed by such date.

f. Rents/Operations are listed in Exhibit E to Attachment 1, attached hereto and incorporated herein by reference ("Rents/Operations").

i. Rents/Operations Transfer Date: Rents/Operations shall transfer on the Global Transfer Date.

ii. Annual Fees. Rents/Operations include annual administrative fees payable under conduit bonds listed on Exhibit E to Attachment 1. The parties agree that these annual fees are paid in connection with the maintenance and enforcement of affordability covenants, and that CRA/LA shall retain any annual

fees paid prior to the Global Transfer Date and LAHD is entitled to all such annual fees paid after the Global Transfer Date.

g. Special Rents are listed in Exhibit F to Attachment 1, attached hereto and incorporated herein by reference (“Special Rents”).

Special Rents Transfer Date: Special Rents shall transfer on the Global Transfer Date, except for Special Rents derived from a specific Real Property which will transfer on the Transfer Date applicable to that specific Real Property.

h. Deferrals are listed in Exhibit G to Attachment 1, attached hereto and incorporated herein by reference (“Deferrals”).

i. Deferrals Transfer Date: Deferrals shall transfer no later than twenty (20) business days following the date the CRA/LA receives an allocation of property taxes from the Los Angeles County Auditor-Controller pursuant to California Health and Safety Code Section 34183 to repay any Deferrals.

ii. Special Provisions with Respect to Deferrals. The parties recognize that repayment of the Deferrals is governed by the provisions of California Health and Safety Code Section 34176(e)(6). LAHD shall deposit any transfers of the Deferrals into the LMIH Asset Fund in accordance with California Health and Safety Code Section 34171(d)(1)(G).

3. Retention of Obligations by CRA/LA. Notwithstanding anything in this Agreement to the contrary, the parties agree that except as specifically set forth herein and except where funds have transferred to LAHD pursuant to this Agreement to fund an Enforceable Obligation, CRA/LA shall retain the obligation to make payments due for CRA/LA Enforceable Obligations. Without limiting the generality of the foregoing, the parties agree that with respect to any outstanding bonds issued by the Former Agency, the CRA/LA shall retain the obligation to make all payments, including required debt service, reserve set-asides and other payments required under the indenture or similar documents governing the issuance of such bonds. In addition, the parties agree that the CRA/LA shall retain the obligation to make all payments required by judgments or settlements entered by a competent court of law or binding arbitration decisions against the Former Agency or CRA/LA except as otherwise provided in this Agreement.

4. Notices of Transfer. CRA/LA agrees to make all reasonable efforts to provide timely and adequate notice of the transfer, assignment and assumption of Housing Assets by LAHD to all appropriate parties within a reasonable time prior to the applicable Transfer Date. LAHD agrees to make all reasonable efforts to provide timely and adequate notice of the transfer, assignment and assumption of Housing Assets by LAHD to all appropriate parties within a reasonable time after the applicable Transfer Date. Such notices shall at a minimum provide that all communications required to be delivered to the Former Agency under any documents shall be sent to LAHD at LAHD’s address. CRA/LA and LAHD shall mutually cooperate with such notice process. CRA/LA shall promptly provide to LAHD copies of all correspondence pertaining to a

Housing Asset which is received by CRA/LA from individuals or entities after the applicable Transfer Date.

5. **Documents and Instruments of Transfer/Continuing Cooperation.**

The parties agree to promptly execute and deliver from time to time all such documents and instruments and to take such other actions as may be appropriate to effectuate and memorialize the transfer, assignment, and assumption of Housing Assets as contemplated by this Agreement, and to perfect the ownership or title of LAHD in and to the Housing Assets in an as expeditious a manner as possible while minimizing the need to seek any additional CRA/LA governing board, Oversight Board and City Council approvals other than approval of this Agreement, and without any requirement for CRA/LA to provide title insurance to LAHD. LAHD will have access to all CRA/LA non-privileged and non-attorney work product files and records relating to Housing Assets upon reasonable request during normal CRA/LA business hours in the CRA/LA offices. In addition, CRA/LA will transfer all Housing Assets in their condition as of the Effective Date until transferred to LAHD as provided in this Agreement. CRA/LA will use its reasonable efforts to ensure that no Housing Asset is subject to waste.

6. **Transfer of Liability.** LAHD shall be responsible for all claims, liabilities, obligations, costs and expenses of every kind and nature whatsoever that CRA/LA may suffer or incur and that arise from or are related, directly or indirectly, to conditions, actions, inactions or events that first existed or occurred from and after the applicable Transfer Date with respect to each Housing Asset. CRA/LA shall be responsible for all claims, liabilities, obligations, costs and expenses of every kind and nature whatsoever that LAHD may suffer or incur and that arise from or are related, directly or indirectly, to conditions, actions, inactions or events that first existed or occurred prior to the applicable Transfer Date with respect to each Housing Asset. CRA/LA agrees to timely take all such actions as necessary to include on the appropriate ROPS all costs associated with its obligations under this Section 6.

7. **No Material Modifications Prior to the Transfer of a Housing Asset.**

From and after the Effective Date, CRA/LA shall not terminate, materially amend or otherwise materially modify any document or instrument pertaining to a Housing Asset (except with the prior written consent of LAHD or otherwise to the extent required to comply with provisions of this Agreement).

8. **Insurance.** LAHD shall cause the owner of any project related to any Housing Asset transferred under this Agreement to require that CRA/LA, and its board members, officers, agents, and employees, be named as an additional insured on all insurance policies relating to such Housing Asset as required by the applicable CRA/LA documents relating to the Housing Asset for so long as CRA/LA remains in existence.

9. **Governing Law.** This Agreement shall be interpreted under and be governed by the local laws of the State of California.

10. **Binding on Successors.** This Agreement shall inure to the benefit of, and shall be binding on, the assigns, successors in interest, personal representatives, estates, heirs, and legatees of each of the parties.

11. **Entire Agreement.** This Agreement contains the entire agreement of the parties, and supersedes any prior written or oral agreements between them concerning the subject matter of this Agreement. There are no representations, agreements, arrangements, or understandings, oral or written, among the parties, relating to the subject matter of this Agreement, that are not fully expressed in this Agreement.

12. **Severability.** Any provision of this Agreement which shall prove to be invalid, void, or illegal shall in no way affect, impair or invalidate any other provision hereof and such other provision shall remain in full force and effect.

13. **Further Assurances.** CRA/LA and LAHD each agree to reasonably approve and take all such actions as are reasonably required to effectuate the intent of this Agreement.

14. **Amendment.** This Agreement shall not be amended except by written instrument signed by all parties hereto.

15. **Notices.** Any notice, request, direction, demand, consent, waiver, approval or other communication required or permitted to be given under this Agreement shall be given in writing and shall be delivered (i) in person, (ii) by certified mail, postage prepaid, return receipt requested, (iii) by facsimile, or (iv) by a commercial overnight courier that guarantees next day delivery and provides a receipt, and addressed to the parties at the addresses provided below, or at such other address as either party may hereafter notify the other in writing. Service of any such notice or other communications so made shall be deemed effective on the day of actual delivery (whether accepted or refused) as evidenced by confirmed answerback if by facsimile (provided that if any notice or other communication to be delivered by facsimile is unable to be transmitted because of a problem affecting the receiving party's facsimile machine, the deadline for receiving such notice or other communication shall be extended through the next business day), as shown by the addressee's return receipt if by certified mail, and as confirmed by the courier service if by courier; provided, however, that if such actual delivery occurs after 5:00 p.m. (local time where received) or on a non-business day, then such notice or demand so made shall be deemed effective on the first business day following the day of actual delivery. No communications via electronic mail shall be effective to give any notice, request, direction, demand, consent, waiver, approval or other communications hereunder. Notices shall be addressed as follows:

CRA/LA: CRA/LA, a Designated Local Authority  
1200 West 7<sup>th</sup> Street, Suite 201  
Los Angeles, CA 90017  
Attn: Chief Executive Officer  
Phone No.: (213) 977-1600

Fax No.: (213) 617-8053

With a copy to: CRA/LA, a Designated Local Authority  
1200 West 7<sup>th</sup> Street, Suite 201  
Los Angeles, CA 90017  
Attn: Legal Counsel  
Phone No.: (213) 977-1600  
Fax No.: (213) 617-8199

LAHD: Los Angeles Housing Department  
1200 West 7<sup>th</sup> Street, Suite 901  
Los Angeles, CA 90017  
Attn: General Manager  
Phone No.: \_\_\_\_\_  
Fax No.: \_\_\_\_\_

With a copy to: Richards, Watson & Gershon  
355 S. Grand Avenue, 40<sup>th</sup> floor  
Los Angeles, California 90071-3101  
Attn: Robin D. Harris  
Phone No.: (213) 626-8484  
Fax No.: (213) 626-0078

16. **Counterparts**. This Agreement may be executed in any number of counterparts, each of which shall be considered an original for all purposes; provided, however, that all such counterparts shall together constitute one and the same instrument.

17. **Time is of the Essence**. Time is of the essence in the performance of the terms and provisions of this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives.

**CRA/LA:**

CRA/LA, a Designated Local Authority, as successor to The Community Redevelopment Agency of the City of Los Angeles, CA

By: \_\_\_\_\_  
Christine Essel  
Chief Executive Officer

APPROVED AS TO FORM:  
GOLDFARB & LIPMAN LLP

By: \_\_\_\_\_  
Thomas H. Webber, CRA/LA Legal Counsel

Date: \_\_\_\_\_

**LAHD:**

THE CITY OF LOS ANGELES, a municipal corporation, acting by and through its Housing Department

By: \_\_\_\_\_  
Rushmore Cervantes  
Executive Officer

APPROVED AS TO FORM:  
RICHARDS, WATSON & GERSON  
A Professional Corporation

ATTEST:  
JUNE LAGMAY, City Clerk  
By: \_\_\_\_\_  
Deputy City Clerk

By: \_\_\_\_\_  
Robin D. Harris, Special Counsel to  
the City of Los Angeles

Date: \_\_\_\_\_

Date: \_\_\_\_\_



ATTACHMENT 1  
DEPARTMENT OF FINANCE HOUSING ASSETS LIST  
[follows this page]

Attachment 1-1