RESOLUTION AUTHORIZING THE PRESIDENT AND CEO, OR HIS DESIGNEE, TO ENTER INTO A DISPOSITION AND DEVELOPMENT AGREEMENT, LONG-TERM GROUND LEASE, PURCHASE OPTION, RIGHT OF FIRST REFUSAL, A RAD USE AGREEMENT AND CHOICE NEIGHBORHOODS DECLARATION WITH THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (“HUD”), ACQUISITION LOAN DOCUMENTS WITH THE JORDAN DOWNS PHASE S2, LP (“PARTNERSHIP”) OF UP TO $3,400,000, A COMBINED LOAN OF GRANT FUNDS FROM A CHOICE NEIGHBORHOODS IMPLEMENTATION GRANT, STATE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT (“HCD”) INFILL INFRASTRUCTURE GRANT AND HCD TRANSFORMATIVE CLIMATE COMMUNITIES PROGRAM IN AN COMBINED AMOUNT UP TO $17,000,000 TO THE PARTNERSHIP, FOR THE DEVELOPMENT OF JORDAN DOWNS PHASE S2, A 81-UNIT AFFORDABLE RESIDENTIAL DEVELOPMENT WITH COMMUNITY AMENITIES, AND THE EXECUTION OF RELATED DOCUMENTS AND AGREEMENTS AND TO UNDERTAKE VARIOUS ACTIONS IN CONNECTION THEREWITH.

Douglas Guthrie
President & Chief Executive Officer

Jenny Scanlin
Chief Development Officer

Purpose: To execute a Disposition and Development Agreement (“DDA”) and Ground Lease with Jordan Downs Phase S2, LP (the “Developer” or “Limited Partnership”) for the development of Jordan Downs Phase S2 (the “Project” or “Phase S2”) of the Jordan Downs Redevelopment and execute all other Housing Authority of the City of Los Angeles (“HACLA” or the “Authority”) documents connected with the Project, as required by the U.S. Department of Housing and Urban Development (“HUD”), and to effectuate both the financial and construction closing of the Project. The DDA will establish the terms and conditions between the Authority and the Developer for the development of an 81-unit affordable residential development (with one manager’s unit) and related amenities. This redevelopment includes a Rental Assistance Demonstration (“RAD”) Use Agreement with the Department of Housing and Urban Development (“HUD”) and the Developer for the development of 17 RAD units and a HUD Choice Neighborhoods Initiative (“CNI”) Declaration of Restrictive Covenants for the development of 49 units (inclusive of the RAD units) of replacement housing in the 81-unit development.

Regarding: In continuing the phased redevelopment of Jordan Downs, currently broken up into approximately 19 residential developments, Phase S2 represents the fifth residential phase to meet construction closing and is part of what the Authority considers to be Phase II of the overall redevelopment. The Area H Project was approved by the Board of Commissioners (“Board”) in January 2020 as the first project in Phase II and Phase S3 project on February 27th, 2020, was the second project in Phase II of the Jordan Downs redevelopment.

On June 28, 2012, the Authority’s Board unanimously authorized the President and CEO to execute a Master Development Agreement (“MDA”) with Jordan Downs Community Partners, LLC, (“Master Developer”), a joint venture of BRIDGE Housing Corporation, a California nonprofit public benefit corporation (“BRIDGE”), and The Michaels Development Company I,
L.P., a New Jersey limited partnership ("Michaels"), for the redevelopment of Jordan Downs. The MDA between HACLA and the Master Developer was executed on August 1, 2012 and was amended by the First Amendment to the MDA ("First Amendment") dated July 13, 2017 and approved by Resolution No. 9327; further amended by the Second Amendment to MDA ("Second Amendment") dated October 4, 2017 and approved by Resolution No. 9282; and further amended by the Third Amendment to MDA ("Third Amendment") dated July 7, 2020 and approved by Resolution No. 9594.

This Project will be the third in the Jordan Downs redevelopment to be 100% constructed on the existing public housing site. The timing of its construction aligns with HACLA’s Build First Plan for Jordan Downs. In January 2017, the Board approved the Relocation Plan for Jordan Downs by Resolution 9326 which was updated in 2018 and approved by Resolution 9438. In November 2017 (Resolution 9395), the Board approved a consulting contract with Del Richardson and Associates, who initiated relocation activities with residents of the public housing buildings underlying the footprint for the Phase S2 site and who have been working diligently to ensure residents receive the support and services necessary for their successful relocation.

Additionally, on December 19, 2019 the Board (Resolution 9560), approved a contract for demolition services for the Authority to meet its obligation to deliver a clean and buildable site to the Developer. The demolition required the removal of five (5) residential buildings comprising twenty-seven (27) vacated units. Tenants were relocated into new units in Phase 1A or moved to Phase 1B, while some have voluntarily chosen to take a Section 8 tenant-based voucher and move off-site. Demolition of the site is expected to be completed by mid-March 2021.

The Board has reviewed similar terms and documents for the previous four residential projects at Jordan Downs. Staff believes that the terms outlined in the various documents contained in this report are consistent with the Master Development Agreement.

**Issues:**

**Background**

The Authority desires to transform Jordan Downs into an environmentally friendly, vibrant, urban village, conducive to healthy living and economically progressive conditions. The redevelopment plan for Jordan Downs is intended to ignite a renewal in the greater community. The Authority initiated a long-range plan to redevelop Jordan Downs in 2008. These efforts included acquiring an adjacent 21-acre site and establishing the Jordan Downs Community Advisory Committee in 2008, preparing a Community-Based Master Plan in 2009, which ultimately led to the drafting and adoption of a Specific Plan and Environmental Impact Report ("EIR") in 2011.

On June 3, 2016, HUD approved a Section 18 demo disposition application for the entire Jordan Downs Public Housing site. HUD later agreed to remove the acreage for Phase S2 so that it could be included as part of the RAD transaction. The Authority submitted a CNI Development Proposal to HUD in December 2020 for Phase S2. Upon HUD approval of the RAD and CNI transaction, HUD will allow for the release of the public housing Declarations of Trust ("DOT") on a portion of the public housing property, which DOT will be replaced by the RAD Use Agreement and CNI Declaration of Restrictive Covenants.
The Authority and Master Developer have been working closely pursuant to the MDA to implement the vision of a redeveloped Jordan Downs. This collaboration has involved conducting site plan and architectural studies, pursuing competitive and non-competitive financing for the multiple phases, adoption of a relocation plan in compliance with all regulatory requirements, and meeting with the residents on redevelopment progress to ensure consistency and transparency.

The Financing Plan for Phase S2 has progressed steadily in the past couple of years. In September 2019, Phase S2 was awarded a $13.2M Transformative Climate Communities Program Implementation Grant (“TCC”) from the Strategic Growth Council. In April 2020, the Authority was awarded a HUD commitment of 17 RAD-PBV as well as a $35M Choice Neighborhoods Implementation Grant (“CNI”), approved by Resolution 9605, of which $1M will be used for this transaction. In June 2020, the Developer was awarded a $2.6M Infill Infrastructure Grant (“IIG”) from the State Department of Housing and Community Development (“HCD”), of which $2M is included in the project budget as a loan to the partnership and $600,000 will be applied to site demolition costs incurred by the Authority. In September 2020, the Developer received notice of award of competitive tax exempt bonds and 4% tax credits from the California Tax Credit Allocation Committee in the amount of $2.7M in annual federal tax credits, which addressed any and all remaining financing gaps in public financing for the Project.

The actions recommended in this report are specific to Phase S2 and provide for a detailed technical and structural approach to the DDA, Ground Lease, and various loan and regulatory documents to conform the Phase S2 scope of development, financing plan, operations and ownership to the vision of a redeveloped Jordan Downs originated by the Authority, Jordan Downs residents and the Watts community. The Authority staff, assisted by the Authority’s outside legal counsel, Reno & Cavanaugh, PLLC and financial advisor, CSG Advisors, have negotiated the deal points and drafted the documents referenced in this report. These actions cover the unique approvals required by the Authority in this development as a fee land owner, ground lessor, subsidy provider, lender and as a regulatory body.

In a separate action, staff will also seek approval from the La Cienega LOMOD, Inc. (“LOMOD”) Board of Directors on February 25, 2021, to enter into the Jordan Downs Phase S2, LP as the Managing General Partner, and to authorize and approve the execution of the Jordan Downs Phase S2, LP ownership documents, financing documents and related documents and agreements, all related to LOMOD’s participation in the Partnership.

Replacement Units:

The Phase S2 development is comprised of 81-units of affordable residential housing (including one manager’s unit) with a total of forty-nine (49) replacement units (“Replacement Units”) for Jordan Downs. Seventeen (17) of those Replacement Units will be converted from Section 9 public housing units demolished at the existing Jordan Downs site to Section 8 RAD units (“RAD Units”) and thirty-two (32) units will be assisted by the Section 8 Project Based Housing Choice Voucher Program (“PBV Units”) and CNI replacement units. The Project also includes thirty-one (31) non-replacement PBV Units intended to ensure deeper affordability on site and provide the operating income necessary to make Phase S2 financially feasible. The Authority will provide referrals to all replacement units as they become available.
PBV/RAD& LITHC Units

<table>
<thead>
<tr>
<th>Unit Size</th>
<th>Phase S2</th>
<th>RAD</th>
<th>PBV</th>
<th>Non-replacement PBV</th>
<th>Manager’s Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>One Bedroom</td>
<td>18</td>
<td>1</td>
<td>10</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Two Bedroom</td>
<td>33</td>
<td>9</td>
<td>10</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>Three Bedroom</td>
<td>29</td>
<td>7</td>
<td>11</td>
<td>11, 1</td>
<td></td>
</tr>
<tr>
<td>Four Bedroom</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Five Bedroom</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>81</td>
<td>17</td>
<td>32</td>
<td>31</td>
<td>1</td>
</tr>
</tbody>
</table>

All sixty-three (63) PBV Units will be subject to HUD affordability requirements for 20 years under a Housing Assistance Payment (“HAP”) contract, pursuant to the authority granted under the HUD Notice PIH-2017-21. As allowed by PBV regulations, the Authority will provide a 20-year extension subject to the future availability of appropriated funds, HUD regulations, the requirements of the Authority’s Section 8 Administrative Plan and the Developer’s continued compliance with the HAP Contract. The 32 PBV replacement units will be restricted to 80% area median income or below for 40 years in accordance with the HUD CNI Grant Agreement and the CNI Declaration of Restrictive Covenants recorded against the Authority’s fee interest in the Project.

All 17 RAD Units will be subject to HUD affordability requirements for 20 years under a separate HAP contract. Subject to the above restrictions, the Authority will provide an automatic 20-year extension, as permitted under HUD’s RAD Notice PIH-2019-23 and the PBV HUD regulations. A HUD RAD Use Agreement will be recorded against the Authority’s fee interest in the Project Property in favor of HUD. The RAD Use Agreement will be recorded superior to all other liens on the Project property (except the CNI Declaration of Restrictive Covenants), run for the same term as the initial term of the RAD HAP contract, automatically renew upon each extension or renewal of the RAD HAP contract for a term that runs with each renewal term of the RAD HAP contract, and remain in effect even in the case of abatement or termination of the RAD HAP contract.

Through its Agency Plan and Relocation Plan, the Authority has adopted a Right to Retain Tenancy and Build First Policy for Jordan Downs, allowing Jordan Downs Public Housing households in good standing under their lease, a right to relocate to the replacement units being built as part of the Jordan Downs redevelopment. Phase S2’s forty-nine (49) Replacement Units will be made available to Jordan Downs’ households through the relocation process. The Authority is responsible for all relocation activities and will be identifying a relocation company to assist with selected tenant households on their relocation choices as well as coordinate all relocation activities with the Authority and Developer’s respective on-site management teams. Jordan Downs public housing residents will not be re-screened as part of the lease up process as permitted by applicable law and the Authority will ensure that all Replacement Units will be held and filled by Jordan Downs households.

Affordability

All eighty-one (81) housing units, excluding one manager’s unit, will be subject to occupancy and affordability restrictions imposed by TCAC, HCD, RAD, CNI and/or Section 8 regulations, including restrictions applicable from other financing sources and lenders, and other statutory or regulatory restrictions. The Developer and the Authority intend that all residential units within the Project (other than the one manager’s unit) will be restricted for occupancy by
households of low, very low and extremely low-income ("Restricted Units") for the entire term of the Ground Lease and in perpetuity for the RAD component in accordance with the following:

### Affordability Restrictions

<table>
<thead>
<tr>
<th></th>
<th>30% AMI</th>
<th>40% AMI</th>
<th>50% AMI</th>
<th>Manager</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>One Bedroom</td>
<td>2</td>
<td>3</td>
<td>13</td>
<td>0</td>
<td>18</td>
</tr>
<tr>
<td>Two Bedroom</td>
<td>9</td>
<td>3</td>
<td>20</td>
<td>1</td>
<td>33</td>
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<tr>
<td>Three Bedroom</td>
<td>3</td>
<td>7</td>
<td>19</td>
<td>0</td>
<td>29</td>
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<tr>
<td>Four Bedroom</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Five Bedroom</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>14</td>
<td>14</td>
<td>52</td>
<td>1</td>
<td>81</td>
</tr>
</tbody>
</table>

However, using income averaging, Jordan Downs residents moving into the replacement housing units will be able to occupy those units even with incomes over 50% AMI. Various sources of funding have been utilized by the Developer for the Project, including 4% tax credits, conventional and soft loans as well as grants, deferred developer fee and investor equity contributions to assist with construction financing. Long-term rent subsidies like RAD and PBV are essential to the permanent financing plan and instrumental in obtaining the capital necessary to realize the vision of new construction. The chart below provides a snapshot of the subsidy program AMI distribution:

<table>
<thead>
<tr>
<th>Subsidy Program</th>
<th>30% AMI</th>
<th>40% AMI</th>
<th>50% AMI</th>
<th>Manager</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>RAD</td>
<td>10</td>
<td>7</td>
<td></td>
<td></td>
<td>17</td>
</tr>
<tr>
<td>PBV</td>
<td>4</td>
<td>7</td>
<td>52</td>
<td></td>
<td>63</td>
</tr>
<tr>
<td>Unrestricted</td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Tax Credit (LITHC)</td>
<td>14</td>
<td>14</td>
<td>52</td>
<td></td>
<td>80</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>81</td>
</tr>
</tbody>
</table>

The monthly Rent charged to tenants of the Restricted Units shall not exceed one-twelfth of thirty percent (30%) their adjusted income. The Authority will require that the affordability restrictions by household size and income included here, shall remain in place for the term of the Ground Lease and cannot be modified even when subsidies expire or terminate without prior authorization of the Authority’s Board after consideration of a Feasibility Plan submitted by the Developer, which shall propose how to maintain affordability and ensure property operations and obligations can be supported.

### Developer/Organization

Jordan Downs Community Partners, LLC has assigned its rights and obligations to develop and own Phase S2 to Jordan Downs Phase S2, LP pursuant to Section 5.1 of the Master Development Agreement. The general partner of Jordan Downs Phase S2, LP, a California limited partnership, is Jordan S2-Michaels LLC, a California limited liability company, and the initial limited partner is a placeholder for the initial partnership creation and will withdraw upon closing and execution of the new Amended Limited Partnership Agreement with the investor. La Cienega LOMOD, Inc., a California nonprofit public benefit corporation ("LOMOD") will be admitted into the partnership as the managing general partner and Jordan S2-Michaels LLC will become the administrative general partner of the Developer. The LIHTC equity provider, Berkadia Jordan Downs Phase S2 Investor LP, a Delaware limited partnership, will be
admitted as the investor limited partner of Jordan Downs Phase S2, LP at financial closing and the execution of an Amended and Restated Agreement of Limited Partnership.

**Ground lease**

Under the terms of the Ground Lease, the Authority will lease approximately 1.89 acres of land for the Project ("Property") to the Developer for a period of 75 years for the Fair Market Value of $3,400,000 based on the Hypothetical Market Value of the Unencumbered Land valuation dated March 18, 2020.

The Project/Developer cannot afford to make the Ground Lease payment upfront at closing, requiring the Authority to provide the Developer with an Acquisition Loan and the Developer to deliver an Acquisition Note to the Authority in the amount of $3.4M. Section 5.2.1 of the MDA authorizes the Authority to accept promissory notes and deferred payments for the value of the Ground Lease, if required to support the economics of the transaction. The Acquisition Loan has a 55-year term starting at permanent conversion. The loan carries a 4% simple interest rate and will be repaid out of 80% of the Project residual receipts cash flow (after deferred developer fee and other customary cash flow items) until all principal and interest is repaid. A Right of First Refusal for the Authority and a separate Purchase Option for LOMOD (assignable to the Authority or a permitted assignee) will be recorded, providing the Authority the right to purchase the Project or the Developer’s partnership interests any time after the end of the 15-year Low Income Housing Tax Credit compliance period for at least three years. Independent of any transfer or sale during the Ground Lease term, at the end of the 75-year Ground Lease term, the Project property and all improvements revert to the ownership of the Authority.

**Management & Operations**

The Ground Lease has strong provisions for the Authority’s oversight of the Project and its management and operations during the term of the Ground Lease. The Authority must approve the Project’s annual operating budget and will review and monitor all management practices regularly to ensure they are consistent with the affordability restrictions, prioritization of Jordan Down residents for occupancy of replacement units, support of resident leadership, tenant protections and application of grievance procedures. The Authority will work with on-site management to ensure residents are receiving adequate and appropriate services, implementing Section 3 hiring and contracting opportunities and maintaining the physical property to the highest standard. The Authority will be provided all rights to review documents and practices, may audit the Developer and its property manager, and has strong legal rights and remedies including early termination of the Ground Lease and replacement of on-site management if it finds cause to do so subject to the rights of lenders or investors. The Authority will receive a fee of ten thousand dollars ($10,000) ("Authority Compliance Fee") paid annually to the Authority not later than one hundred twenty (120) days following the end of each fiscal year to assist in covering simple administrative costs associated with managing Ground Lease compliance. The Authority Compliance Fee shall increase annually by a rate of three percent (3%) and shall be paid as an Operating Expense prior to the distribution of Net Cash Flow.

In order to ensure that the Project is managed in a manner that promotes fairness, equity and prioritizes resident leadership, the Authority is requiring that all tenant protections and opportunities granted through the RAD Program under HUD are applied across the board in all leases, as well as grievance and management procedures. These provisions shall be uniformly applied to the residential units through the inclusion of tenant protection provisions in all tenant leases. Some of these provisions include recognition of legitimate resident
organizations, allowing protected activities including leaflet distribution, door to door surveys, posting information on boards related to the establishment or operation of a resident organization, providing meeting space and grievance procedures for lease violations and evictions. The Authority’s Asset Management Department and Section 8 staff will monitor these obligations and related agreements as well as provide unit inspection and review of all obligations.

Michaels Management-Affordable, LLC will provide property management services for Phase S2. Michaels Management-Affordable, LLC (an affiliate of the Developer) is a leading manager of affordable and mixed-income housing communities across the United States including Michaels Development Company housing developments. The regional property manager assigned to the Phase S2 project presently manages approximately 1,000 affordable housing units in two states. The property manager has over five years of experience managing affordable housing supported by various federal, state and local subsidies including HUD, tax-exempt obligations and federal low-income housing tax credits.

**Horizontal Development**

Due to the need to provide upgraded infrastructure for the Jordan Downs redevelopment to support Phase S2 as well as the under-construction Phase S3, considerable off-site improvements to relocate and expand infrastructure are a critical component of the Project. This work will support Phase S2 and S3 as well as provide backbone infrastructure for future Jordan Downs phases.

As a condition of the development of the Project, the City of Los Angeles requires that certain off-site B-Permit improvements and utility infrastructure be constructed, which includes new connections to existing municipal infrastructure on Grape Street, 101st Street, and Century Boulevard. The Project is complicated by the need to coordinate and continue utility service to the remaining campus, while simultaneously building and sizing infrastructure for the future Jordan Downs phases. Phase S2 off-site and B-Permit improvements include providing permanent underground power from existing backbone infrastructure in Century Boulevard, reconstructing 101st Street to specific plan standards, and other utility improvements to Grape Street and 101st in conjunction with serving the current and future Jordan Downs campus, and a $500,000 payment towards the build out of community parks in the vicinity. In addition, the street improvements/reconstruction provide other pedestrian infrastructure improvements over the existing campus to ensure the accessibility and connectivity of Phase S2 with the redeveloped Phase 1 projects and the surrounding neighborhood.

**Development Structure & Obligations**

A number of the deal terms under the DDA, Ground Lease and Authority Loan Agreement are technical in nature and intended to ensure that there are sufficient guarantees during construction of the development; protection of the Authority’s rights and remedies in the Project. The Authority will receive a CNI Promissory Note in the amount of $1,000,000, bearing simple interest at three percent (3%) per annum with a 55 year term, commencing at closing to be repaid from project residual cash flow; a 55-year term TCC Authority non-interest bearing Promissory Note in the amount of $13,200,000 to be repaid from project residual receipts cash flow; and an IIG non-interest bearing Promissory Note in the amount of $2,000,000, with a 55-year term due in full at loan maturity or upon occurrence of a capital event. An additional
$600,000 in Infill Infrastructure Grant funds will be applied towards site demolition costs incurred by the Authority. The Acquisition Note will be repaid from 80% of cash flow during operations until paid in full at which time the residual receipts of 80% will be applied towards repayment of the CNI note and thereafter the TCC Loan.

In addition, the Authority shall collect annual fees associated with Compliance monitoring, Construction monitoring and the Bond issuance as outlined in the funding section below. These agreements and fees will provide a means for the Authority to oversee and regulate the property during the 75-year Ground Lease period as well as reinvest in potential future phases of redevelopment at Jordan Downs or our other redevelopment projects. The structuring recognizes the various hierarchy of rights between and among the lenders, investors and leaseholders.

The deal structure strongly protects the Authority as fee owner of the land and the covenants and restrictions of both the Authority and HUD will serve to retain long-term, deep affordability. In order to meet the conditions of the sub-division map, building permits, B-Permits, and the Specific Plan, the Authority will record various maintenance and operation-related covenants on its fee interest. The Ground Lease requires that the Developer fulfill the obligations of these covenants. Allowing for these encumbrances on the Authority’s fee interest will allow the Project to move forward and is balanced with requirements for continued affordability and long-term preservation of the Improvements.

In connection with the development and construction of Phase S2, the Developer will follow the requirements of the MDA, including providing local job opportunities, job training, and meeting sustainable development goals, including delivering buildings and certifying to a minimum of LEED Silver, with the intent of achieving LEED Gold.

Phase S2 construction closing is currently scheduled to occur by March 29, 2021, subject to HUD approval of the RAD and CNI closing, and the primary financing closing.

The final draft versions of the RAD Use Agreement, the various Authority Loan Documents, the Ground Lease (collectively, the “Authority Financing Documents”), the Purchase Option, the Right of First Refusal, incorporated by reference hereto, may require finalization of non-key provisions which the President and CEO, with the support of the Authority’s staff, senior staff attorneys and outside legal counsel, will finalize prior to their execution. Examples of such non-key provisions include compilation and insertion of various supporting exhibits and documents, selection of specific terminology to appropriately refer and identify parties, events and periods and clarification of other references and concepts. The final language of such non-key provisions will not materially alter the negotiated Authority Financing Documents or other ancillary documents or key business terms.

This transaction will have a positive impact on the community, lead to the addition of much needed affordable rental housing in the City of Los Angeles and will improve the lives of residents of Jordan Downs and the Watts community.

Vision Plan:  PLACE Strategy #1: Stabilize the physical and financial viability of the conventional public housing portfolio.
The development of Phase S2 will allow for the construction of 81 new housing units, 80 of which will be deeply affordable and 49 of which are replacement units for the existing Jordan Downs residents. This development will further HACLA’s goals of improving its affordable housing stock as well as improved ADA-compliant, modern, and sustainably designed units with improved amenities. This action will help the Authority extend the life of critical, deeply affordable housing in the City of Los Angeles to serve existing public housing residents and future income-qualified households from the Authority’s active public housing and Section 8 wait lists.

Funding:

The Chief Administrative Officer confirms the following:

Source of Funds: The Developer has obtained funds necessary to finance approximately $60,388,218 in costs associated with the development of Phase S2 including: approximately $29,030,000 in tax-exempt construction financing to be provided through a loan by JP Morgan Chase (approximately $15,075,000 of the JP Morgan Chase construction tax exempt loan will convert to permanent debt) and up to $13,750,000 in taxable construction loan financing to be provided through a loan by CIT Bank; approximately $2,600,000 in financing with the State’s HCD Infill Infrastructure Grant Program funds (“IIG”) of which $2M is included in the project budget and $600,000 will be applied against site demolition costs incurred by the Authority; approximately $1,000,000 in Choice Neighborhoods Implementation grant funds (“CNI”) loaned to the Developer by the Authority; approximately $13,200,000 in the State’s HCD Transformative Climate Communities program (“TCC”) grant funds loaned to the Developer by the Authority; approximately $24,033,647 will be generated from four percent (4%) low-income housing tax credit (“LIHTC”) equity with Berkadia as the equity investor; and sixty three (63) Section 8 Project Based Vouchers and seventeen (17) Rental Assistance Demonstration (RAD) Section 8 Project Based Vouchers.

Subject to the Board’s approval, the Authority will provide the Project with a $3,400,000 acquisition carry-back loan on the Developer’s Ground Lease for the vertical development of the Project, and certain off-site improvements.

Budget and Program Impact: The Authority will receive a $20,000 Davis Bacon/Labor Compliance Monitoring Fee and $30,000 construction compliance monitoring fee during the construction period. In addition, the Authority will receive an initial bond issuance fee of approximately $172,426 and an annual bond fee of approximately $53,476 (years 1-3), reducing to approximately $18,600 (after conversion to permanent financing) for its participation as the conduit bond issuer for the debt financing portion of the transaction. The Authority will receive a reimbursement of up to $150,000 at construction loan closing to be applied towards Project costs incurred by Authority directly for various third party legal and consulting fees. A complete pay-off of the outstanding Phase S2 Predevelopment Loan in the amount of approximately $784,125 including interest earned, and a payment towards the Multi-Phase Predevelopment Loan will be provided to Jordan Downs Community Partners, LLC for master planning activities of approximately $17,893 including interest earned, which will also be made at construction closing.

The transaction incorporates payments to the Authority for a developer fee equivalent of 20% (or $700,000) of the $3,500,000 total developer fee, which is included in the development budget as HACLA Compliance and Coordination Fee of $220,000 and Site Preparation and Relocation Fee of $220,000 to be disbursed wholly at construction financial closing. The
remaining amount of $260,000 will be paid from residual receipts from operations as a HACLA Services Coordination Fee after the deferred developer fee is fully paid. Payment is contemplated to commence in year 6 of operations and HACLA will receive 90% of cash flow in a prioritized position until this fee is paid in full.

All predevelopment funds received by the Authority at financial closing will be utilized to replenish the $3,000,000 Predevelopment Cost Ceiling Commitment required under Section 7.4.2 of the Master Development Agreement and Board Resolution No. 8969. Staff has negotiated prioritizing repayment of the acquisition loan out of cost savings or additional funding received during construction. All remaining acquisition loan payments will be made from 80% of cash flow during operations until paid in full. After the Acquisition loan is fully paid then the residual receipts of 80% will be applied towards repayment of the CNI loan of $1,000,000 and thereafter, the TCC Loan of $13,200,000. Upon full payment of the TCC loan, the Authority Loan (through LOMOD) will receive 35% of cash flow as an incentive management fee as the managing general partner under the Developer’s partnership agreement. Lastly, staff has negotiated the right of the Authority (through LOMOD) to 50% of any profit (or cash flow) from a capital event available to the general partners of the Developer.

Environmental Review:

CEQA The City of Los Angeles is the lead agency for the Jordan Downs Redevelopment for purposes of the California Environmental Quality Act (“CEQA”). The City of Los Angeles, acting through its Planning Department, approved a larger project under the Jordan Downs Urban Village Specific Plan (1,800 residential units; up to 250,000 square feet of commercial/retail/office plus up to 20,000 square feet of community-service retail and services in mixed use buildings; a network of parks totaling 8.9 acres; and new community facilities), and its associated Environmental Impact Report (“EIR”) and required findings on April 17, 2013 (ENV-2010-32-EIR). Two addendums to the FEIR were prepared on January 11, 2016 and April 4, 2016 respectively to address any additional impacts not considered in the EIR as the result of a proposed Specific Plan Amendment. On April 14, 2016, the City Planning Commission found based on the whole of the administrative record that no subsequent or supplemental EIR or negative declaration was required. The Phase S2 redevelopment as contemplated in the Disposition and Development Agreement and Ground Lease is consistent with the Specific Plan and its Amendment (CPC-2015-3990-GPA-ZC-SP) and will be subject to the imposition of various measures contained in the Specific Plan’s conditions of approval, including Mitigation Monitoring. On November 29, 2016, the Department of City Planning, through the authority of its Planning Director, issued a Specific Plan Project Permit Adjustment, to allow for minor changes to setbacks, common open space and parking area shading for the Phase S2 development. This Specific Plan Project Permit Adjustment was approved in compliance with CEQA and did not find any additional environmental evaluation or mitigations required.

No further environmental review is required for the Authority’s recommended actions because based on the project record there has been no change to the Jordan Downs Redevelopment or substantial changes in circumstances or new information that would warrant subsequent environmental analysis in accordance with CEQA, including but not limited to Public Resources Code section 21166 and State CEQA Guidelines sections 15162, 15163 and 15164. Based on this, the Authority will file a Notice of Determination with the County of Los Angeles after the Board of Commissioners has acted on this item. The mitigation measures and related
conditions of approval applicable to the Jordan Downs Redevelopment have been reviewed and will be monitored for compliance as specified in the Ground Lease.

NEPA Pursuant to 24 CFR Part 58, the City of Los Angeles, through its Housing and Community Investment Department ("HCID/LA") serves as the environmentally responsible entity in preparation of the Environmental Assessment and Finding of No Significant Impact ("EA/FONSI") for the Jordan Downs Public Housing Community Project. The EA/FONSI was circulated for public review on June 13, 2014 through July 2, 2014. On December 22, 2015 a technical memorandum was prepared to review any changes to the project description. Based on this memorandum HCID/LA found that changes to the project description did not result in changes to the conclusion of the EA/FONSI. On February 11, 2016, the U.S. Department of Housing and Urban Development’s Office of the Field Office Director issued approval of the Housing Authority’s Request for Release of Funds and Environmental Certification.

Section 3:

The Developer will ensure that the residents of Jordan Downs public housing, other low-income Watts neighborhood residents, participants of Youth-Build, and qualifying residents in the City of Los Angeles have the opportunity to share in the economic benefits generated by the proposed development. Local Hire and Section 3 requirements for the Developer and their General Contractor will require the use of best efforts to set aside at least thirty percent (30%) of all new construction and post-construction jobs generated by the redevelopment, first for residents of Jordan Downs, second for residents of Watts, third to HUD’s Youth-Build Program in the City, and finally to residents of the City to the maximum extent feasible. Furthermore, the Developer and their General Contractor shall strive and use best efforts to set aside at least ten percent (10%) of their overall 30% Section 3 commitment for disadvantaged workers. Additionally, the Developer is committed to providing 10% of the total dollar amount of building trades work for all construction contracts and 3% of the total dollar amount of all non-construction contracts to Section 3 Businesses.

Attachments:

1. Resolution
2. Site Plan
3. List and description of all Financing Documents signed by the Authority
4. Authority Financing Documents
   a. RAD and CNI Documents
   b. Ground Lease (with all Exhibits)
   c. Disposition and Development Agreement (with all Exhibits)
   d. Authority Loan Agreement (with all Exhibits)
   e. Authority Acquisition Note
   f. Authority CNI Note
   g. Authority IIG Note
   h. Authority TCC Note
   i. Authority IIG Note
j. Authority Leasehold Deed of Trust (Acquisition)
k. Authority Leasehold Deed of Trust (CNI/TCC)
l. Authority Leasehold Deed of Trust (IIG)
m. Subordination Agreements (where the Authority is a signatory)
n. Purchase Option and Right of First Refusal Agreements
RESOLUTION AUTHORIZING THE PRESIDENT AND CEO, OR HIS DESIGNEE, TO ENTER INTO A DISPOSITION AND DEVELOPMENT AGREEMENT, LONG-TERM GROUND LEASE, PURCHASE OPTION, RIGHT OF FIRST REFUSAL, A RAD USE AGREEMENT AND CHOICE NEIGHBORHOODS DECLARATION WITH THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (“HUD”), ACQUISITION LOAN DOCUMENTS WITH JORDAN DOWNS PHASE S2, LP (“PARTNERSHIP”) OF UP TO $3,400,000, A COMBINED LOAN OF GRANT FUNDS FROM A CHOICE NEIGHBORHOODS IMPLEMENTATION GRANT, STATE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT (“HCD”) INFILL INFRASTRUCTURE GRANT AND HCD TRANSFORMATIVE CLIMATE COMMUNITIES PROGRAM IN AN COMBINED AMOUNT UP TO $17,000,000 TO THE PARTNERSHIP, FOR THE DEVELOPMENT OF JORDAN DOWNS PHASE S2, A 81-UNIT AFFORDABLE RESIDENTIAL DEVELOPMENT WITH COMMUNITY AMENITIES, AND THE EXECUTION OF RELATED DOCUMENTS AND AGREEMENTS AND TO UNDERTAKE VARIOUS ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Housing Authority of the City of Los Angeles (“Authority”) intends to transform the Jordan Downs public housing community into a mixed-income, mixed-use, environmentally friendly, vibrant urban village, conducive to healthy living and economically progressive conditions;

WHEREAS, on June 28, 2012, the Authority’s Board of Commissioners unanimously authorized the President and CEO to execute a Master Development Agreement (“MDA”) with Jordan Downs Community Partners, LLC, (the “Master Developer”) for the redevelopment of Jordan Downs following which the MDA between the Authority and the Master Developer was executed on August 1, 2012;

WHEREAS, the Authority and the Master Developer have been working closely since 2012 to implement the vision of a redeveloped Jordan Downs including the vertical residential development of the Phase S2 Residential Project (the “Project”) by Jordan Downs Phase S2, LP (“Phase S2 Developer”) and meeting with the residents on redevelopment progress to ensure consistency and transparency;

WHEREAS, the Project is comprised of eighty-one (81) units in an affordable residential development (including one manager’s unit) of which forty-nine (49) units will be replacement for public housing units at the existing Jordan Downs site (“Replacement Units”), seventeen (17) units will be Rental Assistance Demonstration (“RAD”) units, thirty-two (32) units will be Choice Neighborhoods Initiative (“CNI”) replacement Project Based Voucher (“PBV”) units and thirty-one (31) units will be non-replacement PBV units;

WHEREAS, the Phase S2 Developer has obtained funding necessary to finance the development including approximately $29,030,000 in tax-exempt construction financing (approximately $15,075,000 of which will convert to permanent financing), approximately $13,750,000 in taxable construction financing, a construction/permanent loan of approximately $13,200,000 in Transformative Climate Community (“TCC”) grant funds, a construction/permanent loan of approximately $1,000,000 in CNI grant funds, a construction/permanent loan of approximately $2,000,000 in HCD Infill Infrastructure Grant (“IIG”) funds, a construction/permanent loan from the Authority of approximately $3,400,000 as acquisition carryback financing, approximately $24,033,647 in 4% Low Income Housing Tax Credit equity, and an allocation of sixty-three (63) Section 8 Project-Based Vouchers (“PBV”) and seventeen (17) RAD Section 8 PBVs;

WHEREAS, all residential units within the Project (other than the manager’s unit) will be restricted for occupancy by households of moderate, low, very low and extremely low-income and will be offered supportive services;
WHEREAS, under the California Public Resources Code, Section 21166 and the California Environmental Quality Act (“CEQA”) including but not limited to sections 15162, 15163 and 15164, on the basis of substantial evidence contained in the whole record, that since the adoption of the Environmental Impact Report (ENV-2010-32-EIR) by the City Planning Commission on April 17, 2013, for the Jordan Downs Urban Village Specific Plan which incorporated all the components of the Jordan Downs Redevelopment (the “JD Development”) including the Phase S2 Project currently being proposed, there have been no changes to the JD Development, changes with respect to the circumstances under which the JD Development is being undertaken, or new information of substantial importance concerning the JD Development which cause new significant environmental effects or a substantial increase in the severity of previously identified effects in the Environmental Impact Report; two addendums to the FEIR were prepared on January 11, 2016 and April 4, 2016 respectively to address any additional impacts not considered in the EIR as the result of a proposed Specific Plan Amendment and found no subsequent EIR, addendum or further environmental documentation is necessary; this entire record was considered by the City Planning Commission on April 14, 2016;

WHEREAS, the parties have successfully negotiated a Disposition and Development Agreement (“DDA”), a Ground Lease, various Authority Loan Documents, Right of First Refusal and Purchase Option Agreements and other ancillary documents, subject to non-material revisions as approved by legal counsel, for Board consideration and recommended approval at this time; and

WHEREAS, forms of the following major Authority transaction documents have been presented at this meeting:

1. RAD Documents
2. CNI Declaration of Restrictive Covenants
3. Ground Lease (with all Exhibits)
4. Disposition and Development Agreement (with all Exhibits)
5. Authority Loan Agreement (with all Exhibits)
6. Authority Acquisition Note
7. Authority CNI Note
8. Authority IIG Note
9. Authority TCC Note
10. Authority IIG Note
11. Authority Leasehold Deed of Trust (Acquisition Loan)
12. Authority Leasehold Deed of Trust (CNI/TCC Loans)
13. Authority Leasehold Deed of Trust (IIG Loan)
14. Subordination Agreements (where the Authority is signatory)
15. Purchase Option and Right of First Refusal Agreements

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners does hereby authorize and approve as follows:

A. The form and content of the DDA, the Ground Lease, the RAD Use Agreement and other RAD Documents, the CNI Declaration of Restrictive Covenants, the various Authority Loan Documents attached hereto, the other Authority transaction documents attached hereto and all Authority ancillary transaction documents (collectively, the “Authority Financing Documents”) are hereby approved. The President and Chief Executive Officer, or his designee, including the Chief Administrative Officer, the Chief Development Officer and the Chief Programs Officer, is hereby authorized and directed, for and on behalf of and in the name of the Authority, to execute and attest the Authority Financing Documents and any other documents, agreements and certificates necessary to accomplish the
transaction contemplated by this Resolution, with such changes therein as approved with the advice of legal counsel, such approval to be conclusively evidenced by the execution and delivery thereof;

B. The commitment and expenditure of a carryback note/acquisition loan as payment for the Developer’s interest under the Ground Lease of up to $3,400,000, an Authority CNI Loan to the Developer of up to $1,000,000, an Authority IIG Loan to the Developer of up to $2,000,000 and an Authority TCC Loan to the Developer of up to $13,200,000;

C. An initial 20-year PBV HAP contract for sixty-three (63) regular PBVs, subject to the future availability of appropriated funds, HUD regulations, the requirements of the Authority Section 8 Administrative Plan and the Developer’s continued compliance with the HAP Contract with an extension of up to 20 years as permitted under HUD regulations concerning PBVs; and

D. An initial 20-year RAD PBV HAP contract for the seventeen (17) RAD units as permitted under HUD’s RAD Notice, with an automatic 20-year extension as permitted under HUD’s RAD Notice and the HUD regulations concerning PBVs.

BE IT FURTHER RESOLVED that this Resolution shall take effect immediately.

PASSED AND ADOPTED by the Housing Authority of the City of Los Angeles this 25th day of February 2021.

HOUSING AUTHORITY OF THE
CITY OF LOS ANGELES

By: ___________________________
Ben Besley, Chairperson

APPROVED AS TO FORM:

BY: ___________________________
General Counsel

DATE ADOPTED: __________________
LEGAL DESCRIPTION:

PARCEL BLOCK 9E / OS

A2.11

48,194 SF / 1.106 AC

108.67' @ GRADE

- BLOCK 9C & F / R3

A2.21

137.12' T.O.

- BLOCK 9C / R3

STORY AFFORDABLE HOUSING

- BUILDING E

JORDAN DOWNS - PHASE S3

BUILDING C:

- BUILDING C:

8 UNITS @ .75 STALL/UNIT* = 6 STALLS

- BUILDING D:

8 UNITS @ .75 STALL/UNIT* = 6 STALLS

- BUILDING E:

5 UNITS @ .75 STALL/UNIT* = 4 STALLS

- BUILDING E:

10010 GRAPE ST.; LAU

Lot 3

APN:

1/16" = 1'-0"

* PARCEL SUBDIVISION PER TRACT MAP.

A NR

NO. C-24019

PARTIAL

OCCUPANCY GROUP = A-3, B, S-2, R-2

(REQ'D / PROPOSED)

2-HR FIRE RATED WALL / SHAFT

(OPEN TO SKY)

LANDSCAPING CALCULATIONS

@ 24" BOX TREE PER 8 D.U. x 81 D.U.

= 3.0 : 1

WITHIN 5 BUILDINGS:

1X 24" BOX TREE PER 8 D.U.

= 11 BOX TREES

BUILDING B:

- BUILDING B:

BUILDING C:

- BUILDING C:

BUILDING D:

- BUILDING D:

BUILDING E:

- BUILDING E:

LANDSCAPING CALCULATIONS

PUBLIC PARK/RETAINING WALL

- PUBLIC PARK/RETAINING WALL

= 16,647 SF

SITE PLANS / PLOT PLAN

APPROXIMATE

40' - 0"

56' - 0"

65' - 0"

72' - 0"

77' - 0"

81' - 0"

86' - 0"

93' - 0"

99' - 0"

Lot 3

LOT 1

Lot 2

Lot 1 BLOCK SE / OS-UV

Lot 2 BLOCK SCF / R3-UV

Lot 3 BLOCK 9C / R3-UV

Lot 3 BLOCK 9C/F / R3-UV

15,779 SF / 0.362 AC

33,540 SF / 0.771 AC

106.60' @ T.O. PARAPET

106.25' @ T.O. PARAPET

106.01' PARAPET

106.01' T.O.

106.50' PARAPET

106.75' PARAPET

106.79' @ GRADE

107.00' PARAPET

137.23 T.O. PARAPET

131.05' T.O.

132.29' T.O.

136.79' PARAPET

127.05' T.O.

127.79' PARAPET

152.23' T.O.

RETURN TO CIVIL DRAWINGS FOR GRADING PLAN AND ADDITIONAL INFORMATION
### HOUSING AUTHORITY OF CITY OF LOS ANGELES (HACLA)

#### BOARD MEETING DOCUMENTS

**PROJECT: JORDAN DOWNS PHASE S2**

### Party Key:
- **HACLA** = Housing Authority of the City of Los Angeles
- **Partnership** = Jordan Downs Phase S2, LP
- **LOMOD** = La Cienega LOMOD, Inc. (Managing General Partner)
- **Michaels** = Jordan S2-Michaels, LLC (Administrative General Partner)
- **Master Developer** = Jordan Downs Community Partners LLC
- **Chase Bank** = JPMorgan Chase Bank N.A. (Construction Tax Exempt Lender)
- **CIT Bank** = CIT Bank (Construction Taxable Lender)
- **Berkadia** = Berkadia Affordable Tax Credit Solutions (Tax Credit Investor)
- **US Bank** = U.S. Bank National Association, N.A. (Fiscal Agent)
- **HCD** = California Department of Housing and Community Development

### Document/Item Signatories

#### RENTAL ASSISTANCE DEMONSTRATION (RAD) PROGRAM DOCUMENTS

<table>
<thead>
<tr>
<th></th>
<th>DESCRIPTION</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>RAD Use Agreement</td>
</tr>
<tr>
<td>2</td>
<td>RAD PBV HAP Contract</td>
</tr>
</tbody>
</table>

#### CHOICE NEIGHBORHOODS INITIATIVE (CNI) PROGRAM DOCUMENTS

<table>
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<tr>
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<tbody>
<tr>
<td>3</td>
<td>CNI Declaration of Restrictive Covenants</td>
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</table>

#### SITE CONTROL DOCUMENTS

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<tbody>
<tr>
<td>4</td>
<td>Ground Lease (with Memorandum of Ground Lease)</td>
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</table>

#### HOUSING AUTHORITY OF CITY OF LOS ANGELES (HACLA) ACQUISITION LOAN DOCUMENTS (GROUND LEASE LOAN)

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>8</td>
<td>Authority Acquisition Note ($3,400,000)</td>
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<td>9</td>
<td>Authority Subordinate Leasehold Deed of Trust with Assignment of Rents, Security Agreement, and Fixture Filing (Authority Acquisition Loan)</td>
</tr>
</tbody>
</table>

### Table

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<tr>
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<th>DOCUMENT/ITEM</th>
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<th>RECORDABLE</th>
<th>DESCRIPTION</th>
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<td>RENTAL ASSISTANCE DEMONSTRATION (RAD) PROGRAM DOCUMENTS</td>
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<tr>
<td>1</td>
<td>RAD Use Agreement</td>
<td>HUD; Partnership; LOMOD; HACLA</td>
<td>YES</td>
<td>HUD form applying RAD restrictions and requirements to the Project.</td>
</tr>
<tr>
<td>2</td>
<td>RAD PBV HAP Contract</td>
<td>HACLA; Partnership; LOMOD</td>
<td>NO</td>
<td>HUD form providing for PBV housing assistance payments to the Project.</td>
</tr>
<tr>
<td>II.</td>
<td>CHOICE NEIGHBORHOODS INITIATIVE (CNI) PROGRAM DOCUMENTS</td>
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<tr>
<td>3</td>
<td>CNI Declaration of Restrictive Covenants</td>
<td>HACLA; Partnership; LOMOD</td>
<td>YES</td>
<td>HUD form applying CNI restrictions and requirements to the Project.</td>
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<td>III.</td>
<td>SITE CONTROL DOCUMENTS</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Ground Lease (with Memorandum of Ground Lease)</td>
<td>HACLA; Partnership; LOMOD</td>
<td>NO/YES</td>
<td>Conveyance document providing for a 75-year lease of the property to the Partnership subject to, among other things, RAD and CNI requirements. Includes following indemnification provisions: (a) Partnership indemnifies HACLA from claims, actions, costs, expenses, and attorneys’ fees arising out of act or omission by Partnership which breaches the Partnership’s obligations under the lease; (b) Partnership agrees to defend HACLA against contractor or subcontractor claims resulting from Partnership’s negligence at Partnership’s expense; (c) Partnership indemnifies HACLA from claims, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial actions, and all costs and expenses incurred in connection with (i) Partnership’s failure to comply with applicable environmental laws, (ii) Hazardous Substances and Materials at the Project after commencement of lease, and (iii) Partnership’s act or omission regarding handling, treatment, removal, storage, decontamination, cleanup, transport, or disposal of Hazardous Substances and Materials; HACLA indemnifies Partnership and against any loss, damage, cost, expense, or liability arising out of the presence of Hazardous Substances and Materials or any environmental condition not identified in a Phase 1 or Phase 2 (if applicable) environmental study.</td>
</tr>
<tr>
<td>5</td>
<td>Disposition and Development Agreement</td>
<td>HACLA; Partnership; LOMOD</td>
<td>NO</td>
<td>Agreement governing certain terms of the Project not addressed in the HACLA loan documents or the Ground Lease, including the scope of development, events of default by the Partnership, and cure periods; additionally, incorporating the Project Concept Plan, Financing Plan, and Relocation Plan. Fees to HACLA: Partnership shall pay HACLA (1) fees equivalent to 20% of any developer fee paid for the Project, including: (a) $220,000, as coordination fee, (b) $220,000 for predevelopment and development assistance for labor compliance monitoring, and (c) $260,000 for HACLA’s ongoing coordination of services; (2) $50,000 for construction compliance monitoring; and (3) $150,000 for third-party costs, including legal and consulting fees.</td>
</tr>
<tr>
<td>6</td>
<td>Declaration of Annexation – New Century CC&amp;Rs</td>
<td>HACLA; Master Developer; Partnership; LOMOD</td>
<td>YES</td>
<td>Agreement to annex the Project property under the Declaration of Restrictions (CC&amp;Rs) and the jurisdiction of the New Century Owners Association.</td>
</tr>
<tr>
<td>7</td>
<td>HCD II &amp; Declaration of Restrictive Covenants for the Development and Operation of Affordable Housing</td>
<td>HACLA; Partnership; LOMOD</td>
<td>YES</td>
<td>HCD form applying the Infill Infrastructure Grant restrictions and requirements to the Project.</td>
</tr>
<tr>
<td>IV.</td>
<td>FINANCING DOCUMENTS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Authority Acquisition Note ($3,400,000)</td>
<td>Partnership; LOMOD</td>
<td>NO</td>
<td>Promissory Note evidencing the Authority Acquisition Loan of $3,400,000.00 by HACLA to the Partnership pursuant to the Ground Lease and representing the fair market value of the Project property.</td>
</tr>
<tr>
<td>9</td>
<td>Authority Subordinate Leasehold Deed of Trust with Assignment of Rents, Security Agreement, and Fixture Filing (Authority Acquisition Loan)</td>
<td>Partnership; LOMOD</td>
<td>YES</td>
<td>Leasehold Deed of Trust securing the Authority Acquisition Loan. Includes the following indemnification provision: Partnership indemnifies HACLA against any loss, damage, cost, expense, or liability directly or indirectly attributable to Hazardous Materials on the Project property.</td>
</tr>
</tbody>
</table>
Authority Loan Agreement

Agreement regarding the HACLA's provision of terms, responsibilities, and requirements related to the CNI, TCC and IIG Loan funds. Includes the following indemnification provisions: (a) Partnership indemnifies HACLA from and against any loss, damage, cost, expense, or liability directly or indirectly arising out of or attributable to the Partnership's or any other party other than HACLA's failure to comply with the hazardous materials provisions in the agreement; (b) Partnership indemnifies HACLA from all claims, actions, demands, costs, expenses and attorneys' fees arising out of, attributable to, or otherwise occasioned in whole or in part by an act or omission of the Partnership which constitutes a breach of the Partnership's obligations under the agreement; (c) Partnership will defend at its own expense any suit against HACLA brought by any third-party performing work for the Partnership on the Project and will pay or satisfy any related judgment, claim, and related costs and expenses. Requires the Partnership comply with the requirements to the CNI, IIG and TCC Grant Agreements.

Authority CNI Promissory Note ($1,000,000)

Promissory Note evidencing the Authority CNI Loan of approximately $1,000,000 from HACLA to the Partnership.

Authority TCC Note ($13,200,000)

Promissory Note evidencing the Authority TCC Loan of approximately $13,200,000 from HACLA to the Partnership.

Authority Subordinate Leasehold Deed of Trust with Assignment of Rents, Security Agreement, and Fixture Filing (Authority CNI/TCC Loans)

Leasehold Deed of Trust securing the Authority CNI and TCC Loan. Includes the following indemnification provision: Partnership indemnifies HACLA against any loss, damage, cost, expense, or liability directly or indirectly attributable to Hazardous Materials on the Project property.

Authority IIG Promissory Note ($2,000,000)

Promissory Note evidencing the Authority IIG Loan of approximately $2,000,000 from HACLA to the Partnership.

Authority Subordinate Leasehold Deed of Trust with Assignment of Rents, Security Agreement, and Fixture Filing (Authority IIG Loan)

Leasehold Deed of Trust securing the Authority IIG Loan. Includes the following indemnification provision: Partnership indemnifies HACLA against any loss, damage, cost, expense, or liability directly or indirectly attributable to Hazardous Materials on the Project property.

Subordination Agreement (HACLA Loans)

Agreement subordinating the Authority Acquisition, CNI, IIG and TCC Loans to the First Mortgage Loan funded with proceeds from the sale of tax-exempt and taxable bonds.

V. LIHTC EQUITY DOCUMENTS

Purchase Option Agreement

Agreement providing HACLA a option to purchase the Property or all partnership interests in the Partnership.

Right of First Refusal Agreement

Agreement providing HACLA a right of first refusal to purchase all right, title, and interest held by the Partnership in the Project.

VI. MANAGEMENT DOCUMENTS

Management and Re-occupancy Plan

Describes the policies that will be used in the management of the property.