RESOLUTION AUTHORIZING THE PRESIDENT AND CEO, OR THEIR DESIGNEE, TO ENTER A SECOND AMENDMENT TO THE DISPOSITION AND DEVELOPMENT AGREEMENT WITH ROSE HILL COURTS II HOUSING PARTNERS, L.P. TO PROVIDE UP TO $2,000,000 IN ADDITIONAL GAP FUNDING FOR ROSE HILL COURTS – PHASE II, TO EXECUTE ALL DOCUMENTS AND AGREEMENTS RELATED THERETO, AND TO UNDERTAKE VARIOUS ACTIONS IN CONNECTION THEREWITH

Douglas Guthrie Geoffrey Moen
President and CEO Director of Development Services

Purpose: To authorize the President and CEO to enter into a Second Amendment to the Disposition and Development Agreement ("2nd Amendment") with Rose Hill Courts II Housing Partners, L.P. (the "Developer") to provide up $2,000,000 in additional gap funding for Rose Hill Courts – Phase II for the development of a 96-unit affordable housing residential development ("Phase II"). This additional funding beyond the previously committed amount of $2,500,000 for a total maximum gap funding amount of $4,500,000, is necessary to address a projected funding shortfall caused by current economic conditions and will also help ensure that Phase II is competitive for its application to the California Department of Housing and Community Development ("HCD") FY2022 Super Notice of Funding Availability for the Multifamily Housing Program ("MHP").

Regarding: On November 20, 2014, by Resolution 9171, the Board of Commissioners ("BOC") authorized the President and CEO to award an Exclusive Right to Negotiate a Memorandum of Understanding ("MOU") between the Housing Authority of the City of Los Angeles ("HACLA") and The Related Companies of California, LLC ("Related"), for a period of 90 days in accordance with the Request for Qualifications for the Rose Hill Courts Redevelopment ("RFQ"), to define the terms and conditions under which Related would perform the RFQ’s scope of work.

On November 26, 2019, by Resolution 9543, the BOC certified the Environmental Impact Report ("EIR") prepared in full compliance with the California Environmental Quality Act ("CEQA") and the State CEQA Guidelines for the teardown of the existing 100-unit Rose Hill Courts public housing site and its redevelopment into 185 units with supporting amenities (the “Rose Hill Courts Redevelopment”). Further, the BOC adopted the Mitigation Monitoring and Reporting Program (MMRP) and approved the Rose Hill Courts Redevelopment.

On January 23, 2020, by Resolution 9568, the BOC authorized the President & CEO to enter into separate Disposition and Development Agreements, long-term Ground Lease Agreements and Predevelopment Loan documents with Related-controlled entities Rose Hill Courts I Housing Partners, L.P. and the Developer for the development of an 89 unit affordable housing residential development in Phase I of the Rose Hill Courts

pg. 1
Redevelopment ("Phase I") and a 96 unit affordable housing residential development in Phase II of the Rose Hill Courts Redevelopment, respectively.

On March 19, 2020, HACLA and Developer entered the Disposition and Development Agreement for Rose Hill Courts – Phase II ("DDA").

On September 15, 2021, by Resolution 9734, HACLA and Developer entered a First Amendment to the DDA to revise the land acreage for the property to provide flexibility for the long term use and maintenance of a central open space parcel.

On September 3, 2021, La Cienega LOMOD-controlled entity LOMOD RHC II, LLC ("LOMOD RHC II"), Related-controlled entity Related/Rose Hill Courts II Development Co., LLC ("Related RHC II"), and The Nicholas Company, Inc. entered the First Amended and Restated Agreement of Limited Partnership of Rose Hill Courts II Housing Partners, L.P. ("First Amended LPA"). Under the First Amended LPA, LOMOD RHC II will serve as managing general partner, Related RHC II will serve as administrative general partner, and The Nicholas Company, Inc. will serve as initial limited partner until admission of an investor limited partner.

**ISSUES:**

**Background**

Phase II is expected to be constructed on approximately 3.45-acres of land located at the western and southern portion of the 5.24-acre Rose Hill Courts public housing site owned by HACLA, representing the second phase of a two-phase redevelopment. Phase II will require the demolition of eight (8) existing structures and construction of a total of 96 residential housing units (95 affordable housing units plus one market-rate manager’s unit). At build-out, Phase II will include 37 one-bedroom units, 33 two-bedroom units, 22 three-bedroom units, and 4 four-bedroom units, approximately 6,000 square-foot Management Office/Community Building and a Central Open space, creating a park-like setting for residents. Ample open space and recreational amenities will be incorporated to promote continued community outdoor use such as outdoor communal space with shaded seating and BBQ grills, children’s play areas, tot lots, paved surfaces, and several courtyards. Phase II will provide a total of 119 parking spaces onsite, with at-grade and tuck-under parking; upgraded lighting, fencing, signage, and security features; and storm drain and utility improvements. At full build-out, the common areas and recreational amenities improved in Phase I and Phase II will be seamless and available for the enjoyment of the residents of both phases.

HACLA and Developer have been working closely to implement the Rose Hill Courts Redevelopment since BOC approval of all deal terms and the DDA for each phase in early 2020. The 89-unit Phase I redevelopment achieved financial closing in June 2021 and its construction is underway. Phase II has been planned to begin construction upon the completion of Phase I and after the residents living in the footprint of Phase II have been relocated and the buildings demolished. The Developer has completed the 100% design development drawings for Phase II and is working on the construction drawing set which is scheduled to be completed by December 2022 for submission to the City of Los Angeles for building permits. Staff is working with the Developer to finalize the financing plan which is expected to include Tax Exempt Bond financing and 4% Low income Housing Tax
Credits ("LIHTC"). HACLA has awarded Section 8 Project Based Vouchers ("PBV") to all 95 affordable units in Phase II. The Developer expects to achieve financial closing for construction by early 2024, subject to receiving all funding. Construction will commence soon thereafter and is projected to be completed within 24 months.

The Developer made an application in September 2021 to HCD’s July 2021 Round 4 MHP Notice of Funding Availability for $15,000,000 in grant funding. Even though Phase II received a perfect score, its “tiebreaker” score fell just short of the cut-off for funding.

2nd Amendment
To the DDA
The Developer will be applying for up to $15,000,000 in MHP funding in this current HCD funding cycle.

The DDA that was executed by Developer and HACLA in March 2020 authorized up to $2,500,000 in gap funding for Phase II. However, the COVID-19 pandemic has caused economic shifts and the Super NOFA scoring system has changed, increasing the funding gap for Phase II. The major factors for the increased gap are outlined below:

1) Construction costs have continued to skyrocket especially in recent months due to inflation, volatility in material pricing and availability, and a relatively steady supply of affordable housing projects starting construction, keeping subcontractors busy.

2) With the change in federal reserve monetary policy, interest rates have increased significantly (by over 100 bps) from what was underwritten in 2020. This has led to higher carrying cost and a reduction in the permanent debt sizing for the Project.

3) Due to the rising interest rates and inflationary economy, equity investors have slowed down their commitments significantly. The state of the economy has made investors cautious and adding to downward pressure in tax credit pricing. Investors are still tightening their underwriting in other ways as well, such as requiring 6 months, and in some cases 9 months, of operating reserves, which is also expected to increase costs.

4) There is considerable interest and competition for HCD funding under the upcoming Super NOFA, which is expected to be oversubscribed many times over. Based on our experience of failing to secure MHP NOFA funding last year, it is paramount to ensure a competitive tiebreaker score for Phase II. The amount of local funding commitment is one of the crucial factors in determining success in getting awarded.

Based on further discussion with the Developer, HACLA staff has determined that an increase to HACLA’s gap loan is necessary to demonstrate financial viability, address changes in underwriting impacted by the above mentioned factors, and ensure competitiveness for the upcoming funding applications.

A detailed review and analysis of the Developer’s Phase II pro forma has led staff to believe that the HACLA Gap Loan will need to increase from the current commitment of
$2,500,000 to an amount up to $4,500,000, an increase of up to $2,000,000 in gap funding authority.

For tax purposes, HACLA will need the flexibility to make a loan comprising portions of the gap funding, to Housing Promise Corporation, an entity with sufficient disaffiliation from HACLA, who in turn will make a loan to the Developer. This arrangement may be necessary to prevent related party debt issues that could potentially restrict LOMOD RHC II’s ability to receive the negotiated cash flow or capital split.

The Developer has agreed to increase the developer fee by $2,000,000 beyond the $3,500,000 cap imposed by HCD. This additional $2,000,000 will be paid to La Cienega LOMOD, Inc. and recontributed as a capital contribution through LOMOD RHC II to the Developer (the “MGP Capital Contribution”) to fund construction and development costs of the Project. Pursuant to HCD regulations, the developer fee cap is increased by the dollar value of any developer fee recontributed to the Project for development costs, subject to approval by HCD, which approval the Developer shall seek as necessary. The additional LIHTC equity realized by the higher developer fee and eligible basis will reduce Phase II’s funding gap by approximately $750,000.

As stewards of limited public funding resources, HACLA will continue to carry out its due diligence on the design, financing and predevelopment to reduce HACLA’s Gap Loan funding to the extent feasible by ensuring that the development costs are reasonable and that competitive terms for the LIHTC and permanent loans are achieved. After the Project receives an allocation of tax credits and tax exempt bonds, the Developer shall perform an open and competitive solicitation for any lender or equity investor and HACLA shall reasonably approve the final selection of any lender or equity investor. In addition, HACLA and the Developer will jointly bid the General Contractor for construction and HACLA shall have the right to approve the Construction Contract. The Developer must also submit a final Financing Plan to HACLA for its review and approval, prior to financial closing.

Earlier this year, HACLA submitted a FY 2023 Community Project Funding application for $1,500,000 to fund the Rose Hill Courts Community Center to Congressman Gomez’s office who represents the 34th Congressional District. Phase II was among a few projects in this District forwarded to the House Appropriations Committee for funding. If Phase II is successful in receiving funding for the Community Center, it will help reduce the funding gap amount for Phase II. Further, the Developer shall make good faith efforts to apply for funding from a pre-selected list of sources including the Affordable Housing Program (AHP) loan in order to reduce the HACLA Gap Loan. If a new viable funding source becomes available at a later date, HACLA and the Developer will mutually agree whether to modify the list of sources to which Developer, Related and Related RHC II must apply. HACLA shall be provided a copy of the applications as a record of the submission.

**Vision Plan:** PLACE Strategy #1: Stabilize the physical and financial viability of the conventional public housing portfolio.

Phase II will allow for the construction of 96 new housing units, 95 of which will be deeply affordable units, with one designated manager’s unit. This development will further
HACLA’s goals of improving its affordable housing stock and increasing its supply of ADA-compliant, modern, sustainably designed, and amenitized units. This action will help HACLA extend the life of critical, deeply affordable housing in the City of Los Angeles to serve income-qualified households within the city.

Funding: The Chief Administrative Officer confirms the following:

Source of Funds: $2,000,000 in funds are available from uncommitted Rent Subsidy proceeds.

Budget and Program Impact: Although this action represents an increase in funding from HACLA, HACLA is expected to receive a partial repayment if the Developer successfully receives AHP funding or HACLA receives the Community Project Funding award. Phase II will continue to be analyzed for cost savings and the amount recommended is intended to be an upper limit of financing required. Acting in advance of final underwriting is critical given the competitiveness of the MHP NOFA and to ensure a high tiebreaker score. This action allows Phase II to move forward on its timeline to initiate construction in early 2024.

Environmental Review:

CEQA No further environmental review is required for HACLA’s recommended actions because based on the project record there has been no change to the Rose Hill Courts 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.

NEPA: Pursuant to 24 CFR Part 58, the City of Los Angeles, through its Housing and Community Investment Department, serves as the environmentally responsible entity in preparation of the Final Environmental Impact Statement for the Rose Hill Courts Redevelopment. HCIDLA issued a Record of Decision on January 24, 2020 and submitted a Request for Release of Funds to the U.S. Department of Housing and Urban Development ("HUD") on February 8, 2020. On March 9, 2020, HUD’s Los Angeles Office of Public Housing issued approval of the City of Los Angeles’ Environmental Certification.

SECTION 3: The Developer will comply with and impose Section 3 hiring requirements and numerical goals consistent with the former Phase I Section 3 Construction Local Hiring and Contracting Plan negotiated pursuant to the Disposition and Development Agreement and in accordance with HACLA’s Section 3 Guide and Compliance Plan (v2). These obligations include setting aside at least thirty percent (30%) of all new predevelopment, construction and post-construction jobs generated by the redevelopment first for current residents of Rose Hill Courts, second to qualified Section 3 residents of the North East Los Angeles neighborhood, third to participants in HUD’s Youthbuild programs in the City of Los Angeles, and fourth to residents of the City of Los Angeles who meet Section 3 eligibility requirements. Furthermore, the Developers will strive to provide at least ten
percent (10%) of all construction work hours to Section 3 Residents according to the hiring priorities set forth above. Section 3 Business contracting goals of 10% for construction and 3% for non-construction subcontracts shall also apply to all contracts awarded. A Construction and Post-Construction Section 3 Local Hiring and Contracting Plan will be submitted to HACLA prior to commencement of activities for review and approval. The Hiring Plan will discuss strategies and investments that will assist in enabling their contractors and consultants to hire and train Section 3 residents during the construction and post-construction stages to achieve the minimum numerical goals for hiring, work hours and subcontracting.

Attachments:

1. Resolution
2. Draft Second Amendment to Disposition and Development Agreement for Rose Hill Courts – Phase II
RESOLUTION AUTHORIZING THE PRESIDENT AND CEO, OR THEIR DESIGNEE, TO ENTER A SECOND AMENDMENT TO THE DISPOSITION AND DEVELOPMENT AGREEMENT WITH ROSE HILL COURTS II HOUSING PARTNERS, L.P. TO PROVIDE UP TO $2,000,000 IN ADDITIONAL GAP FUNDING FOR ROSE HILL COURTS – PHASE II, TO EXECUTE ALL DOCUMENTS AND AGREEMENTS RELATED THERETO, AND TO UNDERTAKE VARIOUS ACTIONS IN CONNECTION THEREWITH

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

WHEREAS, on January 23, 2020, by Resolution 9568, the BOC authorized the President & CEO to enter into separate Disposition and Development Agreements with Rose Hill Courts I Housing Partners, L.P. and Rose Hill Courts II Housing Partners, L.P. (the “Developer”) for the development of an 89 unit affordable housing residential development in Phase I of the Rose Hill Courts Redevelopment (“Phase I”) and a 96 unit affordable housing residential development in Phase II of the Rose Hill Courts Redevelopment (“Phase II” or the “Project”), respectively;

WHEREAS, on March 19, 2020, HACLA’s President and CEO executed a Disposition and Development Agreement (“DDA”) with the Developer for the Project;

WHEREAS, on September 15, 2021 HACLA and Developer entered a First Amendment to the DDA to revise the land acreage for the Phase II property to provide flexibility for the long-term use and maintenance of a central open space parcel;

WHEREAS, Phase I achieved financing closing in June 2021 and its construction is underway;

WHEREAS, the Developer is making progress on predevelopment activities for the Project, has completed the 100% design development drawings, and is finalizing the financing plan;

WHEREAS, the Project expects to utilize tax-exempt bond financing and 4% Low Income Housing Tax Credits (“LIHTC”);

WHEREAS, after analyzing the updated Project financing as well as the impact on lending and equity investment due to the current economic and financial climate, HACLA staff has determined that an amendment to the DDA and increasing HACLA’s gap funding authorization by $2,000,000 to a new maximum gap funding amount of $4,500,000 is necessary to keep the Project on schedule;

WHEREAS, to realize additional eligible basis and LIHTC equity, the Developer has agreed to increase the developer fee for the Project by $2,000,000 beyond the $3,500,000 cap imposed by the State of California Housing and Community Development Department (“HCD”), which additional developer fee will be payable to La Cienega LOMOD, Inc. (“La Cienega”), a nonprofit affiliate of HACLA, and will be
recontributed by La Cienega as a capital contribution through LOMOD RHC II, LLC (“MGP”), the managing general partner of the Developer which has La Cienega as its sole member;

WHEREAS, to prevent related party debt issues that could potentially restrict the MGP’s ability to receive the negotiated cash flow and/or capital split, HACLA will need the flexibility to make a loan comprising a portion of the gap funding to Housing Promise Corporation, an entity with sufficient disaffiliation from HACLA, who in turn will make a loan to the Developer; and

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 Rose Hill Courts Redevelopment Project (“RHC Project”) Environmental Impact Report (“EIR”) by HACLA on November 26, 2019, including the Phase I and Phase II redevelopment activities currently being proposed, there have been no changes to the RHC Project, changes with respect to the circumstances under which the RHC Project is being undertaken, or new information of substantial importance concerning the RHC Project, which cause new significant environmental effects or a substantial increase in the severity of previously identified effects in the EIR.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of the Housing Authority of the City of Los Angeles (“BOC”) does hereby authorize and approve as follows:

a) The form and content of the Second Amendment to the DDA with the Developer and any other documents, agreements and certificates necessary to undertake various actions contemplated by this Resolution, with such changes therein as approved with the advice of legal counsel;

b) The commitment of up to an additional $2,000,000 of gap funding for a total maximum gap funding amount of $4,500,000 to the Developer, provided such commitment may include provisions allowing for all or a portion of such loan to be made to Housing Promise Corporation, which will in turn make a loan to the Developer; and

c) The President and Chief Executive Officer, or any Designated Officer, is hereby authorized and directed, for and on behalf of and in the name of the Authority, to execute and attest the Second Amendment to the DDA and any other documents, agreements and certificates necessary to accomplish the transaction contemplated by this Resolution, with such changes therein as approved by the Designated Officer with the advice of legal counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

BE IT FURTHER RESOLVED that the “Designated Officers” of HACLA referred to above are as follows:

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<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Douglas Guthrie</td>
<td>President and Chief Executive Officer</td>
</tr>
<tr>
<td>Marlene Garza</td>
<td>Chief Administrative Officer</td>
</tr>
<tr>
<td>Jenny Scanlin</td>
<td>Chief Strategic Development Officer</td>
</tr>
<tr>
<td>Margarita Lares</td>
<td>Chief Programs Officer</td>
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</tbody>
</table>
BE IT FURTHER RESOLVED that the BOC directs staff to prepare and file a Notice of Determination with the Los Angeles County Clerk within five (5) working days of the approval of these actions.

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

APPROVED AS TO FORM:  
HOUSING AUTHORITY OF THE 
CITY OF LOS ANGELES

BY: ________________________  
BY: ________________________
General Counsel James Johnson  
Chairperson Cielo Castro

DATE ADOPTED: _________________
ATTACHMENT 2

Draft Second Amendment to the DDA for
Rose Hill Courts Phase II
SECOND AMENDMENT TO
DISPOSITION AND DEVELOPMENT AGREEMENT
FOR ROSE HILL COURTS PHASE II

This First Amendment to Disposition and Development Agreement for Rose Hill Courts Phase II (this “Amendment”), is made and entered into as of June 24, 2022, by and between the HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic (the “Authority”) and ROSE HILL COURTS II HOUSING PARTNERS, L.P., a California limited partnership (the “Developer” and together with the Authority, the “Parties”).

RECATALS

A. The Parties entered into that certain Disposition and Development Agreement for Rose Hill Courts Phase II, dated March 19, 2020 (the “Original Agreement”) regarding the proposed acquisition and development of a portion of the real property located at 3521 North McKenzie Avenue, Los Angeles, California known as Rose Hill Courts (“Rose Hill Courts”).

B. The Parties amended the Original Agreement pursuant to that certain First Amendment to Disposition and Development Agreement for Rose Hill Courts Phase II, dated September 15, 2022 (the “First Amendment” and together with the Original Agreement, the “Agreement”);

C. The Agreement governs the development of “Phase II” of Rose Hill Courts which will include ninety-six (96) units, as described in further detail in the Agreement and this Amendment.

D. The Parties desire by this Amendment to amend provisions related to the Gap Loan and the Developer Fee, and otherwise modify the Agreement as set forth in this Amendment.

AGREEMENT

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, and conditions herein contained, the Authority and the Developer agree as follows:

1. Original Agreement. Except as amended hereby, the Agreement remains unmodified and in full force and effect.

2. Capitalized Terms. Capitalized terms used and not otherwise defined herein, including in the Recitals, shall have the meanings set forth in the Agreement.

3. MGP Capital Contribution. The Managing General Partner shall make a capital contribution to the Developer in the amount of Two Million Dollars ($2,000,000) (the “MGP Capital Contribution”) to fund development and construction costs in the
Development Budget. The MGP Capital Contribution shall be contributed to Developer at such time as the Managing General Partner and Administrative General Partner shall mutually agree; provided, the Managing General Partner’s obligations to make the MGP Capital Contribution is contingent on HCD approval of the Additional Developer Fee (as hereinafter defined).

4. **Developer Fee.**

Section 3.1(a)(4)(C) of the Agreement is deleted and replaced with the following:

“(C) subject to HCD approval, the Developer Fee is projected to be $5,500,000, of which (i) $2,000,000 of the Developer Fee shall be paid to the Managing General Partner or its designated affiliate and recontributed to the Developer as the MGP Capital Contribution (the “Additional Developer Fee”) and (ii) the remaining $3,500,000 of the Developer Fee shall be paid eighty-five percent (85%) to the Administrative General Partner or its designated Affiliate and fifteen percent (15%) to the Managing General Partner with each installment paid on a pari passu basis”

Section 4.3(e) of the Agreement is deleted and replaced with the following:

“(e) The Developer shall pay a developer fee (“Developer Fee”) from available sources in the amounts and at times to be shown on the final Financing Plan and on draw schedules to be entered into between the Developer and its Investor and lenders. Any Deferred Developer Fee payable from Net Cash Flow shall bear interest at an annual rate of one-half percent (0.5%). The Developer Fee will be paid solely out of Developer’s equity, private debt, or cash flow and capital proceeds. The Parties recognize that the amount and timing of fees will require the agreement of the lenders and the Investor, and must be consistent with TCAC, CDLAC and HCD limitations, if any. The Developer Fee shall be the maximum allowed by TCAC and HCD and shall be payable to the Administrative General Partner (or its Affiliate) and the Managing General Partner (or its Affiliate) in accordance with Section 3.1(a)(4)(C) herein. Subject to HCD requirements, the Developer Fee shall be in an aggregate amount of not less than $5,500,000 of which the nondeferred cash portion of the Developer Fee shall be in an aggregate amount of not less than $4,200,000 inclusive of the Additional Developer Fee which will be recontributed to the Developer as the MGP Capital Contribution.”

5. **Gap Loan.** Section 4.2(d) of the Original Agreement is hereby deleted and replaced with the following:

“Gap Loan. The Gap Loan shall be in the original principal amount of up to $4,500,000 inclusive of any amount of the Predevelopment Loan
converted into the Gap Loan and the costs of completing the work required in the Demolition and Remediation Specifications and subject to adjustment pursuant to Section 4.2(e). The Gap Loan shall bear simple interest at three percent (3%) and shall be the first funds utilized at Closing and during construction. The Gap Loan may be converted to permanent financing in accordance with the final Financing Plan."

6. Phase II Development Plan (including Financing Plan). Exhibit B to the Agreement is hereby deleted and replaced by Exhibit 1 attached hereto.

7. Applicable Law. This Amendment shall be construed and enforced in accordance with the laws of the State of California.

8. Counterparts. This Amendment may be executed in several counterparts, each of which shall be deemed to be an original copy and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

9. Severability of Provisions. Each provision of this Amendment shall be considered severable, and if for any reason any provision which is not essential to the effectuation of the basic purposes of this Amendment is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Amendment which are valid.

10. Amendment Binding. This Amendment shall be binding upon and inure to the benefit of the heirs, executors, administrators, legal representatives and permitted successors and assigns of the parties hereto. Except as amended hereby, the Agreement remains unchanged and in full force and effect and the parties hereto hereby ratify and reaffirm the terms of the Agreement as amended hereby.

[signature page(s) to follow]
IN WITNESS WHEREOF, the Parties have duly executed this Agreement by their duly authorized signatories effective on or as of the date written at the commencement of this Agreement.

DEVELOPER:

ROSE HILL COURTS II HOUSING PARTNERS, L.P.,
a California limited partnership

By: Related/Rose Hill Courts II Development Co., LLC,
a California limited liability company
its administrative general partner

By: ___________________________
Frank Cardone
President

[signatures continue on the following page]
AUTHORITY:

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, 
a public body, corporate and politic

By: ________________________________
   Douglas Guthrie
   President and Chief Executive Officer

APPROVED AS TO FORM:

By: ________________________________
   Becky Churchill Clark, Esq.
   Authority Senior Staff Attorney

APPROVED AS TO FORM AND LEGALITY:

RENO & CAVANAUGH, PLLC, 
Authority Special Counsel

By: ________________________________
   Megan Glasheen, Esq.
EXHIBIT 1

Phase II Development Plan

[attached]