RESOLUTION AUTHORIZING THE PRESIDENT AND CEO, OR DESIGNEE, TO ENTER INTO AMENDMENT NO. 2 TO THE FIRST AMENDED AND RESTATE EXCLUSIVE NEGOTIATING RIGHTS AGREEMENT AMONG THE HOUSING AUTHORITY OF THE CITY OF LOS ANGELES AND THE RICHMAN GROUP OF COMPANIES, CENTURY HOUSING CORPORATION, AND NATIONAL COMMUNITY RENAISSANCE OF CALIFORNIA TO AUTHORIZE THE CONDITIONAL COMMITMENT OF FUNDS IN AN AMOUNT NOT TO EXCEED $6,000,000 TO ASSIST IN THE ACQUISITION AND FINANCING OF ADDITIONAL HOUSING SITES TO BUILD REPLACEMENT HOUSING UNITS FOR THE RANCHO SAN PEDRO REVITALIZATION, EXECUTE AN AUTHORITY OPTION AGREEMENT FOR THE PURCHASE OF A PROPERTY LOCATED AT 327 N. HARBOR BOULEVARD CONSISTENT WITH SECTION 2.4(a) OF THE FIRST AMENDED AND RESTATE EXCLUSIVE NEGOTIATING RIGHTS AGREEMENT, AND EXECUTE ANY OTHER RELATED DOCUMENTS AND AGREEMENTS TO EFFECTUATE THESE COMMITMENTS

Douglas Guthrie
President and CEO

Jenny Scanlin
Chief Strategic Development Officer

Purpose: Authorize the President and CEO, or designee, to enter into Amendment No. 2 to the First Amended and Restated Exclusive Negotiating Rights Agreement ("Amended ENA" and, collectively with the Amended and Restated ENA, the "ENA") between the Housing Authority of the City of Los Angeles (the "Authority" or "HACLA") and the Richman Group of Companies, Century Housing Corporation, and National Community Renaissance of California (collectively, the "Developer") for the Rancho San Pedro Revitalization ("Project"), which would add a conditional commitment of funding to the Developer to provide (i) $3.5 million to acquire a site located at 327 North Harbor Boulevard ("Additional Site") or any other site HACLA and the Developer select to option, and (ii) up to $2,500,000 in short- and long-term financing for the development of the Additional Site, with the goal to facilitate the acquisition and financing of one or more additional housing sites in order to support a Build First strategy and create replacement housing units for the residents of the Rancho San Pedro public housing development ("Rancho San Pedro").

Regarding: In March 2015, by Resolution No. 9204, HACLA initiated a feasibility study on the redevelopment of Rancho San Pedro. The study determined that with the appropriate market conditions, there would be opportunity to utilize Rancho San Pedro as an instrument to bring new housing and amenities to the larger San Pedro community. The study ultimately led to the Authority applying for a U.S. Department of Housing and Urban Development ("HUD") Choice Neighborhoods Planning grant in August 2017 (Resolution 9376) which was awarded and accepted in March 2018 by Resolution No. 9432.

In parallel, the Authority reached out for development partners and on November 2, 2017, issued RFP HA-2017-97 requesting development proposals for the revitalization of Rancho San Pedro ("RFP"). By Resolution No. 9450, on August 23, 2018, and as amended by Resolution No. 9467 on December 20, 2018 the HACLA Board of Commissioners (the "Board") authorized the President and CEO to award and execute an Offer for Exclusive
Right to Negotiate a Master Development Agreement ("ENA") to commence negotiations with the One San Pedro Collaborative to be the prime development team for the Project.

On November 26, 2019, the Board received a full report and overview of the draft One San Pedro Transformation Plan, the culmination of planning work undertaken through the Choice Neighborhoods Planning grant which was subsequently approved by HUD in March 2020 and incorporated Stage One of the work under the ENA. On April 23, 2020, by Resolution No. 9592, the Board approved commencement of Stage Two of the First Amended and Restated ENA.

Stage Two consists of undertaking the environmental review, planning and entitlement process for the Project, which is currently underway and in process. HACLA issued a Notice of Preparation for the One San Pedro Project on January 13, 2021. The acquisition and development of an offsite parcel at 327 North Harbor Blvd. would allow the Developer to carry out the Build First strategy included in the Transformation Plan. Development of the 327 North Harbor Blvd. site will be evaluated in the CEQA and NEPA documents.

On May 26, 2022, by Resolution No. 9833, the Board adopted an Inducement Resolution to issue one or more series of housing revenue bonds in an amount not to exceed $27,112,442 for development of the Additional Site.

**Issues:**

Since entering into Stage Two of the ENA in 2020, HACLA and the Developer have been working steadfastly to develop and entitle a Specific Plan for the redevelopment of Rancho San Pedro and perform the required California Environmental Quality Act ("CEQA") and National Environmental Policy Act ("NEPA") review (collectively, "Environmental Review") to ensure the redevelopment efforts reasonably mitigate any potential impacts on the surrounding community. The Environmental Impact Report/Environmental Impact Statement (EIR/EIS) for the Project will evaluate the whole of the action, including development of the 327 North Harbor Blvd. site, which is the subject of this gap funding request. Should the HACLA Board desire to commit funding for the acquisition of the Additional Site, that commitment is conditioned on completion of the EIR/EIS for the project. This funding commitment does not limit HACLA’s ability to consider project alternatives, including the no project alternative and alternative sites, in the CEQA process.

To date HACLA has submitted its draft Specific Plan to the City of Los Angeles ("City") Department of City Planning and is currently working through the City’s comments. Additionally, HACLA initiated household level interviews at Rancho San Pedro and is completing a draft relocation plan which will be considered by the Board when the Board considers the EIR/EIS. The Developer is concurrently drafting its Section 3 Plan and is pursuing grant funding to initiate a training program for residents sufficiently in advance of construction to maximize their opportunities to obtain construction and non-construction jobs. Believing that improvements to the community can begin well before any building construction takes place, HACLA and the Developer created and are actively engaging with the Alliance, a group of Rancho San Pedro resident leaders and local non-
profits, to improve and provide a wide range of services to support the health and well-being of the community.

With the Build First model in mind, during the ENA term, the Developer and HACLA have agreed to seek out properties in San Pedro that could be potentially suitable or appropriate to become a part of the Project or to become a part of any separate development activity by the Developer or the Authority should the Project not move forward (whether due to environmental review concerns or otherwise). If the Developer and the Authority agree that any such a site may be of possible future benefit and is consistent with the Authority’s Acquisition Policy, the Developer shall use good faith efforts, at Developer’s sole cost and expense, to negotiate an option to purchase such property for a nominal non-refundable option price consistent with CEQA and NEPA requirements and other federal environmental review requirements contained in 24 CFR Part 58 (the “Developer Option”). In conjunction with the Developer's negotiation of the Developer Option, the Authority may agree to enter into a back-up option agreement with the Developer to purchase such property directly from the Developer or by assignment of the Developer Option (the “Authority Option”). The Authority Option also shall include a nominal option price that is consistent with NEPA requirements and other federal environmental review requirements contained in 24 CFR Part 58 (together “Federal Environmental Review Requirements”) and shall set forth the terms on which the Authority would purchase the site from the Developer, subject to a purchase and sale agreement. Prior to entering into any option, the Authority shall seek Board of Commissioners’ approval regarding the terms of the Authority Option. The form of the Authority Option is referenced in the ENA.

On January 13, 2022, the Developer entered into a purchase and sale agreement with the property owner for the Additional Site (the “Developer Purchase and Sale Agreement”). The Additional Site is currently a 37,150 square foot vacant parcel located on Harbor Boulevard between O’Farrell St. and Santa Cruz Street, in San Pedro, approximately one block northeast of Rancho San Pedro. The Additional Site has been studied for its development potential and the Developer believes they can feasibly construct up to forty-seven (47) units, including forty-six (46) replacement units for residents of Rancho San Pedro and one (1) manager’s unit (the “Off-Site Phase I Project”). HACLA has conducted an appraisal and found the Additional Site, as clean, appraises for $3.5 million. The ENA requires the Board’s authority to enter into the Authority Option and staff recommends doing so for the future purchase of the Additional Site. The Developer will be responsible for ensuring the Additional Site is clean and buildable, including addressing any existing environmental contamination on the property and indemnifying HACLA against any known or unknown existing conditions at the time the Authority Option is executed. HACLA will include the Additional Site in the EIR/EIS to evaluate any and all environmental impacts associated with development of the site, should the project move forward. The Authority Option will include agreement by HACLA to fund a $3.5 million purchase price and will not obligate HACLA to provide any early deposits.

The Developer intends to apply for the California Department of Housing and Community Development’s Infill Infrastructure Grant (“HCD IIG”) funding program on June 28, 2022, and for 4% Low Income Housing Tax Credits and tax-exempt bonds on August 9, 2022, with an expected award in November 2022. In order for the Developer to be successful in
their application, these funding sources require evidence of site control and a commitment of all public gap funding included in the Additional Site budget at the time of submission. If awarded, the financial closing for development of the Off-Site Phase I Project is projected for March 2023, with construction commencing immediately thereafter and Off-Site Phase I Project completion anticipated in the Spring of 2025. The proposed Amendment No. 2 to the ENA would allow HACLA to conditionally commit the necessary funding for the Developer to submit competitive funding applications for the Additional Site.

The projected funding sources and uses contemplated at this time are outlined in the table below.

<table>
<thead>
<tr>
<th>Permanent Sources and Uses</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SOURCES:</strong></td>
</tr>
<tr>
<td>Conventional Perm loan</td>
</tr>
<tr>
<td>HACLA acq. Loan</td>
</tr>
<tr>
<td>HACLA gap loan</td>
</tr>
<tr>
<td>HCD IIG*</td>
</tr>
<tr>
<td>GP Equity</td>
</tr>
<tr>
<td>4% Tax credit Equity</td>
</tr>
<tr>
<td>Deferred Dev. Fee</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

* HACLA would provide an additional gap loan of $1,500,000 if Developer is unable to secure IIG funds and Developer would look to defer additional fees or address gap balance through other sources of debt or equity.

<table>
<thead>
<tr>
<th><strong>USES:</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Additional Site Acquisition</td>
</tr>
<tr>
<td>Construction Costs</td>
</tr>
<tr>
<td>Soft costs</td>
</tr>
<tr>
<td>Financing costs</td>
</tr>
<tr>
<td>Developer fee</td>
</tr>
<tr>
<td>Reserves</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

As detailed construction drawings are developed and firm commitments are obtained from lenders and an equity investor upon award of tax credits, the sources and uses will be adjusted accordingly prior to the financial closing of the Additional Site. At that time, all related transaction documents in connection with the development financing, including a Disposition and Development Agreement ("DDA"), Ground Lease, RAD Use
Agreement, HACLA gap loan and the related Lender and Investor documents, will be presented to the Board for authorization.

The recommended actions in this report will facilitate the development of potential replacement housing units for Rancho San Pedro residents and allow for the redevelopment of Rancho San Pedro to proceed and meet the residents of Rancho San Pedro’s desire to remain in their community during and after construction. The actions recommended in this report are specific to the Additional Site and the Off-Site Phase I Project and provide the financial commitments required for the HCD IIG and Tax Credits and Tax-Exempt bond applications.

**Affordability**

Forty-six (46) of the housing units will be subject to occupancy and affordability restrictions imposed by CDLAC/CTCAC, RAD and Section 8 regulations, restrictions applicable from other financing sources and lenders, HACLA’s ground lease and other statutory or regulatory restrictions. The Developer and HACLA intend that all affordable residential units within the Off-Site Phase I Project will be restricted for occupancy by households of low, very low and extremely low-income ("Restricted Units") in accordance with the following:

<table>
<thead>
<tr>
<th>Unit Size</th>
<th># Units</th>
<th>PBV</th>
<th>LIHTC</th>
<th>Manager's Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>One Bedroom</td>
<td>12</td>
<td>10</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>Two Bedroom</td>
<td>23</td>
<td>19</td>
<td>22</td>
<td>1</td>
</tr>
<tr>
<td>Three Bedroom</td>
<td>12</td>
<td>8</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>47</strong></td>
<td><strong>46</strong></td>
<td><strong>46</strong></td>
<td><strong>1</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Affordability Restrictions – Bedroom Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>30% AMI</td>
</tr>
<tr>
<td>One Bedroom</td>
</tr>
<tr>
<td>Two Bedroom</td>
</tr>
<tr>
<td>Three Bedroom</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

**Developer**

The One San Pedro Collaborative will be assigning its rights and obligations to develop and own the Additional Site to One San Pedro Phase I, LP. One San Pedro Phase I, LP will be comprised of an affiliate of the Developer that will be a California limited liability company and will act as the administrative limited partner. A tax credit equity provider will be admitted as the Investor Limited Partner upon financial closing and will receive
99.99% share of the Partnership. It is contemplated that an instrumentality of HACLA will become a special limited partner or another partnership interest upon financial closing.

**Authority**

**Financial Assistance**

At construction closing, the One San Pedro Phase I, LP will acquire the Additional Site from the Seller, and then immediately transfer the Additional Site to HACLA pursuant to the Authority Option and purchase and sale agreement or an assignment, through a simultaneous escrow closing. HACLA will give a leasehold interest in the Additional Site to One San Pedro Phase I, LP by entering into a ground lease. HACLA intends to fund the acquisition by One San Pedro Phase I, LP by making a loan in an amount not to exceed $3,500,000 ("Ground Lease Loan"). The Ground Lease Loan will be secured by a leasehold deed of trust from One San Pedro Phase I, LP in favor of HACLA. The Ground Lease Loan will be evidenced in the form of a residual receipts loan at 4% interest. HACLA will also provide up to an additional $2,500,000, in short- and long-term financing subject to the Developer successfully obtaining an allocation of HCD’s IIG funds or other gap financing, as well as obtaining a tax-exempt bond allocation from CDLAC and 4% tax credits from CTCAC and securing commitments from other lenders and an equity investor. Long term funds would be loaned to One San Pedro Phase I, LP at 4% simple interest for a term of 55 years to be repaid from Additional Site cash flow residual receipts. Short term funds are intended to bridge predevelopment and/or construction costs and are lent at 0% interest during construction and 4% interest for any period outstanding on the term after conversion to permanent financing takes place.

This transaction will have a positive impact on the San Pedro 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 the San Pedro community.

**Vision**

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

The development of the Additional Site will allow for the construction of 46 new affordable housing units which will be replacement units for the existing Rancho San Pedro residents and allow for commencement of development of the Project in accordance with the Build First model. This development will further HACLA’s goals of improving its affordable housing stock as well as improved ADA-compliant, modern, sustainably designed, and amenity rich units. This action will help HACLA 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 HACLA’s active public housing and Section 8 wait lists as well as the community of San Pedro.

**Funding:**  The Chief Administrative Officer confirms the following:

**Source of Funds:** $6,000,000 in funds are available from unrestricted and uncommitted HACLA proceeds.
Budget and Program Impact: The commitment of funding will facilitate the securing of HCD funds, tax-exempt bonds and tax credits for the Additional Site and further efforts to effectuate the redevelopment of Rancho San Pedro, determined to be a high-priority of the Authority. This action is consistent with HACLA’s Acquisition and Disposition Policy, providing HACLA the opportunity to purchase and hold land for the development and preservation of deeply affordable housing. Additionally, HACLA can anticipate potentially earning certain fees and interest from any future development funded with the committed resources which will be negotiated in any forthcoming Disposition and Development Agreement and by HACLA’s potential issuance of conduit bonds for the Project.

Environmental Review:

CEQA

HACLA is currently in process of preparing an EIR/EIS for the proposed Project, including the Additional Site. Approval of the Amended ENA does not commit HACLA to the One San Pedro project and is conditioned upon completion of the CEQA and NEPA processes. The Amended ENA does not limit HACLA’s ability to consider alternatives to the proposed Project, including the no Project alternative, or any feasible mitigation measures. No relocation or construction activity can occur on the Additional Site until the CEQA and NEPA processes are complete.

NEPA/Federal Environmental Review

Pursuant to 24 CFR Part 58, the City of Los Angeles, through its Housing Department (“LAHD”) serves as the responsible entity in preparation of the Environmental Assessment and Finding of No Significant Impact (“EA/FONSI”) for the Additional Site. HACLA staff expects to have satisfied all Federal Environmental Review Requirements for the Additional Site before taking title to the Additional Site.

Section 3:

The work to be performed by the Authority or Developer under the Amended ENA and subsequently any of its consultants and/or subcontractors is subject to Section 3 requirements. The Developer shall use good faith efforts to identify employment opportunities for Section 3 residents or businesses when entering into third-party contracts during the term of the ENA and, when feasible, to provide a preference for consultants and contractors that offer such opportunities.

Attachments:

1. Resolution
2. 2nd Amendment to ENA
3. 327 N. Harbor Blvd. Design Drawings and Site Plan
ATTACHMENT 1
RESOLUTION
RESOLUTION No. _______

RESOLUTION AUTHORIZING THE PRESIDENT AND CEO, OR DESIGNEE, TO ENTER INTO AMENDMENT NO. 2 TO THE FIRST AMENDED AND RESTATED EXCLUSIVE NEGOTIATING RIGHTS AGREEMENT AMONG THE HOUSING AUTHORITY OF THE CITY OF LOS ANGELES AND THE RICHMAN GROUP OF COMPANIES, CENTURY HOUSING CORPORATION, AND NATIONAL COMMUNITY RENAISSANCE OF CALIFORNIA TO AUTHORIZE A CONDITIONAL COMMITMENT OF FUNDS IN AN AMOUNT NOT TO EXCEED $6,000,000 TO ASSIST IN THE ACQUISITION AND FINANCING OF ADDITIONAL HOUSING SITES TO BUILD REPLACEMENT HOUSING UNITS FOR THE RANCHO SAN PEDRO, REVITALIZATION, EXECUTE AN AUTHORITY OPTION AGREEMENT FOR THE PURCHASE OF A PROPERTY LOCATED AT 327 N. HARBOR BOULEVARD CONSISTENT WITH SECTION 2.4(a) OF THE FIRST AMENDED AND RESTATED EXCLUSIVE NEGOTIATING RIGHTS AGREEMENT, AND EXECUTE ANY OTHER RELATED DOCUMENTS OR AGREEMENTS TO EFFECTUATE THESE COMMITMENTS

WHEREAS, the Housing Authority of the City of Los Angeles (the “Authority”) desires to transform the Rancho San Pedro public housing development (“Property”) into a mixed-income, mixed-use, environmentally friendly, vibrant urban village, conducive to healthy living and economically progressive conditions through a redevelopment effort with a master developer;

WHEREAS, on November 2, 2017, the Authority issued RFP HA-2017-97 requesting development proposals for the revitalization of the Property (the "RFP");

WHEREAS, on August 23, 2018 by Resolution No. 9450, as amended on December 20, 2018 by Resolution No. 9467, the Authority’s Board of Commissioners (“Board”) authorized the President and CEO to award an Offer for Exclusive Right to Negotiate a Master Development Agreement to commence negotiations with the developer team comprising Richman Group of Companies, Century Housing Corporation, and National Community Renaissance of California (collectively, the "Developer") regarding the terms and conditions for developing the Property;

WHEREAS, prior to the Board taking discretionary actions that would authorize the Developer to proceed with the Rancho San Pedro Revitalization (the “Project”), the Authority has determined that a number of studies and financial analyses as well as preliminary architectural designs with community engagement will be needed to provide meaningful information for environmental review of the Project in accordance with the provisions of the California Environmental Quality Act ("CEQA") and the provisions of the National Environmental Policy Act ("NEPA") (collectively, "Environmental Review");

WHEREAS, on December 21, 2018, the Authority, Richman, Century, and National entered into the First Amended and Restated Exclusive Negotiating Rights Agreement (“Amended and Restated ENA”) for the revitalization of the Rancho San Pedro Housing Development and its surrounding neighborhood (the “Project”), as amended by that certain Amendment No. 1 to the First Amended and Restated ENA dated September 15, 2020 (the “First Amendment” and, collectively with the Amended and Restated ENA, the “ENA”);

WHEREAS, on November 26, 2019, the Board received a full report and overview of the draft One San Pedro Transformation Plan, the culmination of planning work undertaken through the Choice
Neighborhoods Planning Grant which was subsequently approved by the U.S. Department of Housing and Urban Development ("HUD") in March 2020 and incorporated Stage One of work under the ENA;

WHEREAS, on April 23, 2020, by Resolution No. 9592, the Board approved commencement of Stage Two of the First Amendment to the ENA which consists of undertaking the environmental review, planning and entitlement process for the Project;

WHEREAS, under the ENA, during the ENA term, the Developer may identify suitable properties in San Pedro to potentially become a part of the Project or which may suit a stand-alone project, and if feasible, the Developer shall use good faith efforts, at Developer’s sole cost and expense, to negotiate an option to purchase such property consistent with NEPA requirements and the Authority may agree to enter into a back-up option agreement (the “Authority Option”) with the Developer to purchase such property directly from the Developer or by assignment of the Developer Option, with the approval of the Board, however, the approval of the ENA does not constitute approval of any project proposal or the acquisition of any property;

WHEREAS, the Developer and the Authority have determined that it is in the best interest of the Project to proceed with making financing applications while the Developer and the Authority continue to proceed with Stage Two activities including negotiating the MDA;

WHEREAS, the Authority seeks authority to conditionally commit, in accordance with the terms of Amendment No. 2 to the ENA, an amount not to exceed $6,000,000 to assist in the acquisition and financing of additional housing sites to build replacement housing units for Rancho San Pedro; and

WHEREAS, the acquisition and development of an offsite parcel at 327 North Harbor Blvd. would allow the Developer to carry out the Build First strategy included in the Transformation Plan, and the Authority will execute the Authority Option for the purchase of a property pursuant to the ENA.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners authorizes the President and Chief Executive Officer, or designee:

1. To enter into Amendment No. 2 to the First Amended and Restated ENA between the Authority and the Developer for the Project, the form and content of which are hereby approved.

2. To conditionally commit Authority funds in an amount not to exceed $6,000,000 from unrestricted, uncommitted non-federal proceeds generated by the HACLA-owned non-public housing portfolio, in accordance with the terms of Amendment No. 2 to the First Amended and Restated ENA.

3. To negotiate and execute the Authority Option for the purchase of 327 N. Harbor Blvd in San Pedro with terms outlined in the attached June 24, 2022 Board Report and in the form agreed to in the ENA.

4. To execute any related documents associated with the ENA to effectuate the intent of this Resolution and the undertaking of various actions in connection therewith, subject to review and approval by Legal Counsel.
5. 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 Authority IIG Documents 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:

<table>
<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>
</tr>
</tbody>
</table>

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
2ND AMENDMENT TO ENA
AMENDMENT NO. 2 TO
FIRST AMENDED AND RESTATED
EXCLUSIVE NEGOTIATING RIGHTS AGREEMENT
(Rancho San Pedro Revitalization)

THIS AMENDMENT NO. 2 is made and entered into this ___ day of June, 2022, (the “Second Amendment”) by and among the Housing Authority of the City of Los Angeles, a public body, corporate and politic (“HACLA” or “Authority”), THE RICHMAN GROUP OF COMPANIES (“Richman”), CENTURY HOUSING CORPORATION (“Century”), and NATIONAL COMMUNITY RENAISSANCE OF CALIFORNIA (“National”). Richman, Century, and National are collectively the “Developer.” The Developer and the Authority are collectively the One San Pedro Collaborative (“OSP Collaborative”), and collectively and severally the “Parties.”

RECITALS

WHEREAS, on December 21, 2018, the Authority, Richman, Century, and National entered into the First Amended and Restated Exclusive Negotiating Rights Agreement (“Amended and Restated ENA”) for the revitalization of the Rancho San Pedro Housing Development and its surrounding neighborhood (the “Project”), as amended by that certain Amendment No. 1 to the Amended and Restated ENA dated September 15, 2020 (the “First Amendment” and collectively with the Amended and Restated ENA, the “ENA”);

WHEREAS, the purpose of the ENA is to establish procedures and standards by which the Authority and the Developer may negotiate a master development agreement (“MDA”), with the first stage of the negotiation process (“Stage One”) consisting generally of preliminary feasibility determinations intended to culminate in agreement on a preliminary community-based development concept, and the second stage of the negotiation process (“Stage Two”) consisting generally of environmental review, planning, and entitlement processes, off-site acquisition and further negotiation of the MDA;

WHEREAS, the Developer has determined that it is in the best interest of the Project to proceed with making financing applications for an off-site acquisition while the Developer and the Authority continue to proceed with Stage Two activities including negotiating the MDA, and the Authority has agreed to assist Developer with making such financing applications, but only in accordance with the terms of this Amendment No. 2 and the ENA; and

WHEREAS, Section 4.25 of the ENA provides for its amendment via written instrument executed by the Authority and the Developer.

NOW, THEREFORE, in consideration of the mutual covenants, benefits, and promises herein stated, the Authority and Developer amend the ENA as follows:

1. Section 2.4 of the ENA is hereby amended by adding the following new Section 2.4(j):

   (j) Notwithstanding the foregoing, the Developer to enter into that certain Agreement for the Purchase and Sale of Real Property dated January 13, 2022 (the “Offsite PSA”) by and among the OSP Collaborative and Red Curb Investments, LLC (the “Seller”) to purchase certain real property located at 319-327 N. Harbor Boulevard, San Pedro, California 90731-2240 (the “Phase 1 Offsite Property”) from Seller to construct a 47 unit affordable multifamily housing development, including one manager unit. The Developer and Authority have agreed that 46 of the units can be replacement units for residents of the Rancho San Pedro Housing Development, subject to HUD approval of the Phase 1
Off-Site Property and the Authority providing a commitment to award project based vouchers in accordance with all HUD requirements ("Phase 1 Project"). The Authority has agreed to enter into an Authority Option agreement ("Option") to acquire the Phase 1 Offsite Property from the Developer and ground lease the Phase 1 Offsite Property to an affiliate of the Developer subject to additional terms and conditions to be described in such documents including, but not limited to, (a) the receipt of all required federal, state, and local approvals to acquire the Phase 1 Offsite Property including but not limited to CEQA, NEPA, 24 CFR Part 58, 24 CFR 983.57(e), and other applicable federal, state, and local laws, (b) the Developer agreeing to undertake and pay all costs of any work or actions (including, but not limited to investigation, remediation, removal, monitoring, and/or engineering controls) necessary for (i) the environmental condition of the property to be appropriate for residential use and (ii) to construct the Phase 1 Offsite Property in accordance with all state, federal and local environmental laws and to meet all environmental screening levels applicable to residential use of the property, and (c) the Developer agreeing to (i) indemnify and defend the Authority, (ii) release and waive all claims against the Authority, and (iii) covenant not to sue the Authority for any matter related to the environmental condition of the Phase 1 Offsite Property or the costs of complying with subsection (b) of this Section 2.4.

The Authority has agreed to provide up to Three Million Five Hundred Thousand Dollars ($3,500,000) to Option the purchase of the Phase 1 Offsite Property from the Developer subject to the completion of environmental review under CEQA and NEPA. Such funds are available for any Additional Site approved by the Authority's Board of Commissioners ("Board") for the Option as long as the amount optioned for purchase is less than or equal to appraised value and all other terms of the Option for such Additional Site are agreed to by the Authority and Developer. The Authority's ground lease to the Developer or an affiliate of the Developer will be in the same amount as the initial Option price unless the ground lease is executed more than six months after the Option is executed in which case a new appraisal will be conducted prior to construction closing will establish the price of the ground lease. The Authority will provide an acquisition loan and note for the ground lease payment. The acquisition loan shall have a fifty-five (55) year term, be repaid out of residual receipts and shall be secured by a leasehold deed of trust (the "Offsite Acquisition Loan") subject to other such terms and conditions to be negotiated in the ground lease and in loan documents for such Offsite Acquisition Loan.

Subject to Section 1.5, in connection with financing the Phase 1 Offsite Property, the Authority may provide a conditional commitment to provide: (i) a bridge loan in an amount not exceed One Million Five Hundred Thousand Dollars ($1,500,000) ("Offsite Bridge Loan") with a term of the earlier of thirty-six (36) months or permanent conversion starting from the date of construction finance closing and shall be secured by a deed of trust against the Developer's leasehold interest in the Phase 1 Offsite Property. The Offsite Bridge Loan will bear a 0% interest during the initial term. If the Authority, in its sole and absolute discretion, decides to allow all or a portion of the Offsite Bridge Loan to convert to a permanent loan, the balance remaining will be added to the Note for the Offsite Gap Loan (defined below) and carry the same terms as the Offsite Gap Loan, and (ii) a loan in an amount not to exceed One Million Dollars ($1,000,000) ("Offsite Gap Loan", and along with the Offsite Bridge Loan and the Offsite Acquisition Loan, the "Offsite Financing") as gap financing to fund certain hard and soft costs as approved by the Authority to be repaid from surplus cash and secured by a deed of trust against the Developer's leasehold interest in the Phase 1 Offsite Property for a term of fifty-five (55) years and an interest rate of 4%. The Authority’s conditional commitment to provide the Offsite Financing is subject to Board approval and the Developer successfully obtaining an allocation of California Department of Housing and Community Development’s Infill Infrastructure Grant ("HCD IIG") funds or other gap sources as well as tax-exempt bonds from CDLAC and 4% tax credits from CTCAC and securing commitments from other lenders and an equity investor to build the Phase 1 Offsite Project in
accordance with a finance plan to be approved by the Authority in its sole discretion, as well as completion of environmental review for the project in accordance with CEQA and NEPA.

2. This Amendment No. 2 is incorporated in the ENA for all purposes and all terms and conditions of the ENA shall remain in full force and effect except as expressly amended by this Second Amendment.

IN WITNESS WHEREOF, the Authority and the Developer have executed this Amendment No. 2 to the ENA on the day and year first above written.

Approved as to form

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES

By: ______________________________

Douglas Guthrie
President and CEO

THE RICHMAN GROUP OF COMPANIES

By: ______________

(Signature of Person Authorized To Sign)

(Printed Name of Person Authorized To Sign)

Title: ____________________________

CENTURY HOUSING CORPORATION

By: ______________

(Signature of Person Authorized To Sign)

(Printed Name of Person Authorized To Sign)

Title: ____________________________

NATIONAL COMMUNITY RENAISSANCE OF CALIFORNIA

By: ______________

(Signature of Person Authorized To Sign)

(Printed Name of Person Authorized To Sign)

Title: ____________________________
ATTACHMENT 3
PROJECT DESIGN DRAWINGS
&
SITE PLAN