

MEMORANDUM

4

DATE: AUGUST 23, 2012 CW1026

TO: CRA/LA GOVERNING BOARD

FROM: CHRISTINE ESSEL, CHIEF EXECUTIVE OFFICER

STAFF: JENNY SCANLIN, SENIOR OPERATIONS OFFICER

SUBJECT: **PATH – LOAN RESTRUCTURING.** Restructure two residual receipts loans to People Assisting the Homeless (PATH); waive due on sale clause and reconvey deed of trust on property at 5105 West 20th Street, Los Angeles; record new affordability covenant on Chinatown Metro Apartments. (SD2; CD10)

INVESTMENT COMMITTEE: Recommended for approval on May 2, 2012

RECOMMENDATIONS

That the Governing Board take the following actions:

1. Approve and authorize the Chief Executive Officer (CEO) or designee to restructure two residual receipts loans (Loans #875559 and #875761) to People Assisting the Homeless (PATH) into a single residual receipts loan secured by the property located at 2346 Cotner Avenue in consideration for an additional 37 years of affordability covenants;
2. Approve the waiver of the due on sale clause and reconveyance of the deed of trust recorded on 5105 West 20th Street (“20th Street”); and
3. Approve and authorize a seven-year affordability covenant agreement to be recorded on four units of the Chinatown Metro Apartments senior affordable housing project at 808 N. Spring Street.

SUMMARY

PATH received a loan from the Prior Agency in 1989 to acquire a property with four 2-bedroom units located at 5105 West 20th Street to be used as transitional for homeless families. The CRA/LA loan agreement, which is tied to the CRA/LA’s deed of trust, restricts the 20th Street property to affordable housing for very low income households (HCD levels) until 2019. In 1992, PATH received another loan from the Prior Agency to acquire a property located at 2346 Cotner Avenue (“Cotner”) to be used as a 32-bed shelter for homeless adults. Neither site is in a redevelopment project area (Attachment A).

PATH is proposing to sell the 20th Street property and utilize the sales proceeds for general operating costs and to increase operating reserves for other properties serving low income clients that PATH owns and operates. An offer to purchase the 20th Street property for

\$660,000 has been made but is contingent on CRA/LA approving the sale and reconveying its deed of trust.

Section 33334.3(f)(1)(A) of the CRL provides that CRA/LA “may replace rental units with equally affordable and comparable rental units in another location within the City if (i) the replacement units are available for occupancy prior to the displacement of any persons and families of low or moderate income residing in the units to be replaced and (ii) the comparable replacement units are not developed with moneys from the Low and Moderate Income Housing Fund”.

To fulfill this requirement, Meta Housing has agreed to record a seven-year affordability covenant restricting four 2-bedroom units to very low income levels (HCD levels) at the Chinatown Metro Apartments project, which did not receive any Low and Moderate Income Housing Funds from the Prior Agency. The Chinatown Metro Apartments project broke ground in December 2011 and the units are expected to be available for occupancy by December 2012. PATH will be obligated to ensure that their current tenants are not displaced prior to the availability of the Chinatown Metro units.

In addition, at the request of PATH, staff is seeking to waive the due on sale clause and consolidate the two loans for the 20th Street and Cotner properties into one loan secured by the Cotner property. Below is a table showing the two loan balances as of May 24, 2012:

	20 th Street Loan	Cotner Loan
Principal	\$216,817	\$300,000
Accrued Interest (as of May 24, 2012)	\$146,663	\$176,720
TOTAL	\$363,480	\$476,720

The 20th Street loan balance of \$363,480 would be added to the principal of the existing Cotner loan, bringing the new consolidated loan principal to \$663,480. In consideration for waiving the due on sale clause in the 20th Street property deed of trust and consolidating the two loans, PATH would extend the term of the affordability covenants on the Cotner property from 2022 to 2058, an increase of 37 years. The value of each year of covenants on the Cotner property is \$10,000, which was calculated by dividing the original loan amount of \$300,000 by the term of 30 years. Staff then divided the 20th Street loan balance of \$363,480 by the value of each year of covenants on the Cotner property to arrive at the 37-year additional term. These actions are consistent with California Redevelopment Law and AB1484 as the Housing Successor has the ability to allocate loan proceeds for affordable housing purposes. In this case, the Housing Successor will receive the benefit of extended affordability restrictions valued at \$370,000 in lieu of receiving loan repayment on the 20th Street loan.

The amended promissory note would mature on September 22, 2058 at 3.0% per annum with payment from residual receipts. Pursuant to an appraisal conducted by City National Bank in May 2011, the value of the Cotner property is estimated to be \$2,200,000. If the recommended actions are approved, the total amount of loans (including the senior City National Bank loan principal of \$266,000 as of May 31, 2012) on the Cotner property would be \$929,480. This equates to a 0.42 loan to value (LTV) based on the 2011 appraised value of \$2,200,000. This ratio is well below the CRA/LA’s underwriting standard of 0.70 or less.

If approved, PATH would execute an amended loan agreement and promissory note for the new CRA/LA principal balance of \$663,480 secured by an amended deed of trust recorded on the Cotner property. PATH would also execute an amended covenant agreement for the additional 37-year covenant period. The loan consolidation and reconveyance of the CRA/LA deed of trust on the 20th Street property would be conditioned upon the recordation of an amended deed of trust on the Cotner property in a second lien position, confirmation to the satisfaction of the CEO or designee that no other liens or encumbrances would impair or jeopardize the new CRA/LA

deed of trust, and receipt by the CRA/LA of a lenders insurance policy in the amount of \$663,480 subject only to items agreeable to the CEO or designee.

The release of the CRA/LA deed of trust on the 20th Street property would be conditioned upon the concurrent or prior recordation of affordability covenants for a term of seven years in form, content and lien position acceptable to the CEO or designee and availability for occupancy of four 2-bedroom rental units at the Chinatown Metro affordable housing project that are equally affordable and comparable to the units at the 20th Street property being released.

As a condition to CRA/LA's actions described herein, PATH would be responsible for paying all costs in connection with the recommended actions, including, without limitation, payment for the premium of the lenders policy of title insurance.

PREVIOUS ACTIONS

Loan #875559

June 21, 1989 – Prior Agency Board of Commissioners: Approval of \$216,817 loan to acquire property from the Prior Agency located at 5105 West 20th Street, Los Angeles.

Loan #875761

August 20, 1992 – Prior Agency Board of Commissioners: Approval of \$300,000 loan to acquire property located at 2346 Cotner Avenue, Los Angeles.

DISCUSSION & BACKGROUND

In August 1989, the Prior Agency made a loan for \$216,817 to PATH to acquire from the Prior Agency and rehabilitate a four 2-bedroom residence located at 5104 West 20th Street as a transitional home for homeless families until 2019. The residual receipts loan had a term of thirty years at a rate of 3.0% per annum and was secured by a first deed of trust on the property. The deed of trust has a due on sale provision.

In September 1992, the Prior Agency made a \$300,000 loan to PATH to acquire a property located at 2346 Cotner to be used as a 32-bed transitional home for homeless adults. The residual receipts loan had a term of 30 years at a rate of 3.0% per annum and was secured by a second deed of trust on the property. The loan is scheduled to mature on September 10, 2022. A covenant agreement restricting the use of the property to transitional housing for formerly homeless adults was recorded on October 1, 1992 for a 30-year term. The Prior Agency has never collected any payments on either loan.

Currently, 13 individuals live in the four 2-bedroom units of the 20th Street property. These four households will be relocated prior to the close of escrow, but the 90-day notices to vacate would not be issued earlier than Governing Board approval. Shober Consulting, Inc. has created a model relocation plan (Attachment B) and will ensure that the tenants receive the most financially beneficial package between the federal & state relocation guidelines and the guidelines of the City of Los Angeles' Rent Stabilization Ordinance (RSO). Under the federal guidelines, the maximum amount of relocation benefits would total \$85,000. Under the City's RSO guidelines, the maximum sum would be \$73,280. Because less than 15 households are being relocated, the model relocation plan does not need to be approved by the Governing Board or Oversight Board.

If the recommended actions are approved and PATH is able to close escrow on the sale of the 20th Street property, the net sale proceeds are estimated to be \$500,000. PATH is requesting to retain the net proceeds to establish reserve accounts and help offset decreases in funding for other PATH properties and programs in Hollywood, Silver Lake, Venice, Westwood, and Westchester. In the past year alone, PATH has experienced a decrease of \$323,000 in funding

assistance from public agencies and private donations. Additionally, one of their major funding resources for emergency shelter and services, the Homeless Prevention and Rapid Re-housing Program (HPRP), has been discontinued. Through that program, PATH received a total of \$650,000 in funding assistance just in the past 2 years alone. Allowing PATH to keep the net proceeds of the 20th Street property sale would allow them to maintain their current level of services while they seek other new funding sources for the long-term viability of its programs.

SOURCE OF FUNDS

No CRA/LA funds are required for this action. The Prior Agency loan to Borrower was funded with Bunker Hill Replacement Housing Trust Funds.

ROPS AND ADMINISTRATIVE BUDGET IMPACT

The recommended actions are consistent with AB1x-26, specifically to modify existing affordable housing contracts, allowable types of action to be taken by the Governing Board. The original 20th Street loan as well as the amended Cotner property loan and any repayment proceeds constitute a housing asset as defined in AB1484 [Section 34176(e)]. The restructured loan is expected to be transferred to the Housing Successor and is acceptable to the Housing Successor, as proposed.

ENVIRONMENTAL REVIEW

The recommended actions do not constitute a "Project" as defined by the California Environmental Quality Act (CEQA).

AUTHORITY GRANTED TO CEO OR DESIGNEE

If the proposed recommendations are approved, the CEO or designee would be authorized to take such actions as may be necessary to carry out the recommendations, including but not limited to, negotiating and executing a release of covenant agreement for the 20th Street property, an amendment to covenant agreement on the Cotner property, an amended loan agreement, an amended promissory note, and an amended deed of trust securing the amended promissory note.

Christine Essel
Chief Executive Officer

By:



David Riccitiello
Chief Operating Officer

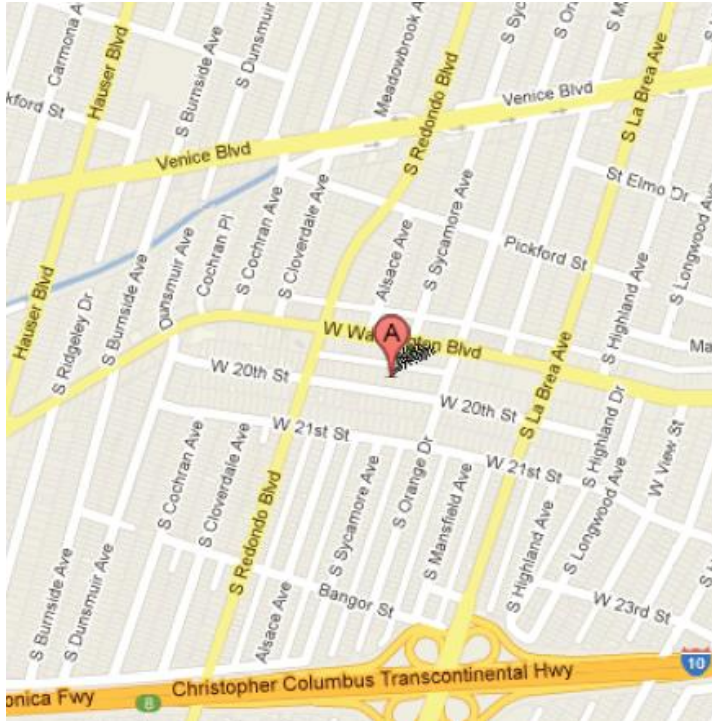
There is no conflict of interest known to me which exists with regard to any CRA/LA officer or employee concerning this action.

ATTACHMENT

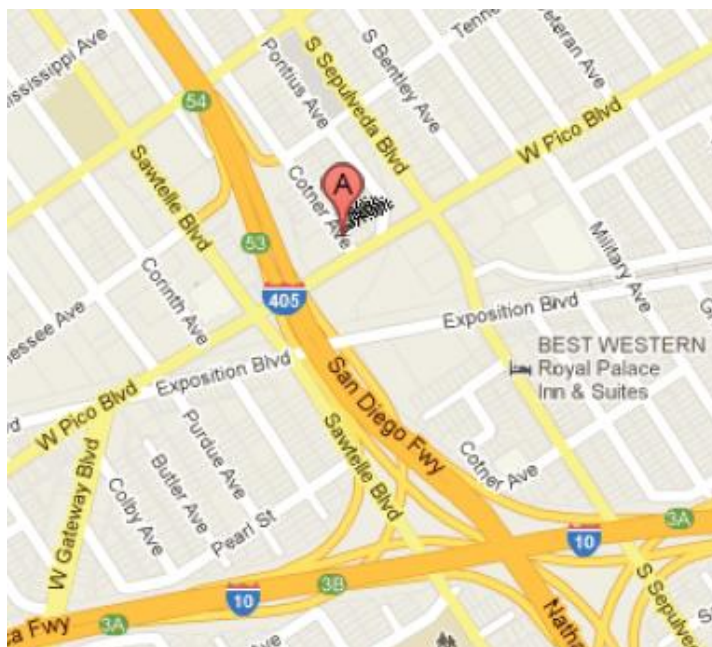
Attachment A: Site Map
Attachment B: Model Relocation Plan

ATTACHMENT A
SITE MAP

5105 20th STREET Property



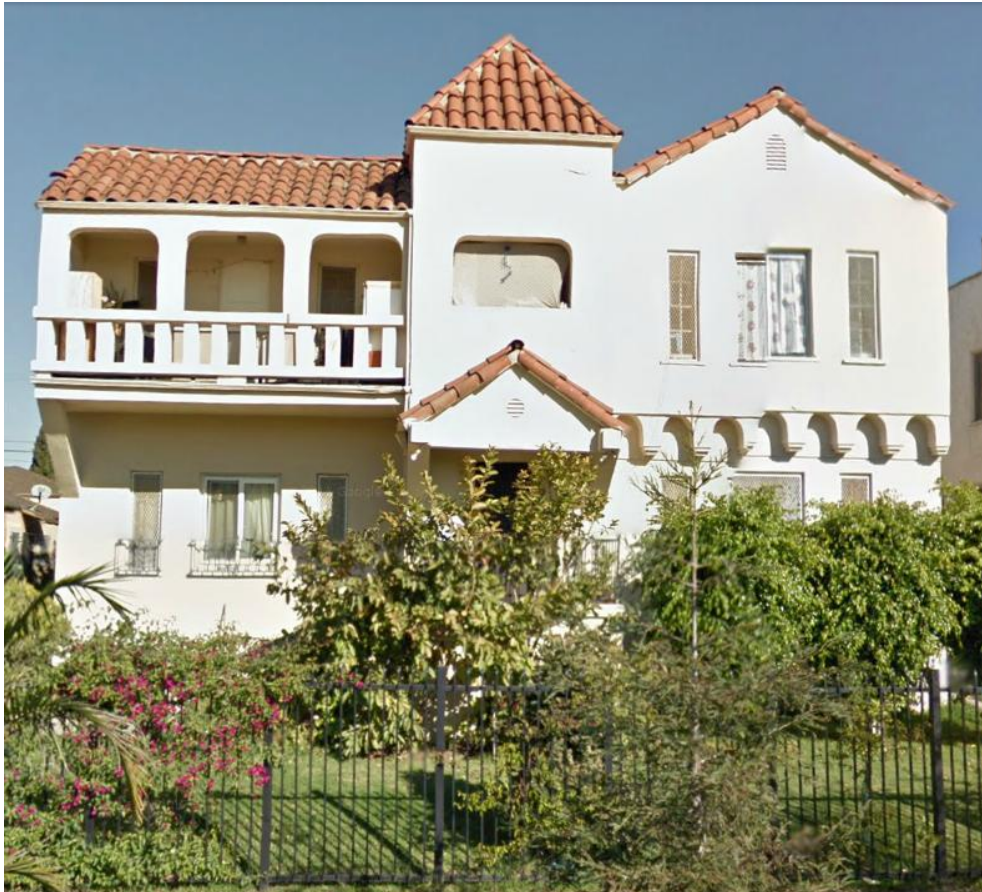
2346 COTNER AVENUE PROPERTY



ATTACHMENT B

MODEL R E L O C A T I O N P L A N

PATH Ventures **5105 West 20th Street Project**



PREPARED FOR
PATH Ventures
340 N. Madison Avenue
Los Angeles, CA 90004

BY
Shober Consulting, Inc.
June 2012

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INTRODUCTION

PATH Ventures, a non-profit development corporation providing affordable housing for homeless and at-risk of homeless populations, has owned and operated the apartment complex located at 5105 W. 20th St, Los Angeles, CA 90016 for over 15 years. The property consists of 4 legal residential units on a setback residential parcel in a mixed residential neighborhood.

For the past many years, PATH Ventures and its parent organization PATH, has operated the units under affordable housing guidelines. At this time, the agency feels strongly that it's equity in the project can be better used by investing in land that can create more units than the four (4) at 20th Street. PATH Ventures has asked the CRA/LA, a Designated Local Authority for permission to transfer the original loan plus the accrued interest (which together is over \$300,000) from the property to PATH's transitional housing complex at Cotner Avenue in West Los Angeles, where the group operates over 30 units of affordable temporary housing, plus maintaining management offices for its PATH and related organizations.

PATH Ventures has commenced with initial steps toward selling the property, after negotiations with the previous entity, the Community Redevelopment Agency of the City of Los Angeles (CRA/LA). CRA/LA requested early notification of the intended project to the tenants. PATH Ventures hired Shober Consulting to interview the tenants and issue General Information Notices in June 2011.

PATH Ventures has agreed to pay all tenants the full relocation payments each tenant qualifies to receive, using both federal relocation guidelines, and also City of Los Angeles' Rent Stabilization Ordinance (RSO) relocation guidelines. Tenants will receive the most favorable benefit package between the two sets of guidelines.

This Relocation Plan is presented in four sections:

Section I: Consists of Project area descriptions, the general demographic information on the four (4) affected households, and the PATH Ventures' housing profile.

Section II: Consists of survey methodology and an assessment of the aggregate relocation needs of the current four (4) residential cases of the four (4) total units to be affected as a result of the sale, with explanation of how these needs are to be met, plus a Relocation Cost Estimate.

Section III: Consists of an assessment of the availability of comparable replacement housing sites within Los Angeles and surrounding areas for the four (4) affected households.

Section IV: Consists of the policies and procedures PATH Ventures will follow to ensure a fair and equitable relocation program, consistent with the Federal Uniform Relocation Act (URA) and the California Health and Safety Code.

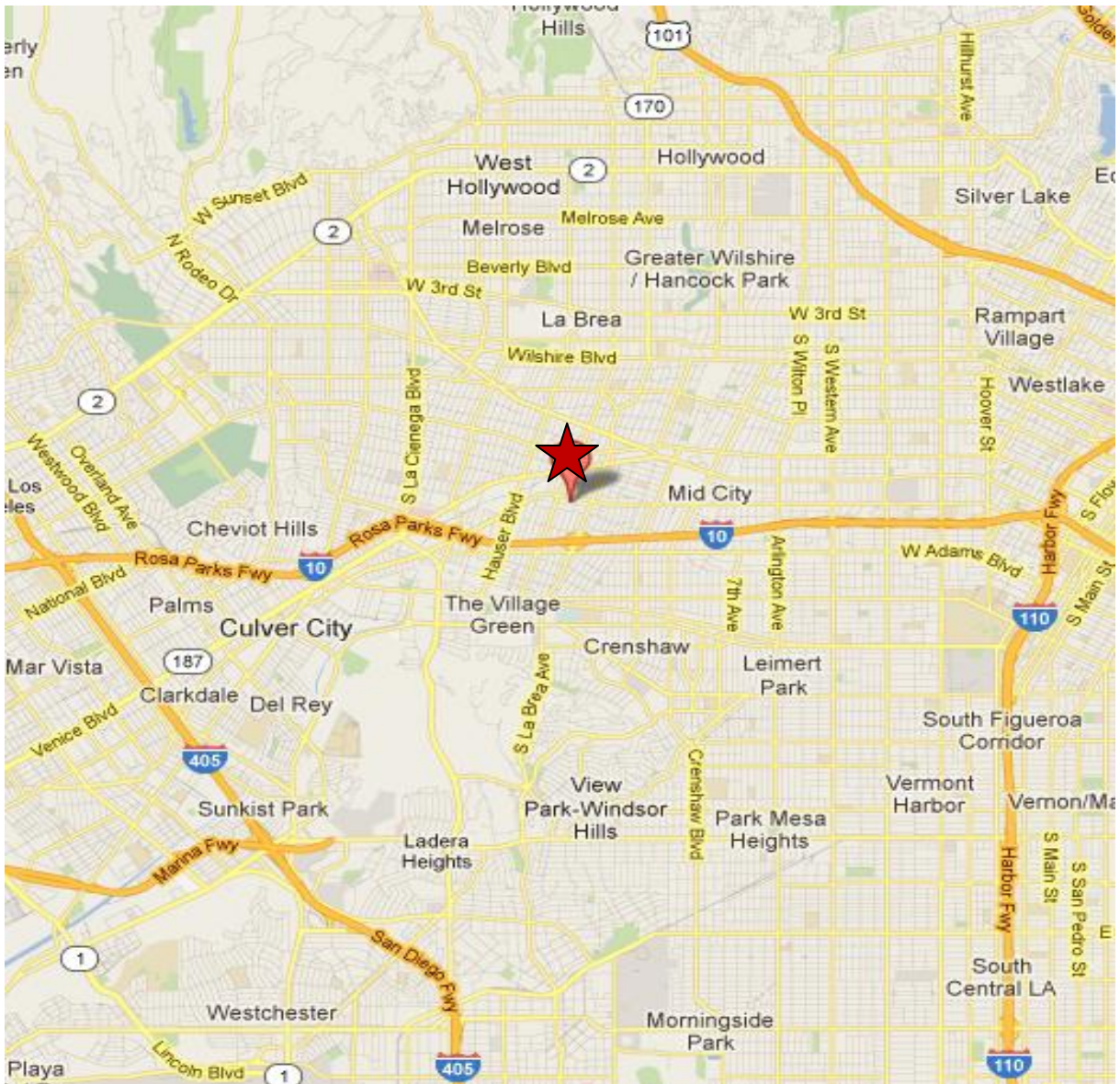
Shober Consulting, an experienced professional relocation consulting firm, prepared this Relocation Plan (the Plan) in accordance with the applicable provisions of the Uniform Relocation Act, and the United States Department of Housing and Urban Development (HUD) Handbook 1378.

SECTION I: PROJECT AREA DESCRIPTION

A. THE REGIONAL LOCATION

The project site is located at 5105 West 20th Street, Los Angeles, is in the mid-city section of Los Angeles. The street is a mixed single-family and multi-family residential area, near Venice Boulevard and just north of the I-10 Freeway. It is between La Cienega Boulevard to the west, and La Brea Avenue to the east.

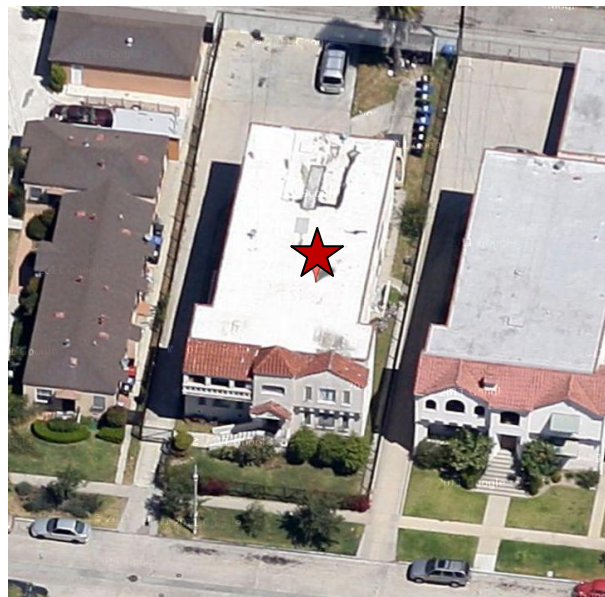
Regional Map



PROJECT SITE LOCATION

The Project site for this development is located at 5105 W. 20th St, Los Angeles, CA 90016. The neighborhood is predominantly apartment buildings and a few single-family parcels, two blocks south of Washington Boulevard. There is street parking on 20th Street, plus a sizeable parking area in the back of the property, secured for parking.

Project Site Map



(Project Site denoted by red star)

C. GENERAL DEMOGRAPHIC INFORMATION & HOUSING PROFILE

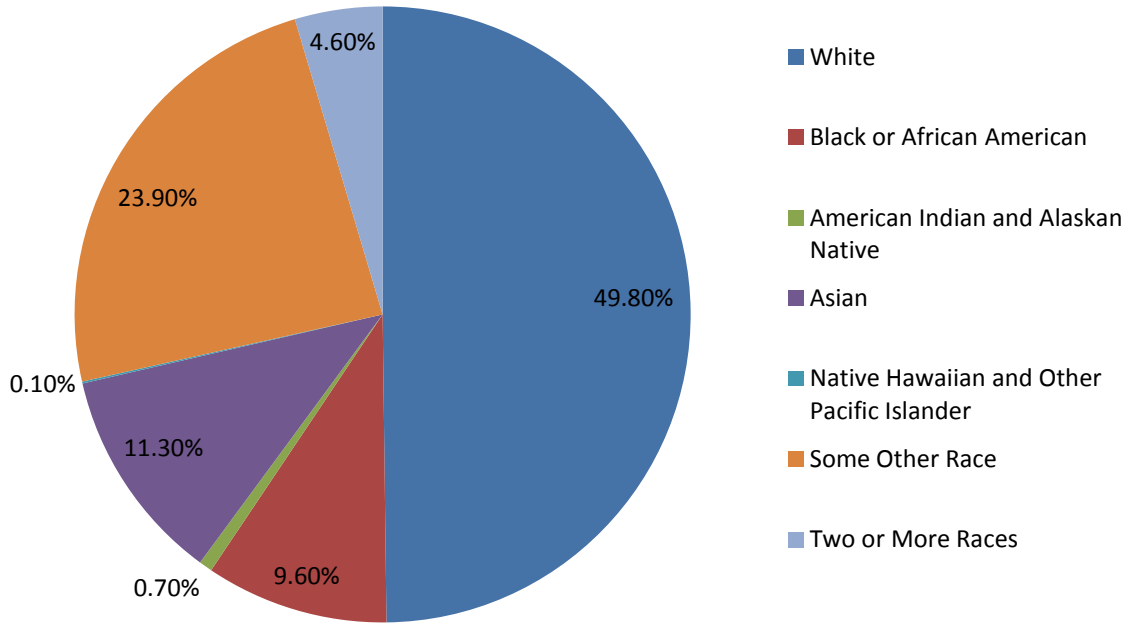
The City of Los Angeles' 2010 U.S. Census population was 3,792,621.

In the City of Los Angeles, the minority of housing units (511,485) are occupied by owners (36%), with 802,713 units occupied by renters (57%) and there are 94,567 vacant housing units (7%).

Racial and Ethnic Characteristics

The table below displays the population mix as reported by the 2010 U.S. Census for the City of Los Angeles.

POPULATION - 2010	
White	1,888,725 (49.8%)
Black or African American	364,092 (9.6%)
American Indian and Alaskan Native	26,548 (0.7%)
Asian	428,566 (11.3%)
Native Hawaiian and Other Pacific Islander	3,793 (0.1%)
Some Other Race	906,436 (23.9%)
Two or More Races	174,461 (4.6%)
TOTAL POPULATION	3,792,621



Source: 2010 U.S. Census

SECTION II: ASSESSMENT OF RELOCATION NEEDS

A. METHODOLOGY

To obtain information for the preparation of this Plan, bilingual staff of Shober Consulting interviewed tenants on site at the project address starting on June 2, 2011. Tenants were interviewed and asked pertinent questions about family size, household income, special needs, etc. All tenants were personally interviewed. Relocation staff also met with the manager for the property, who accompanied relocation staff during interviews.

The purpose of the interviews is to obtain tenant information. Inquiries made of residential occupants includes occupancy status, household size and composition, income and rental information, length and type of occupancy, any disabilities and/or health problems, and preferences related to replacement housing. Relocation staff explained the possible project, and also the uncertainty of the timing of the project.

Survey questions and housing profile information helps determine affordability issues. Ascertaining household income is necessary in order to assess potential relocation assistance benefits, and Section 8 voucher eligibility. Knowledge of employment location and current proximity to needed service providers will enable relocation counselors to assist displacees in identifying appropriate relocation housing.

B. SURVEY RESULTS

1. OCCUPANCY OF RESIDENTIAL UNITS

Records indicate a total of 13 tenants in 4 units. Personal interviews, conducted on-site provided relocation staff with the necessary data to ascertain family demographics. The information allows PATH Ventures to plan the relocation in a realistic time frame within an affordable budget for the displacees. None of the households presently has a Section 8 housing voucher.

Number of People in Households	
1 Person	1 Households
2 People	0 Households
3 People	1 Households
4 People	1 Households
5 People	1 Household

(13 Total Tenants in 4 Units)

2. HOUSEHOLD INCOME

A brief summary shows the different ranges of incomes, either provided by the tenant, or other sources.

MONTHLY INCOME LEVELS	NUMBER OF HOUSEHOLDS
\$1,000 - \$1,500	0
\$1,501 - \$2,000	0
\$2,001 - \$2,500	1
\$2,501 - \$3,000	2
\$3,001 - \$3,500	0
\$3,501 - \$4,000	1
TOTAL HOUSEHOLDS	4

3. REPLACEMENT HOUSING NEEDS and/or ASSESSMENT NEEDS

Each unit must be relocated into dwellings that meet their family size and do not allow overcrowded conditions. Presently, there is overcrowding in none of the 4 units.

HOUSEHOLD CHARACTERISTICS AND NEEDS		
	Units at Present	Future Relocation Units Needed
One-Bedroom	0	0
Two-Bedroom	4	4
Three-Bedroom	0	0

4. ETHNIC MIX

Bilingual relocation consultants have conducted interviews and provided information in both English and Spanish languages. There are three (3) Hispanic households, and one (1) Black household.

5. SENIOR AND DISABLED TENANTS

None of the tenants were identified as 62 years of age or older. There are no tenants with a disability.

6. LOCATIONAL PREFERENCES/NEEDS

Three (3) of the tenants have children and are interested in staying in the immediate school boundary area. No tenants have expressed interest in relocating away from the area. The majority of the tenants are living in Los Angeles for business reasons, and are not likely to leave the general area when relocating. One of the tenants is employed by PATH Ventures, and also acts as the on-site manager of the premises.

Relocation staff will monitor each household's requirements and preferences and will try to accommodate the tenant's wishes when providing referrals for relocation sites. Any selected replacement site will be inspected by local representatives to make it sure it meets the "decent, safe, and sanitary" dwelling requirements.

SECTION III: HOUSING RESOURCES

1. RESIDENTIAL RESOURCES AVAILABLE

One of the primary purposes of this Plan is to demonstrate the availability of comparable and decent, safe, and sanitary housing prior to the displacement of residential occupants. Naturally the market will change in terms of specific units that will be on the housing market by the time the Plan is approved. We show a recent survey of available units for purposes of reassurance that they exist and are available if needed. Our survey shows that there will be more than adequate choices for tenants in selecting replacement sites. With only four (4) households, there will be no problem finding replacement sites. Relocation staff will work with each tenancy to find suitable and appropriate sized units prior to the time of displacement activities.

To determine the availability of comparable housing prior to the displacement of residential occupants from this project, replacement housing resources will be researched through the following sources:

- a. An on-going survey of classified rental listings of daily and weekly newspapers which serve Los Angeles and the surrounding areas;
- b. Drive-by “windshield surveys” of residential units in the Los Angeles community;
- c. Contact with real estate and property management companies serving the Los Angeles areas;
- d. The use of the Internet and rental listings on websites.

A resource surveys were conducted by Shober Consulting staff from June 2, 2011 to June 11, 2012, to identify available comparable, decent, safe & sanitary units currently available within 5 miles of the Los Angeles site. The tables below show that there is a wide variety of Two-bedroom (66 vacancies) units, as of June 11, 2012, which represents many more available units than the number of potentially displaced tenants:

TWO-BEDROOM APARTMENTS AVAILABLE FOR RENT

Rental Rates	Number of Units Available
\$700 – \$750	0
\$750 – \$800	0
\$801 – \$850	2
\$851 – \$900	2
\$901 - \$950	2
\$951 - \$1,000	7
\$1,001 - \$1,050	4
\$1,051 - \$1,100	20
\$1,101 - \$1,150	5
\$1,151 - \$1,200	24
Total Number of Units	66

For purposes of this project, all four (4) households are presently in two-bedroom units. One tenant lives alone, and may decide to downsize. We have assumed a continued need for a two-bedroom apartment for purposes of the Plan. Obviously, the four (4) tenants are able to find sufficient replacements when 66 two-bedroom units are available within five (5) miles of the project site.

2. SUMMARY

Replacement housing resources show that there are ample places for each displaced tenant to relocate based on size and affordability. At the appropriate time, referrals will be provided to each tenant that most closely approximates his or her needs and preferences. The identified units typically are several hundred dollars more expensive than the units to be vacated.

SECTION IV: THE RELOCATION PROGRAM

The relocation program and assistance will be provided in accordance with the standards and provisions of the State of California Relocation Law, Government Code Section 7260, et. seq., and Title 25, chapter 6, Relocation Assistance and Real Property Acquisition, as amended January 01, 1998, and the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) and the implementing regulations of Handbook 1378 of the Department of Housing and Urban Development (HUD), as appropriate.

A. PROGRAM ASSURANCES, STANDARDS AND OBJECTIVES

The relocation program to be undertaken on behalf of PATH Ventures will conform to the standards and provisions of the State of California Relocation Law, Government Code 7260, et. seq., and the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) and the implementing regulations of Handbook 1378 of the Department of Housing and Urban Development (HUD).

With these two sets of rules as guideposts, the 5105 West 20th Street Project objectives will be as follows:

1. To fully inform eligible project occupants of the nature of, and procedures for obtaining relocation assistance and benefits.
2. To determine the needs of each residential displacee household eligible for assistance.
3. To provide an adequate number of referrals to nearby comparable, decent, safe and sanitary housing units within a reasonable time prior to displacement and assure that no residential occupant displaced is required to move without a minimum of 90 days written notice to vacate.
4. To provide current and continuously updated information concerning comparable replacement housing opportunities.
5. To provide assistance that does not result in different, or separate treatment due to race, color, religion, national origin, sex, sexual orientation, marital status, or other arbitrary circumstances.
6. To supply information concerning federal and state housing programs and other governmental programs providing assistance to displaced persons.
7. To assist each eligible person to complete claim applications for benefits.
8. To make relocation benefit payments in accordance with State and HUD guidelines, including provisions of the Last Resort Housing sections, where applicable. To

make benefit payments that take into account the RSO relocation guidelines of the City of Los Angeles, as well.

B. RELOCATION ADVISORY ASSISTANCE

As a function of the overall relocation assistance program technical and advisory assistance will be provided by PATH Ventures, through their relocation representative to all displacees. Relocation personnel will be capable of conducting business in either English or Spanish. At present, all tenants speak Spanish and/or English.

The following specific activities will occur or have already occurred in connection with preparation of this Relocation Plan and will occur in its implementation approach:

1. Each household affected by the project has been personally contacted to gather information appropriate to determine needs and preferences with regard to the replacement of existing accommodations. Inquiries made of residential occupants by relocation personnel will cover the following areas: family size, ethnic background, immigration status, age and health considerations, current employment status, family income, transportation needs, and preferences relative to replacement housing.
2. Printed "Residential Information Brochures" have been provided to all displaced persons. A Spanish residential Information Brochure will be provided to those households whose primary language is Spanish. Signed acknowledgements will be obtained to verify receipt of this material. Interviews and all follow-ups will be conducted in Spanish or English according to the needs of the resident household. A copy is attached as Exhibit A.
3. Field surveys were conducted in order to identify available housing resources and, at least one – and preferably three – appropriate replacement housing referrals will be made on a timely basis, to residential displacees. Every effort will be made to find replacement housing units which are reasonably accessible to currently utilized medical facilities, places of employment, schools, shopping areas, and public transportation.
4. The Relocation Consultant has explained the relocation payments and other assistance for which the person may be eligible, including related eligibility requirements and the procedures for obtaining such assistance. The Relocation Consultant described replacement housing recommendations and referrals upon which eligibility for assistance has been determined.
5. Assistance will be provided to complete rental application forms if needed.
6. Transportation will be provided, if necessary, for any displaced occupant to inspect replacement sites within the local area.

7. Assistance will be offered to all displacees in connection with arrangements for the purchase of real property – if an option – and the completion of applications for replacement housing; the filing of claim forms to request relocation benefits from PATH Ventures, and to obtain services from other public agencies.
8. All assistance provided to displacee households will be in the primary language spoken by these households.

C. CONCURRENT RESIDENTIAL DISPLACEMENT

PATH Ventures does not have additional competing projects within five miles of the Project site for similar residential units within the area during the potential period of displacement for this project. If this changes, PATH Ventures pledges that any other project must meet the same replacement options for those affected by that project.

D. CITIZEN PARTICIPATION

PATH Ventures has encouraged public knowledge and citizen participation in this project. PATH Ventures has spoken about this project in their open sessions of PATH Ventures meetings. As the project goes forward, PATH Ventures will welcome and facilitate open discussion and citizen participation.

PATH Ventures will observe its obligations under Section 6012 of the California Administrative Code, Title 25, Chapter 6, to give timely notice to all tenants and to make copies of this Plan available to the public upon request.

E. RELOCATION BENEFITS

Relocation benefits will be provided in accordance with the provisions of the California Relocation Assistance Law, and the federal Uniform Relocation Act. All tenants will be kept apprised of the progress of this Project and all tenants will be given appropriate noticing including a formal 90-day Notice to Vacate.

Benefits will be paid to eligible displaced persons upon submission of required claim forms and documentation in accordance with specified procedures. Specific eligibility requirements and benefit plans will be detailed on an individual basis with all displacees. In the course of personal interviews and follow-up visits, each displacee will be counseled as to available options and the consequences of any choice with respect to financial assistance.

General relocation benefits for residential tenants are summarized in the attached Relocation Benefits Brochure, Exhibit A.

Section 104(d) applicability: While not anticipated at this time, if it is determined that this Project has federal funding and also qualifies under the specific provisos that enact the Section 104(d) relocation benefits, PATH Ventures pledges to provide these generally wider benefits. The main additional benefit is the extending of 42 months rental subsidy into 60 months of subsidy. Several unknown factors must apply for this change to be put into effect and relocation staff will closely monitor the triggering of 104(d) status. PATH Ventures pledges the implementation of such benefits if deemed applicable.

F. TIMING AND PROJECTED DATES OF DISPLACEMENT

This Relocation Plan was submitted to PATH Ventures for review on June 11, 2012. While PATH Ventures has not closed escrow on the property in question, the development team is working diligently to move forward with the Project. After the close of escrow (estimated to be summer 2012), and following the standard thirty-day review period for comments, PATH Ventures will move forward. Assuming a timely closing, the developer will issue a minimum 90-Day Notice to Vacate, sometime in late summer 2012, when escrow closing approaches.

G. ESTIMATED RELOCATION COSTS

PATH Ventures will be using a variety of sources for the funding of this project. PATH Ventures retains their rights to change, augment, or modify the sources of funding for this Project. PATH Ventures pledges that all normal and required relocation expenses will be paid to the displacees in a prompt and timely manner. Relocation costs will include a Fixed Moving Payment (FMP) and a Rental Assistance Payment (RAP) or Down Payment Assistance Payment (DAP) for each of the tenancies who qualify for full benefits. In the event that tenants “opt” for City of Los Angeles’ RSO relocation benefit package, there will be one payment based on eligibility requirements for each tenancy.

The federal URA benefit payments or the City of Los Angeles’ RSO relocation guidelines will be utilized for the 5105 West 20th Street Project. Income data will be further reviewed and documented when the project accelerates, but for purposes of funding, we have estimated the following Budget Costs for the relocation of the four (4) households:

- A. “Worst Case Scenarios” using the City’s RSO relocation guidelines would translate into maximum payments of \$18,300 per household. This would total \$73,280.
- B. Using federal guidelines of the URA, we have calculated total benefits for all four (4) tenancies to be \$85,000.

The relocation estimate will be modified as income verification dictates. PATH Ventures asserts that it has the financial assets to provide all tenants with full relocation benefits, and will increase the payments if necessary to maintain compliance with all state and federal relocation guidelines.

SECTION V. SUMMARY

The Relocation Plan clearly shows several facts: there are more than adequate places for these four (4) tenants in appropriately sized replacement units in the Los Angeles community and its immediate neighborhood. PATH Ventures pledges the time, money, and effort to ensure a successful relocation program. PATH Ventures takes seriously its responsibilities to assist each tenant to relocate with a minimum of inconvenience, anxiety, and disruption. The Housing Resource Study shows an ample number of replacement sites that will be utilized to assure an affordable transition. With the additional services pledged by PATH Ventures to each tenant's specific needs, we are confident the relocation program will succeed with a minimum of disruption and anxiety for the tenants.

EXHIBIT A



520 S. Sepulveda Blvd., Suite 405, Los Angeles, CA 90049
Phone: (310) 476-5433 ■ Fax: (310) 476-5583

INFORMATIONAL STATEMENT FOR FAMILIES AND INDIVIDUALS

**Please do not move prematurely.
This is not a notice to vacate your dwelling!!**

General Information

The building in which you now live is owned and operated by PATH and PATH Ventures. It is the intention of the owners to sell the property and use the proceeds to expand its mission of affordable housing. You will have to move from the property if this project is approved by the City of Los Angeles and the CRA/LA, a Designated Local Authority.

Please read this information carefully as it will be helpful to you in determining your eligibility and the amount of your relocation benefits under the federal and/or city law. We suggest you save this informational statement for reference.

PATH Ventures has retained the services of Shober Consulting, Inc., a qualified professional relocation firm, to assist you. Shober Consulting, Inc. can be reached at their corporate office at:

Shober Consulting, Inc.
520 S. Sepulveda Blvd., Suite 405, Los Angeles, CA 90049
Phone: 310-476-5433, Fax: 310-476-5583

Spanish speaking representatives are available. Si necesita esta información en Español, por favor llame a su representante.

All information obtained by your relocation consultant will be kept confidential.

Please do not move prematurely. This is not a notice to vacate your dwelling. However, if you desire to move sooner than required, you must contact your representative with Shober Consulting, Inc. so you will not jeopardize any benefits. This is a general information brochure only, and is not intended to give a detailed description of either the law or regulations pertaining to PATH Ventures' relocation assistance program.

Each household will be assisted by relocation staff, if the project moves forward. Tenants are protected by state and federal law. Your relocation consultant will provide a series of services for you, including assisting in finding replacement sites.

For projects like this, which will likely receive federal funding, the tenants are protected by federal law. For federal guidelines, the following benefits may be provided to each household: 1) a Moving Payment to move possessions from the original unit to the replacement unit; and 2) a Rental Assistance Payment (RAP) that would compensate tenants for increased rental costs for 42 months, with several conditions. A RAP payment can also be used for a Downpayment Assistance Payment (DAP), if a tenant qualifies to purchase a replacement site, rather than renting a replacement site.

Exact details will be explained by your relocation consultant.

Certain Relocation Services will be provided by your relocation consultant, including helping you to find an acceptable relocation site; providing referrals of available units; acting as a resource for identifying social service programs you may qualify for as a tenant; assisting in preparing all claims and paperwork; inspecting replacement sites to make sure they are "decent, safe and sanitary", etc.

Qualification for and Filing of Relocation Claims

To qualify for a replacement housing payment, you must rent or purchase and occupy a comparable replacement unit within one year from the later of the following:

- A. For a tenant: the date you move from the displacement dwelling
- B. For an owner-occupant: the date you receive final payment for the displacement dwelling or, in the case of condemnation, the date the full amount of estimated just compensation is deposited in court - OR -
- C. The date PATH Ventures fulfills its obligation to make available comparable replacement dwellings.

All claims for relocation benefits must be filed with PATH Ventures within eighteen (18) months from the date on which you receive final payment for your property or the date on which you move, whichever is later.

Last Resort Housing Assistance

If comparable replacement dwellings are not available when you are required to move or if replacement housing is not available within the monetary limits described above PATH Ventures may provide “last resort” housing assistance to enable you to rent or purchase a replacement dwelling on a timely basis. Last resort housing assistance is based on the individual circumstances of the displaced person. Your relocation representative will explain the process for determining whether or not you qualify for last resort assistance.

If you are a tenant and you choose to purchase rather than rent a comparable replacement dwelling the entire amount of your rental assistance and last resort eligibility must be applied toward the down payment of the home you intend to purchase.

Eviction Notice

Except for causes of eviction set forth below no person lawfully occupying property to be purchased by PATH Ventures will be required to move without having been provided with at least ninety (90) days written notice. Eviction will be undertaken only in the event of one or more of the following infractions:

- A. Failure to pay rent; except in those cases where a failure to pay is due to the lessor’s failure to keep the premises in habitable condition, is the result of harassment or retaliatory action, or is the result of discontinuation or substantial interruption of services; performance of dangerous illegal acts in the unit; material breach of the rental agreement and failure to breach within 30 days of notice; maintenance of a nuisance and failure to abate within a reasonable time following notice; refusal to accept one of a reasonable number of offers of replacement dwellings; or
- B. Performance of dangerous illegal acts in the unit;
- C. Material breach of the rental agreement and failure to correct breach within 30 days of notice;
- D. Maintenance of a nuisance and failure to abate within a reasonable time following notice;
- E. Refusal to accept one of a reasonable number of offers of replacement dwellings;
- F. The eviction is required by State or local law and cannot be prevented by reasonable efforts on the part of PATH Ventures.

Appeal Procedures – Grievance

Any person aggrieved by a determination as to eligibility for a relocation payment, or the amount of payment, may have his/her claim reviewed or reconsidered in accordance with PATH Ventures’ appeals procedure. Complete details on appeal procedures are available upon request from PATH Ventures.

Tax Status of Relocation Benefits

Relocation benefit programs are not considered to be income for the purposes of the Internal Revenue Code of 1986 or the Personal Income Tax Law, Part 10 (commencing with Section 17001) of Division 2 of the Revenue and Taxation Code, or the Bank and Corporation Tax Law, Part 11 (commencing with Section 23001) of Division 2 of the Revenue and Taxation Code.

Additional Information and Assistance Available

Those responsible for providing you with relocation assistance hope to assist you in every way possible to minimize the hardships involved in relocating to a new home. Your cooperation will be helpful and greatly appreciated. If you have any questions at any time during the process please do not hesitate to contact your relocation representative.