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CLIENT MEMORANDUM

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**TO:** OVERSIGHT BOARD OF THE CRA/LA, A DESIGNATED LOCAL AUTHORITY AND SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES

**FROM:** VARNER & BRANDT LLP

**SUBJECT:** TRANSMITTAL OF FEBRUARY 14, 2013 OVERSIGHT BOARD MEETING AGENDA ITEM #3

**DATE:** FEBRUARY 5, 2013

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The following memorandum provides the seven (7) board members (“Board Members”) of the Oversight Board (“Oversight Board”) of the CRA/LA, a Designated Local Authority and Successor Agency to the Community Redevelopment Agency of the City of Los Angeles (“Successor Agency”) with pertinent information in order for each Board Member to make an informed decision on the matters before the Oversight Board.

**Agenda Item No.:** 3

**Subject:** **Transfer of Affordable Housing Assets and Functions to the Los Angeles Housing Department (“LAHD”).** Oversight Board to direct the Successor Agency to transfer all housing functions and housing assets to LAHD pursuant to the Agreement Regarding CRA/LA Affordable Housing Assets and Functions (“Transfer Agreement”).

**Request by Successor Agency:** Successor Agency requests the directive of the Oversight Board to authorize the Successor Agency to transfer to the LAHD all of the former redevelopment agency’s housing functions and housing assets approved by the Department of Finance (“DOF”), which transfer will be evidenced by the Transfer Agreement, and such other agreements or documents necessary to carry out the transfer of housing functions and DOF approved housing assets.

**Legislative Authority of the Oversight Board:**

1. California Health and Safety Code Section 34177(g): The Successor Agency must effectuate the transfer of housing functions and assets to the successor housing entity.
2. California Health and Safety Code Section 34177(h): The Successor Agency must expeditiously wind down the affairs of the former redevelopment agency in accordance with the direction of the Oversight Board.
3. California Health and Safety Code Section 34176(a)(1): The city, county, or city and county that authorized the creation of the former redevelopment agency may

elect to retain the housing assets and functions previously performed by the redevelopment agency. If the city, county, or city and county elects to retain the authority to perform the housing functions previously performed by the redevelopment agency, all rights, powers, duties, obligations, and housing assets (excluding any amounts on deposit in the Low and Moderate Income Housing Fund and enforceable obligations retained by the Successor Agency), shall be transferred to the city, county, or city and county.

4. California Health and Safety Code Section 34176(a)(2): The successor housing entity must submit to the DOF by August 1, 2012, a list of all housing assets and the DOF shall have thirty days from receipt of the list to object to any of the assets identified on the list. If the DOF objects to assets on the list, the successor housing entity may request a meet and confer within five business days of receiving the DOF objection.
5. California Health and Safety Code Section 34181(c): The Oversight Board shall direct the Successor Agency to transfer housing assets pursuant to Section 34176.

***Application and Analysis:*** As set forth above, Section 34177(g), the Successor Agency must transfer the housing functions. Subject to DOF approval, the Successor Agency intends to transfer its housing assets to LAHD, as the successor housing entity. The Oversight Board has legislative authority to direct the transfer of housing functions and DOF approved housing assets. The City of Los Angeles has requested that the Oversight Board approve the Transfer Agreement. Although the Oversight Board technically does not need to approve such agreement, to satisfy the City of Los Angeles and to ensure that third parties, including title insurance companies, the Oversight Board may confirm its direction, under Section 34181(c), ensuring that the Successor Agency complete its obligation to transfer the housing assets.

On January 25, 2012, LAHD elected to serve as the successor housing entity and retain all of the former redevelopment agency's housing functions and housing assets. Prior to transferring assets, the LAHD prepared a list of assets it believed met the definition of "housing assets" and submitted it to the DOF for approval. As we previously reported to the Oversight Board, on August 31, 2012, the DOF expressed its objection to all of the assets identified in the LAHD list on the basis that LAHD provided insufficient documentation to substantiate showing that the assets met the definition of "housing assets". LAHD subsequently requested a meet and confer with the DOF. As of the date of this memorandum, the DOF and LAHD have not held the meet and confer, but expect to do so at the end of February. However, the City of Los Angeles adopted the Transfer Agreement in anticipation of DOF approving the housing assets.

Consistent with the Oversight Board's directive authority, the Oversight Board shall direct the Successor Agency to proceed with the transfer of housing functions to the LAHD and, subject to DOF approval, the transfer of housing assets.

**RESOLUTION NO. OB \_\_\_\_\_**

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE CRA/LA, A DESIGNATED LOCAL AUTHORITY AND SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, AUTHORIZE THE SUCCESSOR AGENCY TO TRANSFER TO THE LOS ANGELES HOUSING DEPARTMENT ALL HOUSING FUNCTIONS OF THE FORMER REDEVELOPMENT AGENCY AND HOUSING ASSETS APPROVED BY THE DEPARTMENT OF FINANCE PURSUANT TO THE AGREEMENT REGARDING CRA/LA AFFORDABLE HOUSING ASSETS AND FUNCTIONS**

**WHEREAS**, the CRA/LA, a Designated Local Authority, was formed in accordance with California Health and Safety Code Section 34173(d)(3) as the Successor Agency to the Community Redevelopment Agency of the City of Los Angeles (“Successor Agency”); and

**WHEREAS**, the Oversight Board (“Oversight Board”) of the Successor Agency was established pursuant to California Health and Safety Code Section 34179; and

**WHEREAS**, the Successor Agency must effectuate the transfer of housing functions and assets of the former redevelopment agency to the successor housing entity, pursuant to California Health and Safety Code Section 34177(g); and

**WHEREAS**, on January 25, 2012, the Los Angeles Housing Department (“LAHD”) elected to serve as the successor housing entity and retain the housing functions and the housing assets of the former redevelopment agency, pursuant to California Health and Safety Code Section 34176(a)(1);

**WHEREAS**, before the housing assets may be transferred to the LAHD, the housing assets must be approved by the Department of Finance (“DOF”), pursuant to California Health and Safety Code Section 34176(a)(2); and

**WHEREAS**, the Oversight Board must direct the Successor Agency to transfer the housing assets to the LAHD, pursuant to California Health and Safety Code Section 34181(c); and

**WHEREAS**, the Successor Agency desires to carry out the transfer of the housing functions and the housing assets approved by the DOF to the LAHD in accordance with the Agreement Regarding CRA/LA Affordable Housing Assets and Functions (“Transfer Agreement”), substantially in the form attached hereto as Exhibit A; and

**WHEREAS**, the Oversight Board has determined that the transfer of the housing functions and the housing assets approved by the DOF, as set forth in the Transfer Agreement, is consistent with the requirements of the Successor Agency to wind down the affairs of the former redevelopment agency in accordance with California Health and Safety Code Section 34177(g) and 34177(h); and

**WHEREAS**, California Health and Safety Code Section 34179(e) requires the Oversight Board to adopt resolutions for any action taken by the Oversight Board;

**NOW, THEREFORE, BE IT RESOLVED** by the Oversight Board as follows:

**Section 1.**     **Transfer of Housing Functions and Housing Assets.** The Oversight Board hereby directs the Successor Agency to transfer the housing functions to the LAHD and, upon approval by the DOF of the housing assets, to transfer the housing assets pursuant to the Transfer Agreement, in substantially the form attached hereto as Exhibit A.

**Section 2.**     **Authorization of Successor Agency.** Upon approval of this resolution (“Resolution”) by the California Department of Finance, the Oversight Board authorizes and directs the Chief Executive Officer of the Successor Agency to negotiate, execute, deliver and/or acknowledge such documents necessary to comply with the authority granted by this Resolution.

**Section 3.**     **Delivery to the California Department of Finance.** The Oversight Board hereby authorizes and directs the Secretary of the Oversight Board to electronically deliver a copy of this Resolution to the California Department of Finance in accordance with California Health and Safety Code Section 34179(h).

**Section 4.**     **Other Actions.** The Oversight Board hereby authorizes and directs the Chairman, Vice-Chairman and/or Secretary of the Oversight Board, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to effectuate the purposes of this Resolution, and such actions previously taken by such offices are hereby ratified and confirmed.

**Section 5.**     **Effect.** This Resolution shall take effect upon approval of the California Department of Finance in accordance with California Health and Safety Code Section 34179(h).

**PASSED, APPROVED AND ADOPTED** by the Oversight Board at a duly noticed meeting of the Oversight Board held on February 14, 2013, by the following vote:

Ayes: \_\_\_\_\_  
Noes: \_\_\_\_\_  
Absent: \_\_\_\_\_  
Abstain: \_\_\_\_\_

By: \_\_\_\_\_  
Michael Lawson, Chairman  
Oversight Board of the CRA/LA,  
A Designated Local Authority and Successor Agency to the  
Community Redevelopment Agency of the City of Los Angeles

ATTEST:

\_\_\_\_\_  
David M. Riccitiello, Secretary  
Oversight Board of the CRA/LA,  
A Designated Local Authority and Successor Agency to the  
Community Redevelopment Agency of the City of Los Angeles

\* \* \* \* \*

I hereby certify that the foregoing is a true and correct copy of the Resolution duly adopted by the Oversight Board of the CRA/LA, a Designated Local Authority and Successor Agency to the Community Redevelopment Agency of the City of Los Angeles, at a Special Meeting of the Oversight Board duly called and held at \_\_\_\_\_ on the 14<sup>th</sup> day of February, 2013.

\_\_\_\_\_  
David M. Riccitiello, Secretary  
Oversight Board of the CRA/LA,  
A Designated Local Authority and Successor Agency to the  
Community Redevelopment Agency of the City of Los Angeles

**RESOLUTION NO. OB \_\_\_\_**

**EXHIBIT A**

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

**[ATTACHED BEHIND THIS PAGE]**

CRA/LA, A DESIGNATED LOCAL AUTHORITY  
(Successor Agency to the Community Redevelopment Agency of the City of Los Angeles, CA)

**APPROVED**

MEMORANDUM

14

**DATE:** SEPTEMBER 20, 2012 CW Housing  
**TO:** GOVERNING BOARD  
**FROM:** CHRISTINE ESSEL, CHIEF EXECUTIVE OFFICER  
**STAFF:** DAVID M. RICCITIELLO, CHIEF OPERATING OFFICER  
MARGARITA H. DE ESCONTRIAS, SENIOR OPERATIONS OFFICER  
DORA HUERTA, ACTING SPECIAL ASSISTANT TO COO  
**SUBJECT:** TRANSFER OF AFFORDABLE HOUSING ASSETS AND FUNCTIONS TO  
THE LOS ANGELES HOUSING DEPARTMENT (LAHD)

**RECOMMENDATION**

That the Governing Board, subject to approval of the Oversight Board, authorize the Chief Executive Officer or designee to implement and effectuate the transfer of the affordable housing assets and functions to the Los Angeles Housing Department (LAHD), including, without limitation, authority to execute the Agreement Regarding CRA/LA Affordable Housing Assets any and all other required documents, agreements, or amendments to related documents.

**SUMMARY**

Staff is seeking approval from the Governing Board, subject to the approval of the Oversight Board, to authorize the Chief Executive Officer (CEO) or designee to implement and effectuate the transfer of all affordable housing assets and functions to the Los Angeles Housing Department (LAHD), and execute all related documents, to accomplish the transfer of all affordable housing assets and functions.

**BACKGROUND**

Existing law authorizes the city, county, or city and county that authorized the creation of a redevelopment agency to retain the affordable housing assets, functions, and powers previously performed by the redevelopment agency, excluding amounts on deposit in the Low and Moderate Income Housing Fund.

On January 25, 2012, the City of Los Angeles (City), elected to retain the affordable housing assets and functions of the Community Redevelopment Agency of the City of Los Angeles (Prior Agency). (C.F. 12-0049). Further, the City designated the Los Angeles Housing Department (LAHD) as the recipient of all transferred assets and assigned to LAHD the responsibility for performing all affordable housing functions, duties and obligation previously performed by the Prior Agency. LAHD was instructed to "report to the Mayor and Council with a transition plan

that details the necessary resources for short and long-term management of the former redevelopment agency's housing assets, functions and responsibilities." (Report to Council dated January 24, 2012). The CRA/LA has been working closely with LAHD to accomplish the transfer of the housing assets.

Under AB1x-26, as amended by AB1484, the CRA/LA is given the responsibility to "effectuate the transfer of the housing functions and assets." (Health and Safety Code Sec. 34177(g)) and the Oversight Board is given the authority to direct the Successor Agency to do so (Health and Safety Code Sec. 34181(c)).

Pursuant to Health and Safety Code Section 34176, on August 1, 2012 the LAHD submitted to the Department of Finance a list of all housing assets that contains an explanation of how the assets meet the criteria as specified in AB 1484. The CRA/LA, in cooperation with the LAHD created the list.

The Los Angeles Housing Department (LAHD) shall assume the affordable housing functions formerly performed by the Prior Agency and shall receive the transferred assets; it may enforce affordability covenants and perform related activities pursuant to applicable provisions of the Community Redevelopment Law

As defined in AB 1484, "housing asset" includes all of the following:

(1) Any real property, interest in, or restriction on the use of real property, whether improved or not, and any personal property provided in residences, including furniture and appliances, all housing-related files and loan documents, office supplies, software licenses, and mapping programs, that were acquired for low- and moderate-income housing purposes, either by purchase or through a loan, in whole or in part, with any source of funds.

(2) Any funds that are encumbered by an enforceable obligation to build or acquire low- and moderate-income housing, as defined by the Community Redevelopment Law (Part 1 (commencing with Section 33000)) unless required in the bond covenants to be used for repayment purposes of the bond.

(3) Any loan or grant receivable, funded from the Low and Moderate Income Housing Fund, from homebuyers, homeowners, nonprofit or for-profit developers, and other parties that require occupancy by persons of low or moderate income as defined by the Community Redevelopment Law (Part 1 (commencing with Section 33000)).

(4) Any funds derived from rents or operation of properties acquired for low- and moderate-income housing purposes by other parties that were financed with any source of funds, including residual receipt payments from developers, conditional grant repayments, cost savings and proceeds from refinancing, and principal and interest payments from homebuyers subject to enforceable income limits.

(5) A stream of rents or other payments from housing tenants or operators of low- and moderate-income housing financed with any source of funds that are used to maintain, operate, and enforce the affordability of housing or for enforceable obligations associated with low- and moderate-income housing.

(6) (A) Repayments of loans or deferrals owed to the Low and Moderate Income Housing Fund pursuant to subparagraph (G) of paragraph (1) of subdivision (d) of Section 34171, which shall be used consistent with the affordable housing requirements in the Community Redevelopment Law (Part 1 (commencing with Section 33000)).

(B) Loan or deferral repayments shall not be made prior to the 2013-14 fiscal year. Beginning in the 2013-14 fiscal year, the maximum repayment amount authorized each fiscal year for repayments made pursuant to this paragraph and subdivision (b) of Section

34191.4 combined shall be equal to one-half of the increase between the amount distributed to taxing entities pursuant to paragraph (4) of subdivision (a) of Section 34183 in that fiscal year and the amount distributed to taxing entities pursuant to that paragraph in the 2012–13 base year. Loan or deferral repayments made pursuant to this paragraph shall take priority over amounts to be repaid pursuant to subdivision (b) of Section 34191.4.

The affordable housing assets are incorporated in the Affordable Housing Asset Transfer Agreement by and between the CRA/LA and the Los Angeles Housing Department (Attachment A).

Proceeds remaining after the satisfaction of enforceable obligations that were derived from indebtedness obligations issued for the purposes of affordable housing prior to January 1, 2011, and that were funded with the Low and Moderate Income Housing Fund may be used by LAHD in a manner consistent with the indebtedness obligation covenants and with the Community Redevelopment Law. To use these proceeds, the LAHD, must provide notice to the CRA/LA of any designations of use or commitments of these funds at least 20 days before the deadline for submission of the next Recognized Obligation Payment Schedule to the Oversight Board. Commitments and designations shall not be valid and binding on any party until they are included in an approved and valid Recognized Obligation Payment Schedule. The review of these designations and commitments by the CRA/LA, Oversight Board, and Department of Finance will be limited to a determination that the designations and commitments are consistent with bond covenants and that there are sufficient funds available.

The following are the milestones set forth in Health and Safety Code Section 34176:

- August 1, 2012 - LAHD submitted to the Department of Finance (DOF) a list of all affordable housing assets in a format prescribed by DOF.
- DOF has up to 60 days to object to any assets on the list. If DOF does not object to the transfer and no action challenging title or the transfer is brought within 60 days, the oversight board's action is considered final and can be relied upon as conclusive.
- If DOF objects, LAHD has 5 business days to request a meet and confer with DOF
- If "deemed not to be a housing asset," the asset must be returned to the CRA/LA and retained by CRA/LA.

The Transfer is proposed to move forward on the following timeline:

- September 20, 2012 – Governing Board Action on Transfer
- October 19, 2012 – City Council Action on Transfer
- November 8, 2012 – Oversight Board Action on Transfer

It should be noted that in a letter dated August 31, 2012 the Department of Finance (DOF) expressed its objections to all assets identified on Exhibits A through G of the "Housing Assets List." DOF contends that the Housing Entity did not provide sufficient documentation to substantiate that the assets listed on the Housing Assets Form meet the definition of a housing

asset per HSC 34176 (e). Thus, the Los Angeles Housing Department will be requesting a formal Meet and Confer to reconsider its determination.

Due to the fact that the affordable housing assets have not yet been transferred from the CRA/LA, Section 34181(f) now requires that the transfer be approved by a resolution of the Oversight Board. The resolution must be approved at a public meeting after at least ten (10) days public notice. CRA/LA staff will proceed with the publication of the required notice once the City Council approves the action on the transfer. Thus, if the item is scheduled to be heard by the Oversight Board on November 8, 2012, the publication date for the 10 day public notice will be published on October 26, 2012.

### **WIGGINS SETTLEMENT AGREEMENT**

In 2006, the former CRA/LA executed a settlement agreement with Jerome Wiggins and the Los Angeles Coalition to End Hunger and Homelessness (Wiggins Settlement Agreement) regarding their challenge to the Agency's actions to amend the Central Business District Redevelopment Plan and to adopt the City Center Redevelopment Plan. The Wiggins Settlement Agreement remains an enforceable obligation of the former agency and is not exclusively considered a housing obligation.

The general settlement terms included provisions for 1) protecting and preserving all residential hotels in the City Center and Central Industrial redevelopment project areas; 2) replacing affordable housing units in the City Center project area removed as a result of a development agreement with the former agency or by private development activity ("No-Net-Loss"); 3) annual reporting on status of the inventory of affordable housing units in the City Center and Central Industrial redevelopment project areas; 4) supplemental relocation assistance for displaced households; 5) a first source/local hiring plan for projects constructed under an agreement with the former agency; and 6) a job training and job development trust fund. Furthermore, the settlement agreement specifically contemplated the adoption by the Agency of the Development Guidelines and Controls for Residential Hotels in the City Center and Central Industrial project areas ("Guidelines"), which were ultimately adopted and approved in a separate action by the Board of Commissioner's in 2006.

The provisions of the Wiggins Settlement Agreement go beyond housing preservation and production, and include responsibilities such as local hiring for construction and permanent jobs, and a commitment to provide funding for the development of a job training facility. To fulfill the responsibilities of the Wiggins Settlement, CRA/LA staff will work with various City departments including LAHD, Planning, and Community Development, as well as third-party entities including non-profit organizations that have the capacity to implement the various requirements of the Settlement. Staff intends to present a comprehensive strategy to fulfill these responsibilities concurrently with the preparation and approval of the June 1, 2013 through December 31, 2013 Recognized Obligation Schedule ("ROPS 4"). It is anticipated that as funding requirements arise over time resulting from the Settlement, the amounts required will be included on the appropriate ROPS for consideration by the Governing Board and Oversight Board.

### **SOURCE OF FUNDS**

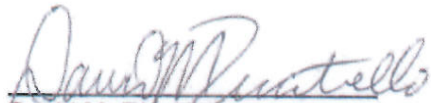
No CRA/LA funds are required for this action at this time.

**ROPS AND ADMINISTRATIVE BUDGET IMPACT**

The recommended action is consistent with AB1x-26 as modified by AB 1484; specifically to transfer housing assets and functions to the housing successor.

Christine Essel  
Chief Executive Officer

By:



David M. 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: Agreement Regarding CRA/LA Affordable Housing Assets and Functions

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

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

**RECITALS**

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

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

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

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

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

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

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

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

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

1. Definitions.

a. "Agreement" means this Agreement Regarding CRA/LA Affordable Housing Assets and Functions.

b. "City" means the City of Los Angeles, a charter city.

c. "CRA/LA" means CRA/LA, a Designated Local Authority, in its capacity as the successor agency to The Community Redevelopment Agency of the City of Los Angeles, California.

d. "CRL" means the Community Redevelopment Law, California Health and Safety Code Section 33000, et seq.

e. "Deferrals" shall have the meaning set forth in Section 2.h of this Agreement.

f. "DOF" means the State of California Department of Finance.

g. "Effective Date" means \_\_\_\_\_, 2012 (the date set forth in the first paragraph of this Agreement).

h. "Enforceable Obligation" shall have the meaning set forth in California Health and Safety Code Section 34171(d).

i. "Former Agency" means The Community Redevelopment Agency of the City of Los Angeles, California, which has been dissolved pursuant to California Health and Safety Code Section 34172(a)(1).

j. "Global Transfer Date" means the date thirty (30) days after the last to occur of the three approvals set forth in Recitals D, E and F above and the date the DOF approves the list of housing assets (or any additions to such list) or such list (or any additions to such list) is deemed approved by the DOF pursuant to California Health and Safety Code Section 34176(a)(2).

k. "Housing Assets" means all those items and interests of the Former Agency identified as "housing assets" in California Health and Safety Code Section 34176(e) and set forth on the list of housing assets, as such list may be modified from time to time, submitted to and approved or deemed approved by the DOF pursuant to California Health and Safety Code Section 34176(a)(2).

l. "Housing Functions" means those functions previously performed by the Former Agency in connection with the housing activities of the Former Agency.

m. "LAHD" means the City of Los Angeles Housing Department.

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

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

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

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

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

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

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

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

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

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

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

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

i. Low Mod Encumbrances Transfer Date:

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

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

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

Special Provisions with Respect to Pipeline Projects.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Fax No.: (213) 617-8053

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

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

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

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

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

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

**CRA/LA:**

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

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

APPROVED AS TO FORM:  
GOLDFARB & LIPMAN LLP

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

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

**LAHD:**

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

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

APPROVED AS TO FORM:

RICHARDS, WATSON & GERSHON  
A Professional Corporation

ATTEST:

JUNE LAGMAY, City Clerk

By: \_\_\_\_\_  
Deputy City Clerk

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

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

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

**ATTACHMENT 1**  
**DEPARTMENT OF FINANCE HOUSING ASSETS LIST**

[follows this page]