



AGENDA AND NOTICE OF THE SPECIAL MEETING OF THE  
SAN GABRIEL VALLEY REGIONAL HOUSING TRUST FUND BOARD OF  
DIRECTORS

THURSDAY MAY 30, 2024 – 3:00 P.M.

SGVCOG Office

1333 S. Mayflower Avenue, Suite 360 Monrovia, CA 91016

**SGVRHT Officers**

Chair, Jed Leano  
Vice-Chair, Becky Shevlin

**Representatives**

*Northeast Representative*  
Gary Boyer, Glendora  
Dennis Beckwith, Azusa  
(Alternate)

*Northwest Representative*  
Becky Shevlin, Monrovia

*Central Representative*  
Emmanuel Estrada, Baldwin  
Park

*Southeast Representative*  
Patty Cortez, Covina

*Southwest District*  
Adele Andrade-Stadler,  
Alhambra  
Thomas Wong, Monterey  
Park (Alternate)

*At-Large Representatives*  
Margaret Finlay, Duarte  
Jed Leano, Claremont  
April Verlatto, Arcadia  
(Alternate)

*Housing/Homeless Experts*  
Carol Averell (Delegate)  
Anne Turner (Delegate)  
Alma Martinez (Alternate)

**Members**

- Alhambra
- Arcadia
- Azusa
- Baldwin Park
- Claremont
- Covina
- Diamond Bar
- Duarte
- El Monte
- Glendora
- Industry
- Irwindale
- La Cañada Flintridge
- La Verne
- Monrovia
- Montebello
- Monterey Park
- Pasadena
- Pomona
- Rosemead
- San Gabriel
- South El Monte
- South Pasadena
- Temple City
- West Covina

Thank you for participating in today’s meeting. The Board of Directors encourages public participation and invites you to share your views on agenda items.

**MEETINGS:** The agenda packet is available at the San Gabriel Valley Council of Government’s (SGVCOG) Monrovia Office, 1333 S. Mayflower Avenue, Suite 360, Monrovia, CA, and on the website, [www.sgvkog.org](http://www.sgvkog.org). Copies are available via email upon request ([sgv@sgvkog.org](mailto:sgv@sgvkog.org)). A copy of the agenda is also posted for public viewing at the entrance of the SGVCOG Monrovia Office Building. Any additional agenda documents that are distributed to a majority of the Board after the posting of the agenda will be available for review in the SGVCOG office during normal business hours and on the SGVCOG website noted above.

**PUBLIC PARTICIPATION:** Your participation is welcomed and invited at all Board of Directors meetings. Time is reserved at each regular meeting for those who wish to address the Board. SGVRHT requests that persons addressing the meeting refrain from making personal, slanderous, profane or disruptive remarks. A person who continues to disrupt the orderly conduct of the meeting, after being warned by the Board Chair or designee to cease the disruption, may be precluded from further participation in the meeting.

**TO ADDRESS THE GOVERNING BOARD:** At a regular meeting, the public may comment: (i) on any matter within the jurisdiction of the Board of Directors that is not on the agenda during the public comment period at the beginning of the agenda; (ii) on any item(s) that is on the Consent Calendar prior to action taken on the Consent Calendar; and (iii) on any other agenda item prior to the time it is considered by the Board. during the public comment period and may also comment on any agenda item at the time it is discussed. At a special meeting, the public may only comment on items that are on the agenda. Members of the public are requested to state their name prior to speaking. Comments are limited to a maximum of three minutes per person. The Board President may impose additional time limits if comments become repetitious, an individual member of the public seeks to speak on numerous items, or a large number of members of the public seek to speak on an item. Except in limited situations, the Board may not take action on items not appearing on the agenda and/or discuss them at length.

If you would like to provide a public comment during a Board meeting, please see “Instructions for Public Comments” below.

**AGENDA ITEMS:** The Agenda contains the regular order of business of the Board of Directors. Items on the Agenda have generally been reviewed and investigated by the staff in advance of the meeting so that the Board of Directors can be fully informed about a matter before making its decision.



In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the SGVCOG office at (626) 457-1800. Notification 48 hours prior to the meeting will enable the SGVCOG to make reasonable arrangement to ensure accessibility to this meeting.



**CONSENT CALENDAR:** Items listed on the Consent Calendar are considered to be routine and will be acted upon by one motion. There will be no separate discussion on these items unless a Board member or citizen so requests. In this event, the item will be removed from the Consent Calendar and considered after the Consent Calendar. If you would like an item on the Consent Calendar discussed, simply tell Staff or a member of the Board of Directors.

**TELECONFERENCE LOCATIONS:** State law allows Board Representatives to teleconference from remote locations as long as certain conditions are met, including listing the teleconference locations in the agenda. The following locations are hereby noticed as teleconference locations, which are accessible to the public for the purposes of observing this meeting and/or addressing the Governing Board.

Adele Andrade Stadler (Southwest Delegate) 2956 West Shorb Street Alhambra, CA 91803	South Gate City Hall Carol Averell (Housing and Homeless Expert) 8650 California Avenue South Gate, CA 90280	Monterey Park City Hall Thomas Wong (Southwest District Alternate) 320 West Newmark Ave. Monterey Park, CA 91754
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**Instructions for Public Comments:** For those wishing to make public comments on agenda and non-agenda items, but within the SGVCOG’s subject matter jurisdiction, you may submit written comments via email or provide a verbal comment by participating through Zoom.

- **Written Comments (Email):** If you wish to submit written public comments to be distributed to the committee members prior to or during the meeting, please submit these materials via email to Brielle Salazar at [bsalazar@sgvrht.org](mailto:bsalazar@sgvrht.org) at least 1 hour prior to the scheduled meeting time. Please indicate in the Subject Line of the email “FOR PUBLIC COMMENT.” Emailed public comments will be read into the record and will be part of the recorded meeting minutes. Written public comments may include, but are not limited to letters, reports, and presentations.
- **Verbal Comments (In Person):** If you would like to make a public comment at the Governing Board meeting location, please fill out a public comment card. Comment cards will be made available to you by staff at the entrance to the meeting room. If you are attending the meeting at a noticed teleconference location and would like to make a public comment, please raise your hand when the item upon which you wish to speak comes up on the agenda.
- **Verbal Comments (Zoom):** If you would like to participate by teleconference from a private location, please email Brielle Salazar ([bsalazar@sgvrht.org](mailto:bsalazar@sgvrht.org)) to request an attendee Zoom link at least 24 hours before the meeting. Through Zoom, you may provide a verbal comment by using the web interface “Raise Hand” feature when the agenda item upon which you wish to speak is to be considered. You will then be called upon to provide your verbal comments.

**PRELIMINARY BUSINESS**

**5 MINUTES**

1. Call to Order
2. Roll Call
3. Public Comment (*If necessary, the President may place reasonable time limits on all comments*)
4. Changes to Agenda Order: Identify emergency items arising after agenda posting and requiring action prior to next regular meeting.

**CONSENT CALENDAR**

5. Board of Directors Minutes- February 15, 2024- Page 1  
*Recommended Action: Adopt Board of Directors minutes for the February 15, 2024 meeting.*
6. Board of Directors Minutes- April 11, 2024- Page 4  
*Recommended Action: Adopt Board of Directors minutes for the April 11, 2024 meeting.*
7. SGVRHT FY 24-25 Budget- Page 6  
*Recommended Action: Adopt Resolution 24-06 approving the FY 24-25 Budget.*
8. Loan Fee and Revenue Investment Policy- Page 11  
*Recommended Action: Adopt Resolution 24-07 approving the loan fee and revenue investment policy.*
9. State Legislative Position- AB 1657 (Wicks)- Page 15  
*Recommended Action: Adopt Resolution 24-08 supporting AB 1657 (Wicks) if amended to include the Local Housing Trust Fund (LHTF) program.*
10. Option to Ground Lease- 405 S. Del Mar- Page 23  
*Recommended Action: Authorize Executive Director to negotiate and execute an Option to Ground Lease with Related for 405 S. Del Mar*

**ACTION ITEMS**

**10 MINUTES**

11. Housing Innovation- Page 66  
*Recommended Action: Adopt Resolution 24-09 allocating \$517,000 to the Housing Innovation Program.*

**PRESENTATION ITEMS**

12. SGVRHT Annual Report- Page 69  
*Recommended Action: For information only.*

**UPDATE ITEMS**

**5 MINUTES**

13. Chair's Report
14. Executive Director's Report
15. General Counsel's Report

**ADJOURN**

**SGVRHT Board of Directors Unapproved Minutes**

Date: February 15, 2024  
Time: 3:00 PM  
Location: SGVRHT Office in Monrovia and Virtual Meeting

**PRELIMINARY BUSINESS**

1. Call to Order  
Vice Chair Shevlin called the meeting to order at 3:07 PM.

2. Roll Call  
**A quorum was in attendance.**

**Members**

Becky Shevlin, Northwest District  
Adele Andrade-Stadler, Southwest District  
Carol Averell, Housing/Homeless Expert  
Gary Boyer, Northeast District  
Emmanuel Estrada, Central District  
April Verlato, At-Large Member Alternate  
Dennis Beckwith, Northeast District Alternate\*  
Thomas Wong, Southwest District Alternate\*  
\*(not included in quorum/voting)

**Members Absent**

Jed Leano, At-Large Member  
Patty Cortez, Southeast District  
Margaret Finlay, At-Large Member  
Alma Martinez, Housing/Homeless  
Expert Alternate

**Staff**

M. Creter, Executive Director, SGVRHT  
B. Salazar, SGVRHT  
D. DeBerry, General Counsel  
M. Sharkey  
J. Read  
J. Talla

3. Public Comment  
There was no public comment.
4. Changes to Agenda Order  
There were no changes to the agenda order.

**CONSENT CALENDAR**

5. Board of Directors Minutes- October 17, 2023 Meeting  
*Recommended Action: Adopt Board of Directors minutes for the October 17, 2023 meeting.*
6. Board of Directors Minutes- October 24, 2023 Meeting  
*Recommended Action: Adopt Board of Directors minutes for the October 24, 2023 meeting.*
7. Amended FY 2023-2024 Budget  
*Recommended Action: Adopt Resolution 24-01 adopting the amended FY 2023-*

*2024 Budget.*

- 8. Esperanza Villa Contract Assignment  
*Recommended Action: Authorize the Executive Director to assign the Agreement with City Net for Esperanza Villa site operation to the San Gabriel Valley Council of Governments (SGVCOG).*
- 9. SGVRHT Bylaws Update  
*Recommended Action: Adopt Resolution 24-02 adopting the Second Amended and Restated Bylaws.*
- 10. Board Meeting Calendar  
*Recommended Action: Adopt 2024 meeting calendar.*  
**There was a motion to approve Consent Calendar Items 5, 6, 7, 8, 9, and 10. (M/S: Boyer/Andrade-Stadler).**

**[Motion Passed]**

<b>AYES:</b>	Shevlin, Andrade-Stadler, Averell, Boyer, Estrada, Verlato
<b>NOES:</b>	
<b>ABSTAIN:</b>	
<b>ABSENT:</b>	Leano, Cortez, Finlay

**ACTION ITEMS**

- 11. Housing Innovation Fund Allocations  
**There was a motion to adopt Resolution 24-03 authorizing the Executive Director to**
  - 1.) **Execute a Letter of Intent with Habitat for Humanity for an amount not to exceed \$1,500,000 to create an Accessory Dwelling Unit revolving loan program and**
  - 2.) **Execute a Letter of Intent with God’s Pantry for an amount not to exceed \$1,800,000 to purchase a site for use as shared housing and authorize the Executive Director to negotiate and execute a Warranty Deed and Ground Lease with God’s Pantry for the property (M/S: Verlato/ Boyer).**

<b>AYES:</b>	Shevlin, Andrade-Stadler, Averell, Boyer, Estrada, Verlato
<b>NOES:</b>	
<b>ABSTAIN:</b>	
<b>ABSENT:</b>	Leano, Cortez, Finlay

- 12. **There was a motion to adopt Resolution 24-04 authorizing the Executive Director to execute Letter of Intent with American Family Housing for an amount not to exceed \$3,392,510 for Mariposa Apartments (Alhambra) (M/S: Andrade-Stadler, Boyer).**

<b>AYES:</b>	Shevlin, Andrade-Stadler, Averell, Boyer, Estrada, Verlato
<b>NOES:</b>	
<b>ABSTAIN:</b>	

<b>ABSENT:</b>	Leano, Cortez, Finlay
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**PRESENTATION**

**13. SGVRHT Nonprofit Update**

SGVRHT Manager B. Salazar presented on this item.

**UPDATE ITEMS**

There were no update items.

**GENERAL COUNSEL’S REPORT**

D. DeBerry provided an update from the state on allowable square footage for density bonus, due to a recent memo released from the state.

**EXECUTIVE DIRECTOR’S REPORT**

M. Creter shared the upcoming ‘Challenges & Opportunities: An Honest Conversation on Homelessness’ panel to the Board. M. Creter also provided a preview of the next board meeting, which will include the Local Housing Trust Fund (LHTF) application, the FY 24-25 budget, and any other timely items. M. Creter shared an update on REAP 2.0, which is on pause until further notice pending a final determination and SGVCOG efforts to secure full program funding from SCAG and the state.

**CHAIR’S REPORT**

Vice Chair B. Shevlin shared an article on 100% affordable housing construction.

**ADJOURN**

Vice Chair Shevlin adjourned the meeting at 3:57 PM.

**SGVRHT Board of Directors Unapproved Minutes**

Date: April 11, 2024

Time: 2:00 PM

Location: SGVRHT Office in Monrovia and Virtual Meeting

**PRELIMINARY BUSINESS**

**1. Call to Order**

Chair Leano called the meeting to order at 2:05 PM.

**2. Roll Call**

**A quorum was in attendance.**

**Members**

Jed Leano, At-Large Member  
Becky Shevlin, Northwest District  
Adele Andrade-Stadler, Southwest District  
Gary Boyer, Northeast District  
Emmanuel Estrada, Central District

**Members Absent**

Patty Cortez, Southeast District  
Margaret Finlay, At-Large Member  
Alma Martinez, Housing/Homeless  
Expert Alternate  
Anne K. Turner, Housing/Homeless  
Expert  
April Verlato, At-Large Member  
Alternate  
Carol Averell, Housing/Homeless  
Expert  
Dennis Beckwith, Northeast District  
Alternate\*  
Thomas Wong, Southwest District  
Alternate\*

**Staff**

M. Creter, Executive Director, SGVRHT  
B. Salazar, SGVRHT  
D. DeBerry, General Counsel  
M. Sharkey  
J. Read  
J. Talla

**3. Public Comment**

There was no public comment.

**4. Changes to Agenda Order**

There were no changes to the agenda order.

**ACTION ITEMS**

**5. Nonprofit Initial Board Composition**

**There was a motion to adopt Resolution 24-05 approving initial composition of nonprofit board as follows:**

- **SGVRHT Chair: Jed Leano**
- **SGVRHT Vice Chair: Becky Shevlin**
- **District Representative 1: Emmanuel Estrada**
- **District Representative 2: Adele Andrade-Stadler**
- **SGVRHT Executive Director: Marisa Creter**

<b>AYES:</b>	Leano, Shevlin, Andrade-Stadler, Boyer, Estrada
<b>NOES:</b>	
<b>ABSTAIN:</b>	
<b>ABSENT:</b>	Cortez, Finlay, Martinez, Turner, Verlato, Averell, Beckwith, Wong

**UPDATE ITEMS**

There were no update items.

**GENERAL COUNSEL’S REPORT**

There was no general counsel report.

**EXECUTIVE DIRECTOR’S REPORT**

M. Creter shared the upcoming groundbreaking for Larkin Place in Claremont would take place on April 17<sup>th</sup>, the SGVRHT provided a \$3 million loan to the project.

**CHAIR’S REPORT**

There was no chair report.

**ADJOURN**

Chair Leano adjourned the meeting at 2:20 PM.



# REPORT

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DATE: May 30, 2024  
TO: Board of Directors  
FROM: Marisa Creter, Executive Director  
RE: **SGVRHT FY 2024-2025 BUDGET**

## **RECOMMENDED ACTION**

Adopt Resolution 24-06 adopting the FY 24-25 SGVRHT Budget

## **BACKGROUND**

In accordance with the SGVRHT's bylaws, the Board of Directors shall adopt the annual budget prior to July 1 of each calendar year. The SGVRHT follows a fiscal year from July 1<sup>st</sup> through June 30<sup>th</sup>. The FY24-25 Budget is divided into Operating Budget and Capital (Grants and Lending) Budget to differentiate program administration from grants and loans to affordable and homeless housing projects. The operating budget includes member dues, loan fees, and grant administration income from the Local Housing Trust Fund (LHTF) program which will support staffing and consultant expenses. The capital budget reflects State Earmark funds, Community Project Funds (Federal), and Permanent Housing Allocation (PLHA) from Los Angeles County which will provide loans to affordable and homeless housing projects. The FY24-25 Budget is included in Attachment A.

Prepared by: *Brielle Salazar*  
Brielle Salazar  
Regional Housing Trust Manager

Approved by: *Marisa Creter*  
Marisa Creter  
Executive Director

## **ATTACHMENTS**

Attachment A – Resolution 24-06 Adopting SGVRHT FY 2024-2025 Budget

**RESOLUTION NO. 24-06**

**RESOLUTION OF THE SAN GABRIEL VALLEY REGIONAL HOUSING TRUST  
(TRUST) ADOPTING THE FY 2024-2025 OPERATING AND CAPITAL (GRANTS  
AND LENDING) BUDGET**

**WHEREAS**, the SGVRHT Board of Directors adopts an annual fiscal year budget;  
and

**WHEREAS**, the current adopted fiscal year budget ends on June 30, 2024; and

**WHEREAS**, the Budget serves as the basis for the Trust's programs and activities;  
and

**WHEREAS**, the Executive Director is responsible for the development and  
implementation of the Budget; and

**WHEREAS**, the Board may, from time to time, modify the Budget to conform to the  
Board's policy directives; and

**WHEREAS**, there are funds within this Budget that are for specific purposes and  
appropriations of those funds will comply with accounting principles and governing rules  
of the funding sources.

**NOW, THEREFORE, BE IT RESOLVED** that the Board adopts the FY 2024-2025  
Operating Budget, attached hereto and incorporated herein as Exhibit A and the FY 2024-  
2025 Capital (Grants and Lending) Budget, attached hereto and incorporated herein as  
Exhibit B.

**PASSED AND ADOPTED** by the Board of Directors of San Gabriel Valley  
Regional Housing Trust, in the County of Los Angeles, State of California, on the 30<sup>th</sup> day  
of May 2024.

San Gabriel Valley Regional Housing Trust

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Jed Leano, Chair

Exhibit B

**Attest:**

I, Marisa Creter, Executive Director and Secretary of the Board of Directors of the San Gabriel Valley Regional Housing Trust, do hereby certify that Resolution 24-06 was adopted at a regular meeting of the Governing Board held on the 30th day of May 2024, by the following roll call vote:

<b>AYES:</b>	
<b>NOES:</b>	
<b>ABSTAIN:</b>	
<b>ABSENT:</b>	

\_\_\_\_\_  
Marisa Creter, Secretary

Exhibit B

<b>San Gabriel Valley Regional Housing Trust</b>			
<b>FY 2024-2025 Proposed Operating Budget</b>			
	FY 24-15	FY 23-24	Change
	Proposed	Budget	
<b>Operating Revenues</b>			
<b>General Operating Income</b>			
Member Fees	\$ 409,913	\$ 349,529	\$ 60,384
Origination Fees	\$ 38,360	\$ 91,238	\$ (52,878)
<i>Total General Operating Income</i>	<i>\$ 448,273</i>	<i>\$ 440,767</i>	<i>\$ 7,506</i>
<b>Grants &amp; Special Projects Income</b>			
Interest and Loan Fees	\$ 191,500	\$ -	\$ 191,500
State Earmark Admin	\$ 188,649	\$ 256,251	\$ (67,602)
LHTF Admin	\$ 50,000	\$ 12,500	\$ 37,500
<i>Total Grants &amp; Special Projects Income</i>	<i>\$ 430,149</i>	<i>\$ 256,251</i>	<i>\$ 173,898</i>
<b>Total Income</b>	<b>\$ 878,422</b>	<b>\$ 697,018</b>	<b>\$ 181,404</b>
<b>Indirect Expenses</b>			
<u>Board/Employee Expenses</u>			
Travel/Meeting Expenses	\$ 5,000	\$ 5,000	\$ -
Printing/Supplies	\$ 5,000	\$ 5,000	\$ -
<u>Professional Services</u>			
MSA	\$ 640,000	\$ 465,000	\$ 175,000
Legal	\$ 75,000	\$ 75,000	\$ -
Audit	\$ 5,000	\$ 5,000	\$ -
Consultant Support	\$ 125,000	\$ 119,761	\$ 5,239
<u>Other</u>			
Insurance	\$ 10,000	\$ 10,000	\$ -
Operating Reserve	\$ 5,000	\$ 5,000	\$ -
<b>Total Expenditures</b>	<b>\$ 870,000</b>	<b>\$ 689,761</b>	<b>\$ 180,239</b>
<b>Net Income (Loss)</b>	<b>\$ 8,422</b>	<b>\$ 7,258</b>	<b>\$ 1,164</b>

Exhibit B

**San Gabriel Valley Regional Housing Trust  
FY 2022-2023 Proposed Capital (Grants and Lending) Budget**

	FY 24-25 Proposed	FY23-24 Budget	change
<b>Sources</b>			
Permanent Local Housing Allocation (PLHA)	\$1,416,400		\$1,416,400
Community Project Funding (Federal)	\$1,000,000	\$4,000,000	(\$3,000,000)
405 S Del Mar Land Value	\$0	\$4,105,000	(\$4,105,000)
State Earmark (2022)	\$2,517,000		\$2,517,000
<i>Total</i>	<i>\$4,933,400</i>	<i>\$8,105,000</i>	<i>(\$3,171,600)</i>
<b>Uses</b>			
Local Housing Trust Program (LHTF)	\$1,416,400	\$4,105,000	(\$2,688,600)
Housing Innovation	\$517,000	\$4,000,000	(\$3,483,000)
Pipeline Funding	\$2,000,000		\$2,000,000
unallocated	\$1,000,000		\$1,000,000
<i>Total</i>	<i>\$4,933,400</i>	<i>\$8,105,000</i>	<i>(\$3,171,600)</i>
Net Income (Loss)	\$0	\$0	\$0

# REPORT

DATE: May 30, 2024

TO: Board of Directors

FROM: Marisa Creter, Executive Director

RE: **SGVRHT LOAN FEE AND REVENUE INVESTMENT POLICY**

## **RECOMMENDED ACTION**

Adopt Resolution 24-07 Adopting SGVRHT Loan Fee and Revenue Investment Policy

## **BACKGROUND**

As of February 2024, the SGVRHT has awarded the initial round of RLF funding. Per the RLF Guidelines adopted at the June 28, 2022 meeting, each RLF loan incurs a \$500 application fee, 1% origination fee billed at closing, and 3% simple interest billed monthly. The SGVRHT anticipates the first RLF loan repayment, a partial repayment for Mariposa Apartments, will occur later this year. Similarly, Pipeline Projects incur a 1% origination fee and are subject to 3% simple interest, however repayment is in the form of residual receipts<sup>1</sup> which are calculated annually starting one year after project completion. To formalize the investment policy for the various loan fees and revenue, staff proposes the following:

Fee/Revenue Type	Amount	Timeline	Investment Recommendation
Application Fee	\$500	Due with application	Operating- program administration <sup>2</sup>
Origination Fee	1% of loan amount	Due at closing	Operating- program administration
Interest	3% simple interest on outstanding loan	Paid monthly following first draw	Operating- program administration
RLF Loan Repayment	Remaining Loan balance	Due at loan term (2-5 years)	Capital- reinvestment in RLF
Residual Receipts (Pipeline)	Calculated in promissory note <sup>3</sup>	Paid every year following project completion	Capital- reinvestment in Pipeline

<sup>1</sup> Share of 50% of remaining funds after project's operating expenses are paid. Calculated proportionally based on soft lender amount (i.e. SGVRHT loan of \$2 million and County loan of \$4 million would result in 16.7% share of residual receipts). Remaining 50% is eligible for use as developer fee.

<sup>2</sup> Includes staffing (SGVRHT Manager and Executive Director, finance, and administrative support), consultant fees, and closing fees including postage, bank fees, and other miscellaneous costs to administer the program.

## **NEXT STEPS**

If approved, the investment policy will go into effect immediately and staff will direct finance to place fees and revenue in the designated accounts. The proposed FY 24-25 Budget includes the investment policy strategy. A summary of fees and revenue will be included in the FY 24-25 annual report.

Prepared by: Brielle Salazar  
Brielle Salazar  
Regional Housing Trust Manager

Approved by: Marisa Creter  
Marisa Creter  
Executive Director

Attachment A: Resolution 24-07 Adopting SGVRHT Loan Fee and Revenue Investment Policy

**RESOLUTION NO. 24-07**

**RESOLUTION OF THE SAN GABRIEL VALLEY REGIONAL HOUSING TRUST (SGVRHT) ADOPTING THE SGVRHT LOAN FEE AND REVENUE INVESTMENT POLICY**

**WHEREAS**, the San Gabriel Valley Regional Housing Trust (SGVRHT) provides loans through its Revolving Loan Fund and Pipeline Funding programs; and

**WHEREAS**, the loans may incur 1% origination fees, application fees, interest fees, and repayment revenue or residual receipts; and

**WHEREAS**, the fees and revenue will support program administration and reinvestment into the programs.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors of the Trust adopts the Loan Fee and Revenue Investment policy in Exhibit A.

**PASSED AND ADOPTED** by the Board of Directors of the San Gabriel Valley Regional Housing Trust, in the County of Los Angeles, State of California, on the 30<sup>th</sup> day of May 2024.

San Gabriel Valley Regional Housing Trust

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Jed Leano, Chair

**Attest:**

I, Marisa Creter, Executive Director and Secretary of the Board of Directors of the San Gabriel Valley Regional Housing Trust, do hereby certify that Resolution 24-07 was adopted at a regular meeting of the Governing Board held on the 30th day of May 2024, by the following roll call vote:

<b>AYES:</b>	
<b>NOES:</b>	
<b>ABSTAIN:</b>	
<b>ABSENT:</b>	

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Marisa Creter, Secretary



Exhibit A

SGVRHT Loan Fee and Revenue Investment Policy

<b>Fee/Revenue Type</b>	<b>Amount</b>	<b>Timeline</b>	<b>Investment Policy</b>
Application Fee	\$500	Due with application	Operating- program administration <sup>1</sup>
Origination Fee	1% of loan amount	Due at closing	Operating- program administration
Interest	3% simple interest on outstanding loan	Paid monthly following first draw	Operating- program administration
RLF Loan Repayment	Remaining Loan balance	Due at loan term (2-5 years)	Capital- reinvestment in RLF
Residual Receipts (Pipeline)	Calculated in promissory note <sup>2</sup>	Paid every year following project completion	Capital- reinvestment in Pipeline

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<sup>1</sup> Includes staffing (SGVRHT Manager and Executive Director, finance, and administrative support), consultant fees, and closing fees including postage, bank fees, and other miscellaneous costs to administer the program

# REPORT

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DATE: May 30, 2024

TO: Board of Directors

FROM: Marisa Creter, Executive Director

RE: **STATE LEGISLATIVE POSITION – AB 1657 (WICKS)**

## **RECOMMENDED ACTION**

Adopt resolution 24-08 supporting AB 1657 (Wicks) if amended to include for the Local Housing Trust Fund (LHTF) program.

## **BACKGROUND**

AB 1657 would enact the Affordable Housing Bond Act of 2024, which authorizes the sale of \$10 billion in general obligation bonds, upon approval by voters at an undetermined statewide election. The measure contains an urgency clause, giving it immediate effect if enacted. If approved, the measure directs proceeds of bonds to the following programs:

- **\$5.25 billion deposited in the Housing Rehabilitation Loan Fund** to be used for the Multifamily Housing Program (MHP). At least 10% of assisted units in each development receiving funding must be available for extremely low-income households.
- **\$1.75 billion to be deposited in the Housing Rehabilitation Loan Fund** to be used for supportive housing administered through the MHP program. The measure requires the Department of Housing and Community Development (HCD) to offer capitalized operating subsidy reserves for supportive housing developments receiving funding.
- **\$1.5 billion to preserve or rehabilitate existing subsidized or unsubsidized rental housing** through the following programs: the Portfolio Reinvestment Program, the Energy Efficiency Low-Income Weatherization Program, and a program to be created by the Legislature and administered by HCD that funds acquisition and rehabilitation of unrestricted housing units and attaches long-term affordability restrictions to the units.
- **\$1 billion to provide homeownership opportunities through the CalHOME Program**, which provide grants to local public agencies and non-profit developers to assist individuals and households through deferred-payment loans; and the My Home down payment assistance program administered by CalHFA.
- **\$500 million for the Joe Serna, Jr. Farmworker Housing (Serna) Program** and a dedicated program to be created by the Legislature, administered by HCD, and designed for, and in consultation with, tribes to finance housing and housing-related activities that will enable tribes to rebuild and reconstitute their communities.

AB 1657 provides the Legislature can amend any law related to programs funded by the bond for purposes of improving their efficiency and effectiveness of those programs. The bill also allows HCD to disburse any funds made available to housing development projects by the bill during the construction period.

## Status

AB 1657 was introduced in February of 2023, among a host of other proposed statewide bond measures addressing funding issues related to climate resiliency, school facilities, and housing affordability. The bill progressed through the first House Policy Committee, Appropriations Committee, and Assembly Floor before being held in the Senate Appropriations Committee.

The Legislature will have until June 27, 2024 to decide the fate of this bond proposal and allow its passage onto the November ballot in order to meet deadlines associated with its printing and distribution from the Secretary of State.

## Support and Opposition

According to the author, *“We cannot take our foot off the gas when it comes to our state’s affordable housing investments. Now is the time to double down on our commitment to solving California’s housing shortage. Even in a tight fiscal climate, the staggering need demands that we treat the crisis with the urgency it deserves. The Affordable Housing Bond Act of 2024 needs to be a priority among any bonds issued in the next year.”*

Entities in Support of AB 1657 include:

California Apartment Association	City of Norwalk
Friends Committee on Legislation of California	California Faculty Association
Western Center on Law and Poverty	City of Pleasanton
Abode Services	Catholic Charities of Santa Clara County
Valley Restart Shelter	City of Alameda
Greenlining Institute	City of Goleta
City of Long Beach	Tenderloin Neighborhood Development Corporation
Metropolitan Transportation Commission	Legal Aid of Sonoma County
Self-Help Enterprises	Community HousingWorks
Mercy Housing California	LINC Housing
Non-Profit Housing Association of Northern California	Hollywood Community Housing Corporation
Housing California	MidPen Housing Corporation
California Housing Consortium	Council of Community Housing Organizations
EAH Housing	California Climate and Agriculture Network
California Housing Partnership Corporation	Resources for Community Development
Riverside	East Bay Housing Organizations (EBHO)
Congregations Organized for Prophetic Engagement (COPE)	Habitat for Humanity California

# REPORT

Habitat for Humanity of Greater San Francisco  
 Many Mansions  
 Community Housing Improvement Systems and Planning Association, Inc. (CHISPA)  
 Mutual Housing California  
 Los Angeles County Department of Mental Health  
 Turning Point Community Programs Corporation for Supportive Housing  
 North Valley Housing Trust  
 San Francisco Housing Development Corporation  
 City of Foster City  
 Housing Trust of Silicon Valley  
 Association of Bay Area Governments  
 Kennedy Commission  
 Bay Area Community Resources  
 Devine & Gong, Inc.  
 Housing Authority of the County of Alameda  
 Community Land Trust Association of West Marin  
 Empowering Pacific Islander Communities  
 Kitchens for Good  
 Evolve California  
 Housing Alliance  
 American Institute of Architects, Los Angeles Chapter  
 Enterprise Community Investments, Inc.  
 Wakeland Housing and Development Corporation  
 Santa Clara Methodist Retirement Foundation  
 Alta Housing  
 Bay Area Local Initiatives Support Corporation  
 Lift To Rise  
 Housing Action Coalition  
 ACLU California Action  
 East Palo Alto Community Alliance and Neighborhood Development Organization  
 The San Francisco Housing Accelerator Fund  
 Ascencia  
 Imagine LA  
 People's Budget Orange County  
 Housing Is a Human Right OC  
 The Kelsey  
 National Alliance to End Homelessness  
 Inland SoCal Housing Collective  
 CRP Affordable Housing and Community Development  
 Jonathan Rose Companies  
 City of Redlands  
 Monterey County Renters United  
 FSY Architects, INC  
 CDR  
 Housing Land Trust of the North Bay  
 City Housing, INC.  
 A. Robbins Group  
 Behavioral Health and Recovery Services  
 Brighter Future Initiative  
 California Association of Local Housing Finance Agencies (CAL-ALHPFA)  
 Change and New Beginnings  
 Colesworthy Real Estate Services  
 Curtis Development  
 Excelerate Housing Group  
 Gunkel Architecture INC.  
 Housing Authority of The City of San Luis Obispo  
 Housing Claremont  
 Housing El Dorado  
 King and I Outreach Ministry  
 Lived Experience Advisers  
 Myall Consulting  
 Orange County Housing Trust  
 Strive Real Estate LLC  
 The Armony Companies  
 Ventura Social Services Task Force  
 Zen Development Consultants LLC

# REPORT

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The California Association of Realtors is the only entity registered in opposition. The organization maintains an oppose unless amended position, unless projects containing 1-4 units are exempted.

## **SGVRHT POSITION**

### *Support if Amended*

TPA recommends adopting a “Support if Amended” position to advocate for the inclusion of \$300 million for the Local Housing Trust Fund (LHTF) program that provides matching dollars to local housing trusts to use for the construction of affordable units. This program has been beneficial in providing state funding to the SGVRHT and its member agencies.

*This staff report was prepared by Townsend Public Affairs (TPA). TPA staff are available to answer any questions.*

Reviewed by: *Brielle Salazar*  
Brielle Salazar  
Regional Housing Trust Manager

Approved by: *Marisa Creter*  
Marisa Creter  
Executive Director

## **ATTACHMENTS**

Attachment A – Draft Letter of Support AB 1657  
Attachment B- Resolution 24-08

**RESOLUTION NO. 24-08**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN GABRIEL VALLEY REGIONAL HOUSING TRUST (SGVRHT) SUPPORTING IF AMENDED AB 1657 (WICKS).**

**WHEREAS**, existing law authorizes programs providing assistance for, among other things, emergency housing, multifamily housing, farmworker housing, home ownership for very low and low-income households, and downpayment assistance for first-time home buyers; and

**WHEREAS**, existing law authorizes the issuance of bonds in specified amounts pursuant to the State General Obligation Bond Law and requires that proceeds from the sale of these bonds be used to finance various existing housing programs, capital outlay related to infill development, brownfield cleanup that promotes infill development, and housing-related parks; and

**WHEREAS**, AB 1657 (Wicks) would enact the Affordable Housing Bond Act of 2024, which authorizes the sale of \$10 billion in general obligation bonds, upon approval by voters at an undetermined statewide election;

**WHEREAS**, funds generated under the Affordable Housing Bond Act of 2024 would support programs such as the Housing Rehabilitation Loan Fund, the Portfolio Reinvestment Program, the Energy Efficiency Low-Income Weatherization Program, CalHOME Program, the Joe Serna, Jr. Farmworker Housing Program, and more;

**WHEREAS**, SGVCOG, SGVRHT, and other California housing trusts have advocated for the inclusion of \$300 million for the Local Housing Trust Fund (LHTF) Program in the proposed legislation;

**NOW, THEREFORE, BE IT RESOLVED** that the Governing Board does hereby support AB 1657 (Wicks) if it is amended to include funding for the LHTF.

**PASSED AND ADOPTED** by the Board of Directors of the San Gabriel Valley Regional Housing Trust, in the County of Los Angeles, State of California, on the 30th day of May 2024.

San Gabriel Valley Regional Housing Trust

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Jed Leano, Chair

**Attest:**

I, Marisa Creter, Executive Director and Secretary of the Board of Directors of the San Gabriel Valley Regional Housing Trust, do hereby certify the foregoing was adopted at a regular meeting of the Governing Board held on the 30th day of May 2024 by the following vote:

<b>AYES:</b>	
<b>NOES:</b>	
<b>ABSTAIN:</b>	
<b>ABSENT:</b>	

\_\_\_\_\_  
Marisa Creter, Secretary



**SGVRHT Officers**

*Chair*  
Jed Leano

*Vice-Chair*  
Becky Shevlin

**Jurisdictional Representatives**

*Northeast Representatives*  
Gary Boyer, Glendora (Delegate)  
Dennis Beckwith, Azusa (Alternate)

*Northwest Representative*  
Becky Shevlin, Monrovia

*Central Representative*  
Emmanuel Estrada, Baldwin Park (Delegate)

*Southeast Representative*  
Patty Cortez, Covina

*Southwest District*  
Adele Andrade-Stadler, Alhambra (Delegate)  
Thomas Wong, Monterey Park, (Alternate)

*At-Large Representatives*  
Margaret Finlay, Duarte  
Jed Leano, Claremont  
April Verlatto, Arcadia (Alternate)

**Housing/Homeless Experts**

Anne Turner (Delegate)  
Carol Averell (Delegate)  
Alma Martinez (Alternate)

**Members**

- Alhambra
- Arcadia
- Azusa
- Baldwin Park
- Claremont
- Covina
- Diamond Bar
- Duarte
- El Monte
- Glendora
- Industry
- Irwindale
- La Cañada Flintridge
- La Verne
- Monrovia
- Montebello
- Monterey Park
- Pasadena
- Pomona
- Rosemead
- San Gabriel
- South El Monte
- South Pasadena
- Temple City
- West Covina

May 30, 2024

The Honorable Buffy Wicks  
California State Assembly  
1021 O Street, Suite 8140  
Sacramento, CA 95814

**Re: AB 1657 (Wicks) The Affordable Housing Bond Act of 2024  
San Gabriel Valley Council of Governments – Support if Amended**

Dear Assembly Member Wicks:

On behalf of the San Gabriel Valley Regional Housing Trust, consisting of 25 incorporated cities, and representing more than 2 million residents encompassing more than 374 square miles, I write to express our support of AB 1657 if it is amended to add language replenishing the Local Housing Trust Fund (LHTF) program.

AB 1657 would place a \$10 billion housing bond on the next election ballot to fund the production of affordable housing and supportive housing. AB 1657 will fund the State’s affordable housing programs, including affordable rental housing for lower-income families, homeownership opportunities, and supportive housing for people experiencing homelessness.

The San Gabriel Valley Regional Housing Trust is requesting the addition of funds in the bond for the LHTF. The LHTF gives matching funds to housing trusts in California to distribute to projects in the community that build affordable housing and permanent supportive housing. Since 2018, the program has expended over \$240 million in funds that have been leveraged to provide over half a billion dollars in affordable and permanent supportive housing in California. This is a program that is critical to funding actual units of housing across the State. The San Gabriel Valley Council of Governments works hand in hand with the San Gabriel Valley Regional Housing Trust, which has been successful in securing funds from the LHTF. The LHTF is one of the most direct ways that affordable housing projects can secure State funding and represents a successful state and local partnership model.

As you know, according to the 2022 Statewide Housing Plan, in order to meet California’s unmet housing needs, the State needs an additional 2.5 million housing units, including 1.2 million for lower-income households. AB 1657 will fund programs that build affordable housing for lower income families, supportive housing for people experiencing homelessness, farmworker housing, tribal

San Gabriel Valley Regional Housing Trust  
1333 S. Mayflower Avenue, Suite 360, Monrovia CA 91016



housing, homeownership opportunities, and preservation of existing affordable housing. We believe adding funding to the LHTF program is one of the best ways to accomplish these goals.

We truly appreciate your efforts to help end the housing crisis in California. Thank you for your dedicated work, and again, we are pleased to support AB 1657 if it is amended to include LHTF. Please do not hesitate to contact Ricky Choi, Director of Government & Community Relations, at [rchoi@sgvcog.org](mailto:rchoi@sgvcog.org) should you have any questions.

Sincerely,



Marisa Creter  
Executive Director  
San Gabriel Valley Regional Housing Trust

cc: Senator Bob Archuleta  
Senator Lisa Calderon  
Senator Josh Newman  
Senator Susan Rubio  
Senator Anthony Portantino  
Assembly Member Blanca Rubio  
Assembly Member Mike Fong  
Assembly Member Chris Holden  
Assembly Member Freddie Rodriguez  
Assembly Member Miguel Santiago

# REPORT

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DATE: May 30, 2024

TO: Board of Directors

FROM: Marisa Creter, Executive Director

RE: **OPTION TO GROUND LEASE- 405 S. DEL MAR**

## **RECOMMENDED ACTION**

Authorize the Executive Director to negotiate and execute an Option to Ground Lease for the SGVRHT owned property at 405 S. Del Mar with Related for the development of affordable housing.

## **BACKGROUND**

In October 2023 the Board of Directors authorized a Letter of Intent for an Option to Ground Lease with Related. This interim step allowed Related to continue its predevelopment work at the site, including the environmental remediation work funded by the SGVRHT RLF loan. Related must acquire sufficient funding sources to cover construction costs. These sources are anticipated to include tax credits and funding from the Los Angeles County Development Authority (LACDA). LACDA is currently accepting applications through May 31, 2024. In order to apply, Related must be able to demonstrate site control which the SGVRHT intends to accomplish by ground leasing the Property to Related, which would be memorialized initially by an Option to Ground Lease (Option) and later by a Ground Lease. This deal structure ensures the long-term affordability of the Property and enabled the SGVRHT to leverage the property's land value to secure Local Housing Trust Fund (LHTF) funds which will provide a 2 million construction to permanent financing loan for the project.

The key terms of the Option are summarized below:

1. Execution of the Option by June 30, 2026;
2. 99 year ground lease term;
3. SGVRHT to receive residual receipts payments for the appraised value<sup>1</sup> of the Property;
4. SGVRHT to assist Related with due diligence and approvals related to developing the Property as affordable housing;
5. SGVRHT will not market the site or accept offers on the Property during the term of the Option, provided it is executed prior to June 30, 2024;
6. Related will not leverage the Property as collateral for loans to finance the project.

## **NEXT STEPS**

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<sup>1</sup> The SGVRHT will receive a pro rata share of residual receipts, the operating revenue after debt service and eligible expenses are paid, based on the appraised land value of the Property.

**REPORT**

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If approved by the Board, staff and SGVRHT General Counsel will work with Related to execute the Option which Related will include in its application to LACDA. The parties will also work to develop the Ground Lease based on the terms of the option, which will be presented to the Board prior to execution.

Prepared by: *Brielle Salazar*  
Brielle Salazar  
Regional Housing Trust Manager

Approved by: *Marisa Creter*  
Marisa Creter  
Executive Director

Attachment A: Option to Ground Lease

## OPTION TO GROUND LEASE

This Option to Ground Lease (the "Agreement") is made and entered into as of \_\_\_\_ day of \_\_\_\_\_, 2024, by and between San Gabriel Valley Regional Housing Trust ("SGVRHT") and San Gabriel Senior Housing Partners, L.P., a California limited partnership (the "Partnership"), with reference to the following recitals of fact:

### R E C I T A L S:

A. WHEREAS, SGVRHT currently owns fee title to the property commonly known as 405 S. Del Mar Ave., San Gabriel, CA 91776 (APN# 5362-017-900) (more fully described on Exhibit A attached hereto and incorporated herein by this reference (the "Property");

B. WHEREAS, the Partnership has proposed to ground lease the Property from SGVRHT and to construct approximately seventy-three (73) affordable units on the Property (the "Project"); and

C. Partnership's obligation to lease the Property shall be contingent on (i) Partnership's receipt of all approvals and consents necessary for the development of the Project in Partnership's sole and absolute discretion (collectively, the "Entitlements"), and (ii) Partnership's receipt of a reservation of low income housing tax credits from the California Tax Credit Allocation Committee and an allocation of tax-exempt bonds (if applicable) in an amount sufficient to finance the development of the Project in Partnership's sole and absolute discretion (the "Tax Credit and Bond Award").

D. WHEREAS, the Partnership has requested, and SGVRHT has agreed, that SGVRHT grant an option to ground lease the Property to the Partnership as more fully set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

### A G R E E M E N T:

1. Grant of Option. SGVRHT hereby grants to the Partnership an option (the "Option") to ground lease the Property on the terms set forth in this Agreement. The Partnership's right to exercise the Option shall commence on the date hereof, and shall terminate on December 31, 2026 (the "Option Deadline") unless, on or prior to the Option Deadline, the Partnership sends written notice to SGVRHT (the "Option Notice"), exercising the Option granted hereunder, together with a draft ground lease incorporating the terms set forth herein (the "Ground Lease"); provided, however, if the Partnership is in compliance with the schedule of performance attached hereto as Exhibit B, as such schedule may be amended by the mutual agreement of the Parties (the "Schedule of Performance"), the Partnership shall have the right to extend the Option Deadline to December 31, 2029 by providing SGVRHT with written notice of such extension on or before the date which is thirty (30) days prior to the then scheduled Option Deadline. The period of time between the Effective Date and the Option Deadline shall be referred to as the "Option Term." SGVRHT will not solicit or accept any additional offers, binding or otherwise, after during the Option Term.

2. Option Consideration. By not later than 5:00 p.m. P.S.T. on the second (2nd) Business Day following the date of this Agreement, the Partnership shall pay SGVRHT the sum of One Hundred Dollars (\$100.00) (the "Option Consideration"). The Option Payment is nonrefundable to the Partnership and is being paid in consideration for SGVRHT maintaining its grant to Partnership of the Option up to the Option Deadline.

3. Feasibility Review. During the Option Term, the Partnership shall have the right to conduct investigations of the Property to evaluate the condition of the Property and the feasibility of the intended development. During the Option Term, the Partnership and its agents and contractors shall have the right to enter upon and inspect the Property to determine its suitability for the Partnership's purposes (the "Inspections"). The Inspections shall be conducted at the Partnership's sole cost, expense, and liability and may include, but not be limited to, geotechnical investigations, Phase I and II environmental assessment reports, and any investigation required by the Department of Toxic Substance Control (the "DTSC"). In performing such inspections, the Partnership shall leave the Property in at least as good of condition as it found it and agrees to defend, indemnify, and hold harmless the SGVRHT, its member agencies and their officers, agents, and employees (the "Indemnitees") from and against, without limit, any claims or liabilities arising out Partnership's or its agents inspections of the Property. Should Partnership refuse to defend, indemnify, and hold harmless the Indemnitees, the SGVRHT may retain its own counsel and the Partnership shall reimburse the SGVRHT for all costs of defense it incurs due to Partnership's breach of its obligation to defend, indemnify and hold harmless the SGVRHT. The Partnership shall not allow any lien to be placed on the Property, and if a lien is filed, the Partnership will have it removed within 15 business days or it will be considered a material breach of this Agreement. SGVRHT hereby represents and warrants that it will deliver or make available through electronic mail, a drop box, SharePoint, or ftp site to Partnership each of the items described in Exhibit C attached hereto, to the extent such items are in SGVRHT's possession or control (collectively, the "Documents"). SGVRHT shall promptly deliver to Partnership such other information relating to the Property that is reasonably requested by Partnership of SGVRHT and notify Partnership in writing of any material changes to any existing Documents of which SGVRHT becomes aware prior to the Commencement Date (as hereinafter defined), to the extent such information is in the possession or control of SGVRHT.

4. Right to Submit. During the Option Term, the Partnership shall be permitted to apply for government funding sources necessary to develop the Project (the "Financing Applications") and apply for the Entitlements (the "Entitlement Applications"). At the Partnership's request, SGVRHT shall execute all documents and assist the Partnership in submittal of the Financing and Entitlement Applications provided that SGVRHT shall not be obligated to incur any cost, expense or liability in connection therewith and such documents are in a form reasonably acceptable to SGVRHT., SGVRHT and the Partnership shall cooperate to use commercially reasonable efforts to obtain support from the City of San Gabriel for the Entitlement Applications. In addition, SGVRHT authorizes the Partnership to correspond with DTSC on behalf of SGVRHT and seek a Voluntary Oversight Agreement with respect to the Property on behalf of SGVRHT. At the Partnership's request, SGVRHT shall execute all documents and assist the Partnership in submittal of an application to DTSC and shall execute the Voluntary Oversight Agreement provided that (i) such documents and the Voluntary Oversight Agreement are in the form reasonably acceptable to SGVRHT; (ii) the Voluntary Oversight Agreement is approved by the SGVRHT Board of Directors, in its sole and absolute discretion; and (iii) that SGVRHT shall not be obligated to incur any cost, expense, or liability in connection with the documents or the Voluntary Oversight Agreement therewith . Notwithstanding the foregoing, the Partnership's submission of materials to DTSC and request

for a Voluntary Oversight Agreement shall be in its capacity as an agent for SGVRHT and the Partnership shall assume no liability with respect to the environmental condition of the Property, but shall be responsible for all costs and expenses in connection with implementation of the Voluntary Oversight Agreement.

5. Negotiation of Ground Lease. Provided that Partnership has delivered the Option Notice, within six (6) months after the date Partnership has obtained the Entitlements and the Tax Credit and Bond Award (the "Project Approval Date"), SGVRHT and Partnership shall enter into a ground lease (the "Ground Lease"), which shall be substantially in the form attached hereto as Exhibit D attached hereto.

6. SGVRHT Loan. On the Commencement Date, SGVRHT shall provide a loan (the "Carryback Loan") to the Partnership in the amount of FOUR MILLION ONE HUNDRED FIVE THOUSAND DOLLARS (\$4,105,000). No funds will be provide in connection with the Carryback Loan which represents the appraised value of the Property.. The Carryback Loan will accrue interest at a simple rate of three percent (3%) per annum and will be repaid by the Partnership from SGVRHT's share (split pro rata among all soft lenders) of Project's residual receipts (as further defined in the documents evidencing the Carryback Loan. The Carryback Loan shall be secured by a leasehold deed of trust (the "Carryback Deed of Trust"), which Carryback Deed of Trust shall be subordinate to the liens of the construction, permanent lenders as well as all other soft loans for the Property.

7. Costs and Expenses. On the Commencement Date, the Partnership shall pay for the cost of a CLTA policy of title insurance, in the amount of the Capitalized Lease Payment and the cost of any endorsements reasonably required by the Partnership. The Partnership shall pay for the additional cost the Partnership to ALTA coverage. the Partnership shall pay for all documentary transfer taxes, all escrow charges, and the recording fees. Any other costs shall be allocated as is customary in Los Angeles County.

8. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California.

9. Time of Essence. Time is of the essence of this Agreement.

10. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same instrument.

11. Time for Closing and Notices. If the deadline for any notice to be provided hereunder is a Saturday, Sunday or a state or federal holiday under the laws of the State of California or the United States of America, as applicable, or a banking holiday, such date shall be extended to the first business day thereafter that is not a Saturday, Sunday or such holiday.

12. Further Assurances. The parties hereto agree to cooperate in good faith to affect any further documents and to take such other steps as may be necessary or appropriate in order to more fully reflect and further evidence the transactions effected hereby.

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement as of the day and year first above written.

San Gabriel Senior Housing Partners, L.P., a California limited partnership

By: Related/San Gabriel Senior Development Co., LLC, a California limited liability company, its administrative general partner

By: \_\_\_\_\_  
Frank Cardone, President

San Gabriel Valley Regional Housing Trust

By: \_\_\_\_\_

Marisa Creter, Executive Director

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

Approved as to form:

By: \_\_\_\_\_

David DeBerry, General Counsel

EXHIBIT A  
PROPERTY  
Legal Description



## EXHIBIT B

SCHEDULE OF PERFORMANCE

This Schedule of Performance sets forth the schedule for various activities under the Option to Ground Lease (the "Option") to which this Exhibit is attached. The description of items in this Schedule of Performance is meant to be descriptive only, and shall not be deemed to modify in any way the provisions of the Option to which such items relate.

ACTION	OUTSIDE/FINAL DATE FOR ACTION
1. <u>Submission of Entitlement application.</u>	Within sixty (60) days of Option execution.
2. <u>Submission of Workplan to Department of Toxic Substance Control.</u>	Within sixty (60) days of Option execution.
3. <u>Submission to Other Financing Sources</u>	The Partnership shall use commercially reasonable efforts to submit funding applications to financing sources approved by the Partnership prior to the applicable application deadlines
4. <u>TCAC (and CDLAC, if applicable) Application.</u> The Developer shall have applied for financing from TCAC/CDLAC.	Upon receipt of acceptable commitments from all leveraging soft sources, the Partnership shall submit an application in the next available round of 9% or 4% tax credit allocations and State bond volume cap, if applicable
5. <u>Financing Commitments.</u> Developer shall provide to SGVRHT satisfactory evidence that all sources of construction and permanent financing for the Project are committed.	At least thirty (30) days prior to the closing of the construction loan
6. <u>Construction Loan Closing.</u> Developer and City shall execute the Loan Agreement and Closing Documents, as applicable.	By the date necessary to preserve the TCAC or CDLAC allocation, as applicable

EXHIBIT C  
DOCUMENTS

- Property tax bills for the last two (2) years
- ALTA boundary survey
- Covenants, Conditions and Restrictions affecting the Property
- Any soils, geotechnical, environmental, or engineering reports/studies conducted on the Property
- Other documents, studies and reports as reasonably requested by the Partnership

EXHIBIT D  
FORM OF LEASE  
[ATTACHED]

**GROUND LEASE**

**By and Between**

**SAN GABRIEL VALLEY REGIONAL HOUSING TRUST  
"Landlord"**

**and**

**SAN GABRIEL SENIOR HOUSING PARTNERS, L.P.,**

**"Tenant"**

**Dated as of \_\_\_\_\_, 202\_\_**

## GROUND LEASE

**THIS GROUND LEASE** (the "Lease"), dated, for identification purposes only, as of \_\_\_\_\_, 202\_\_ is entered into by and between **SAN GABRIEL VALLEY REGIONAL HOUSING TRUST** ("Landlord"), and **SAN GABRIEL SENIOR HOUSING PARTNERS, L.P.**, a California limited partnership ("Tenant").

### RECITALS

A. **WHEREAS**, Tenant is controlled by an experienced owner, developer and manager of affordable housing for low and moderate-income families;

B. **WHEREAS**, Landlord is the owner of certain real property situated 405 S. Del Mar Ave., San Gabriel, CA 91776 (APN# 5362-017-900), and legally described in Exhibit "A" (the "Property"); and

C. **WHEREAS**, Landlord desires to lease to Tenant, and Tenant desires to lease from Landlord, the Property.

**NOW, THEREFORE**, for and in consideration of the mutual promises, covenants, and conditions herein contained, Landlord and Tenant agree as follows:

### **ARTICLE 1. LEASE OF THE PROPERTY**

1.1 **Lease of the Property.** Landlord leases to Tenant, and Tenant hires from Landlord, the Property on the terms and conditions as set forth in this Lease.

1.2 **Purpose of Lease.** The purpose of this Lease is to provide for the construction, maintenance, management and operation of a low-income rental housing project and associated uses (the "Project"). Tenant shall not have the power to encumber, and no leasehold Mortgage shall encumber, Lessor's fee interest.

1.3 **Recorded Encumbrances.** This Lease, the interests of Landlord and Tenant hereunder, and the Property, are in all respects subject to and bound by all of the covenants, conditions, restrictions, reservations, rights, rights-of-way and easements of record.

1.4 **Memorandum of Lease.** A short form Memorandum of Lease referring to this Lease is being executed by Landlord and Tenant concurrently herewith, and recorded in the Official Records of the County of Los Angeles, California.

1.5 **Assignment of Utility Rights.** Landlord, by virtue of its fee title to the Property, may hold certain rights, entitlements or credits with respect to utility capacity, connections, etc. (the "Utility Rights"). Landlord hereby assigns said Utility Rights to Tenant during the Term as an incidence of its leasehold interest in the Property.

### **ARTICLE 2. DEFINITIONS**

All capitalized terms used herein may be defined where first used in this Lease and/or as set forth in this Article 2.

**“Award”** means any compensation or payment made or paid for the Total, Partial or Temporary Taking of all of any part of or interest in the Property and/or the Improvements, whether pursuant to judgment, agreement or otherwise.

**“Capital Improvements”** means all work and improvements with respect to the Property for which costs and expenses may be capitalized in accordance with generally accepted accounting principles.

**“Capitalized Lease Payment”** has the meaning set forth in Section 4 .1

**“Carryback Deed of Trust”** has the meaning set forth in Section 4 .1

**“Carryback Note”** has the meaning set forth in Section 4 .1

**“Commencement Date”** has the meaning set forth in Article 3.

**“Event of Default”** has the meaning set forth in Article 19.

**“Hazardous Materials”** means any chemical, substance, object, condition, material, waste, or controlled substance which is or may be hazardous to human health or safety or to the environment, due to its radioactivity, ignitability, corrosiveness, explosivity, flammability, reactivity, toxicity, infectiousness, or other harmful or potentially harmful properties or effects, including, without limitation, all chemicals, substances, materials, or wastes that are now or hereafter may be listed, defined, or regulated in any manner by any federal, state, or local government agency or entity, or under any federal, state, or local law, regulation, ordinance, rule, policy or procedure due to such properties or effects. Notwithstanding the foregoing, “Hazardous Materials” shall not include any substances typically used in the construction, operation, maintenance or repair of an apartment complex provided that such substances are used in accordance with all applicable laws.

**“Impositions”** means all taxes (including, without limitation, sales and use taxes); real property taxes and assessments (including, without limitation, all assessments for public improvements or benefits whether or not commenced or completed prior to the Commencement Date and whether or not to be completed within the Term); water, sewer or other rents, rates and charges; excises; levies; license fees; permit fees; inspection fees and other authorization fees and other charges; in each case whether general or special, ordinary or extraordinary, foreseen or unforeseen, of every character (including all interests and penalties thereon), which are attributable or applicable to any portion of the Term and may be assessed, levied, confirmed or imposed on or in respect of, or be a lien upon (a) the Property or the Improvements, or any part thereof, or any estate, right or interest therein, (b) any occupancy, use or possession of or activity conducted on the Property or the Improvements, or any part thereof, or (c) this Lease. The term “Impositions” shall also include any and all increases in the foregoing, whether foreseen or unforeseen, ordinary or extraordinary, including, without limitation, any increase in real property taxes resulting from a sale of the Property by Landlord.

**“Improvements”** means all buildings, structures and other improvements, including the building fixtures thereon, now located on the Property or hereafter constructed on the Property; all landscaping, fencing, walls, paving, curbing, drainage facilities, lighting, parking areas, roadways and similar site improvements now located or hereafter placed upon the Property.

**“Insurance Requirements”** means all terms of any insurance policy covering or applicable to the Property or the Improvements, or any part thereof, all requirements imposed by the issuer of any such policy, and all orders, rules, regulations and other requirements of the National Board of Fire Underwriters (or any other body exercising similar functions) applicable to or affecting the Property or the Improvements, or any part thereof, or any use or condition of the Property or the Improvements, or any part thereof.

**“Leasehold Estate”** shall mean Tenant’s leasehold estate in and to the Property or any applicable portion thereof or interest therein created by this Lease, including Tenant’s rights, title and interest in and to the Improvements.

**“Legal Requirements”** means all laws, statutes, codes, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions and requirements of and agreements with all governments, departments, commissions, boards, courts, authorities, agents, officials and officers, foreseen or unforeseen, ordinary or extraordinary, which now or at any time hereafter may be applicable to the Property or the Improvements, or any part thereof, or to any of the adjoining sidewalks, streets or ways, or to any use or condition of the Property or the Improvements, or any part thereof.

**“Mortgage”** has the meaning set forth in Section 16.1.1 of this Lease.

**“Mortgagee”** has the meaning set forth in Section 16.1.1 of this Lease.

**“Partial Taking”** means any taking of the fee title of the Property and/or the Improvements that is not either a Total, Substantial or Temporary Taking.

**“Potential Default”** means any condition or event which, with the lapse of time or the giving of notice, or both, would constitute an Event of Default.

**“Project”** refers to the Property and the Improvements constructed and maintained thereon.

**“Property”** has the meaning set forth in Recital “B,” above.

**“Regulatory Agreement”** has the meaning set forth in Section 4.1.

**“Substantial Taking”** means the taking of so much of the Property and/or the Improvements that the portion of the Property and/or the Improvements not taken cannot be repaired or reconstructed, taking into consideration the amount of the Award available for repair or reconstruction, so as to constitute a complete, rentable structure, capable of producing a proportionately fair and reasonable net annual income, and all other charges payable under this Lease, and after performance of all covenants and conditions required by Tenant by law and under this Lease.

**“Taking”** means a taking or damaging, including severance damage, by eminent domain or by inverse condemnation or for any public or quasi-public use under any statute. The taking may occur as a result of a transfer pursuant to the recording of a final order in condemnation, a voluntary transfer or conveyance to the taking authority under threat of condemnation, or a transfer while condemnation proceedings are pending. Unless otherwise provided, the taking shall be deemed to occur as of the earlier of (a) the date actual physical possession is taken by the condemnor, or (b) the date on which the right to compensation and damages accrues under

the law applicable to the Property and/or the Improvements. A taking as used in this Lease does not include the voluntary dedication of any portion of the Property necessary to obtain building permits or to comply with any other applicable governmental rule, regulation or statute; nor does it include the enactment of any law, ordinance or regulation which may affect the use or value of the Property but which does not involve an actual taking of any portion thereof. Eminent domain actions filed by Landlord against owners of portions of the Property and pending as of the Commencement Date shall not be deemed, construed or interpreted as a Taking under this Lease.

“**Tax Credit Partner**” has the meaning set forth in Section 19.1.5.

“**Tax Credit Program**” has the meaning set forth in Section 8.1.

“**Temporary Taking**” means a taking of all or any part of the Property and/or the Improvements for a term certain which term is specified at the time of taking. Temporary Taking does not include a taking which is to last for an indefinite period or a taking which will terminate only upon the happening of a specified event unless it can be determined at the time of the taking substantially when such event will occur. If a taking for an indefinite term should take place, it shall be treated as a Total, Substantial or Partial Taking in accordance with the definitions set forth herein.

“**Term**” has the meaning set forth in Article 3 of this Lease.

“**Total Taking**” means the taking of the fee title to all of the Property.

### ARTICLE 3. TERM

The term of this Lease (the “Term”) shall commence on \_\_\_\_\_, 202\_\_ (the “Commencement Date”), and shall continue thereafter until the ninety-ninth (99<sup>th</sup>) anniversary of the Commencement Date.

### ARTICLE 4. RENTAL

4.1 **Rent.** On the Commencement Date, Tenant shall pay to the Landlord the sum of \$[ ] as capitalized rent under the terms of this Lease (the “Capitalized Lease Payment”). The Capitalized Lease Payment will be paid by Tenant’s execution of a Promissory Note in favor of Landlord in the form attached hereto as Exhibit “B” (the “Carryback Note”), which Carryback Note will be secured by a Leasehold Deed of Trust recorded against the Leasehold Estate in the form attached hereto as Exhibit “C” (the “Carryback Deed of Trust”). In addition, to the Carryback Note and Carryback Deed of Trust, Tenant and Landlord will execute a Regulatory Agreement in the form attached hereto as Exhibit “D” (the “Regulatory Agreement”).

4.2 **Utilities.** Tenant shall be responsible for the payment of all water, gas, electricity and other utilities used by Tenant on the Property.

#### 4.3 **Taxes and Assessments.**

4.3.1 **Payment of Taxes.** Subject to any applicable exemptions, Tenant shall pay Impositions applicable to the Property, Leasehold Estate, or Improvements during the Term. All such payments shall be made prior to the delinquency date of such payment. If any such Impositions paid by Tenant shall cover any period of time prior to or after the



expiration of the Term, Tenant's share of such taxes shall be equitably prorated to cover only the period of time within the tax fiscal year during which this Lease shall be in effect, and Landlord shall reimburse Tenant to the extent required.

4.3.2 **Personal Property.** Tenant shall pay prior to delinquency all taxes assessed against and levied upon trade fixtures, furnishings, equipment and all other personal property of Tenant contained in the Property or elsewhere. When possible, Tenant shall cause said trade fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Landlord.

## **ARTICLE 5. POSSESSION OF PROPERTY**

5.1 **Acceptance of Property.** Tenant hereby accepts the Property in its "AS IS" condition, with all faults and defects, including, without limitation, infestation of or damage to the Property caused by wood-destroying pests or organisms.

5.2 **Ownership of Improvements.** During the Term (a) fee title to the Property is and shall be vested in Landlord; and (b) fee title to all Improvements, now existing or later made, on the Property are and shall be vested in Tenant.

### 5.3 **Surrender of Property.**

5.3.1 **Upon Expiration.** Tenant agrees that on expiration or termination of the Term, the Improvements on the Property shall become the property of Landlord, free from any liens or claims whatsoever, without any further compensation therefor from Landlord to Tenant or any other person.

5.3.2 **Condition.** On expiration or termination of the Term, Tenant shall peaceably and quietly leave and surrender the Property and the Improvements to Landlord in good condition, normal wear and tear excepted. Tenant shall leave in place all fixtures and machinery; except (if Tenant is not then in default under this Lease) Tenant shall have the right to remove only Tenant-owned appliances, other unattached equipment, furniture and merchandise that Tenant shall have installed, which removal must be done without damage to the Property or Improvements.

5.3.3 **Delivery of Documents.** Contemporaneous with the expiration or termination of the Term, upon request of Landlord Tenant shall deliver to Landlord the following:

(a) Such documents, instruments and conveyances as Landlord may reasonably request to enable Landlord's ownership of the Property and the Improvements to be reflected of record, including, without limitation, a quitclaim deed in recordable form to the Property and the Improvements.

(b) All construction plans, surveys, permits and other documents relating to the Improvements as may be in the possession of Tenant at the time.

## **ARTICLE 6. REPRESENTATIONS AND WARRANTIES**

### 6.1 **Landlord's Representations.**

6.1.1 Landlord represents and warrants to Tenant that it owns the Property in fee simple and has the power and authority to enter into this Lease and perform all obligations and agreements incidental or pertinent to the Lease.

6.1.2 Landlord represents and warrants without any duty to investigate that, except as disclosed in the Environmental Reports, as of the Commencement Date, it (i) has no actual knowledge of any deposit, storage, disposal, burial, release, discharge, spillage, uncontrolled loss, seepage, filtration or existence of any Hazardous Materials at, upon, under or within the Property and (ii) it has not caused or permitted to occur, and it shall not permit to exist, any condition which may cause a deposit, storage, disposal, burial, release, discharge, spillage, uncontrolled loss, seepage, filtration or existence of any Hazardous Materials at, upon, under or within the Property, but not including Hazardous Materials normally used in the construction, operation, occupancy or maintenance of properties similar to the Property. For purposes hereof, "Environmental Reports" shall mean \_\_\_\_\_,

6.1.3 Tenant hereby agrees to defend, indemnify, and hold Landlord harmless from and against any and all losses, liabilities, including strict liability, damages, injuries, expenses, including reasonable attorneys' fees, costs of any settlement or judgment and claims (collectively, "Claims") of any and every kind whatsoever paid, incurred or suffered by, or asserted against, Landlord by any person or entity or governmental agency for, with respect to, or as a direct or indirect result of, the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission, discharging or release on or from, the Property or the Improvements of any Hazardous Materials including, without limitation, any losses, liabilities, including without limitation strict liability, damages, injuries, expenses, including without limitation reasonable attorneys' fees, costs of any settlement or judgment or claims asserted or arising under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), any so called federal, state or local "Superfund" or "Superlien" laws, or any federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to or imposing liability, including strict liability, or standards of conduct concerning any Hazardous Substances; provided, however, that the foregoing defense and indemnity excludes Claims to the extent such Claims arise out of Hazardous Materials existing on the Property prior to the Commencement Date. [

6.2 **Tenant's Representations.** Tenant represents and warrants to Landlord that it has thoroughly examined the Property and the Environmental Reports. **TENANT HEREBY ACCEPTS THE PROPERTY "AS IS" AND ACKNOWLEDGES THAT THE PROPERTY IS IN SATISFACTORY CONDITION. LANDLORD MAKES NO WARRANTY, IMPLIED OR OTHERWISE, AS TO THE SUITABILITY OF THE PROPERTY FOR TENANT'S PROPOSED USES. LANDLORD MAKE NO COVENANTS OR WARRANTIES, IMPLIED OR OTHERWISE, RESPECTING THE CONDITION OF THE SOIL, SUBSOIL, OR ANY OTHER CONDITIONS OF THE PROPERTY OR THE PRESENCE OF HAZARDOUS MATERIALS, NOR DOES LANDLORD COVENANT OR WARRANT, IMPLIED OR OTHERWISE, AS TO THE SUITABILITY OF THE PROPERTY FOR THE PROPOSED DEVELOPMENT, CONSTRUCTION OR USE BY TENANT. LANDLORD SHALL NOT BE RESPONSIBLE FOR ANY LAND SUBSIDENCE, SLIPPAGE, SOIL INSTABILITY OR DAMAGE RESULTING THEREFROM. LANDLORD SHALL NOT BE REQUIRED OR OBLIGATED TO MAKE ANY CHANGES, ALTERATIONS, ADDITIONS, IMPROVEMENTS OR REPAIRS TO THE PROPERTY. TENANT**

**SHALL RELY ON ITS OWN INSPECTION AS TO THE SUITABILITY OF THE PROPERTY FOR THE INTENDED USE.**

**ARTICLE 7. DEVELOPMENT OF THE PROPERTY**

7.1 **Construction.** All Improvements on the Property shall be constructed in a good and workmanlike manner, and shall comply with all applicable governmental permits, laws, ordinances, regulations and Legal Requirements.

7.2 **Governmental Approvals.** If requested by Landlord in writing, Tenant covenants and agrees to deliver to Landlord conformed copies of all governmental approvals and permits obtained by Tenant for the construction, alteration or reconstruction of any Improvements upon the Property. In no event shall Tenant commence construction of any Improvements pursuant to the provisions of this Article 7 until such time as Tenant shall have obtained all necessary governmental approvals and permits to so construct such Improvements.

7.3 **Notice of Non-Responsibility.** After the filing of a notice of completion for the Improvements, Tenant shall permit Landlord to record and post appropriate notices of non-responsibility on the Property.

7.4 **Notice of Completion.** On completion of construction of the Improvements, Tenant shall file or cause to be filed a notice of completion.

7.5 **Subsequent Alterations.** Tenant may from time to time, at its sole expense and upon notice to Landlord, make improvements and other alterations to the Property which Tenant reasonably determines to be beneficial toward the purpose of this Lease as set forth in Section 1.2 above. Tenant shall timely pay any obligation incurred by Tenant with respect to any such alterations or improvements that could become a lien against the Property.

**ARTICLE 8. USE OF THE PROPERTY, HAZARDOUS MATERIALS, AND NONDISCRIMINATION**

8.1 **Low-Income Housing Tax Credit Program.** Notwithstanding anything contained in this Lease to the contrary, if and when the Property is subject to the requirements of the Federal Low-Income Housing Tax Credit Program under the provisions of Section 42 of the Code (the "Tax Credit Program"), if there is a conflict between the requirements of the Tax Credit Program and/or the affordability provisions set forth in this Lease, then the provisions of the Tax Credit Program shall prevail. Without limiting the generality of the foregoing, upon request of Tenant, Landlord shall execute and deliver to Tenant any rider to this Lease required in connection with the Tax Credit Program, or any other financing the Tenant may obtain in connection with the construction, development and/or operation of the Project.

8.2 **No Use of Hazardous Materials on the Property.** Tenant covenants and agrees that it shall not use, store, dispose, release, handle or otherwise manage Hazardous Materials on the Property except in connection with and when commercially reasonable for any construction, operation, maintenance or repair of the Improvements or in the ordinary course of its business, and that such conduct shall be done in compliance with all applicable federal, state and local laws.

8.3 **Notice and Remediation by Tenant.** Tenant shall promptly give the Landlord written notice of any release of any Hazardous Materials, and/or any notices, demands, claims or orders received by Tenant from any governmental agency pertaining to Hazardous Materials

which may affect the Property. If required by any governmental agency, Tenant shall remediate any such release occurring during the Term will all due diligence and at its sole cost.

8.4 **Subtenants.** Any sublease by Tenant of the Property or Improvements shall be subject and subordinate to this Lease in all respects. If this Lease is terminated for any reason whatsoever, then any sublease shall automatically terminate as if it expired by its terms (unless assumed by Landlord) and in such event Landlord shall have no liability whatsoever to Tenant or subtenants as a result of such termination, except that Tenant shall be liable to its subtenants for any such termination arising as a result of Tenant's default under this Lease.

## **ARTICLE 9. INSURANCE [CHANGES UNDER REVIEW]**

9.1 **Insurance.** From and after the Commencement Date until the termination of this Lease, Tenant shall obtain and maintain, at Tenant's sole cost and expense, the insurance required by any of Tenant's lenders and on its own, the following policies of insurance:

- a. Workers' Compensation Insurance: Tenant shall furnish to the Landlord a certificate of insurance as proof that it has taken out full workers' compensation insurance for all persons whom it may employ that will be on the Project site in accordance with the laws of the State of California. Such insurance shall be maintained in full force and effect during the Term.
- b. For all operations of the Tenant in its use of the Property, insurance with the following minimum limits and coverage:
  - 1) General Liability - \$2,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this Lease or the general aggregate limit shall be twice the required occurrence limit.
  - 2) Automobile - \$2,000,000 per accident for bodily injury and property damage.
  - 3) Property Damage – In an amount equal to the replacement value of the Improvements.
- c. Each such policy of insurance provided for in paragraph b., except Property Damage, shall:
  - 1) Be issued by an insurance company which is authorized to do business in the State of California.
  - 2) Name as additional insured the San Gabriel Valley Regional Housing Trust, its member agencies and their respective officers, agents and employees;
  - 3) Specify it acts as primary insurance and that no insurance held or owned by the designated additional insured shall be called upon to cover a loss under the policy;

- 4) Contain a clause substantially in the following words:

"It is hereby understood and agreed that this policy may not be cancelled nor the amount of the coverage thereof reduced until thirty (30) days after receipt by Landlord of a written notice of such cancellation or reduction of coverage."
  - 5) Otherwise be in form satisfactory to the Landlord.
- d. The policy of insurance provided for in subparagraph a. shall contain an endorsement which:
- 1) Waives all right of subrogation against all persons and entities specified in subparagraph 4.c.(2) hereof to be listed as additional insured in the policy of insurance provided for in paragraph b. by reason of any claim arising out of or connected with the operations of Tenant in performing this Lease;
  - 2) Provides it shall not be canceled or altered without thirty (30) days' written notice thereof given to Landlord.

9.2 **Contractors.** All contractors employed by Tenant with contracts of Fifty Thousand Dollars (\$50,000.00) or more shall be required to furnish evidence of Worker's Compensation insurance, Comprehensive General Liability insurance, and Automotive Liability insurance subject to all the requirements stated herein with limits of not less than One Million Dollars (\$1,000,000.00) combined single limit each occurrence. The General Contractor which constructs the Improvements shall furnish evidence of such insurance, other than Property Damage, in the same amounts as are required of Tenant. In addition, the General Contractor shall furnish Pollution Liability insurance and Builder's Risk insurance with a total limit of liability of no less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate. All contractors required to provide Comprehensive General Liability and Automotive Liability insurance shall be required to name the SGVRHT, its member agencies and their respective officers, agents, and employees as additional insureds. To the extent requested by the SGVRHT, Tenant shall provide all evidence of such insurance to the SGVRHT prior to any contractor required by this Section to have insurance performing work on the Property. Waivers to contractor insurance requirements may be approved in writing by the Executive Director of the SGVRHT.

9.3 **Acceptable Terms of Coverage.** Insurance coverage shall be placed with carriers admitted to write insurance in California, or carriers with a rating of or equivalent to A:-VIII by A.M. Best & Company.

9.4 **Blanket Coverage.** Notwithstanding anything to the contrary set forth in this Article 9, Tenant's obligation to carry the insurance provided for herein may be brought within the coverage of a so-called blanket policy or policies of insurance carried and maintained by Tenant.

## **ARTICLE 10. MAINTENANCE; REPAIRS; ALTERATIONS; RECONSTRUCTION**

Throughout the Term, Tenant shall, at Tenant's sole cost and expense, maintain, and repair, and if necessary replace, the Property and the Improvements so the Property and Improvements remain in good condition and repair, including parking and landscaping, ordinary wear and tear

excepted, and in accordance with all applicable federal, state and local laws, ordinances and regulations of governmental agencies having jurisdiction.

## **ARTICLE 11. OWNERSHIP OF AND RESPONSIBILITY FOR IMPROVEMENTS**

### **11.1 Ownership During Term.**

11.1.1 **Improvements.** All Improvements on the Property as permitted or required by this Lease shall, during the Term only, be and remain the property of Tenant in fee title, and Landlord shall not have title thereto.

11.1.2 **Personal Property.** All personal property, furnishings, and equipment, including, without limitation, Tenant-owned appliances, which are not so affixed to the Property or Improvements thereon as to cause damage to the Improvements or Property upon removal thereof shall constitute personal property including, but not limited to: (a) functional items related to the everyday operations of the Property; (b) personal property furnishings and equipment of the nature or type deemed by law as not constituting fixtures. At any time during the Term and at termination thereof, Tenant shall have the right to remove any and all such personal property, furnishings, and equipment; provided, that Tenant repairs any damage to the Property or the Improvements caused by such removal. For clarification purposes and by way of example, personal property shall not include elevators, plumbing, sanitary fixtures, HVAC systems, fencing, any affixed shelving or lighting, flooring, alarm systems, doors, and landscaping.

### **11.2 Ownership at Expiration or Termination.**

11.2.1 **Property of Landlord.** At the expiration or earlier termination of the Term, except as provided in Section 11.2.2, all Improvements which constitute or are a part of the Property shall become the property of Landlord.

11.2.2 **Removal by Tenant.** Tenant shall not be required to remove the Improvements, or any of them, at the expiration or sooner termination of the Term; provided, however, that following the expiration or sooner termination of the Term, Tenant may remove all personal property, furniture and equipment as such is described in Section 11.1.2 above.

11.2.3 **Unremoved Property.** Any personal property, furnishings or equipment not removed by Tenant within thirty (30) days after the expiration or sooner termination of the Term, shall, without compensation to Tenant, become Landlord's property, free and clear of all claims to or against them by Tenant or any third person, firm or entity arising by, through or under Tenant. Landlord may charge Tenant its reasonable costs of disposing of such items, if any.

11.2.4 **Maintenance and Repair of Improvements.** Subject to the provisions of this Lease concerning condemnation, alterations and damage and destruction, Tenant agrees to assume full responsibility for the operation and maintenance of the Property and the Improvements and all fixtures and furnishings thereon or therein throughout the Term hereof in a decent, safe and sanitary condition consistent with all applicable laws and Legal Requirements.

11.3 **Waste.** Tenant shall not commit or suffer to be committed any waste of the Property or the Improvements, or any part thereof. Tenant agrees to keep the Property and the Improvements clean and clear of refuse and obstructions, and to dispose properly of all garbage, trash and rubbish.

## **ARTICLE 12. DAMAGE OR DESTRUCTION OF PROPERTY OR IMPROVEMENTS**

### **12.1 Tenant's Repair Obligation.**

12.1.1 In case of damage to or destruction of the Property or the Improvements, or any part thereof, by fire or other cause at any time during the Term of this Lease, Tenant, if and to the extent sufficient insurance proceeds and reserves are available to restore the Property or the Improvements, shall restore the same as nearly as possible to condition and character immediately prior to such damage or destruction. Such restoration shall be commenced with due diligence and in good faith, and prosecuted with due diligence and in good faith, unavoidable delays excepted.

### **12.2 Tenant's Restoration of Premises.**

12.2.1 If, during the Term, the Improvements are damaged or destroyed, Tenant shall make the loss adjustment with the insurance company insuring the loss. The proceeds shall be paid directly to a Mortgagee, if required by the Mortgagee, and if not, to Tenant for the purpose of making the restoration of the Improvements in accordance with this Article 12.

12.2.2 Both parties shall promptly execute all documents and perform all acts reasonably required by the Insurance Trustee to perform its obligations under this Section 12.2.

### **12.3 Procedure for Restoring Improvements.**

12.3.1 The restoration shall be accomplished as follows:

(a) Tenant shall promptly complete the restoration, but in no event more than twenty-four (24) months after final plans and specifications and working drawings have been approved by the appropriate government bodies and all required permits have been obtained and in no event, no more than thirty-six (36) months after the event causing the need for restoration.

(b) Tenant shall retain a licensed contractor.

(c) Tenant shall notify Landlord of the date of commencement of the restoration.

(d) Tenant shall accomplish the restoration in a manner that will cause the least inconvenience, annoyance, and disruption to the Property and the Improvements.

(e) On completion of the restoration Tenant shall immediately record a notice of completion.

12.4 **Mortgagee Protection.** The following provisions are for the protection of a Mortgagee and shall, notwithstanding anything contained in this Lease to the contrary, control;

provided, however, in the event of any conflict between the terms of this Section and the terms of any Mortgage, the terms of such Mortgage shall prevail:

12.4.1 **Insurance.** Any insurance proceeds payable from any policy of insurance (other than liability insurance) required by the Lease shall be paid to the Mortgagee, if any, to the extent required by the Mortgage. The Mortgagee, if any, shall have the right to participate in all adjustments, settlements, negotiations or actions with the insurance company regarding the amount and allocation of any such insurance proceeds. Any insurance policies permitted or required by this Lease shall name the Mortgagee, if any, as an additional insured or loss payee, as appropriate, if required by such Mortgage.

12.4.2 **Restoration.** Tenant shall have no obligation to restore or repair the Improvements following the occurrence of any casualty for which insurance is not required under this Lease. The Mortgagee, if any and if it exercises any of its remedies set forth in this Lease, shall have no obligation to restore or repair damage to the Improvements that cost in excess of available insurance proceeds. Tenant shall have no obligation to restore or repair damage to the Improvements if the casualty occurs during the last five (5) years of the Lease Term. In the event such a loss occurs in the last five (5) years, then, at the election of Tenant, with the prior written consent of the Mortgagee, if any, insurance proceeds shall be used, first, to clear the Property of the damaged Improvements and any debris, and second, to reduce or pay in full the Mortgage, with any excess being payable as provided in this Lease.

## ARTICLE 13. EMINENT DOMAIN

13.1 **Notice.** The party receiving any notice of the kind specified in this Section 13.1 shall promptly give the other party notice of the receipt, contents and date of the notice received. For purposes of this Article 13, the term "Notice" shall include:

- (a) Notice of Decision to Appraise (each party shall have the right to accompany the condemning agency's appraiser's inspection of the Property and Improvements;
- (b) Offer to purchase from condemning agency;
- (c) Service of any legal process relating to condemnation of the Property or the Improvements;
- (d) Notice in connection with any proceedings or negotiations with respect to such condemnation; or
- (e) Notice of intent or willingness to make or negotiate a private purchase, sale or transfer in lieu of condemnation.

13.2 **Representation in Proceedings or Negotiations.** Landlord and Tenant shall each have the right to represent their respective interests in each proceeding or negotiation with respect to a Taking or intended Taking and to make full proof of their claims. Landlord and Tenant each agree to execute and deliver to the other any instruments which may be required to effectuate or facilitate the provisions of this Lease relating to condemnation.

13.3 **Total Taking.**



In the event of a Total Taking of the Improvements, this Lease shall terminate as of the date of the Taking. The parties waive their rights under Section 1265.130 of the California Code of Civil Procedure (and any other successor statute) and agree that the right to terminate this Lease in the event of a Taking shall be governed by the provision of this Article 13.

**13.4 Substantial Taking.**

13.4.1 In the event of a Taking which is substantial, Tenant may, subject to the rights of the Mortgagee, if any, terminate this Lease. For purposes hereof, a Taking shall be deemed to be "substantial" if it renders the Property economically infeasible for Tenant's intended purpose. If Tenant elects to terminate this Lease under this provision, Tenant shall give written notice of its election to do so to Landlord within forty-five (45) days after receipt of a copy of a Notice of Decision to Appraise.

13.4.2 In the event Tenant terminates this Lease in accordance with this Section 13.4, such termination shall be as of the time when the Taking entity takes possession of the portion of the Property and the Improvements taken.

**13.5 Tenant's Right to Revoke Notice of Termination.** Notwithstanding anything to the contrary contained in Section 13.4, if Tenant has elected to terminate this Lease, and the Taking authority abandons or revises the Taking so as to not be substantial, Tenant shall have forty-five (45) days from receipt of written notice of such abandonment or revision to revoke its notice of termination of this Lease.

**13.6 Partial Taking.** In the event of a Partial Taking, this Lease shall continue in full force and effect and there shall be no abatement in or reduction of any of Tenant's obligations hereunder.

**13.7 Temporary Taking.** In the event of a Temporary Taking of the whole or any part of the Property and/or Improvements, the Term shall not be reduced or affected in any way and Tenant shall continue to pay in full any sum or sums of money and charges herein reserved and provided to be paid by Tenant, and, subject to the other provisions of this Section 13.7. As long as Tenant pays such sums, Tenant shall be entitled to any Award or payment for the temporary use of the Property and/or Improvements prior to the termination of this Lease, and Landlord shall be entitled to any Award or payment for such use after the termination of this Lease.

**ARTICLE 14. APPRAISAL**

Whenever an appraisal of the Property is called for under the terms of this Lease, excluding appraisals done by the parties in an eminent domain proceeding, the parties shall use the following procedure:

**14.1 Appointment of Appraiser.** Within fifteen (15) days after notice from Landlord to Tenant or Tenant to Landlord, as the case may be, Landlord and Tenant shall each appoint an MAI appraiser to participate in the appraisal process provided for in this Article 14 and shall give written notice thereof to the other party. Upon the failure of either party to appoint, the appraiser of the party who did appoint shall be authorized to appraise the fair market value of the Property and the Improvements as set forth in Section 14.2 herein. Within ten (10) days of the parties' appointment, the two (2) appraisers shall jointly appoint a third MAI appraiser and give written notice thereof to Landlord and Tenant, or if within ten (10) days of the appointment of said

appraisers the two (2) appraisers shall fail to appoint a third, then either party hereto shall have the right to make application to said Superior Court to appoint such third appraiser.

**14.2 Determination of Fair Market Value.**

14.2.1 Within thirty (30) days after the appointment of the third appraiser, the third appraiser shall determine the fair market value of the Property and the Improvements in accordance with the provisions hereof, and shall execute and acknowledge his or her determination of fair market value in writing and cause a draft copy thereof to be delivered to each of the parties hereto. Within fifteen (15) days of receipt of the draft appraisal each party may submit written comments on the draft appraisal, which comments shall be provided to both the third appraiser and the other party. The third appraiser shall consider such comments and make any adjustments to the appraisal that the third appraiser deems appropriate in his or her professional judgment.

14.2.2 The third appraiser shall determine the fair market value of the Property and the Improvements as of the date of Landlord's notice referred to in Section 14.1 above, based on sales of comparable property in the area in which the Property is located. If, however, in the judgment of the appraiser, no such comparable sales are available, then the appraisal shall be based on the following assumptions: (i) that the Property is free and clear of this Lease, and all easements and encumbrances; and (ii) that the Property is available for immediate sale and development for the purposes and at the density and intensity of development permitted under the zoning, subdivision and land use planning ordinances and regulations applicable to the Property in effect on the Commencement Date of this Lease, and any changes or amendments thereto or modification or variance from the provisions thereof or conditional use permits which could reasonably be anticipated to have been granted or approved as of the date of this Lease. Notwithstanding anything contained herein to the contrary, if the appraisal, for the particular purposes for which it is being done, should reasonably reflect the rent restrictions imposed on the Property pursuant to the Tax Credit Program and/or AHTF, then such rent restrictions shall be taken into consideration by the appraisers.

14.2.3 In lieu of the above, the parties may agree upon a single MAI appraiser and in such event, the fair market value of the Property and Improvements shall be that as established by the parties agreed upon appraiser.

14.3 **Payment of Fees.** Each of the parties hereto shall (a) pay for the services of its appointee, (b) pay one-half (1/2) of the fee charged by the appraiser selected by their appointees and other proper costs of such appraisal, and (c) pay one-half (1/2) of the appraisal should the parties mutually select an appraiser.

**ARTICLE 15. ASSIGNMENT**

**15.1 Prohibition Against Transfer.**

15.1.1 During the Term. Except for (a) leases of particular dwelling units to residents and commercial/retail space to businesses, and (b) transfers consented to pursuant to the Regulatory Agreement, Tenant shall not sell, assign, sublease, or otherwise transfer this Lease or any right therein, nor make any total or partial sale, assignment, sublease, or transfer in any other mode or form of the whole or any part of the Leasehold Estate, or the Project (each of which events is referred to in this Lease as an "Assignment"), without Landlord's prior written

consent, which consent shall not be unreasonably withheld as more particularly set forth in the Regulatory Agreement.

15.1.2 Other Rights of Mortgagees. Other than the requirement that the Improvements be used for affordable housing as set forth in the Regulatory Agreement, Landlord agrees that nothing in this Lease shall be construed to limit or abrogate the rights of a Mortgagee to (a) seek the appointment of a receiver for disposition of Tenant's rights, or (b) delegate or assign Mortgagee's rights under this Lease to any third party in connection with the exercise of said Mortgagee's rights and remedies under its Mortgage. Notwithstanding any language to the contrary in this Lease, the above provisions of Section 15.1.2 relating to Assignment shall not be applicable to a (a) Leasehold Mortgage hypothecating or encumbering Tenant's interest in the Project (or portion thereof), this Lease, any Sublease or the leasehold or subleasehold estate created thereby; (b) to any sale by judicial foreclosure or pursuant to a power of sale by any leasehold Mortgagee; (c) to a transfer in lieu of such sale to the leasehold Mortgagee (or any affiliate, parent or subsidiary of such leasehold Mortgagee that acquires title to Tenant's interest in the Project (or any portion thereof), this Lease or any Sublessee's interest in any Sublease and the leasehold or subleasehold estate created thereby as a result of a transfer in lieu of such sale; (d) a New Lease pursuant to Section 16.2.3; and (e) the first subsequent Assignment of this Lease following any such foreclosure or deed in lieu of foreclosure (the "First Post-Foreclosure Transfer") and new financing and related encumbrances in connection with acquisition financing concurrent with the First Post- Foreclosure Transfer. Landlord agrees that nothing in this Lease shall be construed to limit or abrogate the rights of a leasehold Mortgagee to (i) seek the appointment of a receiver, or (ii) delegate or assign its rights under this Lease to any third party in connection with the exercise of said leasehold Mortgagee's rights and remedies under its Leasehold Mortgage.

## **ARTICLE 16. MORTGAGES**

### **16.1 Leasehold Mortgages.**

16.1.1 General Provisions. At all times during the Term, Tenant shall have the right to mortgage, pledge, deed in trust, assign rents, issues and profits and/or collaterally (or absolutely for purposes of security if required by any lender) assign its interest in this Lease, or otherwise encumber this Lease, and/or the interest of Tenant hereunder, in whole or in part, and any interests or rights appurtenant to this Lease, and to assign or pledge the same as security for any debt (the holder of any such mortgage, pledge or other encumbrance, and the beneficiary of any such deed of trust being hereafter referred to as "Mortgagee" and the mortgage, pledge, deed of trust or other instrument hereafter referred to as "Mortgage").

16.1.2 If Tenant encumbers its leasehold estate by way of a Mortgage as permitted herein, and if Landlord is advised in writing of the name and address of the Mortgagee, then this Lease shall not be terminated or canceled on account of any Event of Default by Tenant in the performance of the terms, covenants or conditions hereof until Landlord shall have complied with the provisions of Section 16.2 as to the Mortgagee's rights to cure and to obtain a new lease.

16.2 **Rights and Obligations of leasehold Mortgagees.** If Tenant or Tenant's successors or assigns shall mortgage the leasehold interest herein demised, then, as long as any such Mortgage shall remain unsatisfied of record, the following provisions shall apply:

16.2.1 **Notice of Defaults.** To the extent that it has been provided a Mortgagee address therefore in writing and been provided a complete copy of any deed of trust and note to be secured thereby, Landlord agrees to give Mortgagee immediate notice of all defaults by Tenant under the Lease, and to simultaneously give to Mortgagee a written copy of all notices and demands that Landlord gives to Tenant. No notice or demand under the Lease shall be effective until after notice is received by Mortgagee. Any notices of default given by Landlord under the Lease shall describe the default(s) with reasonable detail. Mortgagee shall have the right to cure any breach or default within the time periods given below.

16.2.2 **Mortgagee's Cure Rights.**

(a) **Notice and Cure.** After receipt by Tenant of a notice of default under the Lease and the expiration of any applicable period of cure given to Tenant under the Lease, Landlord shall deliver an additional notice ("Mortgagee's Notice") to Mortgagee specifying the default and stating that Tenant's period of cure has expired. Mortgagee shall thereupon have the additional periods of time to cure any uncured default, as set forth below, without payment of default charges, fees, late charges or interest that might otherwise be payable by Tenant. Landlord shall not terminate the Lease or exercise its other remedies under the Lease if:

(i) Within 60 days after Mortgagee's receipt of the Mortgagee's Notice, Mortgagee (i) cures the default, or (ii) if the default reasonably requires more than 60 days to cure, commences to cure said default and diligently prosecutes the same to completion; or

(ii) Where the default cannot be cured by payment or expenditure of money or without possession of the Leasehold Estate or otherwise, Mortgagee initiates foreclosure or other appropriate proceedings within 60 days after receipt of the Mortgagee's Notice, cures all other defaults reasonably capable of cure, complies with all other covenants and conditions of the Lease reasonably capable of compliance, and continues to pay all rents, real property taxes and assessments, and insurance premiums to be paid by Tenant under the Lease. Mortgagee shall then have 30 days following the later to occur of (i) the date of execution and delivery of a new lease of the Leasehold Estate pursuant to Section 16.2.4 of this Lease (a "New Lease"), or (ii) the date on which Mortgagee or its nominee is able to occupy the Leasehold Estate following eviction of or vacating by Tenant under the Lease, to cure such default; provided, however, that if any such default, by its nature, is such that it cannot practicably be cured within 30 days, then Mortgagee shall have such time as shall be reasonably necessary to cure the default provided that Mortgagee commences such cure within such 30-day period and thereafter diligently prosecutes the cure to completion. In any event should such cure not occur within 360 days after Mortgagee's receipt of the Mortgagee's Notice Landlord may terminate the lease.

(b) Landlord agrees to accept performance by Mortgagee of all cures, conditions and covenants as though performed by Tenant, and agrees to permit Mortgagee access to the Property to take all such actions as may be necessary or useful to perform any condition or covenants of the Lease or to cure any default of Tenant. Mortgagee shall not be required to perform any act which is not susceptible to performance by Mortgagee.

(c) If Mortgagee elects any of the above-mentioned options, then upon Mortgagee's acquisition of the Lease by foreclosure, whether by power of sale or otherwise or by deed or assignment in lieu of foreclosure, or if a receiver be appointed, the Lease shall continue in full force and effect, provided that, if Mortgagee elects the option provided in Section 16.2.3(a)(ii) above, then upon Mortgagee's acquisition of the Lease, Mortgagee shall cure all prior defaults of Tenant under the Lease that are reasonably capable of being cured by Mortgagee within the time set forth in said Section, and Landlord shall treat Mortgagee as Tenant under the Lease. If Mortgagee commences an action as set forth in Section 16.2.3(a)(ii) above, and thereafter Tenant cures such defaults (which cure Landlord shall be obligated to accept) and Mortgagee then terminates all proceedings under the option in said Section, then the Lease shall remain in full force and effect between Landlord and Tenant.

**16.2.3 New Lease.** In the event the Lease is terminated for any reason prior to the end of the Lease Term, Landlord shall enter into a new lease ("New Lease") with Mortgagee or Mortgagee's nominee covering the Property, provided that Mortgagee (a) requests such New Lease by written notice to Landlord within ninety (90) days after written notice by Landlord of termination of the Lease, and (b) cures all prior defaults of Tenant that are reasonably capable of being cured by Mortgagee. The New Lease shall be for the remainder of the Lease Term, effective at the date of such termination, and shall only include all the rents and all the covenants, agreements, conditions, provisions, restrictions and limitations contained in the Lease, except as otherwise provided in the Lease. In connection with a New Lease, Landlord shall assign to Mortgagee or its nominee all of Landlord's interest in all existing subleases of all or any part of the Leasehold Estate and all attornment given by the sublessees. Landlord shall not terminate or agree to terminate any sublease or enter into any new lease or sublease for all or any portion of the Leasehold Estate without Mortgagee's prior written consent, unless Mortgagee fails to deliver its request for a New Lease under this Section. In connection with any such New Lease, Landlord shall, by grant deed, convey to Mortgagee or its nominee title to the Improvements, if any, which become vested in Landlord as a result of termination of the Lease. Landlord shall allow to the tenant under the New Lease a credit against rent equal to the net income derived by Landlord from the Leasehold Estate during the period from the date of termination of the Lease until the date of execution of the New Lease under this Section.

**16.2.4 Security Deposits.** Mortgagee or any other purchaser at a foreclosure sale of the Mortgage (or Mortgagee or its nominee if one of them enters into a New Lease with Landlord) shall succeed to all the interest of Tenant in any security or other deposits or other impound payments paid by Tenant to Landlord.

**16.2.5 Permitted Delays.** So long as Mortgagee is prevented by any process or injunction issued by any court or by any statutory stay, or by reason of any action by any court having jurisdiction of any bankruptcy or insolvency proceeding involving Tenant, from commencing or prosecuting foreclosure or other appropriate proceedings in the nature thereof, Mortgagee shall not be deemed for that reason to have failed to commence such proceedings or to have failed to diligently prosecute such proceedings, provided that Mortgagee uses reasonable efforts to contest and appeal the issuance or continuance of any such process, stay or injunction.

**16.2.6 Defaults Deemed Cured.** On transfer of the Lease at any foreclosure sale under the Mortgage or by deed or assignment in lieu of foreclosure, or upon creation of a New Lease, any or all of the following defaults relating to the prior owner of the Lease shall be deemed cured:

- (a) Attachment, execution or other judicial levy upon the Lease, upon payment of Landlord's costs and reasonable attorney's fees;
- (b) Assignment of the Lease for the direct or indirect benefit of creditors of the prior Tenant;
- (c) Judicial appointment of a receiver or similar officer to take possession of the Lease, upon payment of Landlord's costs and reasonable attorney's fees,
- (d) Filing any petition by, for or against Tenant under any chapter of the federal Bankruptcy Act or any federal or state debtor relief statute, as amended, upon payment of Landlord's costs and reasonable attorney's fees; and
- (e) Any other defaults personal to Tenant and/or not otherwise reasonably curable by Mortgagee.

16.2.7 Anything herein contained to the contrary notwithstanding, the provisions of this Section shall inure only to the benefit of the holders of Mortgages. If the holders of more than one such Mortgage shall make written requests upon Landlord in accordance with this Lease, the New lease (as provided for in subsection 16.2.4 above) shall be entered into pursuant to the request of the holder whose Mortgage shall be prior in lien thereto and thereupon the written requests for a New Lease of each holder of a Mortgage junior in lien shall be and be deemed to be void and of no force or effect.

**16.3 Landlord's Forbearance and Right to Cure Defaults on Leasehold Mortgages.**

16.3.1 **Notice.** Tenant or any Mortgagee shall prior to making any Leasehold Estate Mortgage provide Landlord with written notice of the Mortgage and the name and address of the Mortgagee. Landlord will give to Mortgagee at the address specified by the Mortgagee, a copy of each notice or other communication with respect to any claim that a default exists or is about to exist from Landlord to Tenant hereunder at the time of giving such notice or communication to Tenant, and Landlord will give to Mortgagee a copy of each notice of any rejection of this Lease by any trustee in bankruptcy of Tenant. Landlord will not exercise any right, power or remedy with respect to any Event of Default hereunder, and no notice to Tenant of any such Event of Default and no termination of this Lease in connection therewith shall be effective, unless Landlord has deposited in the U.S. Mail at the address provided herein, to Mortgagee written notice or a copy of its notice to Tenant of such Event of Default or any such termination, as the case may be.

16.3.2 **Mortgagee's Transferees, Etc.** In the event the Leasehold Estate hereunder shall be acquired by foreclosure, trustee's sale or deed or assignment in lieu of foreclosure of a Mortgage, the purchaser at such sale or the transferee by such assignment and its successors as holders of the Leasehold Estate hereunder shall not be liable for any rent, if any, or other obligations accruing after its or their subsequent sale or transfer of such Leasehold Estate and such purchaser or transferee and its successors shall be entitled to transfer such estate or interest without consent or approval of Landlord; provided that, the purchaser or transferee or successor as holder of the Leasehold Estate hereunder shall be liable for the

payment of all rent, if any, becoming due with respect to the period during which such purchaser, transferee or other successor is the holder of the Leasehold Estate hereunder. .

16.4 **No Liability of Mortgagee for Prior Indemnified Acts.** A Mortgagee shall not be obligated to assume the liability of Tenant for any indemnities arising for a period prior to Mortgagee's acquiring the right to possession of the Leasehold Estate under this Lease.

16.5 **Landlord Cooperation.** Landlord covenants and agrees that it will act and fully cooperate with Tenant in connection with Tenant's right to grant leasehold mortgages as hereinabove provided. At the request of Tenant or any proposed or existing Mortgagee, Landlord shall promptly execute and deliver (i) any documents or instruments reasonably requested to evidence, acknowledge and/or perfect the rights of Mortgagees as herein provided and (ii) an estoppel certificate certifying the status of this Lease and Tenant's interest herein and such matters as are reasonably requested by Tenant or such Mortgagees. Such estoppel certificate shall include, but not be limited to, certification by Landlord that (a) this Lease is unmodified and in full force and effect (or, if modified, state the nature of such modification and certify that this Lease, as so modified, is in full force and effect), (b) all rents currently due under the Lease have been paid, (c) there are not, to Landlord's knowledge, any uncured Events of Default on the part of Tenant under the Lease or facts, acts or omissions which with the giving of notice or passing of time, or both, would constitute an Event of Default. Any such estoppel certificate may be conclusively relied upon by any proposed or existing leasehold Mortgagee or assignee of Tenant's interest in this Lease.

16.6 **Landlord Mortgages.** Except as set forth in Section 16.9 below, Landlord shall not encumber, pledge or otherwise convey as security its fee estate in the Property without Tenant's prior written consent, which consent may be withheld in Tenant's sole and absolute discretion, and which consent shall not be deemed given by Tenant unless such consent is provided by Tenant's administrative general partner.

16.7 **Claims.** Landlord and Tenant shall deliver to Mortgagee notice of any litigation or arbitration proceedings between the parties or involving the Property or the Lease. Mortgagee shall have the right, at its option, to intervene and become a party to any such proceedings, but only to the extent of the rights it has under this Lease.

16.8 **Further Amendments.** Landlord and Tenant shall cooperate in including in the Lease by suitable amendment from time to time any provision which may be reasonably requested by any proposed Mortgagee for the purpose of implementing the mortgagee protection provisions contained in this Lease and allowing that Mortgagee reasonable means to protect or preserve the lien of its Mortgage upon the occurrence of a default under the terms of the Lease; provided that such requested amendment does not significantly impair Landlord's rights under this Lease.

16.9 **Subordination.** Upon request of Tenant, Landlord shall the liens of its Carryback Deed of Trust and Regulatory Agreement to (a) the lien of any Mortgagee and (b) any affordable housing restrictions imposed by a governmental agency or Mortgagee and any covenants relating

to the Property required as a condition precedent to issuance of a building permit for the Improvements.

## **ARTICLE 17. SUBLEASING**

17.1 **Subleasing of Property.** All subleases ("Subleases") made by Tenant shall be subject to the following provisions and restrictions:

17.1.1 Tenant may, without the consent of Landlord, sublease individual units of the Improvements so long as such sublease complies with the Regulatory Agreement.

17.1.2 On any termination of this Lease prior to the expiration of the Term, all of Tenant's interest as sublessor under any and all existing valid and enforceable Subleases shall be deemed automatically assigned, transferred and conveyed to Landlord. Landlord shall thereafter be bound on such Subleases to the same extent Tenant, as sublessor, was bound thereunder for all liabilities arising from and after the date of such assignment and Landlord shall have all the rights under such Subleases that Tenant, as sublessor, had under such Subleases.

17.2 **Nondisturbance Agreements.** Upon request, Landlord shall execute nondisturbance agreements with any Subtenant, which nondisturbance agreement shall provide that so long as such Subtenant has not defaulted under the terms of the Sublease, such Subtenant's rights will not be terminated by Landlord on Landlord's exercise of Landlord's right to terminate the Lease for Tenant's breach.

## **ARTICLE 18. PERFORMANCE OF TENANT'S COVENANTS**

18.1 **Right of Performance.** If Tenant shall at any time fail to pay any Imposition or other charge in accordance with Article 4 hereof within the time period therein permitted, then Landlord, after thirty (30) days' written notice to Tenant and without waiving or releasing Tenant from any obligation of Tenant hereunder, may (but shall not be required to) pay such Imposition or other charge payable by Tenant pursuant to the provisions of Article 4 hereof.

18.1.1 **Rights of Mortgagees.** Notwithstanding anything contained in this Lease to the contrary, all of the performance rights available to Landlord under Section 18.1 shall also be available to Mortgagee and, as between Landlord and Mortgagee.

18.2 **Reimbursement and Damages.** All sums so paid by Landlord shall constitute additional rent payable by Tenant under this Lease, such sums automatically be deemed added to the principal of the Carryback Note and shall be paid by Tenant to Landlord on demand.

## **ARTICLE 19. EVENTS OF DEFAULT; REMEDIES**

19.1 **Events of Default.** Any one or all of the following events shall constitute an Event of Default hereunder:

19.1.1 If Tenant shall default in the payment of any rent or other liquidated sums payable hereunder when and as the same becomes due and payable and such default shall continue for more than thirty (30) days after Landlord shall have given written notice thereof to Tenant and Mortgagee; or



19.1.2 The abandonment or vacation of the Property by Tenant for a period of forty-five (45) days in the aggregate or

19.1.3 The entry of any decree or order for relief by any court with respect to Tenant, or any assignee or transferee of Tenant (hereinafter "Assignee"), in any involuntary case under the Federal Bankruptcy Code or any other applicable federal or state law; or the appointment of or taking possession by any receiver, liquidator, assignee, trustee, sequestrator or other similar official of Tenant or any Assignee or of any substantial part of the property of Tenant or such Assignee, or the ordering or winding up or liquidating of the affairs of Tenant or any Assignee and the continuance of such decree or order unstayed and in effect for a period of 90 days or more; or the commencement by Tenant or any such Assignee of a voluntary proceeding under the Federal Bankruptcy Code or any other applicable state or federal law or consent by Tenant or any such Assignee to the entry of any order for relief in an involuntary case under any such law, or consent by Tenant or any such Assignee to the appointment of or taking of possession by a receiver, liquidator, assignee, trustee, sequestrator or other similar official of Tenant or any such Assignee, or of any substantial property of any of the foregoing, or the making by Tenant or any such Assignee of any general assignment for the benefit of creditors; or Tenant or any such Assignee takes any other voluntary action related to the business of Tenant or any such Assignee or the winding up of the affairs of any of the foregoing.

19.1.4 If Tenant shall default in the performance of or compliance with any other term, covenant or condition of this Lease (other than as set forth in Section 19.1.1 of this Section 19.1) and such default shall continue for more than thirty (30) days after Landlord shall have given written notice thereof to Tenant and Mortgagee, provided, however, if cure of such default reasonably requires more than thirty (30) days, then, Tenant fails to commence to cure within such thirty (30) day period and thereafter, fails to diligently and continuously prosecute the cure to completion.

19.1.5 Notwithstanding anything to the contrary contained in this Lease, prior to declaring any default or taking any remedy permitted under this Lease or applicable law based upon an alleged default, Tenant's limited partner (the "Tax Credit Partner") shall have the same period of time as Tenant to cure such alleged default; provided, however, if in order to cure such default Tax Credit Partner reasonably believes that it must remove a general partner of Tenant, or all of them, pursuant to that certain Tenant's limited partnership agreement, Tax Credit Partner shall so notify Landlord and so long as Tax Credit Partner is reasonably and diligently attempting to remove the general partner or general partners, Tax Credit Partner shall have until the date forty-five (45) days after the effective date of the removal of the general partner or general partners to cure such default but in no event more than one (1) year.

## 19.2 **Remedies.**

19.2.1 If an Event of Default shall occur and continue as aforesaid, Landlord shall have cumulatively, or in the alternative, all rights and remedies available at law or in equity and, in addition, Landlord shall have the immediate option to terminate this Lease (subject to Section 19.2.7 below) and bring suit against Tenant, pursue the remedy described in Section 19.2.3 below or submit the issue of Tenant's default to arbitration as provided in Article 21 and recover as an award in such suit or arbitration proceeding the following:

(a) the worth at the time of award of the unpaid rent and all other sums due hereunder which had been earned at the time of termination;

(b) the worth at the time of award of the amount by which the unpaid rent and all other sums due hereunder which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided;

(c) the worth at the time of award of the amount by which the unpaid rent and all other sums due hereunder for the balance of the Term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided;

(d) any other amount necessary to compensate Landlord for all the detriment proximately caused by the Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things could be likely to result therefrom; and

(e) such amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable California law.

19.2.2 The "worth at the time of award" of the amount referred to in subparagraph 19.2.1(c) above shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

19.2.3 Without terminating this Lease, so long as Landlord does not deprive Tenant of legal possession of the Property and allows Tenant to assign or sublet, Landlord may continue this Lease in effect and bring suit from time to time for any sums due, and for any subsequent Event of Default of the same or other covenants and agreements herein.

19.2.4 If an Event of Default occurs, Landlord shall also have the right, with or without terminating this Lease, but subject to any nondisturbance agreements entered into with Subtenants, to reenter the Property and remove all persons and property from the Property; such property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Tenant.

19.2.5 If an Event of Default occurs, Landlord shall also have the right, with or without terminating this Lease, to relet the Property. If Landlord so elects to exercise its right to relet the Property but without terminating this Lease, then rentals received by Landlord from such reletting shall be applied: first, to the payment of any indebtedness to a Mortgagee other than rent due hereunder from Tenant to Landlord; second, to the payment of any cost of such reletting; third, to the payment of the cost of any alterations and repairs to the Property; fourth, to the payment of rent due and unpaid hereunder; and fifth, the residue, if any, shall be held by Landlord and applied in payment of future rent as the same may become due and payable hereunder. Should the amount of rental received from such reletting during any month which is applied to the payment of rent hereunder be less than that agreed to be paid during that month by Tenant hereunder, then Tenant shall pay such deficiency to Landlord immediately upon demand therefor by Landlord. Such deficiency shall be calculated and paid monthly. Tenant shall also pay to Landlord, as soon as ascertained, any costs and expenses incurred by Landlord in such reletting or in making alterations and repairs not covered by the rentals received from such reletting.

19.2.6 No reentry or taking possession of the Property by Landlord pursuant to Paragraphs 19.2.3 or 19.2.4 shall be construed as an election to terminate this Lease unless a written notice of such intention is given to Tenant or unless the termination thereof is decreed by a court of competent jurisdiction.

19.2.7 Notwithstanding anything to the contrary in this Lease (except for Section 13.3.1), in no event shall Landlord have the right to terminate this Lease as a result of the occurrence and continuance of an Event of Default or otherwise until the expiration of the fifteen (15) year tax credit compliance period as described in Section 42(i)(1) of the Internal Revenue Code of 1986, as amended.

19.3 No Waiver of Default. No acceptance by Landlord of a lesser sum than the rents or any other charges then due shall be deemed to be other than on account of the earliest installment of the rents or other charges due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment of rent or charges due be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such installment or pursue any other remedy provided in this Lease. The receipt by Landlord of any rent or any other sum of money or any other consideration paid by Tenant after the termination of this Lease, or after giving by Landlord of any notice hereunder to effect such termination, shall not, except as otherwise expressly set forth in this Lease, reinstate, continue, or extend the term of this Lease, or destroy, or in any manner impair the efficacy of any such notice of termination as may have been given hereunder by Landlord to Tenant prior to the receipt of any such sum of money or other consideration, unless so agreed to in writing and signed by Landlord.

## **ARTICLE 20. PERMITTED CONTESTS**

Tenant, at no cost or expense to Landlord, may contest (after prior written notice to Landlord), by appropriate legal proceedings conducted with due diligence, the amount or validity or application, in whole or in part, of any Imposition or lien or any Legal Requirement or Insurance Requirement, provided that (a) in the case of liens of mechanics, materialmen, suppliers or vendors, or Impositions or liens therefor, such proceedings would suspend the collection thereof from Landlord, and would suspend a foreclosure against the Property and/or the Improvements, or any interest therein, or any rent, if any, (b) neither the Property or the Improvements, nor any part thereof or interest therein, or the rent, if any, or any portion thereof, would be in any danger of being sold, forfeited or lost by reason of such proceedings, (c) in the case of a Legal Requirement, Landlord would not be in any danger of any criminal liability or, unless Tenant shall have furnished a bond or other security therefor satisfactory to Landlord, any additional civil liability for failure to comply therewith and the Property and the Improvements would not be subject to the imposition of any lien as a result of such failure, and (d) Tenant shall have furnished to Landlord, if requested, a bond or other security, satisfactory to Landlord. If Tenant shall fail to contest any such matters, or to give Landlord security as hereinabove provided, Landlord may, but shall not be obligated to, contest the matter or settle the same without inquiring into the validity or the reasonableness thereof and charge such costs to the Tenant. Landlord, at the sole cost and expense of Tenant, will cooperate with Tenant and execute any documents or pleadings legally required for any such contest.

## **ARTICLE 21. ARBITRATION OF DISPUTES**

### **21.1 Matters Subject to Arbitration.**

All disputes arising under this Lease shall be submitted to arbitration prior to either party bringing suit based on such disputes, except that any dispute relating to the following rights and obligations shall not be subject to arbitration:

#### **21.1.1 Tenant's obligation to:**

(a) pay rent, if any, and other charges due under this Lease, including unlawful detainer; and

(b) keep the Property and the Improvements free and clear of any mechanics' or other liens.

21.1.2 Any right of the Mortgagee to exercise its remedies under its Mortgage or in connection with the bankruptcy of the Tenant or Landlord.

21.1.3 Any right of Landlord to exercise its remedies under the Carryback Note and Deed of Trust.

## 21.2 **Arbitration Process.**

Either party may refer a dispute subject to arbitration for settlement by arbitration in Los Angeles, California, in accordance with the Commercial Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the Arbitrator(s) may be entered in any Court having jurisdiction.

## **ARTICLE 22. FORCE MAJEURE**

22.1 Subject to Paragraph 22.2 below, any prevention, delay, nonperformance or stoppage by Tenant, except payments due Landlord hereunder, are due to any of the following causes shall be excused to the extent caused thereby: any regulation, order, act, restriction or requirement or limitation imposed by any federal, state, municipal or foreign government or any department or agency thereof, or civil or military authority; acts of God; acts or omissions of Landlord or its agents or employees; fire, explosion or floods; strikes, walkouts or inability to obtain materials; war, riots, sabotage or civil insurrection; or any other causes beyond the reasonable control of Tenant.

22.2 No prevention, delay, or stoppage of performance shall be excused unless:

22.2.1 Tenant notifies Landlord within ninety (90) days of such prevention, delay or stoppage that it is claiming excuse of its obligations under this Article 22.

## **ARTICLE 23. GENERAL PROVISIONS**

23.1 **Notices.** All notices or demands shall be in writing and shall be served personally, by overnight courier, or by express or certified mail. Service shall be deemed conclusively made at the time of service if personally served; the next business day if sent by overnight courier and receipt is confirmed by the signature of an agent or employee of the party served; the next business day after deposit in the United States mail, properly addressed and postage prepaid, return receipt requested, if served by express mail; and three (3) days after deposit thereof in the United States mail, properly addressed and postage prepaid, return receipt requested, if served by certified mail.

23.1.1 **Any notice to Landlord shall be given to:**

San Gabriel Valley Regional Housing Trust  
1333 S. Mayflower Avenue, Suite 360

Monrovia, CA 91016  
Attn: Marisa Creter, Executive Director

**23.1.2 Any notice to Tenant shall be given to:**

San Gabriel Senior Housing Partners, L.P.  
c/o The Related Companies of California, LLC  
18201 Von Karman Avenue, Suite 900  
Irvine, California 92612  
Attn: Frank Cardone, President

Any party may, by virtue of written notice in compliance with this Section 23.1, alter or change the address or the identity of the person to whom any notice, or copy thereof, is to be sent.

**23.2 Certificates.** Landlord or Tenant, as the case may be, shall execute, acknowledge and deliver to the other, promptly upon request, a certificate of Landlord or Tenant, as the case may be, certifying (a) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that the Lease is in full force and effect, as modified, and stating the date of each instrument so modifying the Lease), (b) the date, if any, through which the rent, if any, has been paid, (c) whether there are then existing any offsets or defenses against the enforcement of any term hereof on the part of Tenant to be performed or complied with (and, if so, specifying the same), and (d) whether any default exists hereunder and, if any such default exists, specifying the nature and period of existence thereof and what action Landlord or Tenant, as the case may be, is taking or proposes to take with respect thereto and whether notice thereof has been given to the party in default. Any certificate may be relied upon by any prospective purchaser, transferee, mortgagee or trustee under a deed of trust of the fee or leasehold estate in the Property or any part thereof or of Landlord's or Tenant's interest under this Lease. Tenant will also deliver to Landlord, promptly upon request, such information with respect to the Property or any part thereof as from time to time may reasonably be requested.

**23.3 No Merger of Title.** There shall be no merger of this Lease or the Leasehold Estate created by this Lease with any other estate in the Property or any part thereof by reason of the fact that the same person, firm, corporation or other entity may acquire or own or hold, directly or indirectly: (a) this Lease or the Leasehold Estate created by this Lease or any interest in this Lease or in any such Leasehold Estate, and (b) any other estate in the Property and the Improvements or any part thereof or any interest in such estate, and no such merger shall occur unless and until all persons, corporations, firms and other entities, including any leasehold mortgagee or leasehold mortgagees, having any interest (including a security interest) in (i) this Lease or the Leasehold Estate created by this Lease, and (ii) any other estate in the Property or the Improvements or any part thereof shall join in a written instrument effecting such merger and shall duly record the same.

**23.4 Quiet Enjoyment.** Tenant shall lawfully and quietly hold, occupy and enjoy the Property during the term of this Lease without hindrance or molestation by Landlord, or any person or persons claiming through Landlord.

**23.5 Holding Over.** In the event Tenant shall hold over or remain in possession of the Property or the Improvements with or without the consent of Landlord after the expiration of the Term, such holding over or continued possession shall create a tenancy at sufferance only at a

monthly rent of 150% of the rent and upon the same terms and conditions as are herein set forth in the Lease so far as the same are applicable.

23.6 **Exculpation of Tenant's Personal Liability** Notwithstanding anything to the contrary provided in this Lease, including, without limitation, the remedies provisions set forth in Section 19.2 above, it is specifically understood and agreed that there shall be no personal liability or obligation on the part of the officers or employees of Tenant or any assignee or successor-in-interest of Tenant hereunder (including, without limitation, any mortgagee, trustee or beneficiary under any mortgage or deed of trust which may acquire Tenant's interest under this Lease through foreclosure or deed in lieu of foreclosure or any purchaser at a foreclosure sale) with respect to the provisions of this Lease, but that Landlord and all those claiming by, through or under Landlord, its successors and assigns, shall look solely to the interest of Tenant, its successors and assigns in this Lease and the Improvements, for the satisfaction of each and every provision and each and every right, privilege or remedy of Landlord or any other party, in the event of any breach or default of Tenant or any assignee or successor in interest of any of the provisions made by or to be performed by the Tenant (except for monetary obligations of Tenant other than the payment of rent). This Section shall not apply in the event that any such breach or default arises out of and willful misconduct by any such officer or employee.

23.7 **Construction of Agreement**. This Lease shall be construed in accordance with the substantive laws of the State of California, without regard to the choice of law rules thereof. The rule of construction that a document be construed strictly against its drafter shall have no application to this Lease.

23.8 **Severability**. If one or more of the provisions of this Lease shall be held to be illegal or otherwise void or invalid, the remainder of this Lease shall not be affected thereby and shall remain in full force and effect to the maximum extent permitted under applicable laws and regulations.

23.9 **Entire Agreement; Modification**. This Lease contains the entire agreement of the parties with respect to the matters discussed herein. This Lease may be amended only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, extensions or discharge is sought.

23.10 **Binding Effect and Benefits**. This Lease shall inure to the benefit of and be binding on the parties hereto and their respective successors and assigns. Except as otherwise set forth herein, nothing in this Lease, expressed or implied, is intended to confer on any person other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Lease.

23.11 **Further Assurances**. Each party hereto will promptly execute and deliver without further consideration such additional agreement, assignments, endorsements and other

documents as the other party hereto may reasonably request to carry out the purposes of this Lease.

23.12 **Counterparts**. This Lease may be executed simultaneously in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Lease.

23.13 **Number and Gender**. Whenever the singular number is used in this Lease and required by the context, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders.

23.14 **Incorporation by Reference**. Every Exhibit attached to this Lease and referred to herein is hereby incorporated by reference.

23.15 **Attorney's Fees**.

In the event of a dispute between the parties arising out of or in connection with this Lease, whether or not such dispute results in arbitration or litigation, the prevailing party (whether resulting from settlement before or after arbitration or litigation is commenced) shall be entitled to have and recover from the non-prevailing party reasonable attorneys' fees and costs of suit incurred by the prevailing party.

Signatures on following page

**IN WITNESS WHEREOF**, the undersigned have executed this Lease as of the date first above written.

"Landlord"

San Gabriel Valley Regional Housing Trust

By: \_\_\_\_\_  
Marisa Creter, Executive Director

Approved as to form:

By: \_\_\_\_\_  
David DeBerry, General Counsel

San Gabriel Senior Housing Partners, L.P., a  
California limited partnership

By: Related/San Gabriel Senior Development  
Co., LLC, a California limited liability  
company, its administrative general  
partner

By: \_\_\_\_\_  
Frank Cardone, President



EXHIBIT "A"

**LEGAL DESCRIPTION OF THE PROPERTY**

EXHIBIT "B"  
**CARRYBACK NOTE**

EXHIBIT "C"  
**CARRYBACK DEED OF TRUST**

EXHIBIT "D"  
**REGULATORY AGREEMENT**

# REPORT

DATE: May 30, 2024

TO: Board of Directors

FROM: Marisa Creter, Executive Director

RE: **HOUSING INNOVATION PROGRAM FUNDING**

## **RECOMMENDED ACTION**

Adopt Resolution 24-09 allocating \$517,000 to the Housing Innovation Program

## **BACKGROUND**

At its November 17, 2022 meeting, the Board of Directors authorized \$3.8 million in State Budget Earmark funds to develop an Affordable and Homeless Housing Innovation program to meet the needs of member cities and support the development of projects delivering units quickly and in an innovative manner. The initial funds have been allocated to support 3 projects shown below.

Project	Units	Funding
Baseline Road	15	\$445,473
Habitat for Humanity	14	\$1,500,000
God's Pantry	12	\$1,800,000
Undisbursed		\$54,527
TOTAL	41	\$3,800,000

At its June 15, 2023 meeting, the Board of Directors allocated \$517,000 to support the operations contract for Operation Stay Safe (OSS) in Montebello as backfill funding if needed. OSS is supported by a grant from LA County through the Cities and Councils of Governments Interim Housing Services (CCOGIHS) fund and an encampment resolution from the City of Montebello. These sources were sufficient to cover the operational contract and allow the SGVRHT to reallocate these funds. As the funds were intended to serve a homeless program, staff recommends allocating the funds to the housing innovation program which would increase the funding available from \$54,527 to \$571,527 which could support up to 22 units of interim housing or about 4 affordable housing units based on maximum per unit funding.

## **NEXT STEPS**

The SGVRHT accepts applications on a rolling basis. If fund allocation is approved by the Board, staff will evaluate applications and bring projects to the Board for consideration.

# REPORT

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Prepared by: Brielle Salazar  
Brielle Salazar  
Regional Housing Trust Manager

Approved by: Marisa Creter  
Marisa Creter  
Executive Director

Attachment A: Resolution 24-09 allocating \$517,000 to the Housing Innovation Program

**RESOLUTION NO. 24-09**

**RESOLUTION OF THE SAN GABRIEL VALLEY REGIONAL HOUSING TRUST (SGVRHT) ALLOCATING FUNDS TO THE HOUSING INNOVATION PROGRAM**

**WHEREAS**, the San Gabriel Valley Regional Housing Trust (SGVRHT) allocated an initial \$3.8 million to its Housing Innovation Program; and

**WHEREAS**, the program has been successful and could support additional projects with additional funding; and

**WHEREAS**, the \$517,000 in as needed backfill funding for an interim housing project was not required for the project.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors of the Trust allocates \$517,000 to the Housing Innovation Program.

**PASSED AND ADOPTED** by the Board of Directors of the San Gabriel Valley Regional Housing Trust, in the County of Los Angeles, State of California, on the 30<sup>th</sup> day of May 2024.

San Gabriel Valley Regional Housing Trust

\_\_\_\_\_  
Jed Leano, Chair

**Attest:**

I, Marisa Creter, Executive Director and Secretary of the Board of Directors of the San Gabriel Valley Regional Housing Trust, do hereby certify that Resolution 24-09 was adopted at a regular meeting of the Governing Board held on the 30th day of May 2024, by the following roll call vote:

<b>AYES:</b>	
<b>NOES:</b>	
<b>ABSTAIN:</b>	
<b>ABSENT:</b>	

\_\_\_\_\_  
Marisa Creter, Secretary



# SAN GABRIEL VALLEY REGIONAL HOUSING TRUST

## FY 23-24 ANNUAL REPORT

SAN GABRIEL VALLEY  
REGIONAL HOUSING TRUST  
1333 MAYFLOWER ST. SUITE 360,  
MONROVIA, CA 91016

JUNE 2024

[SGVRHT.ORG](http://SGVRHT.ORG)



# ABOUT RHT

The San Gabriel Valley Regional Housing Trust (SGVRHT) was formed in February 2020 as a Joint Powers Authority (JPA) to fund and finance the planning and construction of affordable and homeless housing; SGVRHT can provide funding for extremely low, very low, and low-income housing projects (up to 80% Area Median Income). The SGVRHT is governed by a nine-member Board of Directors composed of elected officials from seven cities that are members of the SGVRHT and two housing and homelessness experts. The SGVRHT currently boasts 25 member cities. To date the SGVRHT has funded nearly 800 units of affordable housing and 130 units of interim shelter.



## Board of Directors

### Chair

Jed Leano  
City of Claremont

### Vice Chair

Becky Shevlin  
City of Monrovia

### Northeast District

Gary Boyer  
City of Glendora

### Central District

Emmanuel Estrada  
City of Baldwin Park

### Southeast District

Patricia Cortez  
City of Covina

### At-large Member

Adele Andrade-Stadler  
City of Alhambra

### At-large Member

Margaret Finlay  
City of Duarte

### Housing Expert

Carol Averell

### Housing Expert

Anne Turner

### Executive Director

Marisa Creter

## Member Cities

	El Monte	
Alhambra	Glendora	Pasadena
Arcadia	Irwindale	Pomona
Azusa	Industry	Rosemead
Baldwin Park	La Cañada Flintridge	San Gabriel
Claremont	La Verne	South El Monte
Covina	Monrovia	South Pasadena
Diamond Bar	Montebello	Temple City
Duarte	Monterey Park	West Covina



# FY 23-24 ACCOMPLISHMENTS

The core strength of the SGVRHT is its ability to meet cities where they are in the housing development process and provide technical assistance and capacity building to advance projects. The SGVRHT remains a partner throughout the project, from pre-development through construction and project completion. In 2023 and 2024, the SGVRHT:

-  Saw its first funded project completed and celebrated the grand opening of Villa Esperanza in Pomona.
-  Celebrated 2 groundbreakings and supported new project types including ADUs and shared housing models.
-  Supported the development and opening of the Azusa Resource Center (ARC), the 4th interim housing site in the San Gabriel Valley.
-  Received \$2 million in Local Housing Trust Fund (LHTF), marking the fourth time receiving LHTF funding in a row, supporting the development of more than 200 affordable housing units.
-  Launched House SGV, a 501(c)(3) nonprofit organization which will allow SGVRHT to leverage new funding sources for housing, implement a land trust, and collect donations to support our homelessness services projects



# REVOLVING LOAN FUND

In June 2022, the SGVRHT launched the Revolving Loan Fund (RLF) with an initial investment of \$8 million to provide access to short-term capital for acquisition, predevelopment, and construction loans. The RLF is the first renewable funding source for the SGVRHT as loan proceeds and repayments will be lent to future projects in perpetuity. The RLF can support new construction or rehabilitation projects and offers a below market interest rate. As of March 2024, SGVRHT allocated the initial \$8 million to support 6 projects that will develop 242 units, including 16 affordable homeownership units. The first loan repayment is anticipated in FY 24-25.

## RFL Allocations

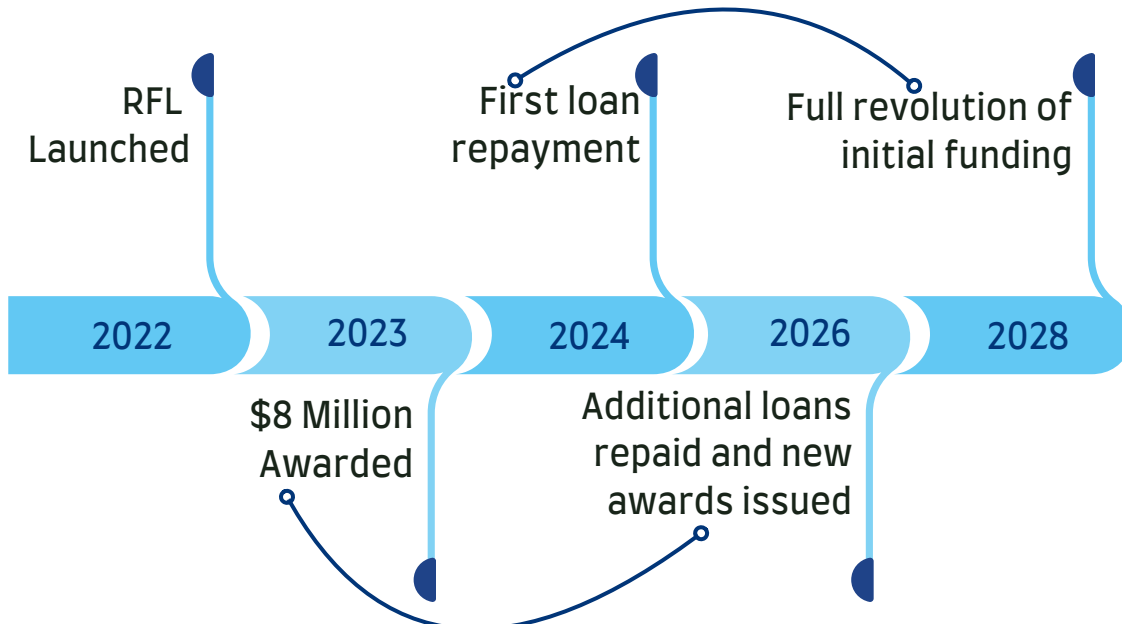


- ▲ 405 S. Del Mar, San Gabriel
  - 70-unit affordable housing development
  - SGVRHT owns the land and awarded \$810,000 in RLF funds and \$2M in LHTF

- ▼ The Boulevard, Montebello
  - 81-unit affordable housing development
  - SGVRHT awarded \$4,000,000



## RFL Timeline

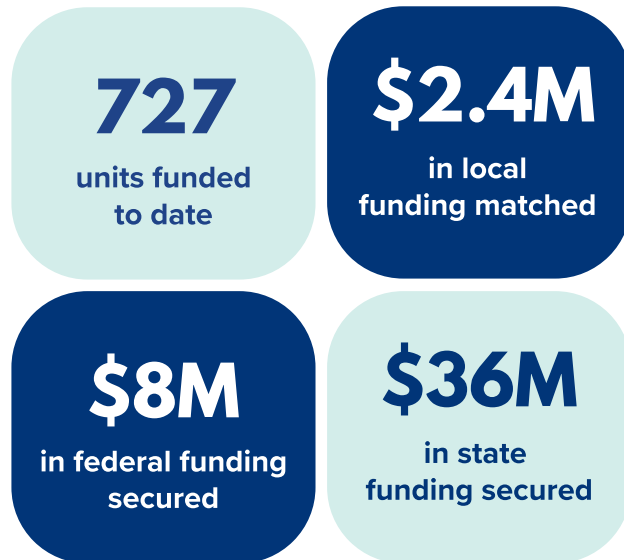


# PROJECT PIPELINE

The SGVRHT’s Project Pipeline has funded 14 affordable housing projects to develop 727 units of extremely low, very low, and low income housing. Project Pipeline funding is offered as gap financing for affordable housing development, providing construction to permanent financing in the form of residual receipt loans. The SGVRHT leverages local, state, and federal funding to support this program and has identified an additional 400 units identified for gap financing.

The SGVRHT currently has 7 funded multifamily affordable housing projects in construction, 5 in predevelopment, and two completed. The projects vary in size and serve individuals and families, with set-asides for special needs populations, including formerly homeless seniors, veterans, and survivors of domestic violence.

Applications for SGVRHT’s Project Pipeline are accepted on a rolling basis.



## Funded Pipeline Projects

City	Units	Name	Funding Allocation	Status
Claremont	15	Baseline Rd.	1,000,223	construction
Pomona	56	West Mission	1,350,000	completed
Alhambra	50	Mariposa	1,000,000	predevelopment
Pomona	90	East End Village	1,000,000	construction
Duarte		TBD	2,000,000	predevelopment
Claremont	32	Larkin Place	3,000,000	construction
San Gabriel	72	405 S. Del Mar	4,105,000	predevelopment
Baldwin Park	57	Baldwin Park Apartments	2,500,000	construction
El Monte	39	Willow Way	1,560,000	construction
Pomona	75	Prisma Artist Lofts	2,000,000	predevelopment
Alhambra	44	Chapel	1,760,000	construction
Montebello	63	6th Street Grand	1,700,000	construction
Montebello	81	The Boulevard	2,500,000	predevelopment
El Monte	53	Plaza Ortiz Family and Vete	1,687,807	completed
<b>TOTAL UNITS</b>	<b>727</b>		<b>29,163,030</b>	

# PROJECT PIPELINE SPOTLIGHT

## COMPLETED PROJECTS

### SPOTLIGHT: Villa Esperanza

 Pomona

Villa Esperanza provides 57 units of affordable housing for families at or below 60% of Area Median Income. The SGVRHT leveraged a 1:1 matching award through the State Local Housing Trust Fund (LHTF) program to provide a loan of \$1.35M to the project. Villa Esperanza is the first SGVRHT funded project to complete construction.



## GROUNDBREAKINGS

### SPOTLIGHT: Claremont Gardens

 Claremont

Claremont Gardens will provide 15 affordable housing units for seniors. The project received a \$1,000,223 loan from SGVRHT, which includes \$277,375 in Local Housing Trust Fund matching funds. With a \$6 million budget, the project avoided tax credits, relying instead on a land donation from Tri City Mental Health, LA County funds, a City of Claremont loan, and the SGVRHT loan.



# AFFORDABLE AND HOMELESS HOUSING INNOVATION PROGRAM

## SGV Habitat for Humanity ADU Revolving Loan Fund

The SGVRHT awarded SGV Habitat for Humanity a \$1.5 million housing innovation grant to establish an accessory dwelling unit (ADU) revolving loan fund for low-income households. This grant will help develop 14 initial ADUs and support the units as loans are repaid. The funding will be paired with CalHOME funds, ensuring affordability with a 15-year covenant. The first ADUs will be in Baldwin Park, with plans to expand to other cities. Construction is expected to be complete by December 2025.

## God's Pantry Workforce Shared Housing

The SGVRHT awarded God's Pantry a \$1.8 million grant to purchase a property in Pomona to establish a workforce development shared housing site with 12 units. God's Pantry will deed the property to SGVRHT which will in return provide a ground lease to God's Pantry to operate the site, ensuring loan term affordability of the property. God's Pantry successfully operates two shared housing sites and will manage operations, resident qualification, utilities, maintenance, and insurance.

# INTERIM HOUSING

The SGVRHT has provided funding and technical assistance to develop 4 tiny home shelter sites that are now open for operation, providing **130 beds of interim housing** with local preference for residents of host cities.

Each site provides on-site supportive services for residents, including: case management, 24/7 staffing, site security, 3 meals per day, and connections to other services such as transportation, health care, and job training.

## Esperanza Villa, Baldwin Park

- In FY 22-23, the SGVRHT supported Esperanza Villa by securing \$730,000 annually in Cities and Councils of Governments Interim Housing Services (CCOGIHS) funding from LA County to cover the cost of site operations.
- As of March 2024, 35 clients have been permanently housed.



## Operation Stay Safe, Montebello

- In FY 22-23, the SGVRHT supported OSS by providing operational funding and technical assistance.
- As of March 2024, 38 clients have been permanently housed.



## Serenity Homes, Baldwin Park

- Serenity Homes opened in September 2022. The SGVRHT provided a grant of \$1.25M to support the development and initial operation of the site.
- As of March 2024, 12 families have been permanently housed.



## Azusa Resource Center, Azusa

- In May 2024, the SGVRHT and the SGVCOG supported the opening of the Azusa Resource Center (ARC), operated by LA CADA.
- The site holds 25 units for interim housing.



# PRESENTATIONS & AWARDS

## Municipal Management Association of Southern California (MMASC) Panel

SGVCOG staff Brielle Salazar and Nicholas Ryu participated on a panel alongside staff from the City of Monrovia and the City of Eastvale at the MMASC's annual conference. The panel was titled "Innovative and Collaborative Problem-Solving Strategies for Local Governments" where panelists discussed successful strategies and benefits of the SGVCOG's regional housing, workforce development, and environmental sustainability programs for SGV cities. The SGVRHT's innovative programs were also highlighted, including the Revolving Loan Fund, which have delivered affordable housing units to the San Gabriel Valley and expanded the capacity of cities to meet their housing needs. The panel demonstrated the impact of collaborative government and attracted 120 attendees.



## 2024 SCAG Sustainability Award for the Regional Housing Trust

The Southern California Association of Governments has honored the San Gabriel Valley Regional Housing Trust (SGVRHT) with the Honorable Mention Award in the Housing Innovator category of the 2024 Sustainability Awards. This prestigious award celebrates projects that advance innovative housing practices addressing diverse income levels, enhancing access to jobs and transit, and fostering vibrant, diverse communities. The award recognizes SGVRHT's exceptional work in developing affordable and homeless housing opportunities.

# CURRENT & UPCOMING WORK

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## HouseSGV

in 2024 the SGVRHT formed an affiliated nonprofit entity, HouseSGV, completing one of the long-term goals of the SGVRHT's 2021 strategic plan—the creation of a nonprofit entity to secure additional private sector investment including donations, grants, and fund matching.

The nonprofit will serve as a Land Trust to purchase land to separate the cost of land from the cost of affordable housing development. Additional activities for the nonprofit will include support for interim housing, workforce development, and food recovery programs, strengthening the connection between existing regional programs that serve those in need.

Councilmember Jed Leano (Claremont), Mayor Becky Shevlin (Monrovia), Mayor Emmanuel Estrada (Baldwin Park), Councilmember Adele Andrade-Stadler (Alhambra), and SGVRHT Executive Director Marisa Creter were appointed to the nonprofit's Board of Directors.

Scan to visit [sgvrht.org](https://sgvrht.org)



If you'd like additional information, please check out the SGVRHT website, [sgvrht.org](https://sgvrht.org), follow us on Instagram @sgvregionalhousingtrust or reach out to the SGV Regional Housing Trust Manager, Brielle Salazar, at [bsalazar@sgvrht.org](mailto:bsalazar@sgvrht.org)



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