

LOCATION: Pursuant to Executive Orders N-60-20 and N-08-21 executed by the Governor of California, and subsequently Assembly Bill 361, enacted in response to the state of emergency relating to novel coronavirus disease 2019 (COVID-19) and enabling teleconferencing accommodations by suspending or waiving specified provisions in the Ralph M. Brown Act (Government Code § 54950 et seq.), Commissioners and members of the public may participate in this meeting by teleconference.

Join Zoom Meeting:

<https://zoom.us/j/98057177103?pwd=TXljeW5UMVMYTS8rcS81Y0hiUjNOUT09>

Meeting ID: 980 5717 7103

Passcode: 975423

Dial in by phone: 253-215-8782

LOCATION: Via teleconference

TIME: 12:00 P.M.

12:00 PM

REGULAR MEETING

487 Leff Street

CALL TO ORDER: Chairman Jay Beck

ROLL CALL: Commissioners Beck, Boyer, Crotser, Gillett, Odenthal, Souza, Steinberg

PUBLIC COMMENT PERIOD FOR ITEMS NOT ON THE AGENDA (not to exceed 15 minutes total)
The Board welcomes your input. You may address the Board by completing a speaker slip and giving it to the staff clerk prior to the meeting. At this time, you may address the Board on items that are not on the agenda. Time limit is three minutes. State law does not allow the Board to discuss or take action on issues not on the agenda, except that members of the Board or staff may briefly respond to statements made or questions posed by persons exercising their public testimony rights (Gov. Code Sec. 54954.2). Staff may be asked to follow up on such items.

EXECUTIVE DIRECTOR REPORT

The Executive Director's report is intended to brief the Commission on items, issues, key dates, etc., that do not require specific action, and are not "agendized" as separate items on the HASLO Commission Agenda.

CONSENT AGENDA

A member of the public or a Commissioner may request the Board to pull an item for discussion, clarification, and/or separate action. Pulled items shall be heard at the close of the Consent Agenda unless a majority of the Board chooses another time. The public may comment on any and all items on the Consent Agenda within the three-minute time limit.

All items on the Consent Agenda are adopted by one motion.

RECOMMENDED ACTION: Approve Consent Agenda Items as Presented

- C1. **MINUTES OF THE BOARD OF COMMISSIONERS ANNUAL MEETING OF JANUARY 20, 2022**
Approve the Minutes of the Annual Board of Commissioners Meeting of January 20, 2022.
- C2. **HASLO MONTHLY DISBURSEMENT REGISTER** (available for review at the meeting)
- C3. **HOUSING CHOICE VOUCHER (SECTION 8)**
- C4. **PROPERTY MANAGEMENT REPORTS**
- C5. **FAMILY SELF-SUFFICIENCY & RESIDENT SERVICES PROGRAM REPORT**
- C6. **CONSTRUCTION AND DEVELOPMENT REPORT**

DISCUSSION ITEMS

- 1. **PRESENTATION BY SLO4HOME.ORG, A LOCAL ORGANIZATION WORKING WITH AFGHAN REFUGEES**

Website: <https://www.slo4home.org/>

- 2. **HOMELESSNESS/HOUSELESSNESS IN SLO COUNTY**

A general discussion about homelessness in SLO County, HASLO's current programs specific to assisting the homeless, and possible future initiatives.

- 3. **UPDATING ADMIN PLAN FOR NIPOMO 40 LP PROJECT-BASED VOUCHERS' PREFERENCES FOR THE WAITING LIST**

RECOMMENDED ACTION: Adopt Resolution No. 8 (2022 Series) Approving Amendments to the Housing Authority of San Luis Obispo's Administrative Plan for Nipomo 40 LP Project-Based Vouchers' Preferences for the Waiting List

- 4. **GROVER BEACH AFFORDABLE HOUSING – Approval of Final Disposition and Development Agreement**

The Grover Beach "Cleaver & Clark" project has been reviewed by the Commission at its May, June and August 2021 meetings. The draft DDA was presented for discussion at the August meeting. All items in the DDA have been worked out to the satisfaction of the City and HASLO counsel and staff. We are asking for Commission approval today in order to proceed with various funding applications necessary to construct the project. The 53-unit project has received its development approvals from the Grover Beach City Council, and HASLO has closed escrow on the adjacent privately-owned site which will become part of the project. With the execution of the DDA the City will be authorized to transfer the donated City-owned parcel to HASLO, which HASLO will then lease to a tax credit limited partnership. This transfer is not expected to occur until all financing has been awarded.

RECOMMENDED ACTION: Adopt Resolution No. 9 (2022 Series) Approving the DDA (Development and Disposition Agreement) between City of Grover Beach and HASLO, SLO Non-Profit Housing Organization and Peoples' Self-Help Housing

CLOSED SESSION

1. **Closed session, pursuant to section 54956.95**

LIABILITY CLAIMS

Claimant: Moylan Terrace Homeowners Association
Agency claimed against: Moylan Terrace, LLC, and J.W. Design & Construction, Inc.
Briefing update only. No action required.

2. **Closed session, pursuant to section 54957**

PUBLIC EMPLOYMENT

ADJOURNMENT

The next Regular Meeting will be held on March 17, 2022, at 12:00 p.m. virtually.

REQUIREMENTS OF THE BROWN ACT HAVE BEEN SATISFIED AS THIS NOTICE WAS POSTED AT 11:00 A.M. ON FEBRUARY 14, 2022, PRIOR TO THE 72-HOUR NOTICING REQUIREMENT.



HASLO wishes to make all of its public meetings accessible to the public. Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to the Executive Director’s Assistant at (805) 594-5321 at least 48 hours before the meeting, if possible.

DRAFT

MINUTES

HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO

January 20, 2022

CALL TO ORDER

The Annual Meeting of the Housing Authority of the City of San Luis Obispo was called to order on Thursday, January 20, at 12:01 p.m. by Chair Jay C. Beck. Per CA Executive Orders N-60-20 and N-08-21 and Assembly Bill 361, the meeting was authorized to be held via teleconferencing and was made accessible to the public telephonically.

ROLL CALL

PRESENT: Commissioners Beck, Boyer, Crotser, Odenthal, Souza, Steinberg
ABSENT: Commissioner Gillett
STAFF: Scott Smith, Ken Litzinger, Elaine Archer, Sandra Bourbon, Michael Burke, Michelle Pedigo, Clover Robinson, and Vicky Culman

PUBLIC COMMENT:

Krista Jeffries

EXECUTIVE DIRECTOR'S REPORT:

Scott Smith, Executive Director, reported that Nipomo Senior (40 units) was due to complete construction ahead of schedule in March, originally slated for June. Staff toured the property.

HASLO received bids for the rehabilitation of Paso Homekey (42 units ECHO / 60 units HASLO). The bids were twice the amount budgeted due to prevailing wage requirements. There is a short turnaround to spend the funding. HASLO received an additional rehab award letter for \$4.5 million but has not received those funds yet.

HASLO will apply for LIHTC for Shell Beach Senior. We should be competitive in March. If awarded, construction would begin in December.

TMHA is acquiring a building on Palm Street to accommodate eight homeless households. HASLO provided a letter of support, and will provide vouchers under the Housing Now Program (formerly "50 Now").

Smith reminded the Commissioners that Form 700 will be due by April 1, 2022.

SLONP Housing Corporation is recruiting board members. Janet Kourakis has indicated that after two decades of service, she is ready to step down from board service. Krista Jeffries and Al Eschenbach are considering joining and will attend the next SLONP meeting. Krista Jeffries confirmed she has decided to join the SLONP Board of Directors.

NAHRO Washington Conference will be held virtually March 28-30. HASLO will cover the cost of any board member wishing to attend.

DISCUSSION ITEM: PART I

1. ELECTION OF OFFICERS – HASLO CHAIR AND VICE CHAIR ARE ELECTED EACH YEAR AT THE JANUARY MEETING

Commissioner Crotser asked if the current officers would be willing and able to continue in their roles. Commissioner Crotser nominated Jay Beck as Chair and Ashlea Boyer as Vice Chair. Commissioner Steinberg seconded the motion.

ACTION TAKEN: A motion to adopt **Resolution No. 1 (2022 Series) Electing Chair and Vice Chair of the Housing Authority of the City of San Luis Obispo**, was made by Commissioner Crotser, seconded by Commissioner Steinberg, and unanimously approved on the following roll call vote:

AYES: Commissioners Crotser, Steinberg, Souza, Boyer, Beck, Odenthal
NOES: None
ABSENT: Commissioner Gillett
ABSTAINED: None

ACTION TAKEN: A motion to adopt **Resolution No. 2 (2022 Series) Authorizing Signers on behalf of the Housing Authority of the City of San Luis Obispo (HASLO) and All Partnerships and Limited Liability Companies where HASLO is the Manager or Managing General Partner**, was made by Commissioner Crotser, seconded by Commissioner Steinberg, and unanimously approved on the following roll call vote:

AYES: Commissioners Crotser, Steinberg, Souza, Boyer, Beck, Odenthal
NOES: None
ABSENT: Commissioner Gillett
ABSTAINED: None

CONSENT AGENDA:

- C1. MINUTES OF THE BOARD OF COMMISSIONERS REGULAR MEETING OF NOVEMBER 18, 2022.**
- C2. HASLO MONTHLY DISBURSEMENT REGISTER (available for review at the meeting)**
- C3. HOUSING CHOICE VOUCHER (SECTION 8)**
- C4. PROPERTY MANAGEMENT REPORTS**
- C5. FAMILY SELF-SUFFICIENCY & RESIDENT SERVICES PROGRAM REPORT**
- C6. CONSTRUCTION & DEVELOPMENT REPORT**

Commissioner Crotser complimented Michael Burke, Director of Construction and Development, on his report.

ACTION TAKEN: A motion to **approve all Consent Agenda items** was made by Commissioner Boyer, seconded by Commissioner Souza, and unanimously approved on the following roll call vote:

AYES: Commissioners Boyer, Souza, Steinberg, Beck, Crotser, Odenthal
NOES: None
ABSENT: Commissioner Gillett
ABSTAINED: None

Staff and Commissioners discussed the Housing Choice Voucher report.

DISCUSSION ITEMS: PART II**2. UPDATING ADMIN PLAN FOR NIPOMO 40 LP PROJECT-BASED VOUCHERS' (PBV) PREFERENCES FOR THE WAITING LIST**

Smith corrected the resolution to read 39 PBVs rather than 40; one unit is the manager's unit. Staff explained that each Housing Authority (PHA) has a written administrative plan that establishes local policies for administration of the Section 8 program in accordance with HUD requirements. The administrative plan states PHA policy on matters for which the PHA has discretion to establish local policies. The PBV program is a part of the Section 8 program. The change in preferences for the PBV units at Willow Walk Senior Apartments needs to be included in HASLO's Administrative Plan.

ACTION TAKEN: A motion to adopt **Resolution No. 3 (2022 Series) Approving Amendments to the Housing Authority of San Luis Obispo's Administrative Plan for Nipomo 40 LP Project-Based Vouchers' Preferences for the Waiting List** with the correction to 39 PBVs, was made by Commissioner **Steinberg**, seconded by Commissioner **Souza**, and unanimously approved on the following roll call vote:

AYES: Commissioners **Steinberg, Souza, Beck, Boyer, Crotser, Odenthal**
NOES: **None**
ABSENT: **Commissioner Gillett**
ABSTAINED: **None**

3. HASLO UTILITY ALLOWANCE FOR HOUSING CHOICE VOUCHER PROGRAMS

Smith thanked Clover Robinson, Accounting Manager, for her outstanding work in preparing the Utility Allowance. The Utility Allowance is used, not only by Section 8, but also the tax credit program. The City of San Luis Obispo has adopted it for determining affordable housing standards. Ken Litzinger, Director of Finance, explained that the Utility Allowance reflects the difference in rates for newer properties.

ACTION TAKEN: A motion to adopt **Resolution No. 4 (2022 Series) Approving Utility Allowances for the Housing Choice Voucher Programs** was made by Commissioner **Beck**, seconded by Commissioner **Crotser**, and unanimously approved on the following roll call vote:

AYES: Commissioners **Beck, Crotser, Boyer, Steinberg, Odenthal, Souza**
NOES: **None**
ABSENT: **Commissioner Gillett**
ABSTAINED: **None**

4. MORRO BAY APARTMENTS

Smith stated that HASLO is guarantor, which is standard in projects like these. HASLO was also guarantor for Toscano. The second resolution is for the tax-exempt bond portion of the project. Litzinger explained that HASLO and SLONP have to work together to get these projects completed. Litzinger mentioned that the funding amounts on Resolution 6 are higher than required. He requests correcting them to more refined numbers: in the third WHEREAS, replacing \$12,000,000 with \$9,000,000 and replacing \$7,000,000 with \$5,000,000.

ACTION TAKEN: A motion to adopt **Resolution No. 5 (2022 Series) Authorizing Resolutions RE: Actions as Guarantor Regarding the Syndication of Morro Bay Apartments, L.P., A California Limited Partnership** was made by Commissioner **Crotser**, seconded by Commissioner **Souza**, and unanimously approved on the following roll call vote:

AYES: Commissioners **Crotser, Souza, Odenthal, Beck, Boyer, Steinberg**
NOES: **None**
ABSENT: **Commissioner Gillett**
ABSTAINED: **None**

ACTION TAKEN: A motion to adopt **Resolution No. 6 (2022 Series) Authorizing Resolutions RE: Financing of Morro Bay Apartments**, with the corrections cited by Director of Finance **Litzinger**, was made by Commissioner **Crotser**, seconded by Commissioner **Souza**, and unanimously approved on the following roll call vote:

AYES: Commissioners **Crotser, Souza, Odenthal, Beck, Boyer, Steinberg**
NOES: **None**
ABSENT: **Commissioner Gillett**
ABSTAINED: **None**

ACTION TAKEN: A motion to adopt **Resolution No. 7 (2022 Series) Authorizing the Incurrence of a Loan in a Principal Amount not to Exceed \$13,773,900 to Provide Financing for the Construction of a Multifamily Rental Housing Facility known as Morro Bay Apartments, and Authorizing Other Matters Relating Thereto**, was made by Commissioner **Crotser**, seconded by Commissioner **Souza**, and unanimously approved on the following roll call vote:

AYES: Commissioners **Crotser, Souza, Odenthal, Beck, Boyer, Steinberg**
NOES: **None**
ABSENT: **Commissioner Gillett**
ABSTAINED: **None**

5. PROJECT HOMEKEY – ROUND 2

Smith explained that this was a placeholder in the event action was required. A NOFA (Notice of Funding Availability) was published announcing Round 2 of Project Homekey. HASLO looked at several sites in San Luis Obispo (SLO), but they did not develop. We reached out to the City of SLO's Community Director, Michael Codron, regarding using Paso Homekey money for the Anderson. While the City supported using Paso Homekey funds for the Anderson, the timeline to use the funds would not work for us at this time.

6. MALWARE REPORT

Staff and Commissioners discussed the report from the IT provider.

1:04 P.M. Chair Beck announced we were going into closed session.

1:06 P.M. Krista Jeffries and Sandra Bourbon now absent.

CLOSED SESSION:

1. Closed session, pursuant to section 54956.95

LIABILITY CLAIMS

Claimant: Moylan Terrace Homeowners Association

Agency claimed against: Moylan Terrace, LLC, and J.W. Design & Construction, Inc.
Briefing update only. No action required.

2. Closed session, pursuant to section 54956.8

CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Property: APN 002-431-007

Agency Negotiators: Scott Smith, Executive Director
Ken Litzinger, Director of Finance

Negotiating Parties: The Housing Authority of the City of San Luis Obispo (HASLO)
955 Partnership (not present)

Under Negotiation: The Negotiators' authority regarding the price and terms.
Briefing update only. No action required.

1:32 P.M. Chair Beck announced that the closed session had ended, and we were back in regular session.

The Commissioners were updated. There were no actions to report from the closed session.

There being no further business, the meeting was adjourned at 1:32 p.m.

Respectfully submitted,

Scott Smith, Secretary

Executive Summary

Housing Choice Vouchers (“Section 8”)

- Waiting List Lease-up Activity:
 - Emergency Housing Voucher
 - 156 EHV participants have been successfully housed out of a total of 156 vouchers awarded.
 - All EHV applicants remaining from the group intakes have been transitioned to the EHV Wait List, based off of voucher issuance date.
 - HUD recently announced that a nationwide analysis of utilization of EHV’s will be started in the Summer of 2022 with an anticipated reallocation of the vouchers in 2023.
 - Housing Choice Voucher
 - For the 2020 Section 8 Wait List, there are 23 applicants currently searching for housing and 4 names remaining to be issued a voucher
 - The 2022 Section 8 Interest List will be opening March 1st. We are working on notifying all EHV applicants that were not leased-up of the opportunity to apply for the s8 Wait List.
 - 150 applicants will be selected from the 2022 Interest List
 - Statistics for the % success rate for the regular waiting list, by year, is:

Year	Lottery Size	Leased-up	% <i>Leased</i>	Rent-in-Place % of Leased-up	% non-white of leased-up	% Hispanic of leased-up
2015	500	133	26%	did not track	30%	29%
2017	250	97	38%	28%	33%	39%
2018	500	203	40%	30%	25%	28%
2018-Fall	250	81	32%	unknown	20%	30%
2020	250	123	49%	15%	26%	34%
				<i>County statistics</i>	<i>11%</i>	<i>23%</i>

- The above chart has been adjusted to track % Non-White leased up, versus % white of leased up.
 - Approximately 34% of selected waiting list applicants are Hispanic, which is consistent with the percentage of Hispanic families leasing up with their vouchers.
- TMHA Housing Now Program
 - TMHA is renaming their program from 50 Now/65Now to the Housing Now Program, given the changing parameters over time. They are proposing the purchase of another property in San Luis Obispo to be dedicated to their Housing Now clients.
 - TMHA has requested 8 vouchers to be a part of the Housing Now allocation to support this *program*-based opportunity to house their clients.

- Mainstream Voucher Activity
 - We have leased up an average of 6 new participants in the last few months
 - We have 9 remaining vouchers to be placed in service

- VASH Voucher Activity
 - This month, 1 new program participant has leased up with the VASH program.
 - VA Case Management is undergoing staffing transitions with only two active social workers handling the VA’s caseload.
 - We anticipate an increase in referrals with additional staffing – this is a persistent issue.
 - There have been no referrals in the month of January.

- Distribution of Vouchers
 - The chart below shows the breakdown of unit type by program and breakdown of “regular vouchers” versus “special purpose vouchers”
 - The FYI (Foster Youth Initiative) is a new category of special purpose vouchers and HUD regulations state that we apply for them one at a time as eligible former foster youth are identified for the program. We have a total of 8 awarded vouchers – 3 leased up, 3 Vouchers Issued with the applicants searching for housing, 2 On List, and 1 removed due to no response.

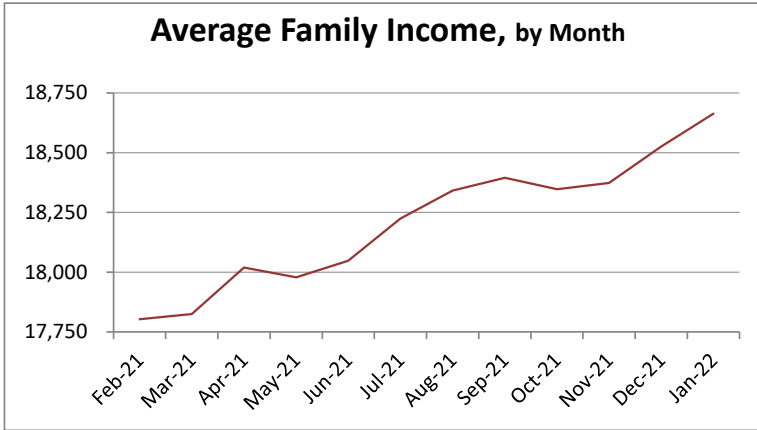
Vouchers, by Program Type
Trend Analysis Report
1/31/2022

	HUD Ctrct		# of Leased Participants, by voucher size						avg HAP		%
	Maximum # Units	TOTAL Leased	Studio	1 bd	2 bd	3 bd	4 bd	5 bd	Curr Mo	Prior Mo	
HCV & TPV	1,702	1,654	7	1,024	390	194	37	2	\$978	\$964	1.4%
RAD / PBV	175	170	10	17	56	57	28	2	\$904	\$905	-0.1%
PBV	328	315	24	105	85	89	12		\$837	\$844	-0.9%
	2,205	2,139									
VASH	201	160	3	129	17	9	2		\$781	\$791	-1.2%
PBV-VASH	25	24		22	2				\$739	\$742	-0.4%
Welcome Home	156	156		74	48	28	6		\$1,258	\$1,268	-0.8%
FUP	38	36		6	18	11	1		\$1,394	\$1,275	9.4%
FYI	7	3		2	1				\$272		
Mainstream	153	144	5	112	23	3	1		\$982	\$933	5.3%
	580	523									
	2,785	2,662	49	1,491	640	391	87	4	\$955	\$955	0.0%
<i>distribution by voucher size</i>			2%	56%	24%	15%	3%	0.2%			

- Willow Walk Senior Apartments in Nipomo
 - The PBV Wait List was opened from January 25th to 27th
 - 109 applicants in total for 39 tenant units; only 5 applicants for the 3 2-bed units
 - Average income is \$16k
 - Average age is 68 with 5 of the applicants were over the age of 80
 - The oldest applicant is 89
 - Only 9 local residents from Nipomo applied
 - A total of 10 applicants are from outside of SLO County
 - 24 tenants from Anderson Hotel applied – 10 tenants declined to consider this as an option
 - 5 of the applicants are likely over-income
 - 5 people tried to apply that were not age-eligible, including a 29 year old!
 - 60% identified as disabled, 7% as veterans and 40% as homeless
 - 18% identified as Hispanic, 5% as Black and 3% as American Indian

HASLO
Voucher Monthly Analysis (VMA)
Rolling 12 months

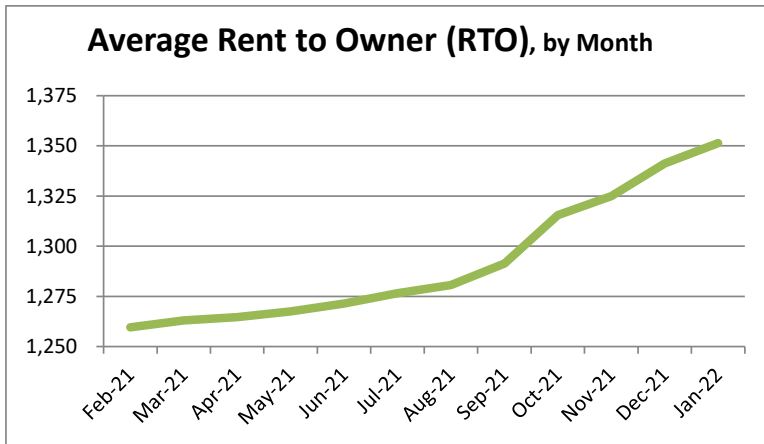
Note: includes new Welcome Home Vouchers



Average HH Income, 12 month % change: 4.8%

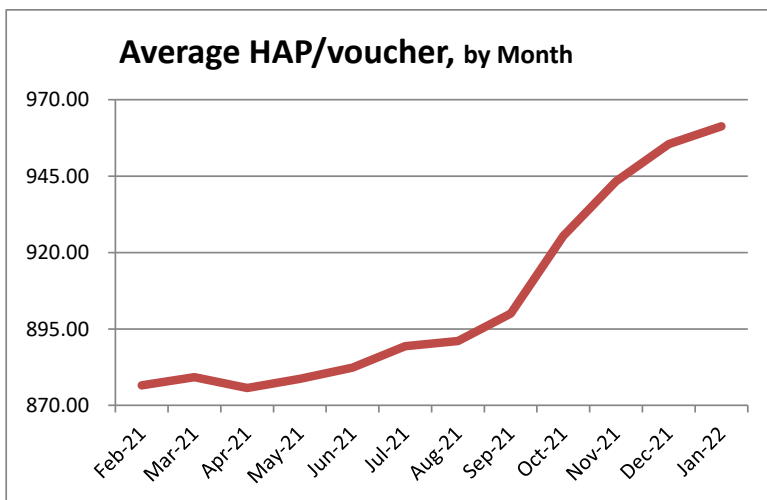
AMI March 2020, pre pandemic 17,451
 AMI, current 18,663
 increase since start of COVI 6.9%

(average, for EHV vouchers: 16,043)



RTO, 12 month % change: 7.3%

FMR Increase, as of 10/1/2021 13.4%
 (Fair Market Rents)



Average HAP, 12 month % change: 9.7%

of HH members assisted, beg of year: **4,598**
 # of HH members assisted, end of 12 months: **4,926**
 % change 7%

SEMAP Indicators Report

As of January 31, 2022

Housing Authority: **CA064**
 Housing Authority FYE: **September 30**

 Download in Excel
  Print Page
  Back to Report

Current SEMAP Indicator Information

Most Recent SEMAP Indicator Information

Reporting Rate as of January 31, 2022

Program Type	VMS Units Leased	As of MM/YY	Port-Outs	Port-Ins	Number of 50058s Required (#)	Number of 50058s Reported (#)	Reporting Rate (%)
All Voucher's	2406	12/21	16	17	2407	2572	100

Indicator 9: Annual Reexaminations

Note: For Indicators 9-12 and 14, HUD mandates for SEMAP a Reporting Rate of at least 95 percent by the PHA's fiscal year end. If this threshold is not met, the PHA will receive zero points for these four indicators.

Percent of Families with reexaminations overdue (%) (Percentage includes all reexaminations more than 2 months overdue. SEMAP scores: Under 5% = 10 points; 5% - 10% = 5 points; greater than 10% = 0 points. Percentages shown as red and bold result in reduced SEMAP scores.)	0
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Number of Families in Current Database	Number of Late Reexaminations
2731	9

[\[+\] Families with reexaminations overdue](#)

Indicator 10: Correct Tenant Rent Calculations

Percent of Families with incorrect rent calculation (%) (SEMAP scores zero points when more than 2 percent of the Housing Authority's tenant rent calculations are incorrect as indicated by % shown in red and bold.)	0
--	---

Number of Families in Current Database	Number of Rent Discrepancies
1487	0

[\[+\] Families with incorrect rent calculation\(s\)](#)

Indicator 11: Precontract HQS Inspections

Percent of units that did pass HQS inspection before the beginning date of the assisted lease and HAP contract (SEMAP scores zero points when fewer than 98 % of newly leased units pass the HQS inspection before the beginning of the lease/HAP as indicated by % as shown in red and bold.)	100
--	-----

Number of Families in Current Database	Number of Inspections On or Before Effective Date
658	657

[\[+\] Families where HQS inspection did not pass before lease and HAP contract](#)

**Indicator 12:
Annual HQS Inspections**

Percent of units under contract where annual HQS inspection is overdue. (% includes all HQS Inspections more than 2 months overdue. SEMAP scores: Under 5% = 10 points; 5% - 10% = 5 points; greater than 10% = 0 points. % shown as red and bold result in reduced SEMAP scores.) **43**

Number of Families in Current Database	Number of Late Inspections
2195	954

[\[+\] Families with annual HQS inspections overdue](#)

**Indicator 13:
Lease-Up**

Note: This data is not currently available.

**Indicator 14:
Family Self-Sufficiency Enrollment**

Enrolled	Escrow Balance	Points
80% or more	30% or more	10
60%-79%	30% or more	8
80% or more	Less than 30%	5
Less than 60%	30% or more	5
60%-79%	Less than 30%	3
Less than 60%	Less than 30%	0

Percentages shown in red and bold result in reduced SEMAP scores.

Number of Mandatory Slots (#)*	Number of Families Enrolled (#)	Percent of Families Enrolled (%)	Number of Families with Progress Report and Escrow Balances (#)	Percent of Families with Progress Report and Escrow Balances (%)
0	68	0	48	77

[\[+\] Families enrolled in Voucher FSS Program](#)

[\[+\] Families completing FSS Contract](#)

* - As reported by the PHA in Indicator 14 (a) from the last SEMAP Certification and confirmed by the Field Office. This number may have decreased as families have graduated from the program. Also data may not include approved exceptions to mandatory slots.

Housing Authority of San Luis Obispo
Housing Choice Voucher Lease up and Funding Analysis
February 2022

The summary at the top of the page shows the year to date leasing activity for our “Regular” Housing Choice Voucher program. The Regular vouchers are comprised of 2,205 general vouchers, 226 Veterans vouchers, and 46 Family Unification vouchers for a total of 2,476 available vouchers. In addition, HASLO administers 153 Mainstream and 156 Emergency Housing Vouchers (EHV) that HUD considers as separate stand-alone programs for tracking and funding purposes.

We received \$78,000 in additional admin fees for the EHV program. The funding was determined by how quickly we were able to lease up these vouchers. Since most of our vouchers were leased within the four month time frame we were able to maximize this award.

The Mainstream voucher program continues to have strong leasing numbers and we are assisting 146 participants. We believe leasing will continue to increase now that the EHV’s are fully leased up.

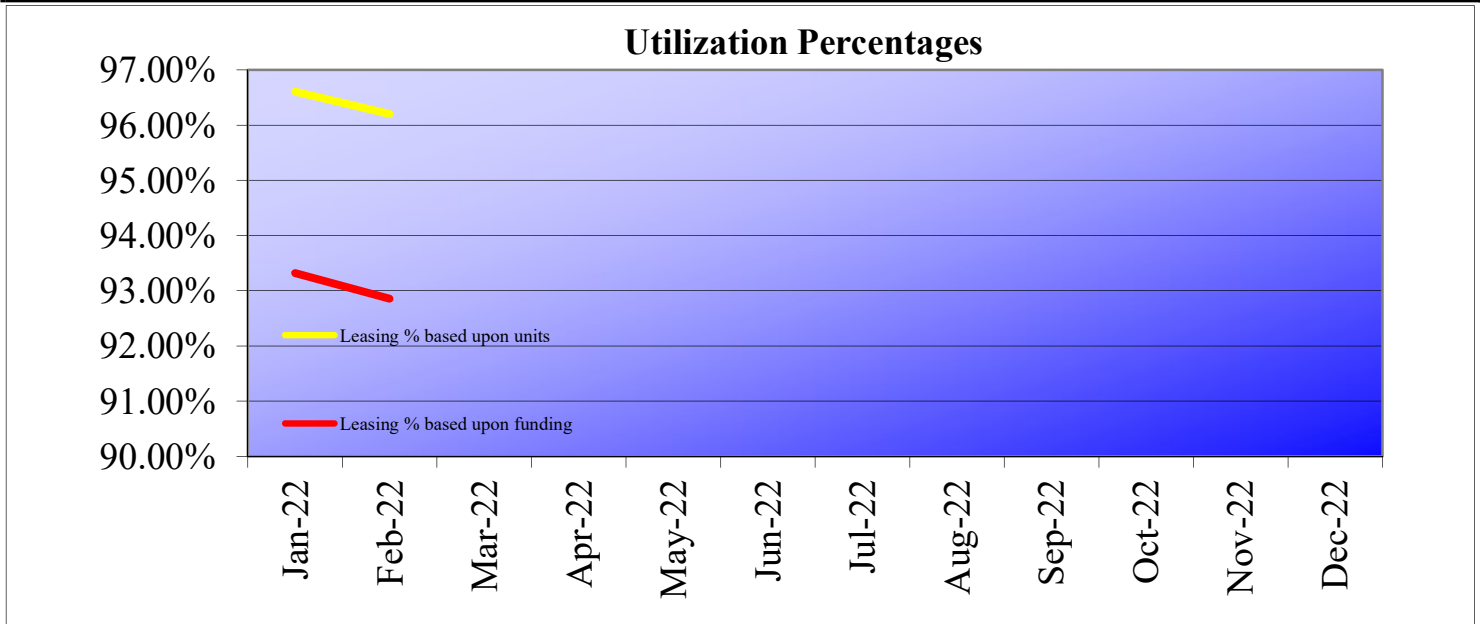
We are excited to report that we were able to lease up three of our Foster Youth Initiative (FYI) Vouchers. These vouchers are used to house youth aging out of the foster care system. We currently have identified five other participants for this program and are able to request more vouchers as needed.

We are projecting that the Average Housing Assistance Payment (HAP) will increase materially as landlords become aware of the increases to the HASLO payment standard and request rent increases. The rental market continues to be very competitive, which is resulting in increasing market rents. HAP funding for 2022 has not yet been determined. We have been told by HUD to expect a 13.4% inflation factor increase from 2021 funding.

Reserves remain strong at around \$1.3 million, which allow us to maintain a high lease up through the remainder of the year.

**Housing Authority San Luis Obispo
HCV Leasing Financial Analysis
February 2022**

	Unit Months Available	Unit Months Leased	Leasing % based upon units	ABA /HAP Funding Allocation	HAP Expenses Paid	Funding Surplus / (Shortfall)	Leasing % based upon funding	Per Unit HAP
January 2022	2,476	2,392	96.61%	\$ 2,446,446	\$ 2,283,086	\$ 163,360	93.32%	\$ 954
February 2022	2,476	2,382	96.20%	\$ 2,446,446	\$ 2,271,673	\$ 174,773	92.86%	\$ 954
March 2022								
April 2022								
May 2022								
June 2022								
July 2022								
August 2022								
September 2022								
October 2022								
November 2022								
December 2022								
YTD	4,952	4,774	96.41%	\$ 4,892,892	\$ 4,554,759	\$ 338,133	93.09%	\$ 954



NRA + Prog Reserve Balance (Excess HAP) as of 1/1/2022	\$ 1,030,563	YTD Voucher	YTD	
HAP Funding YTD:	\$ 4,892,892	Months	Vouchers	
HAP Expenditures YTD:	\$ 4,554,759	Available	Leased	
HAP Revenue (Fraud, FSS Forfeits) YTD:	\$ -	Regular Vouchers	4,410	4,328 98.1%
Current Remaining NRA / Prog Reserve:	\$ 1,368,696	Veterans (VASH)	452	375 83.0%
Months in Reserves at Current Monthly Expense Levels		Family Unification	91	68 74.7%
Reserves as a Percentage of Budget Authority	4.7%	Total Vouchers	4,953	4,771 96.3%
Current Monthly Funding (a)	\$ 2,446,446			
Current Average HAP Payment (b)	\$ 954	Mainstream	306	284 92.8%
# of Units the Current Monthly Funding Would Support (a)/(b)	2,565	Emergency Housing	312	310 99.4%
# of Units Currently Leased	2,382			
Excess Units Leased, Current Month	(183)			
Current Year-to-Date Funding (a)	\$ 4,892,892			
Current Year-to-Date Average HAP Payment (b)	\$ 954			
# of Unit-Mos the Current Monthly Funding Supports (a)/(b)	5,128			
# of Unit-Mos Leased Year-to-Date	4,774			
Excess Unit-Mos Leased, Year-to-Date	(354)			

Executive Summary
Property & Asset Management

- Key Priorities for the Property Management team continue to be:
 - COVID-19 Related Activities:
 - ✓ While we have received notifications from tenants that they have a covid-positive person in their household, we have not needed to make any recommendations to adjust policies with respect to community rooms. Tenants appear compliant with isolation and quarantining requirements.
 - ✓ Maintenance continues to ask tenants if everyone in the household is healthy before entering to take care of maintenance requests and work orders.
 - ✓ We continue to work with tenants to apply for COVID related rent-assistance.
 - Vacancies / Lease-Up
 - ✓ We opened the waiting list for Willow Walk for the PBV-assisted units and will be working closely with section 8 on coordinating the intake and appointments/interviews.
 - ✓ We hold a weekly meeting with property supervisor to review vacancies and strategies to find qualified applicants.
 - Maintenance
 - ✓ We are coordinating with Construction/Development Department on the pending renovations for Paso HomeKey .
 - RAD
 - ✓ The final punch list items continue to be addressed.
 - Anderson
 - ✓ Approximately ½ the tenants have applied for the PBV-assisted units at Willow Walk in Nipomo.
 - Supportive Housing Program
 - ✓ We are continuing our search for Case Management Software .
 - ✓ Parenting Group and Senior Group (s) – we are exploring the opportunity to create a network between tenants to build community and connection and offer practical support to one another.
 - ✓ Case Managers are engaged in completing training classes, including certification in assisting clients with applying for Social Security Benefits.
 - ✓ Participating in the interviews and intake process for Willow Walk.
 - ✓ Actively engaged with the team in supporting the renovations that are going to be done at Paso HomeKey.
 - Paso Home Key
 - ✓ Jennifer Kula is the new Property Supervisor for this project.
 - ✓ We have created a variety of weekly team meetings to ensure we have effective and appropriate collaboration onsite.
 - ✓ The key project for the next 6 months is the renovation work to get the homes renovated to be compliant with section 8 HQS requirements.

**Vacancy Summary
as of 01/31/22**

	<u>Vacancy Loss</u>		<u>GPR</u>	<u>Budgeted %</u>		<u>Avg Days Vacant</u>	<u>% Annual Turnover</u>	<u># of Units Turned</u>	<u>Total Units</u>	<u>% Occupied as of 01/31</u>
	<u>Current Month</u>	<u>Rolling 12 Month</u>		<u>of GPR</u>	<u>% of GPR</u>					
NOTE: All day counts include weekends										
<u>Tax Credit Properties</u> (rolling 12 months)										
860 on the Wye	\$0	\$1,889	\$250,620	0.97%	0.75%	35	20%	4	20	100%
Atascadero	\$0	\$2,644	\$246,031	0.88%	1.07%	63	5%	1	19	100%
Bishop Street Studios	\$0	\$9,911	\$486,660	1.78%	2.04%	65	12%	4	33	100%
Brizzolara	\$2,088	\$11,211	\$398,496	0.45%	2.81%	64	20%	6	30	93%
Carmel	\$0	\$3,289	\$260,868	0.91%	1.26%	51	16%	3	19	100%
Courtyard	\$247	\$7,121	\$577,884	2.00%	1.23%	40	17%	6	35	97%
DRT (Johnson)	\$0	\$2,791	\$562,044	0.40%	0.50%	50	5%	2	40	100%
Halcyon	\$0	\$1,680	\$261,960	2.00%	0.64%	34	10%	2	20	100%
Hidden Creek	\$0	\$2,138	\$1,162,920	0.40%	0.18%	20	6%	5	80	100%
Ironworks	\$1,887	\$29,201	\$796,982	4.54%	3.66%	71	20%	9	46	96%
RAD175/SLO Villages	\$1,573	\$8,500	\$2,804,988	5.00%	0.30%	33	4%	7	175	99%
Islay Hills (Ironbark)	\$1,130	\$3,204	\$292,884	0.29%	1.09%	42	10%	2	20	95%
Laurel (Marvin Gardens)	\$0	\$3,510	\$331,956	0.29%	1.06%	47	13%	3	24	100%
Pismo Buchon	\$0	\$0	\$163,992	0.29%	0.00%	13	9%	1	11	91%
Total, Tax Credit Properties	\$6,925	\$87,089	Average=	1.44%	1.19%	45	12%	4		98%
<u>SLONP Properties</u> (rolling 12 months)										
Blue Heron	\$0	\$1,831	\$241,848	2.94%	0.76%	46	14%	2	14	100%
Empire	\$0	\$0	\$173,400	1.00%	0.00%	-	0%	0	13	100%
Ferrell	\$0	\$4,007	\$187,200	2.07%	2.14%	100	0%	0	8	100%
Macadero	\$3,440	\$26,852	\$328,200	2.58%	8.18%	102	32%	6	19	89%
Margarita	\$0	\$6,267	\$345,360	2.52%	1.81%	132	5%	1	21	100%
Total, SLONP Properties	\$3,440	\$38,957	Average=	2.22%	2.58%	95	10%	2		98%
<u>EIHC Properties</u> (rolling 12 months)										
Poinsettia	\$2,053	\$30,166	\$448,488	3.56%	6.73%	38	65%	13	20	95%
Total, EIHC Properties	\$2,053	\$30,166								
<u>50059/Other Properties</u> (rolling 12 months)										
Anderson	\$21,969	\$188,989	\$980,546	4.00%	19.27%	207	31%	21	68	69%
Anderson Commercial	\$7,569	\$64,993	\$229,041		28.38%					
Dan Law	\$0	\$0	\$100,548	6.10%	0.00%	-	0%	0	9	100%
Parkwood	\$1,391	\$20,080	\$542,726	2.00%	3.70%	46	32%	11	34	91%
Total, 50059/Other Properties	\$30,929	\$274,062	Average=		12.84%	126	21%	11		87%
	\$43,347	\$430,274	Overall Average=		3.65%	159	18%	6		92%
prior month	\$42,133		Prior Month Overall=							**will report on next report**
% increase/(decrease)	3%		net change							



February 9, 2022

To: HASLO Board of Commissioners
 From: Sandra Bourbon, Director of Resident Services
 Re: January 2022

FSS:

Continued outreach, case management and annual assessments. The below chart is as of 01-31-2022.

	Sandra	Traci	TOTAL
Active	35	32	67
New contracts added this month	0	0	0
Graduates this grant period	0	0	0
Terminated for Non-Compliance / Contract Expired / Voluntary Withdrawal within this grant period	0	0	0
Active participants who have ported out this grant period	0	0	0
Increase in Earned Income this month	461,715	206,604	668,319
Increase in Tenant Payment (TTP) this month	11,171	3,847	15,018
Total Escrow Accounts	29	17	46
New Escrow Accounts this grant period	0	2	2
Percentage of participants with an Escrow Account this month	82.86%	53.13%	68.66%
Total Escrow Account balance	202,748	111,267	314,015
Total interim withdrawals paid within this grant period	0	0	0
Total of Escrow Account funds paid out to FSS Graduates for this grant period	0	0	0

***FSS graduates (2022):**

***FSS terminations (2022):**

***2021 FSS NOFO:** Maximum grant was awarded for 2022 (January to December)

SERVICES:

We continue to offer services and homework help online at all of the Learning Centers through Google Classroom as well as in person at Hidden Creek. SLO Food Bank fresh produce distribution every Monday to varying properties throughout the month. We are in the process of acquiring free at home Covid tests to distribute to our seniors as well as face masks. Recruitment continues for a Resident Services Assistant as well as a Federal Work Study student from Cal Poly or Cuesta.





Development Update

Date of Update		2/9/2022	
DEVELOPMENT			
PROJECT	ACTION	NOTES/GOALS	
Anderson Hotel	Feasibility	Material testing and geotechnical investigation ongoing Smith Structural Group and Buehler Engineering have produced a draft report with a PML of 6-13% Lead and asbestos reports received for interior spaces Tank found, Phase 2 ESA in process to evaluate the liquid in the tank Opinion of Probable Cost has been received, proforma allows for 22 million in hard costs to be spent	
	Delivery	Design/build or Design/assist, shortened feasibility period does not allow for traditional design-bid-build	
	Financing	July 2022 Tax Credit Application	
Project HomeKey	Construction	Next phase of work to be completed by 6/2022, includes kitchens, office expansion and shelter improvements	
Cleaver Site, Grover	Strategy	Partnership with PSHHC for 53 units of affordable housing	
	Entitlements	Fully Entitled, City Council approved the project on 12/13/2021	
	Acquisition	HASLO has acquired the first of two parcels. Cleaver Park acquisition requires Disposition and Development Agreement, which is being developed	
	Financing	March 2022 Tax Credit Application	
1422 & 1480 Monterey	Acquisition	Escrow closed on 1/11/2021	
	Strategy	Partnership with Jim Rendler, 100+ units of mixed-use housing. JB Enterprises to management the commercial tenants	
	Entitlements	Project submitted for Completeness review on 1/10/2022	
RAD Conversion	Construction	Project is complete	
	Financing	Third capital contribution received. Working on financial close out	
Toscano Site	Construction	Project broke ground on 1/10. Being managed by Hosanna Wendt, HASLO's new PM Building pads for the 5 buildings are being rough graded	
Office	Entitlements	Received Planning Commission approval on 6/10/20	
	Design Development	Working with RRM on spatial planning, aiming to be construction in fall of 2022	
Nipomo Senior 40	Construction	Anticipated completion is end of March 2022	
	Lease Up	Lease Up has commenced	
2655 Shell Beach Road	Acquisition	Escrow closed on 12/23/2020	
	Strategy	20+ units of senior housing, co-developing with Pacific Development Group	
	Entitlements	Fully approved	
	Financing	Received County draft funding recommendations in the amounts of \$249,000 HOME, \$345,000 HOME-ARP and \$250,987 Title 29. March 2022 Tax Credit Application	
405 Atascadero Road	Construction	Cultural resource exploration commenced on 2/7/2022 Rough grading expected to start on 2/21/2022	
736 Orcutt Road	Strategy	40+ units of special needs housing, built around the old house	
	Entitlements	Project has been deemed incomplete, obtaining City request reports	
	Financing	TCAC application planned for 2023	
2690 Victoria	Strategy	30+ units of large family mixed use housing on the former maintenance yard site	
	Entitlements	This project is being evaluated internally.	
	Financing	TBD	

700 N. Oak Park			
	Strategy	63 units of large family mixed use housing	
	Site acquisition	Closed escrow on June 4th.	
	Entitlements	Fully approved, except trash enclosures...	
	Financing	TCAC large family application July 2022	
279 Bridge Street			
	Strategy	94 units of large family/senior mixed use housing	
	Site acquisition	HASLO closed escrow on the site	
	Entitlements	Received Planning Commission approval and no appeals	
	Financing	Phased TCAC applications beginning in 2023	
Empire Apartments			
	Strategy	Renovate the existing 13 units and add 19 units	
	Entitlements	Approved at Planning Commission on 7/20/2021	
Macadero Apartments			
	Strategy	Renovate the existing 19 units and add 6 units	
	Entitlements	Unanimously approved at Planning Commission on 9/7/2021	



Apartments at Toscano



Cleaver Commons

RESOLUTION NO. 8 (2022 SERIES)

**RESOLUTION APPROVING AMENDMENTS TO THE
HOUSING AUTHORITY OF SAN LUIS OBISPO'S
ADMINISTRATIVE PLAN
FOR NIPOMO 40 LP PROJECT-BASED VOUCHERS
PREFERENCES FOR THE WAITING LIST**

WHEREAS, the Housing Authority of San Luis Obispo (hereinafter "HASLO") has an Administrative Plan applicable to the Housing Choice Voucher Program; and

WHEREAS, HASLO has awarded Nipomo 40, Limited Partnership thirty-nine (39) Project-Based Vouchers (PBV); and

WHEREAS, HASLO has agreed to maintain a separate waiting list for the Nipomo 40 PBV units, and

WHEREAS, the regulations permit the Housing Authority to establish preferences in the management of the waiting list; and

WHEREAS, the preferences established for the initial marketing, applications and wait list for Nipomo 40 were created in order to address the needs of the community for this brand-new property, including Nipomo and Anderson Hotel preferences; and

WHEREAS, after establishment of these initial wait list preferences the ongoing wait list will be managed under the same preferences as the rest of the PBV waiting lists maintained by HASLO, which consist of live or work in SLO County and Veterans.

NOW THEREFORE BE IT RESOLVED, that the Board of Commissioners approves the following weighted preferences for the 40 Project-Based Vouchers applications submitted to the Project-Based Voucher Waiting, as an amendment to HASLO's Administrative Plan for the long-term maintenance of the Waiting List:

Weight	Preference
2 points	SLO County – live or work
1 point	Veteran

On motion of Commissioner _____, seconded by Commissioner _____,
and on the following roll call votes:

AYES:

NOES:

ABSENT:

ABSTAINED:

The foregoing Resolution was duly adopted and passed this 17th day of February, 2022.

JAY C. BECK, CHAIRMAN

SEAL:

ATTEST:

SCOTT SMITH, SECRETARY

**Recording Requested By:
City of Grover Beach
and When Recorded
Return To:**

**Matthew Bronson, City Manager
City of Grover Beach
154 S. 8th Street
Grover Beach, CA 93433**

**DISPOSITION AND DEVELOPMENT AGREEMENT
(Clever Property Affordable Housing Project)**

This DISPOSITION AND DEVELOPMENT AGREEMENT (“**Agreement**”) is dated as of [Month, Date] 2022 (the “**Effective Date**”), by and among the CITY OF GROVER BEACH, a municipal corporation (the “**City**”), and CLEAVER & CLARK COMMONS, L.P., a California limited partnership (“**Developer**”) and the HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO (“**HASLO**”), a California public agency. The City and Developer may be referred to individually as a “**Party**” or together as the “**Parties**.”

RECITALS

A. Capitalized terms used but not defined in these Recitals shall have the meaning set forth in Section 1.0 below.

B. The purpose of this Agreement is to advance City's purposes and goals in facilitating the development of an affordable housing project in City.

C. The City is the owner of approximately 36,750 square feet of real property located on South 13th Street approximately 200 feet south of West Grand Avenue, Grover Beach, California (the “**City Property**”), more particularly described in Attachment 1-A. HASLO currently has site control for 1206 West Grand Avenue, adjacent to the Property (“**Adjacent Property**”), more particularly described in Attachment 1-B. Collectively, the City Property and the Adjacent Property may be referred to as the “**Site**.”

D. The City Property is currently unimproved with the exception of a small landscaped public seating area; there is an existing building on the Adjacent Property. The project to be constructed by Developer under this Agreement will be an affordable housing project (the “**Project**”) developed on the Site. As part of implementing its Housing Element, the City has re-designated the Site as Central Business Open (CBO) with a Planned Development Overlay zoning. The Project will be consistent with the land use designation for the Site under the General Plan and City's zoning ordinance at the time the Developer applies to the City for the Project’s building permits. Developer will also incorporate an oak tree design into the Project signage.

Disposition and Development Agreement for Cleaver Property

E. The Project will consist of fifty-three (53) rental units, including one (1) manager's unit and fifty-two (52) affordable rental units subject to a City Regulatory Agreement in a form approved by the Parties (the "**City Regulatory Agreement**") that will restrict twenty-six (26) of the units to households earning up to 60% of area median income. Developer intends to apply for an allocation of Low-Income Housing Tax Credits for fifty-two (52) units that will be restricted by the California Tax Credit Allocation Committee to households earning up to 60% of area median income and one (1) unrestricted manager's unit. The Project will be constructed on the land described on Attachments 1-A and 1-B, which is currently owned in part by the City and in part by a third party over which HASLO has site control. City will also waive the street construction of West Grand Avenue to the centerline consistent with Grover Beach Municipal Code Section 5.20.030.A. The Project shall be constructed in substantial conformance to the conditions, plans and specifications contained in Development Permit No. 21-20 and Resolution No. 21-41 approved by the City Council in its regulatory capacity at the December 13, 2021 Council meeting. The Developer will incorporate oak tree elements into the Project signage and designs and use reasonable efforts to use the existing oak tree stump that is to be removed as part of the design of this project for some common area art purpose.

F. The Parties wish to enter into this Agreement to set forth the terms and conditions relating to City's disposition of the City Property to HASLO via a land donation and to define HASLO's obligation to transfer the City Property to the Developer to create the Project.

G. The City desires that the Project be developed to create affordable housing to help provide units affordable to lower income households, consistent with the City's adopted Housing Element. The development of the Project as provided for in this Agreement is in the vital and best interest of City and enhances the welfare of City's residents and increases affordable housing in accordance with the public purposes and provisions of applicable state and local laws. Moreover, the City will transfer the City Property to HASLO, a public entity, subject to the conditions of this Agreement, whose public purpose involves the development and management of affordable housing. HASLO will subsequently transfer the City Property to the Developer to create the Project in furtherance of HASLO's public purposes. Accordingly, the City Property is being transferred both for the City's use and to another public agency for its use. Therefore, the City Property is not "surplus," and it is exempt from the Surplus Land Act; each of which provides a sufficient and independent basis for the disposition of the City Property to HASLO under the process set forth in this Agreement.

H. The Parties understand and acknowledge the property subject to this Agreement owned by the City was subject to a Power of Termination held by the Veterans of Foreign Wars for Children ("**VFW**"). The Developer cooperated with the City's efforts to acquire the real property interest held by the VFW and agreed to pay the City the amount of half of the City's purchase price for that interest. The City entered into a Settlement Agreement with VFW, dated October 26, 2020, and the purchase price paid by the City was \$50,000.00. The Developer has agreed to pay the City the sum of \$25,000.00 for the Developer's share of the VFW Settlement Agreement ("**Settlement Contribution**"), payable to City upon the Effective Date of this Agreement.

NOW, THEREFORE, in reliance on the Recitals above, which are incorporated by reference herein with the same force and effect as any other term and condition of this Agreement, and in consideration of the mutual covenants, agreements and conditions set forth herein, and for

Disposition and Development Agreement for Cleaver Property

other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by the Parties, the Parties hereby agree as follows:

AGREEMENT

1. Definitions.

As used in this Agreement, including the Recitals above, the following capitalized terms shall have the following meanings.

"Actual Knowledge" in the case of Developer shall mean the actual knowledge of the President of People's Self-Help Housing or the Executive Director of HASLO and in the case of City shall mean the actual knowledge of the City Manager (not inclusive of any designee), and in each instance shall not impose a duty of investigation by City or Developer.

"Agreement" shall mean this Disposition and Development Agreement between City, Developer, and HASLO.

"Approved Uses" is defined in Section 3.13.a.

"Certificate of Occupancy" is defined in Section 5.4.

"City" shall mean the City of Grover Beach, California, a California municipal corporation.

"City Regulatory Agreement" is defined in Recital E.

"City Manager" shall mean the City Manager of City or his or her designee.

"City's Conditions Precedent" shall mean the conditions precedent to the Close of Escrow to the benefit of City, as set forth in Section 3.10.a.

"Close of Construction Financing" shall mean collectively, (i) the acquisition of and closing on one or more construction or construction/permanent loans disbursed by a bank, city, county, state or other lending entity that shall evidence sufficient funds to complete construction of the Project, and (ii) the admission of an investor limited partner and receipt of an initial capital contribution in the approximate original amount required to complete construction of the Project. Close of Construction Financing assumes that Developer will receive a Tax Credit Allocation as defined in Section 2.2 and is scheduled to occur prior to December 31, 2024.

"Close of Escrow" shall mean the date that a grant deed for the City Property in favor of HASLO is recorded in the Official Records of the County Recorder's Office.

"Closing Date" shall mean that date ending thirty (30) days after HASLO's Conditions Precedent and City's Conditions Precedent have been satisfied or waived.

"County" shall mean the County of San Luis Obispo.

"Default" shall mean the failure of a Party to perform any action or covenant required by this Agreement within the time periods provided herein following notice and opportunity to cure.

Disposition and Development Agreement for Cleaver Property

"Default Notice" shall have the meaning set forth in Section 7.1.

"Developer" shall mean Cleaver & Clark Commons, L.P., a California limited partnership, the managing general partner of which is affiliated with People's Self-Help Housing, which is defined below.

"Effective Date" shall be the first date mentioned above in this Agreement.

"Exceptions" shall have the meaning set forth in Section 3.9.

"Governmental Requirements" shall mean all laws, ordinances, statutes, codes, rules, regulations, orders and decrees of the United States, the State, the County, City, or any other political subdivision in which the Site is located, and of any other political subdivision, which are applicable to City, Developer or the Site.

"Grant Deed" shall mean the grant deed for the conveyance of the Site from City to HASLO.

"HASLO's Conditions Precedent" shall mean the conditions precedent to the Close of Escrow for the benefit of HASLO, as set forth in Section 3.10.b.

"Hazardous Materials" shall mean any chemical, substance, object, condition, material or waste that is or may be hazardous to human health or safety or to the environment, due to its radioactivity, ignitability, corrosivity, flammability, reproductive toxicity, infectiousness or other harmful properties or effects, including all chemicals, substances, materials and wastes that are now or hereafter may be regulated in any manner, classified as dangerous, hazardous or toxic, or as pollutants or contaminants, or to which exposure is prohibited or restricted by any federal, state or local government or public agency, board, body or authority or by any Hazardous Material Law. "Hazardous Materials" include flammable explosives, radioactive materials, polychlorinated biphenyls, asbestos, hazardous waste, radon, toxic substances or other related materials whether in the form of a chemical, element, compound, solution, mixture or otherwise, including those materials defined as "hazardous substances", "hazardous materials", "toxic substances", "air pollutants", "toxic pollutants", "hazardous wastes", "extremely hazardous waste" or "restricted hazardous waste" by any Hazardous Materials Law. Notwithstanding the foregoing, "Hazardous Materials" shall not include substances typically used in the ordinary course of developing, operating and maintaining apartment complexes provided that such substances are used in accordance with all applicable laws.

"Hazardous Materials Law" means, without implied limitation, substances defined as "hazardous substances," "hazardous material," "toxic substance," "solid waste," or "pollutant or contaminate" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Sections 9601, et seq.; the Toxic Substances Control Act ("TSCA") [15 U.S.C. Sections 2601, et seq.]; the Hazardous Materials Transportation Act, 49 U.S.C. Sections 1801, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. Sections 6901, et seq.; those substances listed in the United States Department of Transportation (DOT) Table [49 CFR 172.101], or by the EPA, or any successor authority, as hazardous substances [40 CFR Part 302]; and those substances defined as "hazardous waste" in Section 25117 of the California Health and Safety Code or, as "hazardous substances" in Section 25316 of the California Health and Safety Code; other substances, materials, and wastes that are, or become, regulated or classified as

Disposition and Development Agreement for Cleaver Property

hazardous or toxic under federal, state, or local laws or regulations and in the regulations adopted pursuant to said laws, and shall also include manure, asbestos, polychlorinated biphenyl, flammable explosives, radioactive material, petroleum products, and substances designated as a hazardous substance pursuant to 33 USC Section 1321 or listed pursuant to 33 USC Section 1317.

"Holder" shall have the meaning set forth in Section 4.1.

"Notice" shall mean a notice in the form prescribed by Section 8.1.

"Opening of Escrow" shall mean the date a copy of this fully executed Agreement is deposited with the Title Company and a request on Escrow Holder is made to open escrow.

"People's Self-Help Housing" shall mean People's Self-Help Housing Corporation, a California nonprofit public benefit corporation.

"Project" is defined in Recital D above and is described in the Scope of Development.

"Project Partnership" shall have the meaning set forth in Section 8.3.a.

"Right of Entry" shall have the meaning set forth in Section 3.13.a.

"Schedule of Performance" attached hereto as Attachment 4 summarizes and describes the tasks and assigns responsibility and the timing of accomplishing the proposed steps leading to the successful completion of the Project pursuant to the terms and conditions of this Agreement. The Schedule of Performance is subject to administrative amendment, by the City Manager, for minor revisions in tasks and scheduling. Developer's covenant below to strictly adhere to the Schedule of Performance is a material inducement to City to enter this Agreement.

"Scope of Development" defined with Development Permit No. 21-20 and Resolution No. 21-41 approved by the City Council (as it may be modified from time to time with City approval) describes the amount and quality of development of the Project to be constructed by Developer pursuant to the terms and conditions of this Agreement. The Scope of Development is subject to administrative amendment, by the City Manager, for minor revisions in location, size, and design.

"Site" shall mean the land described on Attachment 1-A and 1-B.

"State" shall mean the State of California.

"Studies" shall have the meaning set forth in Section 3.12.

"Tax Credit Allocation" shall have the meaning set forth in Section 2.2.

"Tax Credits" shall have the meaning set forth in Section 2.2.

"Title Company" shall mean First American Title Company in San Luis Obispo, California, or another escrow title company satisfactory to HASLO, Developer, and to the City Manager.

"Title Policy" shall have the meaning set forth in Section 3.3.

Disposition and Development Agreement for Cleaver Property

2. Term and Financing.

2.1 Term. The term of this Agreement will commence on the Effective Date and will end on the earlier of: (a) the date the Project receives a Certificate of Occupancy, as defined in Section 5.4, or (b) December 31, 2026, unless extended by mutual agreement of the Parties (“**Outside Date**”).

2.2 Tax Credit Financing and Other Financing. Development of the Project is contingent upon (a) Developer receiving a sufficient allocation (“**Tax Credit Allocation**”) of 9% low-income housing tax credits (“**Tax Credits**”) from the California Tax Credit Allocation Committee (“**CTCAC**”); and (b) the Close of Construction Financing. This Agreement assumes that the Project will be financed with 9% Tax Credits. However, Developer shall have the right to apply for additional or different sources of financing as Developer determines is necessary to ensure the feasibility of the Project. In the event that the Close of Construction Financing does not occur prior to December 31, 2024, unless extended by mutual agreement of the Parties or in accordance with the provisions of Section 8.2 of this Agreement, the Developer or HASLO shall deed the City Property back to the City in substantially the same condition that the City Property existing as of the Close of Escrow and without any new encumbrances of title not otherwise approved by City.

3. City Property Conveyance.

3.1 City Property Conveyance; Fair Market Donation Value. City agrees to convey the City Property to HASLO and HASLO agrees to acquire the City Property from City in accordance with and subject to all of the terms, covenants, and conditions of this Agreement. The Fair Market Donation Value for the City Property to be donated by the City to HASLO, based on the fair market value of the City Property is approximately \$900,000 to \$975,000, which figure shall ultimately be established by a third-party appraisal in conjunction with the Developer’s application for Tax Credits (the “**Fair Market Donation Value**”). The City will convey fee simple title to the City Property to HASLO subject to a power of termination as described in Section 7.5 below.

3.2 Escrow. The Parties to this Agreement shall take all necessary steps to ensure the Opening of Escrow with the Title Company, which is to occur no later than fourteen (14) days after the Effective Date.

3.3 Costs of Escrow and Title Policy. HASLO shall pay for the premium for a CLTA owner's policy of title insurance in favor of HASLO (“**Title Policy**”). Developer shall pay the additional premium for an ALTA Owner's Title Policy and any endorsements if Developer desires an ALTA Owner's Title Policy. Escrow fees and charges shall be equally divided between the Parties. City shall pay documentary transfer taxes, if any.

3.4 Escrow Instructions. This Agreement constitutes the joint escrow instructions of HASLO and City for the conveyance of the City Property and of the recording of the City Regulatory Agreement, and the Escrow Agent to which these instructions are delivered is hereby empowered to act under this Agreement. Any insurance policies for fire or casualty are not to be transferred, and City will cancel any of its own policies concurrent, with the Close of Escrow. All funds received into Escrow shall be deposited with other escrow funds in a general escrow

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account(s) and may be transferred to any other such escrow trust account in any State or National Bank doing business in the State of California. All disbursements shall be made by check or wire transfer from such account. If in the opinion of either Party or Escrow Agent it is necessary or convenient in order to accomplish the Close of Escrow, the Parties shall sign supplemental escrow instructions; provided, however, that if there is any inconsistency between this Agreement and the supplemental escrow instructions, then the provisions of this Agreement shall control unless both Parties expressly agree, in writing, to the superseding nature of supplemental escrow instructions. The Parties agree to execute such other and further documents as may be reasonably necessary to effectuate the provisions of this Agreement.

3.5 Authority of Escrow Agent. Escrow Agent is authorized to, and subject to the satisfaction (or written waiver) of HASLO's Conditions Precedent and City's Conditions Precedent, shall:

(a) Confirm that the Title Company has committed to provide HASLO with a CLTA Owner's Policy of Title Insurance.

(b) Pay and charge City and/or HASLO for the cost(s) of any escrow fees, charges, and costs payable under Section 3.3 of this Agreement.

(c) Record the Grant Deed for the City Property and then the City Regulatory Agreement.

(d) Direct City and HASLO to execute and to deliver any instrument, affidavit, and statement, and to perform any act reasonably necessary to transfer the City Property in compliance with State and federal laws and regulations, including execution by City and HASLO of forms to comply with Foreign Investment in Real Property Tax Act of 1980 (FIRPTA) and any similar California law to ensure no withholding is required.

(e) Take such other actions as Escrow Agent is expressly or implicitly authorized to take by this Agreement.

3.6 Closing. The Close of Escrow shall occur no later than thirty (30) days following the satisfaction or waiver of each of HASLO's Conditions Precedent and the City's Conditions Precedent.

3.7 Termination Prior to Close of Escrow. In the event Close of Escrow has not occurred by December 31, 2024, either City, HASLO, or Developer shall be entitled to terminate this Agreement, without cause or justification, by written notice, both to the other Parties and to Escrow Agent, so long as the terminating Party is not in Default of this Agreement. Within five (5) business days after written notice of termination, Escrow Agent shall terminate the Escrow and return any money, documents, or other property held in Escrow to the Party who deposited the items, unless a written objection is received by Escrow Agent within this five (5) day period. If any written objections are received by the Escrow Agent within the five (5) day period, Escrow Agent is authorized to hold all money, documents, or other property until instructed to the contrary by a court of competent jurisdiction, or by mutual written instructions of the Parties.

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3.8 Closing Procedures. Escrow Agent shall effect the Close of Escrow for the City Property as follows:

- (a) Record the Grant Deed and City Regulatory Agreement;
- (b) Cause the Title Company to deliver the Title Policy to HASLO and/or Developer;
- (c) Forward to HASLO and to City a final settlement statement covering all funds received and disbursed for the benefit of or to each Party.

3.9 Title Insurance. Concurrently with recordation of the Grant Deed conveying title to the City Property to HASLO, Title Company shall issue to HASLO the Title Policy, together with such endorsements as are required by HASLO, insuring that the title to the City Property is vested in HASLO subject to the Exceptions (except for any Exceptions that City has agreed to remove) and a power of termination as set forth in Section 7.5 below. The Exceptions shall be those disclosed by the preliminary title report provided under the Title Policy.

(a) Title Status. Developer and HASLO have received a Preliminary Title Report dated December 7, 2021, a copy of which is included as Attachment 3 to this Agreement. The City and People's Self-Help Housing have reached a settlement to extinguish any rights to the Property held by the Veterans of Foreign Wars Home For Children (VFW) and have obtained from VFW and the Cleaver Memorial Trust quitclaim deeds. The City has caused the recording of the quitclaim deeds ("the Deeds") negotiated pursuant to the settlement from VFW and received from the Cleaver Memorial Trust, dated October 26, 2020, wherein based upon the recordation of the Deeds, Developer and HASLO agrees there are no objections or exceptions to the current title related to interest previously held by VFW or Cleaver Memorial Trust.

3.10 Conditions of Closing. The Close of Escrow is expressly conditioned upon satisfaction of the following terms and conditions within the times designated below:

(a) City's Conditions Precedent. City's obligation to proceed with the Close of Escrow is subject to the fulfillment by Developer and/or HASLO, as applicable, or written waiver by City, of each and every one of the conditions precedent described below ("**City's Conditions Precedent**"), which are solely for the benefit of City, and which shall be fulfilled or waived by the time periods provided for herein. If the City's Conditions Precedent set forth in this Section are neither satisfied nor waived by the Outside Date, and provided that City is not then in default under this Agreement, City may terminate escrow and this Agreement by giving written notice of termination to HASLO, the Developer and to Title Company, in which case the respective rights, duties and obligations of the Parties under this Agreement shall terminate without further liability, except for obligations that expressly survive termination of this Agreement. Notwithstanding anything to the contrary contained herein, HASLO's and/or Developer's inability to satisfy the City's Conditions Precedent set forth in this Section shall not be considered a breach of this Agreement. The Close of Escrow under this Agreement constitutes satisfaction of the conditions precedent set forth below:

(i) HASLO's delivery of originals of the executed City Regulatory Agreement in a form approved by the Parties.

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(ii) HASLO's deposit into Escrow, of all sums to be deposited, or paid by HASLO into Escrow in accordance with this Agreement.

(iii) The Title Company shall have committed to provide the Title Policy for the Site upon the Close of Escrow subject only to payment for it in accordance with Section 3.3 above.

(iv) HASLO and Developer shall not be in Default of any of its obligations under the terms of this Agreement and all representations and warranties of HASLO and Developer contained in Section 3.11.b herein shall be true and correct in all material respects.

(v) The Developer shall have paid the City the Settlement Contribution.

(b) HASLO's Conditions Precedent. HASLO's obligation to proceed with the Close of Escrow is subject to the fulfillment by City, or written waiver by HASLO, of each and all of the conditions precedent described below ("**HASLO's Conditions Precedent**"), which are solely for the benefit of HASLO, and which shall be fulfilled or waived by the time periods provided for herein. If the HASLO's Conditions Precedent set forth in this Section are neither satisfied nor waived by the Outside Date, and provided that HASLO is not then in default under this Agreement, HASLO may terminate escrow and this Agreement by giving written notice of termination to City and Title Company, in which case the respective rights, duties and obligations of the Parties under this Agreement shall terminate without further liability, except for obligations that expressly survive termination of this Agreement. Notwithstanding anything to the contrary contained herein, City's inability to satisfy the HASLO's Conditions Precedent, except for the HASLO's Condition Precedent identified in subsection (i), shall not be considered a breach of this Agreement. The Close of Escrow under this Agreement constitutes satisfaction of the conditions precedent set forth below:

(i) City shall have executed and acknowledged the Grand Deed granting a fee simple interest to the City Property, subject to a power of termination as set forth in Section 7.5 below, and any other documents required of it hereunder, and delivered them to Escrow.

(ii) Prior to the Close of Escrow, City shall not be in Default in any of its obligations under the terms of this Agreement and all representations and warranties of City contained in Section 3.11.a herein shall be true and correct in all material respects.

(iii) The Title Company shall have committed to issue the Title Policy.

3.11 Representations and Warranties.

(a) City Representations. City represents and warrants to Developer and HASLO as follows:

(i) Subject to the satisfaction of the conditions precedent in the Recitals of this Agreement and Sections 3.10.a and 3.10.b, above, City has full right, power and lawful authority to grant and to convey the City Property, subject to the Exceptions included on the Preliminary Title Report, and the execution, performance and delivery of this Agreement and the

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instruments referenced herein by City has been duly authorized by all requisite actions on the part of City.

(ii) Subject to the understanding of the Parties in Section 3.9 and the representations in this Section 3.11, City's execution, delivery, and performance of its obligations under this Agreement and the instruments referenced herein will not constitute a default or a breach under any contract, agreement or order to which City is a Party or by which it is bound.

(iii) To City's Actual Knowledge, there are no pending actions, suits, arbitrations, claims or proceedings, at law, in equity or otherwise, affecting, or which may affect, all or any portion of the City Property.

(iv) Except as otherwise disclosed in Section 3.9 and the representation in this Section 3.11, to City's Actual Knowledge, there are no agreements (whether oral or written), affecting or relating to the right of any Party with respect to the possession of the City Property, or any portion thereof, which are obligations that will affect the City Property or any portion thereof following the Close of Escrow.

Until the Close of Escrow, City shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section not to be true as of Close of Escrow, immediately give written notice of such fact or condition to Developer and HASLO. Such exception(s) to a representation shall not be deemed a breach by City hereunder but shall constitute a matter that Developer and HASLO shall have a right to approve or disapprove if such matter would have a material adverse effect on the value and/or operation of the Project. If Developer and HASLO elect to proceed with the Close of Escrow following disclosure of such information, City's representations and warranties contained herein shall be deemed to have been made as of the Close of Escrow, subject to such additional matters. If, following the disclosure of such information, Developer and HASLO elect to not close Escrow, then this Agreement and Escrow shall automatically terminate, and neither Party shall have any further rights, obligations or liabilities hereunder.

The representations and warranties set forth in this Section shall survive the Close of Escrow.

(b) Developer's Representations. Developer represents and warrants to City as follows:

(i) Developer is a California limited partnership, which has full right, power and lawful authority to accept the conveyance of the City Property from HASLO, develop the Project on the Site, and undertake all obligations as provided herein.

(ii) The execution, performance and delivery of this Agreement by Developer has been fully authorized by all requisite actions on the part of its managing general partner.

(iii) To Developer's Actual Knowledge, there are no pending actions, suits, arbitrations, claims or proceedings, at law, in equity or otherwise, affecting, or which may affect Developer's performance of this Agreement.

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(iv) Developer has the skill, knowledge and expertise to finance, construct and operate the Project contemplated by this Agreement.

Until the Close of Escrow, Developer shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section not to be true as of Close of Escrow, immediately give written notice of such fact or condition to City. Such exception(s) to a representation shall not be deemed a breach by Developer hereunder but shall constitute a matter that City shall have a right to approve or disapprove if such matter would have a material adverse effect on the development and/or operation of the Project. If City elects to proceed with the Close of Escrow following disclosure of such information, Developer's representations and warranties contained herein shall be deemed to have been made as of the Close of Escrow, subject to such exception(s). If, following the disclosure of such information, City elects to not close Escrow, then this Agreement and Escrow shall automatically terminate, and neither Party shall have any further rights, obligations or liabilities hereunder.

The representations and warranties set forth in this Sections shall survive the Close of Escrow.

(c) HASLO's Representations. HASLO represents and warrants to City as follows:

(i) HASLO is a California public agency, which has full right, power and lawful authority to accept the conveyance of the City Property, develop the Project on the Site, and undertake all obligations as provided herein.

(ii) The execution, performance and delivery of this Agreement by HASLO has been fully authorized by all requisite actions on the part of HASLO, including but not limited to HASLO identification, appropriation, and budgeting of all funds necessary to design and construct the Project.

(iii) To HASLO's Actual Knowledge, there are no pending actions, suits, arbitrations, claims or proceedings, at law, in equity or otherwise, affecting, or which may affect HASLO's performance of this Agreement.

(iv) HASLO has the skill, knowledge and expertise to finance, construct and operate the Project contemplated by this Agreement.

Until the Close of Escrow, HASLO shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section not to be true as of Close of Escrow, immediately give written notice of such fact or condition to City. Such exception(s) to a representation shall not be deemed a breach by HASLO hereunder but shall constitute a matter that City shall have a right to approve or disapprove if such matter would have a material adverse effect on the development and/or operation of the Project. If City elects to proceed with the Close of Escrow following disclosure of such information, HASLO's representations and warranties contained herein shall be deemed to have been made as of the Close of Escrow, subject to such exception(s). If, following the disclosure of such information, City elects to not close Escrow, then this Agreement and Escrow shall automatically terminate, and neither Party shall have any further rights, obligations or liabilities hereunder.

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The representations and warranties set forth in this Sections shall survive the Close of Escrow.

3.12 City Property Inspections.

(a) Developer shall be permitted to inspect the City Property from the Effective Date of this Agreement until the date that is six (6) months after the Effective Date for the purpose of obtaining data and making surveys and tests necessary to complete its due diligence, of the City Property, including the investigation of the environmental condition of the City Property (collectively, the "**Studies**"). Any preliminary work or Studies undertaken on the City Property by Developer shall be done at the sole expense and risk of Developer and Developer shall provide to City a copy of all Studies. Any preliminary work or Studies shall be undertaken only after securing any necessary authorization and/or permits from the appropriate governmental agencies. Any Studies of the City Property by the Developer shall not unreasonably disrupt any then-existing use or occupancy of the City Property or the operations of the City. The Developer shall be liable for any damage or injury to any person or property arising from the acts of the Developer, its employees, agents or representatives during the course of any Studies on the City Property and the Developer shall indemnify, defend with counsel reasonably acceptable to the City and hold harmless the City and its elected officials, officers, directors, attorneys, contractors, agents and employees from any and all actual or alleged liens, claims, demands or liability arising from Developer or its agents' presence on the property or any Studies by the Developer on the City Property.

(b) Upon completion of the Studies, but at no point later than One Hundred Eighty (180) days following the Effective Date, Developer shall deliver a Due Diligence Investigation Conclusion Notice indicating the Developer's unconditional acceptance of the condition of the City Property and shall evidence the acceptance of the condition of the City Property by Developer in its existing "AS IS," "WHERE IS" and "SUBJECT TO ALL FAULTS" condition. Developer's unconditional and irrevocable acceptance of the City Property in the City Property's AS IS, WHERE IS, SUBJECT TO ALL FAULTS CONDITION, WITHOUT WARRANTY AS TO QUALITY, CHARACTER, PERFORMANCE OR CONDITION, including any warranty as to title, physical condition, soil conditions, the presence or absence of fill, subsurface support, zoning, land use restrictions, the availability or location of utilities or services, the location of any public infrastructure on or off of the City Property (active, inactive or abandoned), the suitability of the Site for the Project or other use or the existence or absence of Hazardous Substances and with full knowledge of the physical condition of the City Property, the nature of Developer's interest in and use of the City Property, all Laws applicable to the City Property, the Permitted Exceptions and any and all conditions, covenants, restrictions, encumbrances and all matters of record relating to the Site. Developer represents and warrants to City that: (a) Developer has had ample opportunity to inspect and evaluate the City Property and the feasibility of the uses and activities Developer is entitled to conduct on the City Property in accordance with this Agreement; (b) Developer is experienced in real estate development; (c) Developer is relying entirely on Developer's experience, expertise and its own inspection of the City Property in its current state in proceeding with acquisition of the City Property; (d) Developer accepts the City Property in its present condition including all environmental and hazardous material conditions on the property; and (e) to the extent that Developer's own expertise with respect to any matter regarding the City Property is insufficient to enable Developer to reach an

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informed conclusion regarding such matter, Developer has engaged the services of Persons qualified to advise Developer with respect to such matters. The Close of Escrow shall constitute Developer's representation and warranty to City that Developer has received assurances acceptable to Developer by means independent of the City of the truth of all facts material to Developer's acquisition of the City Property pursuant to this Agreement and that the City Property is being acquired by Developer as a result of its own knowledge, inspection and investigation of the City Property and not as a result of any representation made by the City relating to the condition of the Site, unless such statement or representation is expressly and specifically set forth in this Agreement. Except to the extent of any express representations and warranties of City specifically set forth in this Agreement (if any), City hereby expressly and specifically disclaims any express or implied warranties regarding the City Property.

3.13 Right of Entry.

(a) Right of Entry. City hereby grants to Developer and its authorized agents and contractors the nonexclusive right to enter upon the City Property (the "**Right of Entry**") to undertake the Approved Uses, defined below, only, and expressly for no other purposes without the prior written approval of the City Manager, which approval the City Manager may grant or deny in good faith to meet the objectives of this Agreement. "**Approved Uses**" shall mean that Developer and its contractors, employees, agents, assigns, experts and vendors have the right to enter onto the City Property for the purposes of (i) inspecting the City Property, (ii) performing initial civil engineering studies including performing topographical and boundary surveys, (iii) obtaining soil samples, and (iv) performing environmental studies.

(b) Term of Right of Entry. This Right of Entry shall automatically terminate and expire on the first to occur of the following: (i) one-hundred eighty (180) days from the Effective Date of this Agreement, or (ii) upon the execution and delivery of title and possession of the City Property by City to HASLO (iii) upon the termination of the Agreement.

(i) It is expressly understood this Right of Entry does not in any way whatsoever grant or convey any rights of possession, easement or other interest in the City Property to Developer, at this point in time, or through this Right of Entry.

(ii) Under the terms of this Right of Entry, in no event shall Developer use the City Property in any manner beyond the scope of the Approved Uses. In the event Developer undertakes any other use at the City Property outside the scope of the described Approved Uses, this Right of Entry shall automatically terminate and Developer shall immediately vacate the City Property, shall have no further rights to enter the City Property for the Approved Uses and shall be liable and responsible to City for any and all damages, claims, and mechanics liens, if any, relating to the City Property.

(iii) All acts and things done by Developer on the City Property will be done in a careful and reasonable manner, in accordance with all applicable Federal, state and local laws.

(iv) Developer enters the City Property entirely at its own cost, risk and expense, and Developer acknowledges that City and its officers, employees, agents or contractors,

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have made no warranty or representation to Developer that the City Property, or any part thereof is safe or suitable for the intended purposes of the Approved Uses.

(v) Before Developer's entry upon the City Property and during the period of this Right of Entry, there shall be in effect policies of insurance in the amount set forth as required under Section 3.13.c herein.

(vi) Developer shall not permit any mechanics', materialmen's or other liens of any kind or nature to be filed or enforced against the City Property. If any such lien is filed against the City Property, Developer, within thirty (30) days after such filing, will either cause such lien to be lifted or will provide a bond in favor of City for the amount of the claim pursuant to which the lien is filed.

(vii) During the term of this Right of Entry, Developer shall maintain the City Property in a safe and good condition resulting from the entry and work thereon by Developer and Developer's contractors and agents. Developer will not be responsible for any conditions, damage, or injuries caused by a third party exercising the Right of Entry.

(c) Insurance Requirements. In connection with the right of entry granted to Developer under this Agreement, Developer shall present City with evidence of a general liability insurance policy with limits consistent with Section 5.3, below.

3.14 City Property Condition.

(a) Disclosure Regarding Condition of City Property. City hereby represents and warrants to Developer that, acknowledging the City has done no environmental Level One or Two investigations or any investigation related to hazardous waste, it has no Actual Knowledge of the presence of surface or subsurface Hazardous Materials in, on or under the City Property or any portion thereof except as may have been previously disclosed to Developer.

(b) Investigation. Developer, before the Close of Escrow and at its own sole expense, shall be responsible for obtaining an environmental investigation of the City Property performed by an environmental consultant within the period described in Section 3.12 above, and shall promptly provide City with a copy of all reports and test results provided by its environmental consultant.

(c) Precautions Before Closing. Before the Close of Escrow, City and Developer shall use commercially reasonable efforts to prevent the release into the environment of any Hazardous Materials that may be located in, on or under the City Property. Such precautions shall include compliance with all Governmental Requirements with respect to Hazardous Materials.

(d) Hazardous Materials Indemnification by the Parties. Each Party agrees that before the Close of Escrow and HASLO also agrees after the Close of Escrow to indemnify, defend and hold the other Parties and its respective officers, employees, agents, representatives and volunteers harmless from and against any claim, action, suit, proceeding, damage, liability, deficiency, fine, penalty, or punitive damage (including, without limitation, reasonable attorneys' fees), resulting from, arising out of, or based upon (i) the release, use, generation, discharge,

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storage or disposal of any Hazardous Materials on, under, in or about, or the transportation of any such Hazardous Materials to or from, the City Property, or (ii) the violation, or alleged violation, of any statute, ordinance, order, rule, regulation, permit, judgment or license relating to the use, generation, release, discharge, storage, disposal or transportation of Hazardous Materials on, under, in or about, to or from, the City Property. City shall be responsible for third parties dumping waste, including Hazardous Materials, on or about the City Property before the Close of Escrow.

4. Project Financing.

4.1 Project Construction Financing; Holders of Deeds of Trust. Following HASLO's transfer of the City Property to the Developer, Developer shall have the right to hypothecate its interest in the Project pursuant to deeds of trust from lenders for the purpose of securing a loan or loans of funds to be used for financing the costs of the Project. Any lender of record, other than City, holding a deed of trust security such as those whose name and address shall have been provided by Developer to City shall be referred to herein as a "**Holder**" and collectively as "**Holders.**"

4.2 Rights of Holders. City shall deliver a copy of any notice or demand to Developer concerning any alleged breach or Default by Developer under this Agreement to each Holder. Such Holder shall have the right at its option to cure or remedy any such breach or default and to add the cost thereof to the secured debt and the lien of its security interest. If such breach or default can only be remedied or cured by such Holder upon obtaining possession, such Holder may remedy or cure such breach or default within a reasonable period of time after obtaining possession, provided such Holder seeks possession with diligence through a receiver or, if not possible, then by nonjudicial foreclosure or deed in lieu of foreclosure. The Holder shall not be obligated by the provisions of this Agreement to construct or complete the Project or any portion thereof or to guarantee such construction or completion; nor shall any covenant or any other provision in this Agreement be construed so to obligate such Holder; provided, however, that (i) nothing in this Agreement shall be deemed to permit or to authorize such Holder to devote the Project or any portion thereof to any uses or to construct any improvements thereon other than those uses and improvements provided for or authorized in this Agreement and (ii) such Holder shall not undertake or continue the construction or completion of the improvements comprising the Project beyond the extent necessary to conserve or to complete the same without assuming Developer's obligations hereunder. Any Holder completing the Project shall have and be subject to all of the rights and obligations of Developer set forth in this Agreement, including the right to City's issuance of a Certificate of Occupancy for the Project, and provided, further, any Holder that acquires the Property through a foreclosure action or deed in lieu of foreclosure shall take the Property subject to the City Regulatory Agreement and this Section 4.2, which City Regulatory Agreement shall require that the Property shall be used for affordable housing purposes throughout the term of the City Regulatory Agreement .

5. Development of the City Property.

5.1 Scope of Development.

(a) The Project. Developer shall use the City Property to develop the Project on the Site in substantial compliance with the Development Permit No. 21-20 and Resolution No.

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21-41. The Developer will explore the feasibility of implementing a local preference and a veteran's preference into the Project to the extent consistent with state and fair housing laws as well as any requirements imposed by the Project's funding sources.

(b) Schedule of Performance. The Project shall be developed in accordance with this Section as set forth in the Schedule of Performance attached as Attachment 4, subject to Section 8.2 (Force Majeure Delays).

(c) Subsequent Entitlement Approvals. The Property currently has a General Plan designation of Central Business Open (CBO) with a Planned Development Overlay for an affordable housing project. Developer shall be responsible for submitting to the City applications necessary to develop and operate the Project.

(d) Compliance with Environmental Laws; City Discretion Reserved.

(i) The Project is intended to be consistent with the General Plan and zoning designations for the Site, along with all applicable, objective development standards. The City has performed a CEQA analysis on the Project and found the Project, including all City actions to approve this Agreement, to be categorically exempt under the California Environmental Quality Act ("CEQA") under the Class 32 Infill Exemption.

(ii) This Agreement is subject to completion and approval of an Environmental Review in accordance with the National Environmental Policy Act ("NEPA") and 24 CFR Part 58 by the governmental agency with jurisdiction over Developer's proposed Project (the "**Responsible Entity**"). This Agreement shall be conditioned upon the Responsible Entity's determination to proceed with, modify or cancel its financial participation in the Project based on the results of the NEPA Environmental Review. This condition shall be deemed to have been satisfied upon the issuance to the Responsible Entity of an Authority to Use Grant Funds by the City, County, State of California, Department of Housing & Community Development ("**HCD**"), U.S. Department of Housing and Urban Development ("**HUD**") or any other local state or federal agency participating in the Project. This condition will apply through the date of receipt by the Developer of the Authority to Use Grant Funds.

5.2 Cost of Construction. Unless otherwise expressly stated herein, all of the costs of planning, designing, developing and constructing the Project and all applicable improvements on the Site, and any improvements required by City conditions of approval, shall be borne solely by Developer.

5.3 Insurance Requirements. Developer shall obtain and maintain or shall cause its contractor to obtain and maintain, until the issuance of the final Certificate of Occupancy by City, a commercial general liability policy in the amount of Two Million Dollars (\$2,000,000) per occurrence, and a comprehensive automobile liability policy in the amount of One Million Dollars (\$1,000,000) per occurrence, or such other policy limits as City may reasonably approve, including contractual liability, as shall protect Developer and City from claims for such damages, and which policy shall be issued by an "A" rated insurance carrier. Such policy or policies shall be written on an occurrence form. Developer shall also furnish or cause to be furnished to City evidence reasonably satisfactory to City that Developer and any contractor with whom it has contracted for

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the performance of work on the Site or otherwise pursuant to this Agreement carries workers' compensation insurance as required by law. Developer shall furnish a certificate of insurance countersigned by an authorized agent of the insurance carrier on a form approved by City setting forth the general provisions of the insurance coverage. This countersigned certificate shall include City and its officers, employees, agents, representatives and volunteers as additionally insured Parties under the policy, and the certificate shall be accompanied by a duly executed endorsement evidencing such additional insured status. The certificate and endorsement by the insurance carrier shall contain a statement of obligation on the part of the carrier to notify City of any material change, cancellation or termination of the coverage at least thirty (30) days in advance of the effective date of any such material change, cancellation or termination. Coverage provided hereunder by Developer shall be primary insurance and not be contributing with any insurance maintained by City, and the policy shall contain such an endorsement. The insurance policy or the endorsement shall contain a waiver of subrogation for the benefit of City.

5.4 Certificate of Occupancy. Promptly after completion of all construction and development required by this Agreement to be completed by Developer upon the Site (the "**Improvements**") in conformity with this Agreement, City shall furnish Developer with the "**Certificate of Occupancy**" upon written request by Developer. City shall not unreasonably withhold any such Certificate of Occupancy. The Certificate of Occupancy shall be a conclusive determination of satisfactory completion of the construction required by this Agreement upon the Site and the Certificate of Occupancy shall so state. The Certificate of Occupancy shall be in such form as to permit it to be recorded in the Recorder's Office of the County. If City refuses or fails to immediately furnish a Certificate of Occupancy after a written request by Developer, City shall, within ten (10) days of a written request provide Developer with a detailed written analysis, which identifies each and every reason why the City refused or failed to furnish a Certificate of Occupancy. The statement shall also contain City's opinion of all the actions that Developer must undertake to obtain a Certificate of Occupancy. If the reason for such refusal is confined to the immediate availability of specific items of materials for landscaping, or other minor items relating to the completion of construction that are unrelated to public health and safety issues which will be determined at the sole discretion of the City, City will issue its Certificate of Occupancy upon the posting of a bond or other security acceptable to City in City's reasonable discretion, in an amount representing a fair value of the work not yet completed.

5.5 Compliance With Laws. Developer shall carry out the design and construction of the Project in conformity with all applicable laws, including all applicable state labor standards and development standards.

6. Covenants and Restrictions.

6.1 Use of City Property. HASLO agrees to use the City Property solely to convey to Developer for the purpose of developing the subject affordable housing project that is the subject of this Agreement. Developer agrees to devote, use, operate, and maintain the City Property in accordance with this Agreement and the City Regulatory Agreement. City's willingness and lawful authority to enter into this Agreement arises from Developer's agreed use of the City Property (i.e., Developer's agreement to construct and to implement the Project in accordance with the Schedule of Performance and the City Regulatory Agreement). HASLO and Developer acknowledge that

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the City will not subordinate the City Regulatory Agreement to any Holder (as defined in Section 4.1 above).

6.2 Maintenance. Following issuance of the Certificate of Occupancy, Developer shall maintain or cause to be maintained the interiors and exteriors of the Project as required by the City Regulatory Agreement.

6.3 Nondiscrimination. Developer herein covenants by and for itself, its heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall Developer itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Project.

7. Default and Remedies.

7.1 Default Remedies. Subject to the extensions of time set forth in Section 8.2 of this Agreement, failure by either Party to perform any action, condition, or covenant required by this Agreement within the time periods provided herein, including the events and timeframes contained in Attachment 4, Schedule of Performances, following written notice and failure to cure as described herein, constitutes a "**Default**" under this Agreement unless defined otherwise within this Agreement. A Party claiming a default shall give written Default Notice (the "**Default Notice**") to the other Party specifying and detailing the particular default. The claimant shall not institute any proceeding against any other Party, and the other Party shall not be in default if a Party, within thirty (30) days from receipt of a Default Notice, cures such default, or if the nature of such default is that it cannot reasonably be expected to be cured within such thirty (30) day period, then the claimant shall not institute any proceeding against any other Party and the other Party shall not be in default if the Party receiving the Default Notice promptly commences to cure the default and thereafter completes such cure, correction or remedy with reasonable diligence. City hereby agrees that any cure of any default that is made or tendered by the investor limited partners or lenders of Developer shall be deemed to be a cure by Developer and shall be accepted or rejected on the same basis as if made or tendered by Developer. Upon expiration of an applicable Default Notice cure period, the non-defaulting Party may terminate this Agreement and pursue any and all remedies at law or in equity.

7.2 Termination by Any Party. Prior to the Close of Escrow, any Party shall have the right to terminate this Agreement, by providing written notice to the other Parties, in the event of a failure of any Condition Precedent to the Close of Escrow as set forth in Section 3.10 of this Agreement, provided that such condition is for the benefit of and such failure is outside the control of the Party seeking to terminate this Agreement. Upon such termination, neither the City nor Developer shall have any further rights against or liability to the other under this Agreement, except for indemnification rights that survive termination of this Agreement.

Disposition and Development Agreement for Cleaver Property

7.3 Termination by Developer. In the event Developer is not in Default under this Agreement, Developer may terminate this Agreement by written notice to City (and pursue its remedies for Default, if applicable) if any of the following events occur:

- (a) City does not tender title to the City Property pursuant to the Grant Deed in the manner and condition and by the date provided in this Agreement, or
- (b) Developer's Conditions Precedent are not satisfied on or before the time required by this Agreement; or
- (c) Default of City before the Outside Date that is not cured within the time set forth herein after written demand by Developer.

7.4 Termination by City.

(a) In the event City is not in Default under this Agreement, prior to the Close of Construction Financing City may terminate this Agreement (subject to the notice and cure provisions set forth in Section 7.1) by written notice to Developer (and pursue its remedies for Default, if applicable, including pursuing any and all other legal remedies it may have and/or its power of termination as set forth in Section 7.5 below) in the event of a default by a Developer or failure of any Condition Precedent prior to the Close of Construction Financing, including but not limited to the following:

- (i) Developer fails to satisfy any Condition Precedent to the Close of Escrow within the time established therefore in this Agreement; or
- (ii) Developer (or any approved successor in interest) assigns or attempts to assign any of Developer's rights in and to the City Property or any portion thereof or interest therein, or this Agreement or any portion hereof, except as permitted by this Agreement; or
- (iii) there is substantial change in the ownership of Developer, or with respect to the identity of the parties in control of a Developer, or the degree thereof contrary to the provisions of Section 8.3(a) of this Agreement; or
- (iv) there is any other material default by Developer under the terms of this Agreement which is not cured within the time provided herein.

(b) After the Close of Construction Financing but before the issuance of the Certificate of Occupancy, the City shall have the right to terminate this Agreement, in the event any of the following defaults shall occur:

- (i) Developer fails to commence construction of the Project as required by this Agreement and such breach is not cured within the time provided in Section 7.1 of this Agreement, provided that such Developer shall not have obtained an extension or postponement to which such Developer may be entitled pursuant to Sections 8.2 and 8.6 herein; or

Disposition and Development Agreement for Cleaver Property

(ii) Developer abandons or substantially suspends construction of the improvements, and such breach is not cured within the time provided in Section 7.1 of this Agreement, provided Developer has not obtained an extension or postponement to which such Developer may be entitled to pursuant to Sections 8.2 and 8.6 herein; or

(iii) Developer assigns or attempts to assign this Agreement, or any rights herein, or transfer, or suffer any involuntary transfer of their portion of the City Property, or any part thereof, in violation of this Agreement, and such breach is not cured within the time provided in Section 8.3(a) of this Agreement; or

(iv) Developer fails to provide the Completion Guaranty as provided in Section 7.6; or

(v) Developer otherwise materially breaches this Agreement, and such breach is not cured within the time provided in Section 7.1 of this Agreement.

7.5 City Power of Termination and Right of Reverter Prior to Close of Construction Financing. The Parties agree that the development of the City Property for the provision of affordable housing, as provided in this Agreement, is a condition subsequent, to which the fee simple estate in the City Property granted to HASLO (and Developer as HASLO's successor in interest) by the City is subject. If this Agreement is terminated by the City pursuant to Section 7.4(a) of this Agreement prior to the Close of Construction Financing, the City shall have the additional right, in its sole and absolute discretion, in addition to any other rights and remedies granted in this Agreement, to exercise a power of termination as described in California Civil Code Section 885.010 or in accordance to any pertinent provision within Chapter 5, Title 5, Part 2, Division 2 of the California Civil Code, to terminate and revert in the City the estate in the City Property previously conveyed to Developer pursuant to this Agreement and to re-enter and take possession of the City Property with any improvements thereon.

(a) Upon the City's exercise of its power of termination pursuant to this Section 7.5 or any other contractual right City may have under this Agreement, HASLO, the Developer, or its successors or assigns shall convey by grant deed to the City title to the City Property, as specified in the City's notice pursuant to Section 7.4(a), and all improvements thereon, in accordance with Civil Code Section 1109, as such code section may hereafter be amended, renumbered, replaced or substituted. Such conveyance shall be duly acknowledged by the property owner and a notary in a manner suitable for recordation. The City may enforce its rights and remedies pursuant to Section 7.5 by any lawful means, including but not limited to breach of contract, injunctive relief or forfeiture of title action filed in any court of competent jurisdiction

(b) With the exception of those rights granted to the City in Section 8.3(b), the City's rights pursuant to this Section 7.5 shall terminate and be of no further force and effect upon the Close of Construction Financing.

7.6 Affordable Housing Guaranty Subsequent to Close of Construction Financing. Concurrently with the Close of Construction Financing, Developer shall provide the City with evidence that a completion guaranty, payment and performance bond, or other similar instrument accepted by the applicable construction lender ("**Completion Guaranty**") is in place to ensure

Disposition and Development Agreement for Cleaver Property

that any building on the Site for which a building permit has been issued by the City will be constructed in substantial compliance with this Agreement. The City shall be named as a co-obligee or beneficiary of the Completion Guaranty to further secure performance of Developer's obligations to deliver the Project pursuant to this Agreement with the City; provided, however, that upon the Close of Construction Financing, the City's remedies for Developer's default or breach of this Agreement shall be limited to terminating this Agreement as provided under Section 7.4(b) and collecting security under the Completion Guaranty to fund completion of the Project.

7.7 Acceptance of Service of Process. In the event that any legal action is commenced by Developer against City or City under this Agreement, service of process on City or City shall be made by personal service upon the City Clerk in such other manner as may be provided by law. In the event that any legal action is commenced by City against Developer under this Agreement, service of process on Developer shall be made by personal service upon the President of People's Self-Help Housing and the Executive Director of HASLO, or in such other manner as may be provided by law.

7.8 Rights and Remedies Are Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the Parties are cumulative, and the exercise by either Party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same Default or any other Default by the other Party.

7.9 Inaction Not a Waiver of Default. Any failures or delays by either Party in asserting any of its rights and remedies as to any Default shall not operate as a waiver of any Default or of any such rights or remedies, or deprive either such Party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

8. General Provisions.

8.1 Notices, Demands and Communications Between the Parties. Any approval, disapproval, demand, document or other notice ("**Notice**"), which either Party may desire to give to the other Party under this Agreement must be in writing and may be given by the means described below to the Party to whom the Notice is directed at the address of the Party as set forth below, or at any other address as that Party may later designate by Notice.

City: City of Grover Beach
154 South Eighth Street
Grover Beach, CA 93433
Attn: Matt Bronson, City Manager

Developer: Cleaver & Clark Commons, L.P.
c/o Cleaver & Clark Commons LLC
1060 Kendall Road
San Luis Obispo, CA 93401
Attn: Ken Trigueiro, CEO & President

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With copy to: People's Self-Help Housing
 1060 Kendall Road
 San Luis Obispo, CA 93401
 Attn: Ken Trigueiro, CEO & President

and

Housing Authority of San Luis Obispo
 487 Leff Street
 San Luis Obispo, CA 93401
 Attn: Scott Smith, Executive Director

HASLO: Housing Authority of San Luis Obispo
 487 Leff Street
 San Luis Obispo, CA 93401
 Attn: Scott Smith, Executive Director

Any written notice, demand or communication sent to the address set forth above or as later provided by a Party shall be deemed effective and received as of the date of delivery, the date delivery was refused, or the date returned as undeliverable if sent by one of the following methods: (1) personal delivery with a written receipt therefore; (2) certified mail, return receipt requested; or (3) nationally recognized overnight delivery service (i.e., FedEx, UPS, or DHL) with a delivery receipt.

Copies of all notices delivered by City to Developer after the Close of Escrow shall be delivered to Developer's investor limited partner at a notice address to be provided to City in writing.

8.2 Force Majeure Delays; Extension of Times for Performance. All performance deadlines in this Agreement shall be extended to the extent of delays caused beyond the control or without the fault of the Party claiming an extension of time to perform, including, without limitation, the following: war; acts of terrorism; insurrection; strikes; lockouts; labor troubles; inability to procure materials; power failures; riots; floods; earthquakes; fires; other natural disasters; casualties; acts of God; epidemics; pandemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; governmental moratoria; initiation of condemnation proceedings by any governmental agency; and unreasonable acts or unreasonable failures to act of City or any other public or governmental Agency or entity (determined considering the normal processes and response times of City and such governmental entities, which shall be deemed reasonable and not force majeure delays). Notwithstanding anything to the contrary in this Agreement, an extension of time for any such cause shall be for the period of the enforced delay only and shall commence to run from the time of the commencement of the cause, and only if notice by the Party claiming such extension is sent to the other Party within thirty (30) days after the commencement of the cause.

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8.3 Transfers of Interest in Site or Agreement.

(a) Prohibition. The qualifications and identity of Developer are very important and of particular concern to City. Because of those qualifications and identity, City has entered into this Agreement with Developer. Except as provided in Section 8.3.b, below, no voluntary or involuntary successor in interest of Developer shall, before the issuance of the Certificate of Occupancy, (i) acquire any rights or powers under this Agreement, (ii) make any total or partial sale, transfer, conveyance, assignment, subdivision, refinancing or lease of the whole or any part of the City Property or Project without the prior written approval of the City Manager, in its reasonable discretion.

(b) Permitted Transfers. Notwithstanding any other provision of this Agreement to the contrary, City approval of an assignment of this Agreement or conveyance of the City Property or Project, or any part thereof, shall not be required in connection with any of the following; provided, however, that such transfers prior to the Close of Construction Financing shall remain subject to the City's power of termination under Section 7.5 while this Agreement remains in effect:

(i) The granting of reasonable easements or permits to facilitate construction of the Project.

(ii) The granting of security interests in the Project and this Agreement to a Holder for a loan permitted by this Agreement, and the transfer of title by foreclosure, deed or other conveyance in lieu of foreclosure in connection with such security interest.

(iii) The conveyance of any interest in the Project after the issuance of a Certificate of Occupancy by City.

(iv) The transfer to the Developer from HASLO.

(v) The admission of an affiliate of HASLO and/or People's Self-Help Housing to the Developer's limited partnership as managing general partner.

(vi) The admission of limited partners to the Developer's limited partnership in connection with tax credit financing, and any subsequent transfer of such limited partnership interests, including any transfer of stock or equity in the limited partners that does not change management or operational control of the Project, with no material change in beneficial ownership (with the exception of any conveyance to member(s) of the immediate family(ies) of the transferor(s) or trusts for their benefit) and which constitutes a tax-free transaction under Federal income tax law and California real estate transfer tax.

(vii) The removal for cause of any general partner in the Developer by a limited partner of the Developer, and the replacement thereof.

(viii) The lease for occupancy of all or any part of the Project in accordance with this Agreement and the City Regulatory Agreement.

Disposition and Development Agreement for Cleaver Property

(ix) The lease of residential units in the Project consistent with the Regulatory Agreement.

(x) Transfer of the Project to the Developer or an affiliate thereof in accordance with the Right of First Refusal or Purchase Agreement entered into in connection with any tax credit financing.

8.4 Non-Liability of Officials and Employees. No officer, attorney, or employee of City shall be personally liable to the Developer of HASLO, or any successor-in-interest, in the event of any default or breach by City or for any amount which may become due to the Developer, HASLO, or to its successor, or for breach of any obligation of the terms of this Agreement. No officer or employee of Developer or HASLO shall be personally liable to the City in the event of any default or breach by Developer or HASLO for any amount which may become due to the City, or for breach of any obligation of the terms of this Agreement.

8.5 Relationship Between Parties. It is hereby acknowledged that the relationship between City on the one hand and Developer on the other hand is not that of a partnership or joint venture and that City and Developer shall not be deemed or construed for any purpose to be the agent of the other. It is further acknowledged that the relationship between City on the one hand and HASLO on the other hand is not that of a partnership or joint venture and that City and HASLO shall not be deemed or construed for any purpose to be the agent of the other.

8.6 Approvals, Actions and Authority of the City Manager. The City Manager shall have the authority to make approvals, issue interpretations, waive minor provisions, enter into minor amendments of this Agreement, and sign and approve escrow documents and additional documents, on behalf of City, respectively, so long as such actions do not materially or substantially change the uses or development permitted on the Site, or materially or substantially add to the costs incurred or to be incurred by City as specified herein. Such actions which may be approved include extensions of time to perform as specified in the Schedule of Performance and extensions of the Outside Date.

8.7 Counterparts. This Agreement may be signed in multiple counterparts which, when signed by all Parties, shall constitute a binding agreement.

8.8 Integration. This Agreement contains the entire understanding between the Parties relating to the transaction contemplated by this Agreement. All prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged in this Agreement and shall be of no further force or effect. This Agreement supersedes the Exclusive Right to Negotiate ("ENA") between the Parties dated September 26, 2020, and such ENA shall have no further force or effect. Each Party is entering this Agreement based solely upon the representations set forth herein and upon each Party's own independent investigation of any and all facts such Party deems material. This Agreement includes Attachment Nos. 1 through 4, which are incorporated herein and together with the Agreement constitute the entire understanding and agreement of the Parties.

Disposition and Development Agreement for Cleaver Property

8.9 No Real Estate Brokerage Commissions. City and Developer each represent and warrant to the other that no broker or finder is entitled to any commission or finder's fee in connection with this transaction, and Developer and City agree to defend and hold each other harmless from any claim to any such commission or fee resulting from any action on its part.

8.10 Attorneys' Fees. In any action between the Parties to interpret, enforce, reform, modify, rescind or that otherwise relates to any of the terms or provisions of this Agreement, the prevailing Party in the action shall be entitled, in addition to damages, injunctive relief or any other relief to which it might be entitled, reasonable costs and expenses including, without limitation, expert fees, litigation costs and reasonable attorneys' fees.

8.11 Titles and Captions. Titles and captions are for convenience of reference only and do not define, describe or limit the scope or the intent of this Agreement or of any of its terms. References to section numbers are to sections in this Agreement, unless expressly stated otherwise.

8.12 Interpretation and Applicable Law. As used in this Agreement, masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others where and when the context so dictates. This Agreement shall be interpreted as though prepared jointly by all Parties. The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

8.13 No Waiver. A waiver by a Party of a breach of any of the covenants, conditions or agreements under this Agreement to be performed by the other Parties shall not be construed as a waiver of any succeeding breach of the same or other covenants, agreements, restrictions or conditions of this Agreement.

8.14 Modifications. Any alteration, change or modification of or to this Agreement, in order to become effective, shall be made in writing and in each instance signed on behalf of each Party.

8.15 Severability. If any term, provision, condition or covenant of this Agreement or its application to any Party or circumstances shall be held, to any extent, invalid or unenforceable, the remainder of this Agreement, or the application of the term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected, and shall be valid and enforceable to the fullest extent permitted by law.

8.16 Legal Advice. Each Party represents and warrants to the other the following: they have carefully read this Agreement, and in signing this Agreement, they do so with full knowledge of any right which they may have; they have received independent legal advice from their respective legal counsel as to the matters set forth in this Agreement, or have knowingly chosen not to consult legal counsel as to the matters set forth in this Agreement; and, they have freely signed this Agreement without any reliance upon any agreement, promise, statement or representation by or on behalf of the other Party, or their respective agents, employees or attorneys, except as specifically set forth in this Agreement, and without duress or coercion, whether economic or otherwise.

Disposition and Development Agreement for Cleaver Property

8.17 Time of Essence. Time is of the essence with respect to the performance by City, HASLO, and Developer of each and every obligation and condition of this Agreement in which time is a factor.

8.18 Cooperation. Each Party agrees to cooperate with the other in this transaction and, in that regard, to sign any and all documents which may be reasonably necessary, helpful or appropriate to carry out the purposes and intent of this Agreement including, but not limited to, releases or additional agreements.

8.19 Conflicts of Interest. Developer and HASLO acknowledge that no officer or employee of City has or shall have any direct or indirect financial interest in this Agreement nor shall Developer or HASLO enter into any agreement of any kind with any such officer or employee during the term of this Agreement and for one year thereafter. Developer and HASLO warrant that Developer or HASLO have not paid or given, and will not pay or give, any third party any money or other consideration in exchange for obtaining this Agreement.

[Signature Page Follows.]

Disposition and Development Agreement for Cleaver Property

IN WITNESS WHEREOF, Developers and City have executed this Agreement as of the Effective Date.

CITY:

**CITY OF GROVER BEACH,
a California municipal corporation**

By: _____
Name: _____
Title: _____

DEVELOPER:

**CLEAVER & CLARK COMMONS, L.P.,
a California limited partnership**

By: Cleaver & Clark Commons LLC,
a California limited liability
company, its managing general
partner

By: People’s Self-Help Housing
Corporation, a California
nonprofit public benefit
corporation, its sole
member/manager

By: _____
Kenneth Triguero,
Chief Executive Officer and
President

By: San Luis Obispo Nonprofit Housing
Corporation, a California nonprofit
public benefit corporation, its
administrative general partner

By: _____
Ken Litzinger,
Chief Financial Officer

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HASLO:

**HOUSING AUTHORITY OF THE CITY OF
SAN LUIS OBISPO,
a California public agency**

By: _____

Name: _____

Title: _____

Disposition and Development Agreement for Cleaver Property

**ATTACHMENT 1-A and 1-B
Site Legal Description**

A: City Property Legal Description

Legal Description of City Property

PARCEL 3: [APN: 060-242-044 and APN: 060-242-045]

THAT PORTION OF THE BLOCK DESIGNATED AS “WASHINGTON PARK” ON THE MAP OF THE TOWN OF GROVER, IN THE CITY OF GROVER BEACH, AS SHOWN ON MAP RECORDED IN BOOK A, PAGE 6 OF MAPS, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEASTERLY CORNER OF SAID BLOCK; THENCE SOUTHERLY ALONG THE EASTERLY LINE OF SAID BLOCK A DISTANCE OF 200 FEET TO THE TRUE POINT OF BEGINNING; THENCE WESTERLY PARALLEL WITH THE NORTHERLY LINE OF SAID BLOCK, A DISTANCE OF 300 FEET; THENCE SOUTHERLY PARALLEL WITH THE EASTERLY LINE OF SAID BLOCK, A DISTANCE OF 122.5 FEET TO THE NORTHERLY LINE OF THE LAND DESCRIBED IN THE DEED TO WARNT HUNT AND WIFE, RECORDED AUGUST 19, 1932 IN BOOK 128, PAGE 90 OF OFFICIAL RECORDS; THENCE EASTERLY ALONG SAID NORTHERLY LINE 300 FEET TO THE EASTERLY LINE OF SAID BLOCK; THENCE NORTHERLY ALONG SAID EASTERLY LINE, 122.5 FEET TO THE TRUE POINT OF BEGINNING.

B: Adjacent Property Legal Description

Legal Description of Adjacent Property

Real property in the City of Grover Beach, County of San Luis Obispo, State of California, described as follows:

PARCEL 1: [PORTION OF APN: 060-242-057]

PARCEL A OF PARCEL MAP NO. G-72-199, IN THE CITY OF GROVER BEACH, COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA, ACCORDING TO MAP RECORDED JULY 25, 1972 IN BOOK 9 OF PARCEL MAPS, AT PAGE 19 , IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 2: [PORTION OF APN: 060-242-057]

PARCEL 3 OF PARCEL MAP NO. G-71-183, IN THE CITY OF GROVER BEACH, COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA, ACCORDING TO MAP RECORDED SEPTEMBER 30, 1971 IN BOOK 6 OF PARCEL MAPS, AT PAGE 93, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

Disposition and Development Agreement for Cleaver Property

ATTACHMENT 2
Reserved

Disposition and Development Agreement for Cleaver Property

**ATTACHMENT 3
Title Report**

[See attached.]

Disposition and Development Agreement for Cleaver Property

**ATTACHMENT 4
Schedule of Performance**

	MILESTONES	OUTSIDE DEADLINE
1.	Open Escrow (Escrow Period)	14 Days after Effective Date
2.	Close of Escrow	30 Days after Satisfaction of Contingencies
3.	Obtain Building Permits	December 31, 2024
4.	Close Construction Financing	December 31, 2024
5.	Construction Commencement	December 31, 2024
6.	Completion of Project and Issuance of Certificate of Occupancy	December 31, 2026

RESOLUTION NO. 9 (2022 SERIES)

RESOLUTION APPROVING THE DDA (DEVELOPMENT AND DISPOSITION AGREEMENT) BETWEEN THE CITY OF GROVER BEACH AND HASLO, SLO NON-PROFIT HOUSING ORGANIZATION (SLONP) AND PEOPLES’ SELF-HELP HOUSING (PSHH)

WHEREAS, HASLO, SLONP, and PSHH intend to develop 53-units of affordable housing at 1206 W. Grand Avenue, Grover Beach, CA 93433; and

WHEREAS, HASLO has closed escrow on 1206 W. Grand Avenue; and

WHEREAS, the City of Grover Beach has agreed to donate approximately 36,750 square feet of real property located on South 13th Street adjacent to the property at 1206 W. Grand Avenue for the development of the affordable housing; and

WHEREAS, the City of Grover Beach requires a DDA to authorize the transfer of the property to HASLO; and

WHEREAS, the DDA has been finalized and accepted by HASLO counsel and staff.

NOW THEREFORE BE IT RESOLVED that the Housing Authority of the City of San Luis Obispo (HASLO) authorizes the execution of the DDA in its current form.

On motion of Commissioner _____, seconded by Commissioner _____, and on the following roll call vote:

- AYES:**
- NOES:**
- ABSENT:**
- ABSTAINED:**

The foregoing Resolution was duly adopted and passed this 17th day of February, 2022.

JAY C. BECK, CHAIRMAN

SEAL:

ATTESTS:

SCOTT SMITH, SECRETARY