

LOCATION: PER CA EXECUTIVE ORDER N-25-20, THIS MEETING WILL BE HELD BY TELECONFERENCE. PUBLIC MAY PARTICIPATE WITH THE SAME LINKS:

Join Zoom Meeting:

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

Meeting ID: 980 5717 7103

Passcode: 975423

Dial in by phone: 669-900-9128

LOCATION: Via teleconference

TIME: 12:00 P.M.

12:00 PM	REGULAR MEETING	487 Leff Street
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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 REGULAR MEETING OF AUGUST 19, 2021**
 Approve the Minutes of the Regular Board of Commissioners Meeting of August 19, 2021.
- 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**

DISCUSSION ITEMS:**1. HASLO ANNUAL BUDGET (see attached)**

Ken Litzinger, Director of Finance, to present proposed annual budget for FY 2021.

RECOMMENDED ACTION: Adopt Resolution 12 (2021 Series) Adopting HASLO’s Annual Budget for the Fiscal Year October 1, 2021, through September 30, 2022.

RECOMMENDED ACTION: Adopt Resolution 13 (2021 Series) Approving Operating Budget and Certifications Listed on Form HUD-52574 Attached Project CAL 64-A Fiscal Year Ending September 30, 2022.

2. HOUSING CHOICE VOUCHER PAYMENT STANDARDS - Staff are recommending an increase in the payment standards which will affect the regular voucher program as well as the Welcome Home Program (Emergency Housing Vouchers). Staff report attached.

RECOMMENDED ACTION: Adopt Resolution 14 (2021 Series) Adopting a Change in the Housing Authority of San Luis Obispo’s Payment Standard for Emergency Housing Vouchers

RECOMMENDED ACTION: Adopt Resolution 15 (2021 Series) Adopting a Change in the Housing Authority of San Luis Obispo’s Payment Standard

3. GROVER BEACH PROJECT UPDATE: At the August meeting the commission was briefed on status of the DDA (Development and Disposition Agreement) with the City of Grover Beach. At that time the primary area of discussion with the City was the “reversion” conditions under which the property would revert back to the City in the event of “non-performance” by HASLO and our partners (SLO Non-Profit Housing Corp and Peoples’ Self-Help Housing). HASLO tax and land use counsel have developed language which has been provided to the City attorney for review and approval. If the City approves the language prior to the commission’s September 16th meeting, we will ask the commission to consider adoption of a resolution authorizing entering into the DDA with our partners and the City.

RECOMMENDED ACTION (contingent on City approving language prior to 9/16/21): Adopt Resolution 16 (2021 Series) Authorizing HASLO entering into the DDA with the City, San Luis Obispo Nonprofit Housing Corp, 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 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: Update: The Negotiators’ authority regarding the price and terms. Briefing update only. No action required.

3. Closed session, pursuant to section 54957

PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: All positions will be discussed.

Commissioners and staff will tour the recently completed RAD conversion of Leff Street Apartments across the street from HASLO’s office after closed session is over.

ADJOURNMENT

The next Regular Meeting will be held on October 21, 2021, at 12:00 p.m. virtually.

REQUIREMENTS OF THE BROWN ACT HAVE BEEN SATISFIED AS THIS NOTICE WAS POSTED AT 1:10 P.M. ON SEPTEMBER 10, 2021, 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.

MINUTES

HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO

August 19, 2021

CALL TO ORDER

The Regular Meeting of the Housing Authority of the City of San Luis Obispo was called to order on Thursday, August 19, at 12:02 p.m. by Chair Jay C. Beck. Per CA Executive Order N-25-20, 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, and Vicky Culman

PUBLIC COMMENT:

Michael Haupt, Attorney for Closed Session, Item #1

EXECUTIVE DIRECTOR'S REPORT:

Scott Smith, Executive Director, reported that on August 25, the Planning Commission of SLO will review the Bridget Street project. It passed the Architectural Review Commission on August 19. Smith invited the Commissioners to the HASLO staff picnic on September 2.

Restorative Partners is an organization run by Sister Theresa Harpin to assist people who have been in and out of jail. The organization has been approved to take over the café at the County site as a training program for their clients. They need housing for these clients. We have a meeting with them scheduled for next week.

HASLO was contacted by 5 Cities Homeless Coalition (5CHC) regarding our properties at 700 Oak Park in Arroyo Grande and our Grand Avenue project in Grover Beach. They would like to use facilities on these properties to house their clients until we start construction.

The Welcome Home Program is going well. Kudos to Elaine Archer, Director of Housing Management, and to CAPSLO (Commissioner Steinberg), and all our nonprofit partners. To date, we have had 500 referrals for homeless clients and have issued 300 vouchers. 30 voucher-holders have leased units. We have added five brand new landlords. 135 different case managers made referrals from 28 different agencies.

Commission Beck requested an update on Morro Bay. Smith confirmed the project has received tax credits. Ken Litzinger, Director of Finance, said that we have heard about the award from TCAC but are still waiting to hear about the bonds from CDLAC. Construction must start by February, 2022, and we want to start rough grading now. Michael Burke, Director of Construction & Development, is working with the City of Morro Bay to expedite the permit in order to sensitively handle the cultural artifacts that may be at the site prior to start of construction.

CONSENT AGENDA:

- C1. MINUTES OF THE BOARD OF COMMISSIONERS REGULAR MEETING OF JULY 22, 2021**
- C2. HASLO MONTHLY DISBURSEMENT REGISTER (available for review at the meeting)**

COMMISSION MEETING**August 19, 2021****Page 2****C3. HOUSING CHOICE VOUCHER (SECTION 8)****C4. PROPERTY MANAGEMENT REPORTS****C5. FAMILY SELF-SUFFICIENCY & RESIDENT SERVICES PROGRAM REPORT****C6. CONSTRUCTION & DEVELOPMENT REPORT**

ACTION TAKEN: A motion to approve all Consent Agenda items was made by Commissioner Steinberg, seconded by Commissioner Boyer, and unanimously approved.

Chair Beck complimented staff on the Welcome Home report. He commented on Ironworks having a disproportionately high vacancy rate, which, Archer said, is surprising but we have had a lot of the PBV (Project Based Voucher) units go vacant.

DISCUSSION ITEM:**GROVER BEACH PROJECT UPDATE**

The DDA (Development and Disposition Agreement) is not yet ready. It has been going back and forth between the City of Grover Beach and HASLO and its partners PSHH and SLONP. The City wants to limit us to a three-year performance deadline, after which, the property would be granted back to the City. The soonest we could compete for tax credits would be in March, 2022. The 53-unit project will have 21 PBVs. The perm loan rate is 4%.

12:29 P.M. Chair Beck announced we were going into closed session.

12:29 P.M. Sandra Bourbon and Vicky Culman 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.

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: Update: The Negotiators' authority regarding the price and terms.

1:11 P.M. Chair Beck announced that the closed session had ended, and we were back in regular session.

There were no actions to report from the closed session.

There being no further business, the meeting was adjourned at 1:15 p.m.

Respectfully submitted,

Scott Smith, Secretary

Executive Summary

Housing Choice Vouchers (“Section 8”)

- Waiting List Lease-up Activity:
 - Housing Choice Voucher
 - We surveyed all waiting list applicants to see if they are eligible for the Emergency Housing Vouchers and very few responded that they were eligible for the new vouchers
 - We have received ~600 referrals for the EHV’s and have closed the waiting list. At this time, we are scheduling group intake appointments to issue vouchers and almost 64% of applicants have received a voucher.
 - Statistics for the % success rate for the regular waiting list, by year, is:

Year	Lottery Size	Leased-up	% Leased	Rent-in-Place % of Leased-up	% white of leased-up	% Hispanic of leased-up
2015	500	133	26%	did not track	70%	29%
2017	250	97	38%	28%	67%	39%
2018	500	203	40%	30%	75%	28%
2018-Fall	250	81	32%	unknown	80%	30%
2020	250	83	32%	22%	77%	36%
				<i>County statistics</i>	89%	23%

- Average Housing Assistant Payment (HAP) Analysis –
 - We continue to see encouraging signs with the voucher program in terms of average family income and average HAP.
- Mainstream Voucher Activity
 - There was no activity in the mainstream vouchers this month.
- Fair Market Rents (FMR) and Payment Standards
 - HUD released the FY 2022 FRMs for all bedroom sizes. The chart below shows the increase for each unit size for San Luis Obispo County – 13.5% increase over last year!

Final FY 2022 & Final FY 2021 FMRs By Unit Bedrooms					
Year	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
FY 2022 FMR	\$1,308	\$1,436	\$1,890	\$2,685	\$3,047
FY 2021 FMR	\$1,166	\$1,263	\$1,665	\$2,383	\$2,877

- Overall the FMRs showed an increase of ~14%. While we weren’t really surprised, it is the first time in a few years with double-digit growth in market rents. We looked at historical market rents and saw that the cumulative increase in FMRs from 2016 to 2021 was almost 50%.

<u>FMR Year</u>	<u>2 BD FMR</u>	<u>% Change</u>	<u>Cum % Change</u>
2022	\$1,890	13.5%	46.1%
2021	\$1,665	0.5%	28.7%
2020	\$1,657	7.5%	28.1%
2019	\$1,542	8.1%	19.2%
2018	\$1,427	9.0%	10.3%
2017	\$1,309	1.2%	1.2%
2016	\$1,294		

- The Payment Standards must be between 90-110% of the FMRs. Analysis and recommendations are attached
- Distribution of Vouchers
 - The chart below shows the breakdown of unit type by program and breakdown of “regular vouchers” versus “special purpose vouchers”

Vouchers, by Program Type
Trend Analysis Report
8/31/2021

	HUD Ctrct		# of Leased Participants, by voucher size						avg HAP	avg HAP	%
	Maximum # Units	TOTAL Leased	Studio	1 bd	2 bd	3 bd	4 bd	5 bd	Curr Mo	pre-COVID	chge
HCV & TPV	1,702	1,684	6	1,043	400	194	39	2	\$914	\$814	12.3%
RAD / PBV	175	132	10	14	48	40	19	1	\$816	\$713	14.5%
PBV	328	314	24	105	86	88	11		\$818	\$760	7.6%
	2,205	2,130									
VASH	201	157	18	106	21	11	1		\$758	\$684	10.8%
PBV-VASH	25	25		23	2				\$726	\$726	0.0%
Welcome Home	156	58		28	22	7	1		\$1,099		
FUP	38	37	1	2	25	8	1		\$1,305	\$1,182	10.4%
Mainstream	153	116	26	65	19	4	2		\$912	\$320	184.9%
	573	393									
	2,778	2,523	85	1,386	623	352	74	3	\$886	\$796	11.3%
<i>distribution by voucher size</i>			3%	55%	25%	14%	3%	0.1%			

- Net Voucher Activity Analysis:
 - New analysis to be included each month to show the breakdown of new and EOP (end of participation) activity by major program
 - There continues to be a net decrease in vouchers during the month of August as we work on the Welcome Home Vouchers

50058 Analytics

Voucher Analysis - 2021

	<u>HCV</u>		<u>PBV</u>		<u>VASH</u>		<u>FUP</u>		<u>Mainstream</u>		<u>Welcome Home</u>	
	<u>new</u>	<u>EOP</u>	<u>new</u>	<u>EOP</u>	<u>new</u>	<u>EOP</u>	<u>new</u>	<u>EOP</u>	<u>new</u>	<u>EOP</u>	<u>new</u>	<u>EOP</u>
January	12	-13	2	-4	4	-2	1	0	7	0		
February	13	-11	8	-5	3	-1	3	0	11	-4		
March	6	-14	4	-2	1	1	0	0	5	0		
April	4	-9	4	-8	0	-3	0	0	11	0		
May	2	-8	1	-2	3	-3	0	0	1	0		
June	1	-15	1	-4	0	-2	0	0	4	0		
July	5	-1	2	-1	3	-4	0	-1	2	-1	22	0
August	2	-12	2	-1	2	-1	0	0	0	0	40	0
September												
October												
November												
December												
YTD Totals	45	-83	24	-27	16	-15	4	-1	41	-5	62	0
YTD Net Program		-38		-3		1		3		36		62

- Welcome Home Voucher Analysis:
 - As mentioned previously, we have received just over 600 voucher referrals and have stopped taking referrals from our agency partners. Below is a graph showing our referral numbers by date.



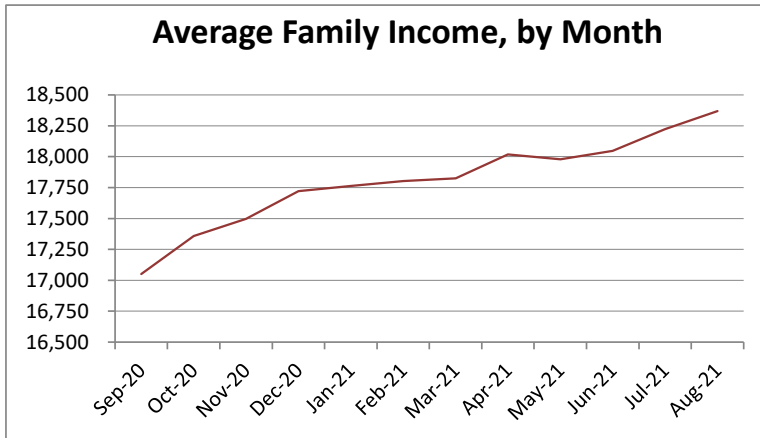
- 62 applicants have found housing, in the following types of housing:
 - Market landlord
 - Supportive housing (TMHA/Lumina)
 - Tax Credit/Affordable landlords
- 25 inspections are in progress so far for the month of September:
- We have processed bonus payments to landlords in the amount of \$101,750 with 11 new owners already joining the program

- Applicants have been encouraged to attach the landlord bonus statement along with any applications for housing
- The media campaign has started with radio and TV slots. Landlords and property owners are calling in response to the flyers, asking for more information

HASLO

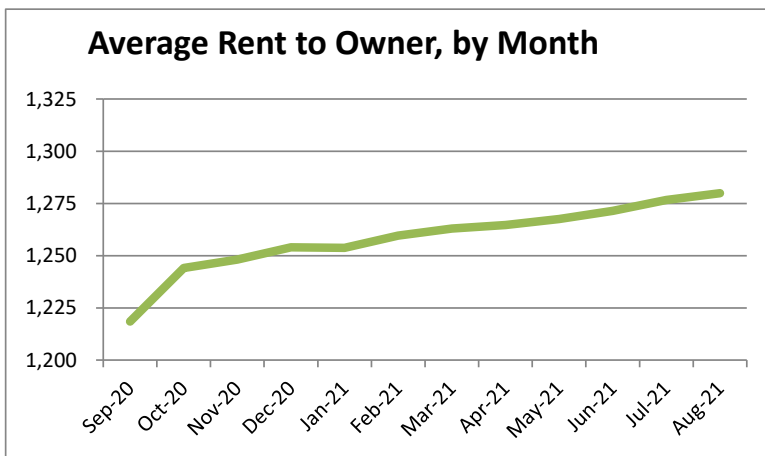
Voucher Monthly Analysis (VMA)

Rolling 12 months

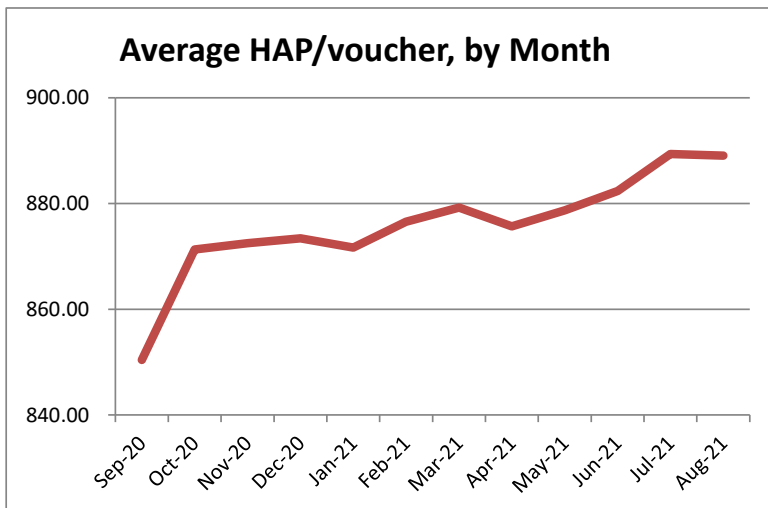


Average HH Income, 12 month % change: 7.7%

AMI March 2020, pre pandemic 17,451
 AMI, current 18,369
 relative AMI comparison: 105.3%



RTO, 12 month % change: 5.0%



Average HAP, 12 month % change: 4.5%

of HH members assisted, beg of year: **4,448**
 # of HH members assisted, end of 12 months: **4,585**
 % change 3%

SEMAP Indicators Report

As of August 31, 2021

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 August 31, 2021

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 Funded Assistance	2403	07/21	21	20	2402	2418	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.)

1

Number of Families in Current Database	Number of Late Reexaminations
2562	18

[\[+\] 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
1775	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 percent of newly leased units pass the HQS inspection before the beginning of the lease/HAP as indicated by percentages as shown in red and bold.)

100

Number of Families in Current Database	Number of Inspections On or Before Effective Date
583	583

[\[+\] 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 (%) (Percentage includes all HQS Inspections 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.) **40**

Number of Families in Current Database

2062

Number of Late Inspections

826

[\[+\] 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	65	0	46	73

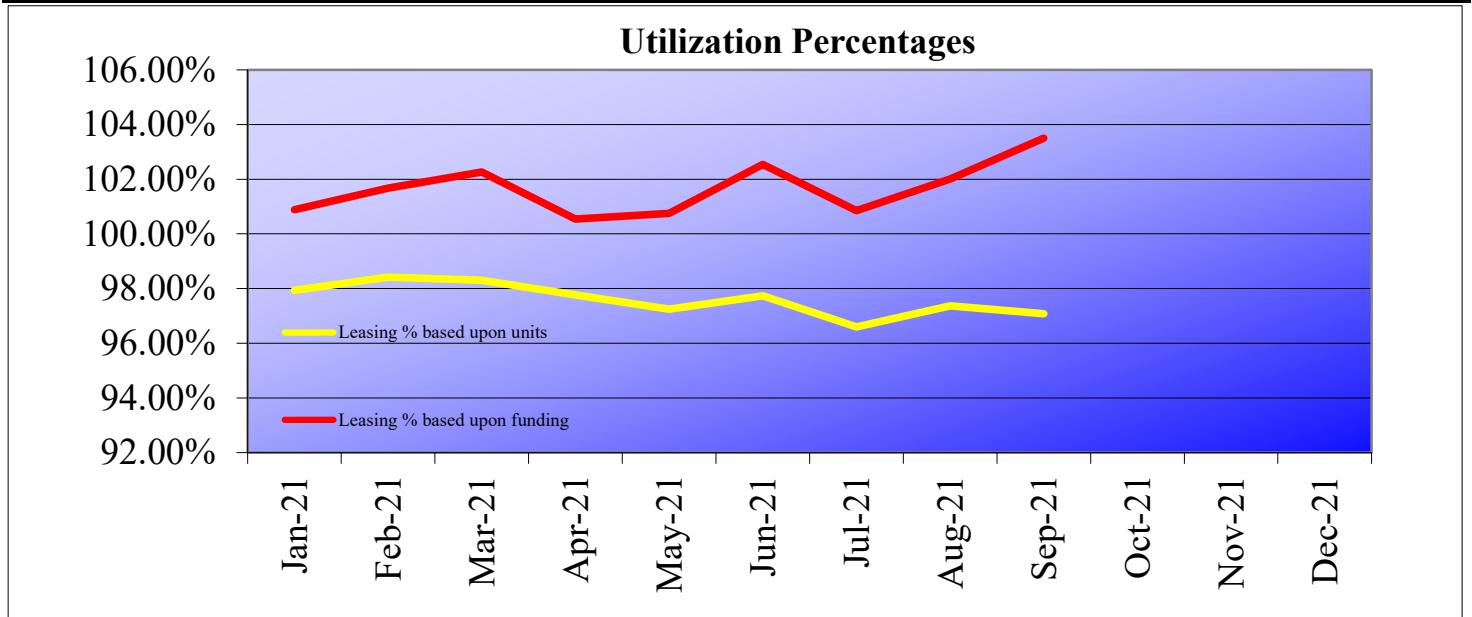
[\[+\] Families enrolled in Voucher FSS Program](#)

[\[+\] 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 San Luis Obispo
HCV Leasing Financial Analysis
September 2021

	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 2021	2,469	2,418	97.93%	\$ 2,126,311	\$ 2,145,052	\$ (18,741)	100.88%	\$ 887
February 2021	2,469	2,430	98.42%	\$ 2,126,311	\$ 2,162,002	\$ (35,691)	101.68%	\$ 890
March 2021	2,469	2,427	98.30%	\$ 2,126,311	\$ 2,174,502	\$ (48,191)	102.27%	\$ 896
April 2021	2,469	2,414	97.77%	\$ 2,126,311	\$ 2,137,861	\$ (11,550)	100.54%	\$ 886
May 2021	2,469	2,401	97.25%	\$ 2,126,311	\$ 2,142,158	\$ (15,847)	100.75%	\$ 892
June 2021	2,469	2,413	97.73%	\$ 2,126,311	\$ 2,180,297	\$ (53,986)	102.54%	\$ 904
July 2021	2,469	2,385	96.60%	\$ 2,126,311	\$ 2,144,472	\$ (18,161)	100.85%	\$ 899
August 2021	2,469	2,404	97.37%	\$ 2,126,311	\$ 2,169,019	\$ (42,708)	102.01%	\$ 902
September 2021	2,469	2,397	97.08%	\$ 2,126,311	\$ 2,200,776	\$ (74,465)	103.50%	\$ 918
October 2021								
November 2021								
December 2021								
YTD	22,221	21,689	97.61%	\$ 19,136,798	\$ 19,456,139	\$ (319,341)	101.67%	\$ 897



NRA + Prog Reserve Balance (Excess HAP) as of 1/1/2021	\$ 1,672,901	YTD Voucher	YTD	
HAP Funding YTD:	\$ 19,136,798	Months Available	Vouchers Leased	
HAP Expenditures YTD:	\$ 19,456,139			
HAP Revenue (Fraud, FSS Forfeits) YTD:	\$ -	Regular Vouchers	19,845	19,695 99.2%
Current Remaining NRA / Prog Reserve:	\$ 1,353,560	Veterans (VASH)	2,034	1,659 81.6%
Months in Reserves at Current Monthly Expense Levels	18.2	Family Unification	342	335 98.0%
Reserves as a Percentage of Budget Authority	5.3%	Total Vouchers	22,221	21,689 97.6%
Current Monthly Funding (a)	\$ 2,126,311	Mainstream	1,377	986 71.6%
Current Average HAP Payment (b)	\$ 918	Emergency Housing	468	123 26.3%
# of Units the Current Monthly Funding Would Support (a)/(b)	2,316			
# of Units Currently Leased	2,397			
Excess Units Leased, Current Month	81			
Current Year-to-Date Funding (a)	\$ 19,136,798			
Current Year-to-Date Average HAP Payment (b)	\$ 897			
# of Unit-Mos the Current Monthly Funding Supports (a)/(b)	21,333			
# of Unit-Mos Leased Year-to-Date	21,689			
Excess Unit-Mos Leased, Year-to-Date	356			

Housing Authority of San Luis Obispo
Housing Choice Voucher Lease up and Funding Analysis
September 2021

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 38 Family Unification vouchers for a total of 2,469 available vouchers. In addition, HASLO administers 153 Mainstream and 156 Emergency Housing vouchers that HUD considers as separate stand-alone programs for tracking and funding purposes.

The number of “Regular” Housing Choice Voucher participants assisted has trended down from the high point of 2,427 participants in March. However, we anticipate adding up to 45 additional participants in September and October as the final 2 Public Housing property rehabilitations are completed and the units placed back into service. We do anticipate that the lease up of our Emergency Housing Vouchers may impact the success rate of regular voucher holders who are looking for housing.

The Mainstream voucher program continues to have strong leasing numbers, and we are assisting 116 participants. The Emergency Housing vouchers, which were received in July, are off to a terrific start with over 70 participants being leased.

We are projecting that the Average Housing Assistance Payment (HAP) will increase materially as landlord 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. Additionally, we expect a significant increase in the average HAP in October as rent increases are given to some of the larger tax credit properties that have accepted large numbers of Housing Choice Voucher participants. We received notice that we have received additional set-aside funding of \$75,668 for both Project Based Vouchers and Ports.

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

Executive Summary
Property & Asset Management

- Key Priorities for the Property Management team continue to be:
 - COVID-19 Related Activities:
 - ✓ We have received the first payments on behalf of tenants that were eligible for covid-related Rent Assistance
 - ✓ The process requires significant involvement by the landlord to participate in the request and approval procedures
 - Vacancies
 - ✓ We continue to process for routine vacancies
 - ✓ There continue to be notices turned in at the Anderson – some are moving closer to family, and some are actively looking for other housing options given the stress and uncertainty surrounding the renovation. We have reviewed the names on the waiting list, and remaining applicants are hesitant to move in to the property.
 - Maintenance
 - ✓ No significant changes this month
 - RAD
 - ✓ On Sept 1st we moved in 18 families to Hathway. A very exciting day for the families – they couldn't wait to bring their children back at the end of the day
 - ✓ We continue to meet weekly to discuss and review priorities
 - Supportive Housing Program
 - ✓ We are working on clarifying job descriptions and responsibilities for the Supportive Housing Program
 - Paso Home Key
 - ✓ Monthly inspections are being conducted to ensure that the units remain in good condition, that we don't have any pest control issues and that we identify smoking and housekeeping violations in a timely manner
 - ✓ We have a number of vacancies to fill at the property and are working through the waiting list and refining our intake process to ensure that we have the resources to address the housing needs of the applicants/tenants



September 9, 2021

To: HASLO Board of Commissioners
 From: Sandra Bourbon, Director of Resident Services
 Re: August 2021

FSS:

Continued outreach, case management and annual assessments. The below chart is as of 08-31-2021.

	Sandra	Traci	TOTAL
Active	38	27	65
New contracts added this month	0	0	0
Graduates this grant period	2	3	5
Terminated for Non-Compliance / Contract Expired / Voluntary Withdrawal within this grant period	0	3	3
Active participants who have ported out this grant period	0	0	0
Increase in Earned Income this month	232,999	220,142	483,141
Increase in Tenant Payment (TTP) this month	5,360	6,212	11,572
Total Escrow Accounts	28	17	45
New Escrow Accounts this grant period	3	3	6
Percentage of participants with an Escrow Account this month	73.68%	62.96%	69.23%
Total Escrow Account balance	186,366	109,945.96	296,311.96
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	23,578.44	47,790.68	71,369.12

***FSS graduates:** 01/31/2021 (sb) \$11,327.67, 04/30/2021 (sb) \$12,250.77, 05/31/2021 (tw) \$13,367.80, 7/1/21 (tw) \$6,620.80, **08/31/2021 (tw) \$27,796.42**

***FSS terminations:** 2/28/2021 (tw) \$0 forfeited voucher/contract not complete. 04/30/2021 (tw) \$0 contract expired. 05/31/2021 (tw) forfeited \$12.04 contract not complete

***2021 FSS NOFO** completed and submitted

SERVICES:

We are continuing to open up our Learning Centers "in person" gradually following Covid procedures/protocols. We are also continuing to offer remote assistance and activities. It is almost like starting from scratch regarding outreach and participation. Attendance has been gradual and we are building relationships with new residents.

We are back providing in person resident services to our 860 on the Wye residents. The community garden has been flourishing and gardeners are sharing their produce.

Weekly Food Bank produce distribution.

Continued support and collaboration with Property Management.



Development Update			
Date of Update	9/9/2021		
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 Phase 1 ESA in process
			TCAC issued unfavorable response, strategizing a rebuttal Feasibility proposals signed, scope of work and estimate being developed
	Project HomeKey	Delivery	Design/build or Design/assist, shortened feasibility period does not allow for traditional design-bid-build
		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	Project is in design development, PSHHC is taking the lead
		Acquisition	HASLO has acquired the first of two parcels. Cleaver Park acquisition requires Disposition and Development Agreement, which is in draft form
	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	Pre-application review completed, City comments are extensive
	RAD Conversion	Construction	Project is nearing completion, with Leff being the only site under construction. Punch list and warranty follow-up is ongoing.
	Toscana Site	Site control	Deeded to HASLO
		Financing	Reservation of 9% credits confirmed
		Construction	Project is out to bid. 12/15/2021 anticipated construction start
	Office	Entitlements	Received Planning Commission approval on 6/10/20
		Design Development	Working with RRM on spatial planning, aiming to be construction in summer of 2022
	Nipomo Senior 40	Construction	Both buildings are framed, rough in MEPs ongoing Project is on schedule and on budget
	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	Not recommended for a credit allocation, will be reapplying in March of 2022.
	405 Atascadero Road	Entitlements	Project is approved Working with Tribes to determine appropriate mitigation measures
		Strategy	35 units of large family housing, co-developing with Jim Rendler
		Financing	Award confirmed. Finance to close in Q1 of 2022 with construction start scheduled for February of 2022
	736 Orcutt Road	Strategy	40+ units of special needs housing, built around the old house
		Entitlements	Project has been deemed incomplete, working on those items and expect to turn the project back in, in July.
		Financing	TCAC application planned for 7/22
	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 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
Iron Works Mixed-Use		Construction	Construction completion scheduled for 11/2021
		Lease Up	Searching for broker to assist with the lease up
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, in appeal period



Ironworks Mixed-Use



Nipomo Senior

***HOUSING AUTHORITY
OF THE CITY OF SAN LUIS OBISPO***

*Proposed Agency Wide Budget
Fiscal Year End 9/30/2022*



Housing Authority of the City of San Luis Obispo
Agency Wide Operating Budget
Fiscal Year End 9/30/2022

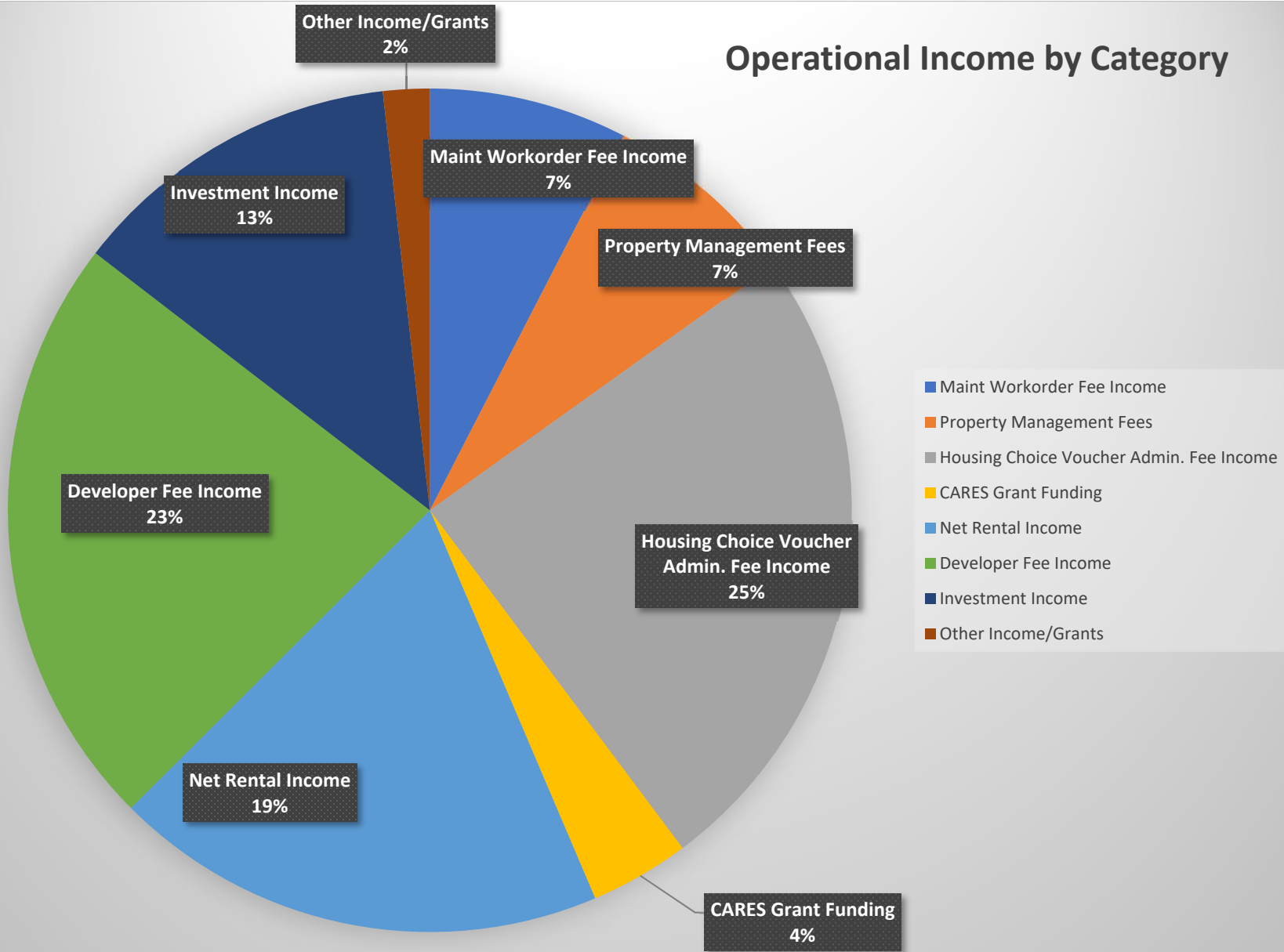
	VOUCHER PROGRAM				ANDERSON HOTEL				LOCAL AUTHORITY				LAW APARTMENTS				TOTAL AGENCY BUDGET
	6/30/2021 Actuals	6/30/2021 Budget	FYE 2021 Budget	FYE 2022 Budget	6/30/2021 Actuals	6/30/2021 Budget	FYE 2021 Budget	FYE 2022 Budget	6/30/2021 Actuals	6/30/2021 Budget	FYE 2021 Budget	FYE 2022 Budget	6/30/2021 Actuals	6/30/2021 Budget	FYE 2021 Budget	FYE 2022 Budget	
INCOME																	
Net Tenant Income	-	-	-	-	836,036	932,204	1,242,939	1,188,284	640,421	550,023	733,364	972,786	77,411	73,156	97,541	129,864	2,290,934
Grant Income	20,530,205	18,529,530	24,706,040	29,754,046	-	750	1,000	-	13,759,293	154,324	205,765	48,150	-	-	-	-	29,802,196
Admin Fee & Other Income	2,068,892	1,903,561	2,538,082	2,985,005	-	-	-	-	-	-	-	-	-	-	-	-	2,985,005
Other Income	9,340	30,270	40,360	11,295	(2,450)	27	36	90	3,261,323	3,228,254	4,304,339	6,178,402	274	279	372	72	6,189,859
TOTAL INCOME	22,608,437	20,463,361	27,284,482	32,750,346	833,586	932,981	1,243,975	1,188,374	17,661,037	3,932,601	5,243,468	7,199,339	77,685	73,435	97,913	129,936	41,267,994
EXPENSES																	
Administrative Salaries & Benefits	1,498,715	1,657,231	2,209,641	2,339,942	30,778	53,790	70,025	111,570	818,701	995,063	1,323,616	1,677,676	22,837	27,582	35,864	21,292	4,150,480
Other Admin Expenses	40,710	35,146	46,862	71,669	553,204	560,108	746,810	727,073	29,664	69,071	92,095	110,324	9,285	10,274	13,698	15,283	924,349
Miscellaneous Admin Expenses	236,554	199,343	265,790	807,787	14,882	20,202	26,936	24,888	42,243	30,780	41,040	46,920	2,581	2,592	3,456	3,792	883,387
Total Administrative Expenses	1,775,979	1,891,720	2,522,293	3,219,398	598,864	634,100	843,771	863,531	890,608	1,094,914	1,456,751	1,834,920	34,702	40,447	53,018	40,367	5,958,216
Tenant Services Expense	18,132	113,247	150,996	170,573	834	4,008	5,344	4,698	21,525	22,695	30,260	66,706	30	288	384	470	242,447
Utility Expense	8,354	-	-	11,140	117,611	118,679	158,239	141,490	20,519	15,631	20,841	28,751	15,583	16,110	21,480	23,376	204,757
Maintenance And Operations																	
General Maint Expense	3,311	4,823	6,430	4,415	62,337	65,426	85,150	98,062	535,519	487,589	649,570	916,270	3,187	7,928	10,316	1,922	1,020,669
Materials	213	551	735	285	6,446	14,226	18,968	13,052	10,439	13,796	18,395	22,815	549	3,159	4,212	2,016	38,168
Contract Costs	20,486	16,920	22,560	27,315	35,726	43,921	58,561	47,269	23,761	10,061	13,415	45,080	5,835	16,986	22,648	22,420	142,084
Total Maintenance Expenses	24,009	22,294	29,725	32,015	104,508	123,573	162,678	158,383	569,719	511,446	681,380	984,165	9,571	28,073	37,176	26,358	1,200,921
General Expenses																	
Property Insurance	-	-	-	-	18,207	20,887	27,849	25,324	4,067	2,993	3,990	6,680	717	491	655	1,134	33,138
Liability Insurance	8,399	9,424	12,565	11,760	11,029	11,381	15,175	14,729	5,660	5,423	7,230	7,835	167	170	227	265	34,589
Auto Insurance Expense	945	754	1,005	1,325	-	-	-	-	5,663	4,778	6,370	7,930	-	-	-	-	9,255
OPEB (GASB 45)	-	2,516	3,355	3,355	-	-	-	-	-	75	100	100	-	-	-	-	3,455
OPEB Maintenance (GASB 45)	-	-	-	-	-	-	-	-	-	75	100	100	-	-	-	-	100
Payments in Lieu of Taxes (PILOT)	-	-	-	-	-	-	-	-	3,128	4,020	5,360	4,255	-	-	-	-	4,255
Misc Taxes/Lic/Ins	-	-	-	-	-	-	-	-	250	75	100	435	-	-	-	-	435
Property Taxes	-	-	-	-	39,459	29,872	39,830	39,830	6,072	-	-	-	-	408	544	544	40,374
Property Tax: Fire	-	-	-	-	-	-	-	-	44	23	30	60	-	-	-	-	60
Bad Debt-Other	-	3,075	4,100	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HOA Dues	-	-	-	-	-	-	-	-	86,985	77,652	103,536	115,306	-	-	-	-	115,306
Security	-	-	-	-	-	-	-	-	2,500	-	-	-	-	-	-	-	-
Total General Expenses	9,344	15,769	21,025	16,440	71,721	62,140	82,854	79,884	114,369	95,112	126,816	142,701	884	1,069	1,426	1,943	240,967
Housing Assistance Payments	20,366,656	18,967,545	25,290,060	29,271,848	-	-	-	-	24,863	143,074	190,765	33,150	-	-	-	-	29,304,998
OPERATING EXPENSES	22,202,473	21,010,574	28,014,099	32,721,414	893,538	942,500	1,252,886	1,247,986	1,641,604	1,882,872	2,506,813	3,090,393	60,770	85,988	113,484	92,514	37,152,306
FINANCING EXPENSE																	
Interest Expense - Courtland	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Expense - HELP	-	-	-	-	-	-	-	-	9,399	9,973	13,297	12,072	-	-	-	-	12,072
Interest - Mortgage	-	-	-	-	-	-	-	-	24,183	-	-	-	-	-	-	-	-
Property Appraisals	-	-	-	-	-	-	-	-	-	9,000	12,000	12,000	-	-	-	-	12,000
Bank Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FINANCING EXPENSES	-	-	-	-	-	-	-	-	33,581	18,973	25,297	24,072	-	-	-	-	24,072

	VOUCHER PROGRAM				ANDERSON HOTEL				LOCAL AUTHORITY				LAW APARTMENTS				TOTAL AGENCY BUDGET
	6/30/2021 Actuals	6/30/2021 Budget	FYE 2021 Budget	FYE 2022 Budget	6/30/2021 Actuals	6/30/2021 Budget	FYE 2021 Budget	FYE 2022 Budget	6/30/2021 Actuals	6/30/2021 Budget	FYE 2021 Budget	FYE 2022 Budget	6/30/2021 Actuals	6/30/2021 Budget	FYE 2021 Budget	FYE 2022 Budget	
NON-OPERATING ITEMS																	
Depreciation -Buildings	-	4,459	5,945	5,945	-	-	3,150	3,150	-	53,287	71,050	71,050	-	-	12,090	12,090	92,235
Operating Transfers OUT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gain/Loss from Sale of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL NON-OPERATING ITEMS	-	4,459	5,945	5,945	-	-	3,150	3,150	-	53,287	71,050	71,050	-	-	12,090	12,090	92,235
CAPITAL GRANTS & OTHER																	
CFP Grant Funds Earned	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inc/Loss From Moylan Terrace	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL GRANTS & OTHER	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENSES	22,202,473	21,015,033	28,020,044	32,727,359	893,538	942,500	1,256,036	1,251,136	1,675,185	1,955,132	2,603,160	3,185,515	60,770	85,988	125,574	104,604	37,268,613
NET INCOME	405,964	(551,672)	(735,563)	22,987	(59,952)	(9,519)	(12,061)	(62,762)	15,985,852	1,977,469	2,640,308	4,013,823	16,915	(12,553)	(27,661)	25,332	3,999,381
CASH FLOW ADJUSTMENTS																	
OPEB (GASB 45)	-	2,516	3,355	3,355	-	-	-	-	-	150	200	200	-	-	-	-	3,555
Depreciation -Buildings	-	4,459	5,945	5,945	-	-	3,150	3,150	-	53,287	71,050	71,050	-	-	12,090	12,090	92,235
Inc/Loss From Moylan Terrace	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Repairs	-	-	-	-	(35,667)	-	-	-	-	-	-	-	(10,638)	-	-	-	-
Prepaid Ground Lease	-	-	-	-	-	-	-	-	1,978,742	(52,562)	(70,083)	553,251	-	-	-	-	553,251
Construction Costs	-	-	-	-	-	-	-	-	(14,673,381)	(300,000)	(400,000)	(140,295)	-	-	-	-	(140,295)
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Replacement Reserves	-	-	-	-	-	-	-	-	-	(17,250)	(19,560)	(20,160)	6,722	(3,600)	(5,568)	(5,568)	(25,728)
Residual Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Related Party Debt	-	-	-	-	-	-	-	-	(931,346)	(245,030)	(326,706)	(1,412,284)	-	-	-	-	(1,412,284)
Devel. Notes/Prepaid Land Lease	-	-	-	-	-	-	-	-	(956,030)	(41,813)	(55,750)	(54,525)	-	-	-	-	(54,525)
Land Purchases - Devel. in Progress	-	-	-	-	-	-	-	-	(7,902,484)	0	0	0	-	-	-	-	-
Developer Fees	-	-	-	-	-	-	-	-	38,695	570,375	760,500	558,000	-	-	-	-	558,000
NET CASH FLOW	405,964	(544,697)	(726,263)	32,287	(95,619)	(9,519)	(8,911)	(59,612)	(6,459,951)	1,944,627	2,599,959	3,569,060	12,999	(16,153)	(21,139)	31,854	3,573,589

Operational Income by Category

1 Maint Workorder Fee Income	916,050	7.6%
2 Property Management Fees	912,035	7.5%
3 Housing Choice Voucher Admin. Fee Income	2,985,005	24.7%
4 CARES Grant Funding	461,447	3.8%
5 Net Rental Income	2,290,934	18.9%
6 Developer Fee Income	2,772,273	22.9%
7 Investment Income	1,546,411	12.8%
8 Other Income/Grants	215,540	1.8%
Total Operational Income	<u>12,099,695</u>	
Housing Assistance Payment (HAP) Grant (Pass-thru rent subsidies)	29,168,299	
Total Income	<u>41,267,994</u>	

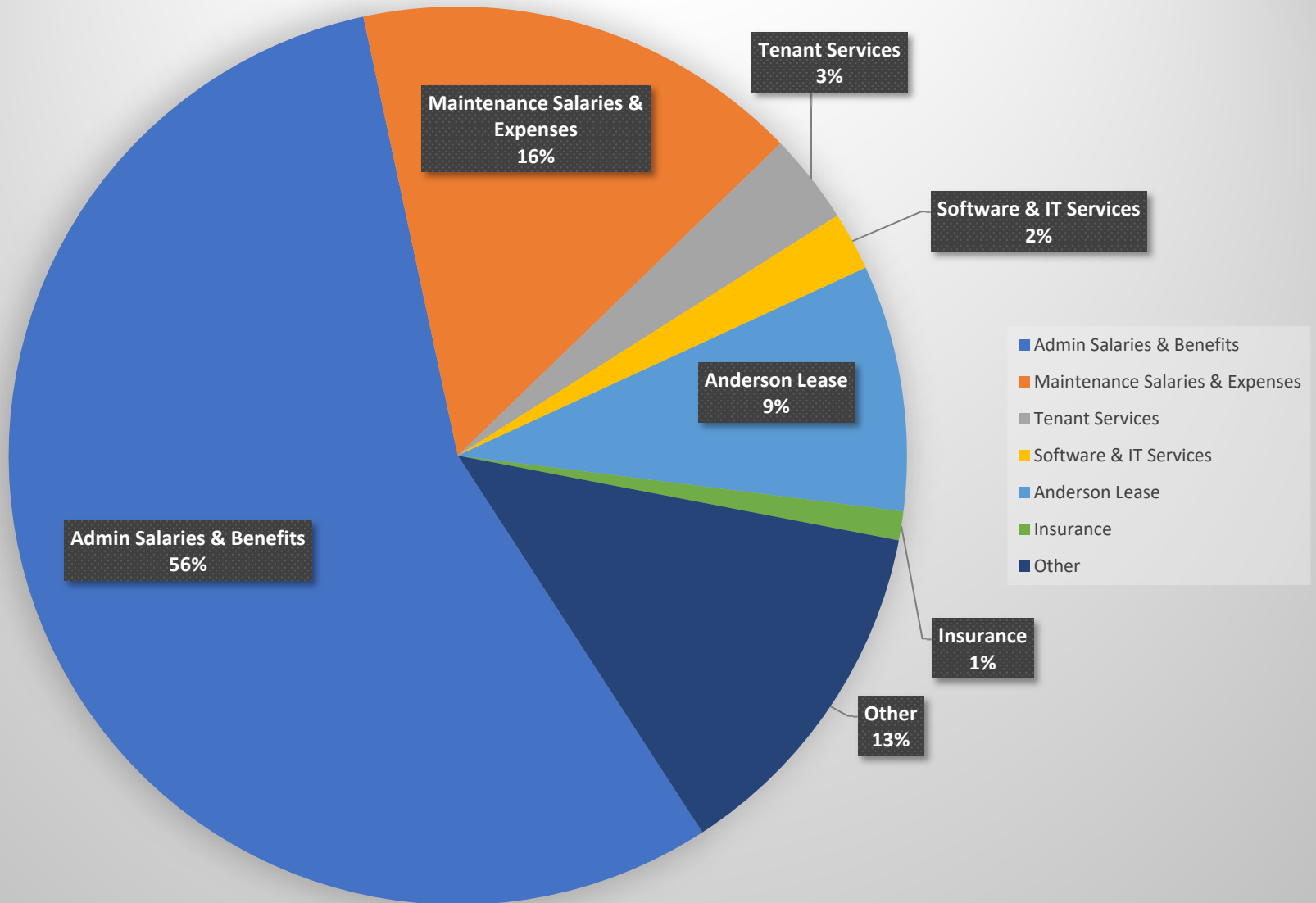
Operational Income by Category



Operational Expense by Category

1 Admin Salaries & Benefits	4,150,480	55.8%
2 Maintenance Salaries & Expenses	1,200,921	16.1%
3 Tenant Services	242,447	3.3%
4 Software & IT Services	156,668	2.1%
5 Anderson Lease	659,220	8.9%
6 Insurance	76,982	1.0%
7 Other	953,020	12.8%
Total Operational Expenses	<u>7,439,738</u>	
HCV Housing Assistance Payments	<u>29,828,875</u>	
Total Expenses	<u>37,268,613</u>	

Operational Expenses





**PROPOSED OPERATING BUDGET
HOUSING CHOICE VOUCHER PROGRAM
FYE 9-30-2022**

BACKGROUND

The Housing Choice Voucher (HCV) program administers 2,700 vouchers in the county of San Luis Obispo. The program receives HAP funds that are used to pay a portion of participants' rents in the open market. HASLO receives an administrative fee for each assisted participant, which funds program operations.

Vouchers – Unrestricted

The Voucher program has outperformed budget through June 2021. This is mainly due to CARES act funding and increased admin fees.

For our 2022 proposed budget, we are assuming an 82% administrative fee proration. This is based on the recent prorations from HUD.

The budget also includes a new program, the Emergency Housing Vouchers. These vouchers come with additional fee income in addition to the regular admin fees. Those fees and the continued increase of our regular leasing has ensured income would be close to the prior year's budget even without the CARES funding. Salary costs have increased with the addition of staff to manage the increased leasing and additional programs.

The budget assumes that HASLO will receive sufficient HAP funding to be able to lease at a 98.3% utilization rate.

Unrestricted cash and investments remain strong at over \$3.9 million. The HCV program has no external debt.

Vouchers - Restricted

Last year we were awarded additional funds to cover increased HAP costs as a result of the pandemic. Our average HAP costs have decreased slightly but remain high. We've been able to lease a small number of vouchers from the waiting list. We've also added RAD vouchers as those units come online post-rehab. We were also awarded additional mainstream vouchers that we've been able to work on leasing. We expect to utilize 97.5% vouchers this year. We will likely use a small amount of reserve funds to maintain this level of leasing.

For the 2021 fiscal year, we anticipate utilizing 98.5% of our funding and vouchers. HAP reserves are approximately \$1,300,000, compared to reserves of approximately \$1,600,000 in the prior year.

**Vouchers - Unrestricted
Operating Budget
Fiscal Year End 9/30/2022**

	9/30/20 Actuals	6/30/21 Actuals	6/30/21 Budget	9/30/21 Budget	9/30/22 Proposed
INCOME					
TOTAL GRANT INCOME	1,400,438.78	641,381.25	516,486.75	688,649.00	585,747.00
TOTAL ADMIN FEE & OTHER INCOME	2,572,085.62	2,068,891.94	1,903,561.34	2,538,081.78	2,985,004.56
TOTAL OTHER INCOME	30,309.89	9,340.03	30,270.00	40,360.00	11,295.00
TOTAL INCOME	4,002,834.29	2,719,613.22	2,450,318.09	3,267,090.78	3,582,046.56
EXPENSES					
Total Administrative Salaries	1,762,044.90	1,498,714.73	1,657,231.11	2,209,641.48	2,339,942.07
Total Other Admin Expenses	62,435.27	40,710.07	35,146.35	46,861.80	71,669.00
Total Miscellaneous Admin Expenses	327,222.19	236,553.99	199,342.50	265,790.00	807,787.00
TOTAL ADMINISTRATIVE EXPENSES	2,151,702.36	1,775,978.79	1,891,719.96	2,522,293.28	3,219,398.07
TOTAL TENANT SERVICES EXPENSES	24,869.54	18,131.91	113,247.04	150,996.05	170,572.72
TOTAL UTILITY EXPENSES	11,029.35	8,353.52	0.00	0.00	11,140.00
MAINTENANCE AND OPERATIONS					
TOTAL General Maint Expense	5,894.39	3,310.67	4,822.50	6,430.00	4,415.00
TOTAL Materials	548.11	212.56	551.25	735.00	285.00
Total Contract Costs	20,533.75	20,485.94	16,920.00	22,560.00	27,315.00
TOTAL MAINTENANCE EXPENSES	26,976.25	24,009.17	22,293.75	29,725.00	32,015.00
GENERAL EXPENSES					
Pension Expense	44,696.00	0.00	0.00	0.00	0.00
Liability Insurance	11,965.81	8,398.53	9,423.75	12,565.00	11,760.00
Auto Insurance Expense	1,010.81	945.00	753.75	1,005.00	1,325.00
OPEB (GASB 45)	7,323.00	0.00	2,516.25	3,355.00	3,355.00
Misc Taxes/Lic/Ins	0.00	0.00	0.00	0.00	0.00
Bad Debt-Other	2,687.64	0.00	3,075.00	4,100.00	0.00
Security	0.00	0.00	0.00	0.00	0.00
TOTAL GENERAL EXPENSES	67,683.26	9,343.53	15,768.75	21,025.00	16,440.00
TOTAL OPERATING EXPENSES	2,282,260.76	1,835,816.92	2,043,029.50	2,724,039.33	3,449,565.79
NON-OPERATING ITEMS					
Depreciation -Buildings	3,424.69	0.00	4,458.75	5,945.00	5,945.00
TOTAL NON-OPERATING ITEMS	3,424.69	0.00	4,458.75	5,945.00	5,945.00
NET INCOME	1,717,148.84	883,796.30	402,829.84	537,106.45	126,535.77
CASH FLOW ADJUSTMENTS					
OPEB (GASB 45)	7,323.00	0.00	2,516.25	3,355.00	3,355.00
Depreciation -Buildings	3,424.69	0.00	4,458.75	5,945.00	5,945.00
NET CASH FLOW	1,727,896.53	883,796.30	409,804.84	546,406.45	135,835.77

**Vouchers - Restricted
Operating Budget
Fiscal Year End 9/30/2022**

	9/30/20 Actuals	6/30/21 Actuals	6/30/21 Budget	9/30/21 Budget	9/30/22 Proposed
INCOME					
TOTAL GRANT INCOME	23,870,793.85	19,888,824.00	18,013,043.16	24,017,390.84	29,168,299.08
TOTAL OTHER INCOME	0.00	0.00	0.00	0.00	0.00
TOTAL INCOME	23,870,793.85	19,888,824.00	18,013,043.16	24,017,390.84	29,168,299.08
EXPENSES					
TOTAL HOUSING ASSISTANCE PAYMENTS	24,070,000.22	20,366,655.82	18,967,545.00	25,290,059.95	29,271,848.10
TOTAL OPERATING EXPENSES	24,070,000.22	20,366,655.82	18,967,545.00	25,290,059.95	29,271,848.10
NET INCOME	-199,206.37	-477,831.82	-954,501.84	-1,272,669.11	-103,549.02
CASH FLOW ADJUSTMENTS					
OPEB (GASB 45)	0.00	0.00	0.00	0.00	0.00
Depreciation -Buildings	0.00	0.00	0.00	0.00	0.00
DEBT SERVICE	0.00	0.00	0.00	0.00	0.00
Replacement Reserves	0.00	0.00	0.00	0.00	0.00
Related Party Debt	0.00	0.00	0.00	0.00	0.00
NET CASH FLOW	-199,206.37	-477,831.82	-954,501.84	-1,272,669.11	-103,549.02

**Vouchers - Combined
Operating Budget
Fiscal Year End 9/30/2022**

	9/30/20 Actuals	6/30/21 Actuals	6/30/21 Budget	9/30/21 Budget	9/30/22 Proposed
INCOME					
TENANT INCOME					
GRANT INCOME					
CARES Grant Funding	1,400,438.78	641,381.25	433,251.00	577,668.00	461,447.00
Section 8 HAP Received	23,027,045.00	18,833,778.00	18,013,043.16	24,017,390.84	26,050,503.44
VASH Sect 8 HAP Received	0.00	0.00	0.00	0.00	0.00
FUP Section 8 HAP Received	116,383.00	0.00	0.00	0.00	0.00
Mainstream HAP Received	407,212.00	811,843.00			1,449,399.64
EHV HAP Received					1,668,396.00
Section 8 FSS Grant Income	0.00	0.00	0.00	0.00	0.00
FSS Forfeitures	849.85	0.00	0.00	0.00	0.00
Port In HAP Earned	319,304.00	243,203.00	0.00	0.00	0.00
ROSS Grant Income	0.00	0.00	83,235.75	110,981.00	124,300.00
TOTAL GRANT INCOME	25,271,232.63	20,530,205.25	18,529,529.91	24,706,039.84	29,754,046.08
TOTAL ADMIN FEE & OTHER INCOME	2,572,085.62	2,068,891.94	1,903,561.34	2,538,081.78	2,985,004.56
TOTAL OTHER INCOME	30,309.89	9,340.03	30,270.00	40,360.00	11,295.00
TOTAL INCOME	27,873,628.14	22,608,437.22	20,463,361.25	27,284,481.62	32,750,345.64
EXPENSES					
Total Administrative Salaries	1,762,044.90	1,498,714.73	1,657,231.11	2,209,641.48	2,339,942.07
Total Legal Expense	0.00	0.00	0.00	0.00	0.00
Total Other Admin Expenses	62,435.27	40,710.07	35,146.35	46,861.80	71,669.00
Total Miscellaneous Admin Expenses	327,222.19	236,553.99	199,342.50	265,790.00	807,787.00
TOTAL ADMINISTRATIVE EXPENSES	2,151,702.36	1,775,978.79	1,891,719.96	2,522,293.28	3,219,398.07
TOTAL TENANT SERVICES EXPENSES	24,869.54	18,131.91	113,247.04	150,996.05	170,572.72
TOTAL UTILITY EXPENSES	11,029.35	8,353.52	0.00	0.00	11,140.00
MAINTENANCE AND OPERATIONS					
TOTAL General Maint Expense	5,894.39	3,310.67	4,822.50	6,430.00	4,415.00
TOTAL Materials	548.11	212.56	551.25	735.00	285.00
Total Contract Costs	20,533.75	20,485.94	16,920.00	22,560.00	27,315.00
TOTAL MAINTENANCE EXPENSES	26,976.25	24,009.17	22,293.75	29,725.00	32,015.00
GENERAL EXPENSES					
Employee Benefits					
Benefits	0.00	0.00	0.00	0.00	0.00
Pension Expense	44,696.00	0.00	0.00	0.00	0.00
Unallocated Benefits	0.00	0.00	0.00	0.00	0.00
W/C-FSS	0.00	0.00	0.00	0.00	0.00
Workers Compensation Exp	0.00	0.00	0.00	0.00	0.00
Property Insurance	0.00	0.00	0.00	0.00	0.00
Liability Insurance	11,965.81	8,398.53	9,423.75	12,565.00	11,760.00
Auto Insurance Expense	1,010.81	945.00	753.75	1,005.00	1,325.00
OPEB (GASB 45)	7,323.00	0.00	2,516.25	3,355.00	3,355.00
Misc Taxes/Lic/Ins	0.00	0.00	0.00	0.00	0.00
Bad Debt-Other	2,687.64	0.00	3,075.00	4,100.00	0.00
Security	0.00	0.00	0.00	0.00	0.00
TOTAL GENERAL EXPENSES	67,683.26	9,343.53	15,768.75	21,025.00	16,440.00
TOTAL HOUSING ASSISTANCE PAYMENTS	24,070,000.22	20,366,655.82	18,967,545.00	25,290,059.95	29,271,848.10

**Vouchers - Combined
Operating Budget
Fiscal Year End 9/30/2022**

	9/30/20 Actuals	6/30/21 Actuals	6/30/21 Budget	9/30/21 Budget	9/30/22 Proposed
NON-OPERATING ITEMS					
Depreciation -Buildings	3,424.69	0.00	4,458.75	5,945.00	5,945.00
Gain/Loss on Sale of Fixed Assets	0.00	0.00	0.00	0.00	0.00
TOTAL NON-OPERATING ITEMS	3,424.69	0.00	4,458.75	5,945.00	5,945.00
TOTAL EXPENSES	26,355,685.67	22,202,472.74	21,015,033.25	28,020,044.28	32,727,358.89
NET INCOME	1,517,942.47	405,964.48	-551,672.00	-735,562.66	22,986.75
CASH FLOW ADJUSTMENTS					
OPEB (GASB 45)	7,323.00	0.00	2,516.25	3,355.00	3,355.00
Depreciation -Buildings	3,424.69	0.00	4,458.75	5,945.00	5,945.00
DEBT SERVICE	0.00	0.00	0.00	0.00	0.00
Replacement Reserves	0.00	0.00	0.00	0.00	0.00
Related Party Debt	0.00	0.00	0.00	0.00	0.00
NET CASH FLOW	1,528,690.16	405,964.48	-544,697.00	-726,262.66	32,286.75

Vouchers
Balance Sheet
6/30/21

	Balance Current Period	Beginning Balance	Net Change
ASSETS			
CURRENT ASSETS:			
CASH			
Unrestricted Cash			
Cash - Checking	3,003,818.77	1,788,770.34	1,215,048.43
Total Unrestricted Cash	3,003,818.77	1,788,770.34	1,215,048.43
Restricted Cash			
Rest. Cash - Vouchers PWB	459,267.15	1,530,107.35	-1,070,840.20
Total Restricted Cash	459,267.15	1,530,107.35	-1,070,840.20
TOTAL CASH	3,463,085.92	3,318,877.69	144,208.23
ACCOUNTS AND NOTES RECEIVABLE			
A/R - Fraud Recovery	955,937.59	1,015,273.67	-59,336.08
Allowance for Doubtful A/R - Vouchers	-955,937.59	-1,014,799.67	58,862.08
A/R - Other Government	12,381.83	5,548.38	6,833.45
Accrued Interest Receivable	0.00	1.20	-1.20
TOTAL ACCOUNTS AND NOTES RECEIVABLE	12,381.83	6,023.58	6,358.25
OTHER CURRENT ASSETS			
Investments-Unrestricted	1,194,859.06	1,180,410.19	14,448.87
Investments - FSS Escrow	307,660.91	250,537.24	57,123.67
Prepaid Insurance	3,114.47	12,458.00	-9,343.53
Other Prepayments/Def Charges	0.00	17,136.00	-17,136.00
TOTAL OTHER CURRENT ASSETS	1,505,634.44	1,460,541.43	45,093.01
TOTAL CURRENT ASSETS	4,981,102.19	4,785,442.70	195,659.49
NONCURRENT ASSETS:			
FIXED ASSETS			
FIXED ASSETS (NET)			
Furn & Equip - Admin	23,910.50	23,910.50	0.00
Automotive Equipment	173,142.54	91,122.90	82,019.64
TOTAL Fixed Assets	197,053.04	115,033.40	82,019.64
ACCUMULATED DEPRECIATION			
Accum Depreciation	-113,955.05	-113,955.05	0.00
TOTAL Accum Depn	-113,955.05	-113,955.05	0.00
NET FIXED ASSETS	83,097.99	1,078.35	82,019.64
Deferred Outflows	362,763.00	362,763.00	0.00
Deferred Outflows - OPEB	11,983.00	11,983.00	0.00
TOTAL NONCURRENT ASSETS	457,843.99	375,824.35	82,019.64
TOTAL ASSETS	5,438,946.18	5,161,267.05	277,679.13

**Vouchers
Balance Sheet
6/30/21**

	Balance Current Period	Beginning Balance	Net Change
LIABILITIES & EQUITY			
LIABILITIES:			
CURRENT LIABILITIES:			
A/P Vendors and Contractors	-74,011.99	58,158.28	-132,170.27
Payables to LHA	181,581.21	0.00	181,581.21
A/P to SLONP	4,212.36	0.00	4,212.36
A/P-HUD	15,248.45	15,248.45	0.00
Accrued Expenses	6,049.00	6,049.00	0.00
Accrued OPEB (GASB)	100,852.00	100,852.00	0.00
Accrued Compensated Absences-Current	63,979.00	63,979.00	0.00
Accrued Payroll & Payroll Taxes	72,778.00	72,778.00	0.00
Unearned Grant Funds	324,965.96	562,626.22	-237,660.26
TOTAL CURRENT LIABILITIES	695,653.99	879,690.95	-184,036.96
NONCURRENT LIABILITIES:			
Accrued Compensated Absences-LT	38,701.00	38,701.00	0.00
FSS Escrow Payable	306,288.85	250,537.24	55,751.61
Deferred Inflows	15,461.00	15,461.00	0.00
Net Pension Liability	1,892,374.00	1,892,374.00	0.00
TOTAL NONCURRENT LIABILITIES	2,252,824.85	2,197,073.24	55,751.61
TOTAL LIABILITIES	2,948,478.84	3,076,764.19	-128,285.35
EQUITY			
CONTRIBUTED CAPITAL:			
Invested in Capital Assets-Net of Debt	4,503.04	4,503.04	0.00
TOTAL CONTRIBUTED CAPITAL	4,503.04	4,503.04	0.00
RESERVED FUNDS BALANCE:			
Restricted Net Assets	189,865.92	189,865.92	0.00
TOTAL RESERVED FUND BALANCE	189,865.92	189,865.92	0.00
RETAINED EARNINGS:			
Retained Earnings-Unrestricted Net Assets	2,296,098.38	1,890,133.90	405,964.48
TOTAL RETAINED EARNINGS:	2,296,098.38	1,890,133.90	405,964.48
TOTAL EQUITY	2,490,467.34	2,084,502.86	405,964.48
TOTAL LIABILITIES AND EQUITY	5,438,946.18	5,161,267.05	277,679.13



**PROPOSED OPERATING BUDGET
ANDERSON
FYE 9-30-2022**

BACKGROUND

The Anderson Hotel is a 68 unit project that serves elderly and disabled tenants. The Anderson is located downtown in a prime location and meets a critical housing need in our community. This project is subsidized by an annual contract under the HUD Multifamily program.

2022 BUDGET

The net cash flow in the budget is negative. Vacancy loss continues to be high and includes vacancies in the commercial units. It is difficult to fill units when the long-term plan for this property is still up in the air. We also aren't able to secure a rent increase from HUD while we are doing short-term renewals while under the purchase option.

We aren't able to reduce salary costs at this point. Even with vacancies, HUD multifamily properties require an extensive amount of management time. This makes it difficult to maintain positive cash flow in this interim period.

Cash reserves have decreased, so HASLO will likely need to temporarily fund some shortfall until we are through the purchase option period.

Anderson
Operating Budget
Fiscal Year End 9/30/2022

	9/30/20 Actuals	6/30/21 Actuals	6/30/21 Budget	9/30/21 Budget	9/30/22 Proposed
INCOME					
TENANT INCOME					
Rental Income					
Tenant Rent	285,254.33	244,902.00	237,920.49	317,227.37	317,227.37
Tenant Assistance Payments	699,102.00	489,319.00	496,263.51	661,684.63	661,684.63
Less: Vacancies	-70,624.00	-108,888.00	-29,256.48	-39,008.67	-79,163.18
Less: Concessions	-1,527.13	0.00	0.00	0.00	0.00
Laundry and Vending	4,069.05	3,047.91	3,645.00	4,860.00	5,220.00
Commercial Rental Income	233,009.22	165,578.93	181,302.84	241,737.14	226,233.84
Antenna Rental Income	50,875.50	40,555.92	39,394.71	52,526.28	54,093.00
Total Rental Income	1,200,158.97	834,515.76	929,270.07	1,239,026.76	1,185,295.66
Total Other Tenant Income	2,207.74	1,520.05	2,934.00	3,912.00	2,988.00
NET TENANT INCOME	1,202,366.71	836,035.81	932,204.07	1,242,938.76	1,188,283.66
TOTAL GRANT INCOME	0.00	0.00	749.97	1,000.00	0.00
TOTAL OTHER INCOME	6,112.08	-2,449.76	27.00	36.00	90.00
TOTAL INCOME	1,208,478.79	833,586.05	932,981.04	1,243,974.76	1,188,373.66
EXPENSES					
ADMINISTRATIVE					
Total Administrative Salaries	119,619.67	30,778.08	53,789.80	70,024.67	111,569.91
Total Other Admin Expenses	682,680.52	553,203.91	560,107.80	746,810.47	727,072.90
Total Miscellaneous Admin Expenses	23,886.08	14,882.30	20,202.03	26,936.00	24,888.00
TOTAL ADMINISTRATIVE EXPENSES	826,186.27	598,864.29	634,099.63	843,771.14	863,530.80
TOTAL TENANT SERVICES EXPENSES	3,712.58	833.62	4,007.79	5,343.64	4,698.17
TOTAL UTILITY EXPENSES	131,526.21	117,610.81	118,679.13	158,238.80	141,490.23
MAINTENANCE AND OPERATIONS					
TOTAL General Maint Expense	69,213.71	62,336.96	65,426.32	85,149.66	98,061.74
TOTAL Materials	11,629.06	6,445.90	14,226.03	18,968.00	13,052.00
Total Contract Costs	82,321.07	35,725.63	43,920.63	58,560.81	47,268.81
TOTAL MAINTENANCE EXPENSES	163,163.84	104,508.49	123,572.98	162,678.47	158,382.54
GENERAL EXPENSES					
Employee Benefits	0.00	0.00	0.00	0.00	0.00
Pension Expense	2,187.00	0.00	0.00	0.00	0.00
Workers Compensation Exp	0.00	0.00	0.00	0.00	0.00
Property Insurance	11,279.98	18,207.00	20,886.84	27,849.12	25,324.44
Liability Insurance	14,027.96	11,029.32	11,381.13	15,174.84	14,729.36
OPEB (GASB 75)	64.00	0.00	0.00	0.00	0.00
OPEB Maintenance (GASB 75)	314.00	0.00	0.00	0.00	0.00
Property Taxes	39,049.12	39,458.62	29,872.26	39,829.68	39,830.10
Bad Debt-Tenant Rents	0.00	3,026.00	0.00	0.00	0.00
Security	0.00	0.00	0.00	0.00	0.00
TOTAL GENERAL EXPENSES	66,922.06	71,720.94	62,140.23	82,853.64	79,883.90

	9/30/20 Actuals	6/30/21 Actuals	6/30/21 Budget	9/30/21 Budget	9/30/22 Proposed
TOTAL NON-OPERATING ITEMS	3,888.26	0.00	0.00	3,150.00	3,150.00
TOTAL EXPENSES	1,195,399.22	893,538.15	942,499.76	1,256,035.69	1,251,135.63
NET INCOME	13,079.57	-59,952.10	-9,518.72	-12,060.93	-62,761.97
CASH FLOW ADJUSTMENTS					
OPEB (GASB 45)	378.00	0.00	0.00	0.00	0.00
Depreciation -Buildings	3,888.26	0.00	0.00	3,150.00	3,150.00
Capital Repairs	0.00	-35,667.00	0.00	0.00	0.00
NET CASH FLOW	17,345.83	-95,619.10	-9,518.72	-8,910.93	-59,611.97

**Anderson
Balance Sheet
6/30/21**

	Balance Current Period	Beginning Balance	Net Change
ASSETS			
CURRENT ASSETS:			
CASH			
Unrestricted Cash			
Cash - Checking	104,284.81	170,348.60	-66,063.79
Total Unrestricted Cash	104,284.81	170,348.60	-66,063.79
Restricted Cash			
Cash - Security Deposits	23,266.24	23,266.24	0.00
Total Restricted Cash	23,266.24	23,266.24	0.00
TOTAL CASH	127,551.05	193,614.84	-66,063.79
ACCOUNTS AND NOTES RECEIVABLE			
A/R - Tenants	29,125.06	31,662.68	-2,537.62
A/R - Collections	5,111.22	5,111.22	0.00
Allowance for Doubtful Accts - Collections	-5,111.22	-5,111.22	0.00
A/R - Affordable Housing Subsidies	-46.00	0.00	-46.00
Accrued Interest Receivable	0.00	0.02	-0.02
TOTAL ACCOUNTS AND NOTES RECEIVABLE	29,079.06	31,662.70	-2,583.64
OTHER CURRENT ASSETS			
Investments-Unrestricted	9,082.56	8,997.65	84.91
Prepaid Insurance	38,377.24	11,798.56	26,578.68
TOTAL OTHER CURRENT ASSETS	47,459.80	20,796.21	26,663.59
TOTAL CURRENT ASSETS	204,089.91	246,073.75	-41,983.84
NONCURRENT ASSETS:			
FIXED ASSETS			
FIXED ASSETS (NET)			
Buildings Improvement Costs	38,882.59	38,882.59	0.00
TOTAL Fixed Assets	38,882.59	38,882.59	0.00
ACCUMULATED DEPRECIATION			
Accum Depreciation	-26,305.18	-26,305.18	0.00
TOTAL Accum Depn	-26,305.18	-26,305.18	0.00
NET FIXED ASSETS	12,577.41	12,577.41	0.00
Deferred Outflows	42,478.00	42,478.00	0.00
Deferred Outflows - OPEB	1,051.00	1,051.00	0.00
TOTAL NONCURRENT ASSETS	56,106.41	56,106.41	0.00
TOTAL ASSETS	260,196.32	302,180.16	-41,983.84

**Anderson
Balance Sheet
6/30/21**

	Balance Current Period	Beginning Balance	Net Change
LIABILITIES & EQUITY			
LIABILITIES:			
CURRENT LIABILITIES:			
Payables to LHA	3,919.33	0.00	3,919.33
A/P to SLONP	86.60	0.00	86.60
Tenant Security Deposits	15,883.00	15,786.24	96.76
Security Deposit-Pet	300.00	900.00	-600.00
Security Deposits - Commercial Tenants	6,580.00	6,580.00	0.00
A/P-HUD	0.00	412.00	-412.00
Accrued Expenses	742.00	742.00	0.00
Accrued OPEB (GASB)	9,037.00	9,037.00	0.00
Accrued Compensated Absences-Current	3,302.00	3,302.00	0.00
Accrued Payroll & Payroll Taxes	3,997.00	3,997.00	0.00
Tenant Prepaid Rents	22,328.52	7,450.95	14,877.57
TOTAL CURRENT LIABILITIES	66,175.45	48,207.19	17,968.26
NONCURRENT LIABILITIES:			
Accrued Compensated Absences-LT	1,997.00	1,997.00	0.00
Deferred Inflows	11,670.00	11,670.00	0.00
Net Pension Liability	197,439.00	197,439.00	0.00
TOTAL NONCURRENT LIABILITIES	211,106.00	211,106.00	0.00
TOTAL LIABILITIES	277,281.45	259,313.19	17,968.26
EQUITY			
RETAINED EARNINGS:			
Invested in Capital Assets-Net of Debt	16,466.00	16,466.00	0.00
Retained Earnings-Unrestricted Net Assets	-33,551.13	26,400.97	-59,952.10
TOTAL RETAINED EARNINGS:	-17,085.13	42,866.97	-59,952.10
TOTAL EQUITY	-17,085.13	42,866.97	-59,952.10
TOTAL LIABILITIES AND EQUITY	260,196.32	302,180.16	-41,983.84



**PROPOSED OPERATING BUDGET
LOCAL AUTHORITY
FYE 9-30-2022**

BACKGROUND

Local Authority (LHA) is the non-HUD/unrestricted arm of the Housing Authority. Local Authority has three core lines of business: owned rental property, property management, and project development. Rental property consists of 38 owned apartment units and 1 rental home (i.e they are non-tax credit/non-SLONP properties). Local Authority provides property management and maintenance services for all of our affiliated non-profits, tax credit, and HUD Multifamily properties. Local Authority also serves as the development arm of the Housing Authority and is currently active in developing a number of projects.

2021 BUDGETS

Each of the three LHA segments is projecting a net surplus and positive cash flow.

Rental Property

LHA's rental properties, led by our Parkwood property, continue to generate solid cash flows and have strong demand as units become available. Parkwood is restricted to those earning up to 80% of area median income. This has allowed HASLO to provide housing for those whose income exceeds the limits for Tax Credit properties. This housing serves a critical need in our community. Although this segment has a healthy savings balance, we are budgeting a significant decrease in interest income because of decreased interest rates. Additional property management staff has been added this year, so you will see an overall trend of higher payroll costs in all segments. We also trended up maintenance expenses in this budget. Overall, cash flow is budgeted to be lower than the prior year's budget, but still a healthy profit margin of 42%.

Property Management

Property management currently manages approximately 780 housing units. The number of units managed will continue to grow as we develop new projects. The primary sources of income for this segment are Management fees and work order fees. Management fee income has increased this year with the addition of new properties, accordingly we are expecting a higher cash flow and profit margin for this segment.

The budget includes an increase in maintenance fee income. This is due to hiring additional maintenance staff and managing additional properties as newly developed properties are added to our portfolio. These fees are paid by the properties that use the maintenance labor and a small profit is added to the reimbursed costs.

Local Authority also administers a number of other affordable housing programs and grants which flow through this segment.

Development

LHA Development is very active in building and developing affordable housing projects. During 2021 we worked to complete the second half of the RAD units, completed and occupied Halcyon and Courtyard, and were awarded tax credits for Toscano and Morro Bay. We also purchased land for additional projects in future years and worked on plans to rehab already owned properties.

We expect to receive a large portion of the developer fee for the RAD project in this coming fiscal year. Interest income will decrease as we will need to put the \$18 million we've been holding for the RAD project, back into the project once it's complete.

This segment also generates prepaid land lease income from leasing land to the tax credit partnerships, this budget includes a cash flow adjustment for the expected receipt of \$650,000 from Morro Bay. The income for this payment will be amortized over a period of time, but the cash is received immediately at closing.

**Local Authority - Property Mgmt
Operating Budget
Fiscal Year End 9/30/2022**

	9/30/20 Actual	6/30/21 Actual	6/30/21 Budget	9/30/21 Budget	9/30/22 Proposed
INCOME					
NET TENANT INCOME	15,423.00	2,180.00	0.00	0.00	0.00
TOTAL GRANT INCOME	157,818.30	28,537.34	154,323.75	205,765.00	48,150.00
TOTAL OTHER INCOME	1,536,993.34	1,253,146.90	1,109,368.70	1,479,158.27	1,850,940.00
TOTAL INCOME	1,710,478.01	1,283,864.24	1,263,692.45	1,684,923.27	1,899,090.00
EXPENSES					
Total Administrative Salaries	410,021.27	353,788.29	390,105.00	520,140.00	638,685.00
Total Other Admin Expenses	37,584.37	8,906.71	23,197.50	30,930.00	45,321.46
Total Miscellaneous Admin Expenses	29,673.16	35,536.65	24,693.75	32,925.00	37,190.00
TOTAL ADMINISTRATIVE EXPENSES	477,278.80	398,231.65	437,996.25	583,995.00	721,196.46
TOTAL TENANT SERVICES EXPENSES	26,948.63	17,989.13	18,836.25	25,115.00	55,090.00
TOTAL UTILITY EXPENSES	6,136.85	4,370.31	5,291.25	7,055.00	5,760.00
MAINTENANCE AND OPERATIONS					
TOTAL General Maint Expense	644,222.47	512,909.46	463,256.25	617,675.00	833,085.00
TOTAL Materials	734.72	589.60	6,408.75	8,545.00	8,115.00
Total Contract Costs	3,226.99	3,409.03	2,928.75	3,905.00	4,545.00
TOTAL MAINTENANCE EXPENSES	648,184.18	516,908.09	472,593.75	630,125.00	845,745.00
GENERAL EXPENSES					
Employee Benefits					
Benefits	0.00	0.00	0.00	0.00	0.00
Pension Expense	56,744.00	0.00	0.00	0.00	0.00
Pension Expense-Offset	-18,852.00	0.00	0.00	0.00	0.00
Workers Compensation Exp	0.00	0.00	0.00	0.00	0.00
Insurance Expense	9,590.00	10,619.08	9,682.50	12,910.00	14,870.00
OPEB	5,367.00	0.00	0.00	0.00	
Misc Taxes/Lic/Ins	0.00	250.00	0.00	0.00	335.00
HOA Dues	0.00	0.00	0.00	0.00	0.00
Security	0.00	0.00	0.00	0.00	0.00
Other General Expense	0.00	0.00	0.00	0.00	0.00
TOTAL GENERAL EXPENSES	52,849.00	10,869.08	9,682.50	12,910.00	15,205.00
TOTAL HOUSING ASSISTANCE PAYMEN	152,624.64	24,862.84	143,073.75	190,765.00	33,150.00
OTHER DISTRIBUTIONS					
FINANCING EXPENSE					
NON-OPERATING ITEMS					
Depreciation -Buildings	3,765.71	0.00	0.00	0.00	0.00
TOTAL NON-OPERATING ITEMS	3,765.71	0.00	0.00	0.00	0.00
LP & TAX CREDIT EXPENSES					
CAPITAL GRANTS & OTHER					
Inc/Loss from Moylan Terrace	0.00	0.00	0.00	0.00	0.00
TOTAL CAPITAL GRANTS & OTHER	0.00	0.00	0.00	0.00	0.00

**Local Authority - Property Mgmt
Operating Budget
Fiscal Year End 9/30/2022**

	9/30/20 Actual	6/30/21 Actual	6/30/21 Budget	9/30/21 Budget	9/30/22 Proposed
TOTAL EXPENSES	1,367,787.81	973,231.10	1,087,473.75	1,449,965.00	1,676,146.46
NET INCOME	342,690.20	310,633.14	176,218.70	234,958.27	222,943.54
CASH FLOW ADJUSTMENTS					
OPEB (GASB 45)	7,157.00	0.00	0.00	0.00	0.00
Depreciation -Buildings	0.00	0.00	0.00	0.00	0.00
Inc/Loss From Moylan Terrace	0.00	0.00	0.00	0.00	0.00
Debt Service	0.00	0.00	0.00	0.00	0.00
Replacement Reserves	0.00	0.00	0.00	0.00	0.00
Related Party Debt	0.00	0.00	0.00	0.00	0.00
NET CASH FLOW	349,847	310,633	176,219	234,958	222,944

Local Authority - Rentals
Operating Budget
Fiscal Year End 9/30/2022

	9/30/20 Actual	6/30/21 Actual	6/30/21 Budget	9/30/21 Budget	9/30/22 Proposed
INCOME					
NET TENANT INCOME	683,938.39	496,579.00	497,460.78	663,281.00	654,841.00
TOTAL OTHER INCOME	20,991.96	5,952.39	14,163.75	18,885.00	4,905.00
TOTAL INCOME	704,930.35	502,531.39	511,624.53	682,166.00	659,746.00
EXPENSES					
ADMINISTRATIVE					
Total Administrative Salaries	86,748.89	51,389.98	94,042.22	122,255.00	222,991.00
Total Other Admin Expenses	480.78	55.59	720.00	960.00	2,302.00
Total Miscellaneous Admin Expenses	4,913.37	4,435.11	3,090.06	4,120.00	5,705.00
TOTAL ADMINISTRATIVE EXPENSES	92,143.04	55,880.68	97,852.28	127,335.00	230,998.00
TOTAL TENANT SERVICES EXPENSES	5,254.76	3,536.26	3,858.75	5,145.00	11,616.00
TOTAL UTILITY EXPENSES	12,896.69	11,234.57	9,728.19	12,971.00	11,831.00
MAINTENANCE AND OPERATIONS					
TOTAL General Maint Expense	28,026.58	22,609.70	24,332.76	31,895.00	83,184.68
TOTAL Materials	10,601.99	7,377.94	7,316.19	9,755.00	11,405.00
Total Contract Costs	12,839.20	10,476.64	7,132.50	9,510.00	15,665.00
TOTAL MAINTENANCE EXPENSES	51,467.77	40,464.28	38,781.45	51,160.00	110,254.68
GENERAL EXPENSES					
Benefits	0.00	0.00	0.00	0.00	0.00
Pension Expense	2,671.00	0.00	0.00	0.00	0.00
Workers Compensation Exp	0.00	0.00	0.00	0.00	0.00
Insurance Expense	3,801.00	4,771.08	3,510.00	4,680.00	7,575.00
OPEB	462.00	0.00	149.94	200.00	200.00
Taxes and Insurance	5,358.38	3,171.73	4,117.50	5,490.00	4,415.00
Bad Debt-Tenant Rents	0.00	0.00	0.00	0.00	0.00
HOA Dues	112,365.00	86,481.00	77,652.00	103,536.00	115,306.00
TOTAL GENERAL EXPENSES	124,657.38	94,423.81	85,429.44	113,906.00	127,496.00
FINANCING EXPENSE					
Interest Expense - Courtland	0.00	0.00	0.00	0.00	0.00
TOTAL FINANCING EXPENSES	0.00	0.00	0.00	0.00	0.00
NON-OPERATING ITEMS					
Depreciation -Buildings	71,047.50	0.00	53,287.47	71,050.00	71,050.00
Surplus Cash	0.00	0.00	0.00	0.00	0.00
TOTAL NON-OPERATING ITEMS	71,047.50	0.00	53,287.47	71,050.00	71,050.00
TOTAL EXPENSES	357,467.14	205,539.60	288,937.58	381,567.00	563,245.68
NET INCOME	347,463.21	296,991.79	222,686.95	300,599.00	96,500.32
CASH FLOW ADJUSTMENTS					
OPEB (GASB 45)	462.00	0.00	200.00	200.00	200.00
Depreciation -Buildings	71,047.50	0.00	53,287.47	71,050.00	71,050.00
Debt Service	0.00	0.00	0.00	0.00	0.00
Replacement Reserves	0.00	0.00	-17,250.03	-19,560.00	-20,160.00
NET CASH FLOW	418,973	296,992	258,924	352,289	147,590

**Local Authority - Development
Operating Budget
Fiscal Year End 9/30/2022**

	9/30/20 Actual	6/30/21 Actual	6/30/21 Budget	9/30/21 Budget	9/30/22 Proposed
INCOME					
NET TENANT INCOME	139,540.43	141,662.31	52,562.00	70,082.67	317,945.33
TOTAL GRANT INCOME	-58,981.00	13,730,755.46	0.00	0.00	0.00
TOTAL OTHER INCOME	3,488,945.67	2,002,224.07	2,104,721.85	2,806,295.80	4,322,557.17
TOTAL INCOME	3,569,505.10	15,874,641.84	2,157,283.85	2,876,378.47	4,640,502.50
EXPENSES					
Total Administrative Salaries	635,106.84	413,522.42	510,915.53	681,220.71	816,000.00
Total Other Admin Expenses	16,660.66	20,701.51	45,153.75	60,205.00	62,701.00
Total Miscellaneous Admin Expenses	2,903.17	2,271.53	2,996.25	3,995.00	4,025.00
TOTAL ADMINISTRATIVE EXPENSES	654,670.67	436,495.46	559,065.53	745,420.71	882,726.00
TOTAL MAINTENANCE EXPENSES	85.97	12,346.82	71.25	95.00	28,165.00
GENERAL EXPENSES					
Employee Benefits					
Benefits	0.00	0.00	0.00	0.00	0.00
Pension Expense	12,689.00	0.00	0.00	0.00	0.00
Workers Compensation Exp	0.00	0.00	0.00	0.00	0.00
Property Insurance	0.00	0.00	0.00	0.00	0.00
Liability Insurance	0.00	0.00	0.00	0.00	0.00
Auto Insurance	0.00	0.00	0.00	0.00	0.00
OPEB (GASB 75)	4,110.00	0.00	0.00	0.00	0.00
OPEB Maintenance (GASB 75)	1,141.00	0.00	0.00	0.00	0.00
Payments in Lieu of Taxes (PILOT)	0.00	0.00	0.00	0.00	0.00
Property Taxes	0.00	6,072.43	0.00	0.00	0.00
Bad Debt - Tenant Rents	0.00	0.00	0.00	0.00	0.00
Bad Debt - Other	0.00	0.00	0.00	0.00	0.00
HOA Dues	0.00	504.17	0.00	0.00	0.00
Title/Escrow Fees	0.00	0.00	0.00	0.00	0.00
Security	0.00	2,500.00	0.00	0.00	0.00
TOTAL GENERAL EXPENSES	17,940.00	9,076.60	0.00	0.00	0.00
FINANCING EXPENSE					
OTHER DISTRIBUTIONS					
Interest Expense - Moylan	0.00	0.00	0.00	0.00	0.00
Interest Expense - HELP	13,297.34	9,398.68	9,972.75	13,297.00	12,072.00
Interest Expense - Mortgage	0.00	24,182.81	0.00	0.00	0.00
Property Appraisals	0.00	0.00	9,000.00	12,000.00	12,000.00
Bank Fees	0.00	0.00	0.00	0.00	0.00
TOTAL FINANCING EXPENSES	13,297.34	33,581.49	18,972.75	25,297.00	24,072.00
NON-OPERATING ITEMS					
Depreciation - Buildings	9,564.75	0.00	0.00	0.00	0.00
Gain/Loss from Sale Disposition of Real Prc	0.00	0.00	0.00	0.00	0.00
TOTAL NON-OPERATING ITEMS	9,564.75	0.00	0.00	0.00	0.00
TOTAL CAPITAL GRANTS & OTHER	0.00	0.00	0.00	0.00	0.00
TOTAL EXPENSES	696,331.71	496,414.39	578,720.78	771,627.71	946,123.00
NET INCOME	2,873,173.39	15,378,227.45	1,578,563.07	2,104,750.76	3,694,379.50

**Local Authority - Development
Operating Budget
Fiscal Year End 9/30/2022**

	9/30/20 Actual	6/30/21 Actual	6/30/21 Budget	9/30/21 Budget	9/30/22 Proposed
CASH FLOW ADJUSTMENTS					
OPEB (GASB 45)		0.00	0.00	0.00	0.00
Prepaid ground lease		1,978,742.40	-52,562.00	-70,082.67	553,250.67
Depreciation -Buildings		0.00	0.00	0.00	0.00
Inc/Loss From Moylan Terrace		0.00	0.00	0.00	0.00
Construction in Progress		-14,673,380.72	-300,000.00	-400,000.00	-140,295.00
Debt Service		0.00	0.00	0.00	0.00
Replacement Reserves		0.00	0.00	0.00	0.00
Related Party Debt - Interest Income		-931,345.72	-245,029.50	-326,706.00	-1,412,284.11
Development Notes/Prepaid Land Lease		-956,029.98	-41,812.77	-55,750.36	-54,525.36
Land Purchases - Development in Progress		-7,902,483.76	0.00	0.00	0.00
Developer Fees		38,695.05	570,375.00	760,500.00	558,000.00
NET CASH FLOW	2,873,173	-7,067,575	1,509,534	2,012,712	3,198,526

**Local Authority - Combined
Operating Budget
Fiscal Year End 9/30/2022**

	9/30/20 Actuals	6/30/21 Actual	6/30/21 Budget	9/30/21 Budget	9/30/22 Proposed
INCOME					
NET TENANT INCOME	839,145.19	640,421.31	550,022.78	733,363.67	972,786.33
TOTAL GRANT INCOME	98,837.30	13,759,292.80	154,323.75	205,765.00	48,150.00
TOTAL OTHER INCOME	5,046,930.97	3,261,323.36	3,228,254.30	4,304,339.07	6,178,402.17
TOTAL INCOME	5,984,913.46	17,661,037.47	3,932,600.83	5,243,467.74	7,199,338.50
EXPENSES					
ADMINISTRATIVE					
Total Administrative Salaries	1,131,877.00	818,700.69	995,062.75	1,323,615.71	1,677,676.00
Total Other Admin Expenses	54,725.81	29,663.81	69,071.25	92,095.00	110,324.46
Total Miscellaneous Admin Expenses	37,489.70	42,243.29	30,780.06	41,040.00	46,920.00
TOTAL ADMINISTRATIVE EXPENSES	1,224,092.51	890,607.79	1,094,914.06	1,456,750.71	1,834,920.46
TOTAL TENANT SERVICES EXPENSES	32,203.39	21,525.39	22,695.00	30,260.00	66,706.00
TOTAL UTILITY EXPENSES	19,806.52	20,518.90	15,630.69	20,841.00	28,751.00
MAINTENANCE AND OPERATIONS					
TOTAL General Maint Expense	672,249.05	535,519.16	487,589.01	649,570.00	916,269.68
TOTAL Materials	11,570.83	10,439.34	13,796.19	18,395.00	22,815.00
Total Contract Costs	15,918.04	23,760.69	10,061.25	13,415.00	45,080.00
TOTAL MAINTENANCE EXPENSES	699,737.92	569,719.19	511,446.45	681,380.00	984,164.68
GENERAL EXPENSES					
Pension Expense	72,104.00	0.00	0.00	0.00	0.00
Pension Expense-Offset	-18,852.00	0.00	0.00	0.00	0.00
Casualty Loss-Insurance Proceeds	0.00	0.00	0.00	0.00	0.00
Property Insurance	3,142.08	4,066.56	2,992.50	3,990.00	6,680.00
Liability Insurance	5,478.89	5,660.35	5,422.50	7,230.00	7,835.00
Auto Insurance Expense	4,770.03	5,663.25	4,777.50	6,370.00	7,930.00
OPEB (GASB 45)	10,273.00	0.00	74.97	100.00	100.00
OPEB Maintenance (GASB 45)	2,597.00	0.00	74.97	100.00	100.00
OPEB Expense - Offset	-1,790.00	0.00	0.00	0.00	0.00
Payments in Lieu of Taxes (PILOT)	5,257.20	3,128.09	4,020.03	5,360.00	4,255.00
Misc Taxes/Lic/Ins	80.00	250.00	74.97	100.00	435.00
Property Tax: Fire	21.18	43.64	22.50	30.00	60.00
Bad Debt - Tenant Rents	0.00	0.00	0.00	0.00	0.00
HOA Dues	112,365.00	86,985.17	77,652.00	103,536.00	115,306.00
Security	0.00	2,500.00	0.00	0.00	0.00
TOTAL GENERAL EXPENSES	195,446.38	114,369.49	95,111.94	126,816.00	142,701.00
TOTAL HOUSING ASSISTANCE PAYMENTS	152,624.64	24,862.84	143,073.75	190,765.00	33,150.00

**Local Authority - Combined
Operating Budget
Fiscal Year End 9/30/2022**

	9/30/20 Actuals	6/30/21 Actual	6/30/21 Budget	9/30/21 Budget	9/30/22 Proposed
OTHER DISTRIBUTIONS					
Interest Expense - Courtland	0.00	0.00	0.00	0.00	0.00
Interest Expense - Moylan	0.00	0.00	0.00	0.00	0.00
Interest Expense - HELP	13,297.34	9,398.68	9,972.75	13,297.00	12,072.00
Interest Expense - Mortgage	0.00	24,182.81	0.00	0.00	0.00
Property Appraisals	0.00	0.00	9,000.00	12,000.00	12,000.00
Bank Fees	0.00	0.00	0.00	0.00	0.00
TOTAL FINANCING EXPENSES	13,297.34	33,581.49	18,972.75	25,297.00	24,072.00
NON-OPERATING ITEMS					
Depreciation -Buildings	84,377.96	0.00	53,287.47	71,050.00	71,050.00
Surplus Cash Paid	0.00	0.00	0.00	0.00	0.00
Gain/Loss from Sale of Real Property	0.00	0.00	0.00	0.00	0.00
TOTAL NON-OPERATING ITEMS	84,377.96	0.00	53,287.47	71,050.00	71,050.00
CAPITAL GRANTS & OTHER	0.00	0.00	0.00	0.00	0.00
TOTAL EXPENSES	2,421,586.66	1,675,185.09	1,955,132.11	2,603,159.71	3,185,515.14
NET INCOME	3,563,326.80	15,985,852.38	1,977,468.72	2,640,308.03	4,013,823.36
CASH FLOW ADJUSTMENTS					
OPEB (GASB 45)	7,619.00	0.00	149.94	200.00	200.00
Depreciation -Buildings	71,047.50	0.00	53,287.47	71,050.00	71,050.00
Inc/Loss From Moylan Terrace	0.00	0.00	0.00	0.00	0.00
Prepaid Ground Lease	0.00	1,978,742.40	-52,562.00	-70,082.67	553,250.67
Construction Costs	0.00	-14,673,380.72	-300,000.00	-400,000.00	-140,295.00
Moylan Sales Proceeds	0.00	0.00	0.00	0.00	0.00
Replacement Reserves	0.00	0.00	-17,250.03	-19,560.00	-20,160.00
Related Party Debt - Interest Income	0.00	-931,345.72	-245,029.50	-326,706.00	-1,412,284.11
Development Notes/Prepaid Land Lease	0.00	-956,029.98	-41,812.77	-55,750.36	-54,525.36
Land Purchases - Development in Progress	0.00	-7,902,483.76	0.00	0.00	0.00
Developer Fees	0.00	38,695.05	570,375.00	760,500.00	558,000.00
NET CASH FLOW	3,641,993	-6,459,950	1,944,627	2,599,959	3,569,060

Local Authority
Balance Sheet
6/30/2021

	Balance Current Period	Beginning Balance	Net Change
ASSETS			
CURRENT ASSETS:			
CASH			
Total Unrestricted Cash	883,061.93	1,660,780.40	-777,718.47
Total Restricted Cash	41,160.00	41,160.00	0.00
TOTAL CASH	924,221.93	1,701,940.40	-777,718.47
TOTAL CURRENT ASSETS	97,023,472.24	96,921,259.79	102,212.45
NONCURRENT ASSETS:			
FIXED ASSETS			
FIXED ASSETS (NET)			
Land	14,770,530.15	8,777,338.65	5,993,191.50
Land - Homeless Shelter	451,000.00	451,000.00	0.00
Land - Ahearn	750,724.50	750,724.50	0.00
Land - The Wedge	107,000.00	107,000.00	0.00
Buildings	6,161,860.53	2,922,878.53	3,238,982.00
Furn & Equip - Admin	20,202.79	20,202.79	0.00
Automotive Equipment	460,188.44	390,248.58	69,939.86
TOTAL Fixed Assets	22,721,506.41	13,419,393.05	9,302,113.36
ACCUMULATED DEPRECIATION			
Accum Depreciation	-1,315,332.50	-1,315,332.50	0.00
TOTAL Accum Depn	-1,315,332.50	-1,315,332.50	0.00
NET FIXED ASSETS	21,406,173.91	12,104,060.55	9,302,113.36
TOTAL CIP	15,716,585.68	1,043,204.96	14,673,380.72
Deferred Outflows	690,978.00	690,978.00	0.00
Deferred Outflows - OPEB	20,956.00	20,956.00	0.00
TOTAL NONCURRENT ASSETS	37,834,693.59	13,859,199.51	23,975,494.08
TOTAL ASSETS	134,858,165.83	110,780,459.30	24,077,706.53
LIABILITIES & EQUITY			
LIABILITIES:			
CURRENT LIABILITIES:			
Payables to LHA	4,997,356.54	3,616,290.77	1,381,065.77
A/P to SLONP	9,250.29	0.00	9,250.29
Tenant Security Deposits	59,250.40	39,960.00	19,290.40
Security Deposit-Pet	1,200.00	1,200.00	0.00
A/P Other	256,790.12	2,140.26	254,649.86
TOTAL Payroll Payables	3,471.66	120.39	3,351.27
Accrued Expenses	5,901.01	3,725.00	2,176.01
Accrued OPEB (GASB)	171,260.00	171,260.00	0.00
Accrued Compensated Absences-Curren	37,455.00	37,455.00	0.00
Accrued Payroll & Payroll Taxes	42,709.00	42,709.00	0.00

**Local Authority
Balance Sheet
6/30/2021**

	Balance Current Period	Beginning Balance	Net Change
Accrued PILOT	22,262.25	24,187.15	-1,924.90
Prepaid Land Lease	2,112,625.29	133,882.89	1,978,742.40
Tenant Prepaid Rents	5,016.91	1,866.96	3,149.95
Tenant Recreation Fund Payable	12,602.60	12,602.60	0.00
Unearned Grant Funds	1,398,041.96	67,584.52	1,330,457.44
Undistributed Credits	25,093.00	24,093.00	1,000.00
Advance Payable	15,495.00	1,000.00	14,495.00
Adv Payable - SLONP (Performance De)	193,550.00	100,000.00	93,550.00
TOTAL CURRENT LIABILITIES	9,369,331.03	4,280,077.54	5,089,253.49
NONCURRENT LIABILITIES:			
Accrued Compensated Absences-LT	22,657.00	22,657.00	0.00
Mortgage Payable	3,015,000.00	0.00	3,015,000.00
N/P - Help Loan - SRO/HOME	404,937.78	427,379.12	-22,441.34
N/P-City of AG - Courtland	55,500.00	55,500.00	0.00
Prepaid Land Lease - LT	11,329,039.33	11,329,039.33	0.00
Deferred Inflows	206,828.00	206,828.00	0.00
Net Pension Liability	3,711,235.00	3,711,235.00	0.00
TOTAL NONCURRENT LIABILITIES	18,745,197.11	15,752,638.45	2,992,558.66
TOTAL LIABILITIES	28,114,528.14	20,032,715.99	8,081,812.15
EQUITY			
CONTRIBUTED CAPITAL:			
General Partner Contribution	165,067.87	133,764.49	31,303.38
TOTAL CONTRIBUTED CAPITAL	165,067.87	133,764.49	31,303.38
RETAINED EARNINGS:			
Invested in Capital Assets-Net of Debt	10,434,884.11	10,434,884.11	0.00
Retained Earnings-Unrestricted Net Ass	96,143,685.71	80,179,094.71	15,964,591.00
TOTAL RETAINED EARNINGS:	106,578,569.82	90,613,978.82	15,964,591.00
TOTAL EQUITY	106,743,637.69	90,747,743.31	15,995,894.38
TOTAL LIABILITIES AND EQUITY	134,858,165.83	110,780,459.30	24,077,706.53



**PROPOSED OPERATING BUDGET
LAW APARTMENTS
FYE 9-30-2022**

BACKGROUND

Law Apartments is a 9 unit family project. This project is subsidized by HUD as a Multifamily complex. Law Apartments is in a very desirable location, and historically has had very little turnover.

2021 BUDGET

The 2022 budget assumes we will receive the rent increase we recently requested as part of the contract renewal. We haven't received confirmation of that yet, but preliminary conversations with the contract analyst indicated that they would. If a lower rent was approved we would need to use reserves to complete some of the more significant maintenance items in the budget. The property still has a healthy reserve balance so this would not be an issue.

During the 2013 fiscal year, the HUD backed mortgage was paid off in full. However, the regulatory agreement on the property extends for many years to come. The mortgage being paid off does open the possibility of renegotiating some of the terms with HUD.

Dan Law
Operating Budget
Fiscal Year End 9/30/2022

	9/30/20 Actuals	6/30/21 Actuals	6/30/21 Budget	9/30/21 Budget	9/30/22 Proposed
INCOME					
TENANT INCOME					
Rental Income					
Tenant Rent	65,197.00	44,668.00	42,577.83	56,770.49	73,636.20
Tenant Assistance Payments	36,340.00	30,744.00	33,400.17	44,533.51	57,763.80
Less: Vacancies	-7,738.00	0.00	-4,622.04	-6,162.69	-4,523.93
Laundry and Vending	1,044.53	1,154.33	1,089.00	1,452.00	1,728.00
Laundry - Electronic Payments	0.00	91.80	0.00	0.00	132.00
Subsidy Adjustments	0.00	567.00	0.00	0.00	852.00
Total Rental Income	94,843.53	77,225.13	72,444.96	96,593.31	129,588.07
Total Other Tenant Income	660.67	186.00	711.00	948.00	276.00
NET TENANT INCOME	95,504.20	77,411.13	73,155.96	97,541.31	129,864.07
TOTAL OTHER INCOME	276.78	274.13	279.00	372.00	72.00
TOTAL INCOME	95,780.98	77,685.26	73,434.96	97,913.31	129,936.07
EXPENSES					
Total Administrative Salaries	36,055.81	22,836.55	27,581.91	35,863.99	21,291.83
Total Other Admin Expenses	11,470.47	9,284.92	10,273.50	13,698.04	15,282.87
Total Miscellaneous Admin Expenses	3,271.52	2,580.51	2,592.00	3,456.00	3,792.00
TOTAL ADMINISTRATIVE EXPENSES	50,797.80	34,701.98	40,447.41	53,018.03	40,366.70
TOTAL TENANT SERVICES EXPENSES	161.80	29.69	288.00	384.03	470.01
TOTAL UTILITY EXPENSES	19,155.11	15,583.45	16,110.00	21,480.00	23,376.00
MAINTENANCE AND OPERATIONS					
TOTAL General Maint Expense	18,628.68	3,187.17	7,928.20	10,316.43	1,922.45
TOTAL Materials	5,237.76	549.32	3,159.00	4,212.00	2,016.00
Total Contract Costs	29,308.66	5,834.96	16,986.06	22,648.00	22,420.00
TOTAL MAINTENANCE EXPENSES	53,175.10	9,571.45	28,073.26	37,176.43	26,358.45
GENERAL EXPENSES					
Employee Benefits	0.00	0.00	0.00	0.00	0.00
Benefits	0.00	0.00	0.00	0.00	0.00
Pension Expense	775.00	0.00	0.00	0.00	0.00
Workers Compensation Exp	0.00	0.00	0.00	0.00	0.00
Property Insurance	553.54	716.94	491.40	655.20	1,134.00
Liability Insurance	192.46	166.68	170.10	226.80	264.60
OPEB (GASB 75)	52.00	0.00	0.00	0.00	0.00
OPEB Maintenance (GASB 75)	82.00	0.00	0.00	0.00	0.00
Property Taxes	469.32	0.00	407.97	544.00	544.00
Bad Debt-Tenant Rents	0.00	0.00	0.00	0.00	0.00
Security	0.00	0.00	0.00	0.00	0.00
TOTAL GENERAL EXPENSES	2,124.32	883.62	1,069.47	1,426.00	1,942.60
TOTAL NON-OPERATING ITEMS	13,780.85	0.00	0.00	12,089.88	12,089.88
TOTAL EXPENSES	139,194.98	60,770.19	85,988.14	125,574.37	104,603.64
NET INCOME	-43,414.00	16,915.07	-12,553.18	-27,661.05	25,332.43

Dan Law
Operating Budget
Fiscal Year End 9/30/2022

	9/30/20 Actuals	6/30/21 Actuals	6/30/21 Budget	9/30/21 Budget	9/30/22 Proposed
CASH FLOW ADJUSTMENTS					
OPEB (GASB 45)	134.00	0.00	0.00	0.00	0.00
Depreciation -Buildings	13,780.85	0.00	0.00	12,089.88	12,089.88
Replacement Reserve	0.00	6,722.39	-3,600.00	-5,568.00	-5,568.00
Residual Receipts	0.00	0.00	0.00	0.00	0.00
Capital Repairs	0.00	-10,637.72	0.00	0.00	0.00
NET CASH FLOW	-29,499.15	12,999.74	-16,153.18	-21,139.17	31,854.31

Dan Law
Balance Sheet
6/30/21

	Balance Current Period	Beginning Balance	Net Change
ASSETS			
CURRENT ASSETS:			
CASH			
Unrestricted Cash			
Cash - Checking	22,808.17	9,305.84	13,502.33
Total Unrestricted Cash	22,808.17	9,305.84	13,502.33
Restricted Cash			
Cash - Security Deposits	4,516.00	4,516.00	0.00
Cash - Replacement Reserves	68,049.20	63,858.34	4,190.86
Cash - Painting Reserve	14,816.30	14,812.98	3.32
Cash - Residual Receipts Reserve	82,183.51	97,429.55	-15,246.04
Total Restricted Cash	169,565.01	180,616.87	-11,051.86
TOTAL CASH	192,373.18	189,922.71	2,450.47
ACCOUNTS AND NOTES RECEIVABLE			
A/R - Tenants	281.00	37.00	244.00
A/R - Collections	963.00	963.00	0.00
Allowance for Doubtful Accts - Collections	-963.00	-963.00	0.00
A/R - Affordable Housing Subsidies	0.00	473.00	-473.00
Accrued Interest Receivable	0.00	5.73	-5.73
TOTAL ACCOUNTS AND NOTES RECEIVABLE	281.00	515.73	-234.73
OTHER CURRENT ASSETS			
Investments-Unrestricted	1,040.61	20,349.25	-19,308.64
Prepaid Insurance	294.38	1,178.00	-883.62
TOTAL OTHER CURRENT ASSETS	1,334.99	21,527.25	-20,192.26
TOTAL CURRENT ASSETS	193,989.17	211,965.69	-17,976.52
NONCURRENT ASSETS:			
FIXED ASSETS			
FIXED ASSETS (NET)			
Land	456,000.00	456,000.00	0.00
Buildings	147,042.33	147,042.33	0.00
Buildings Improvement Costs	93,700.10	93,700.10	0.00
Furn & Equip - Dwelling	23,469.81	23,469.81	0.00
Capital Improve.(Mio): Law Apts	133,339.08	133,339.08	0.00
Capital Improve. Landscaping	15,031.90	15,031.90	0.00
TOTAL Fixed Assets	868,583.22	868,583.22	0.00
ACCUMULATED DEPRECIATION			
Accum Depreciation	-247,893.14	-247,893.14	0.00
TOTAL Accum Depn	-247,893.14	-247,893.14	0.00
NET FIXED ASSETS	620,690.08	620,690.08	0.00
Deferred Outflows	17,780.00	17,780.00	0.00
Deferred Outflows - OPEB	316.00	316.00	0.00
TOTAL NONCURRENT ASSETS	638,786.08	638,786.08	0.00
TOTAL ASSETS	832,775.25	850,751.77	-17,976.52

Dan Law
Balance Sheet
6/30/21

	Balance	Beginning	Net
	Current Period	Balance	Change
LIABILITIES & EQUITY			
LIABILITIES:			
CURRENT LIABILITIES:			
Payables to LHA	2,686.66	37,622.11	-34,935.45
A/P to SLONP	314.94	0.00	314.94
Tenant Security Deposits	4,516.00	4,516.00	0.00
Accrued Expenses	129.00	129.00	0.00
Accrued OPEB (GASB)	2,791.00	2,791.00	0.00
Accrued Compensated Absences-Current	1,171.00	1,171.00	0.00
Accrued Payroll & Payroll Taxes	1,342.00	1,342.00	0.00
Accrued PILOT	478.35	929.43	-451.08
Tenant Prepaid Rents	409.00	229.00	180.00
TOTAL CURRENT LIABILITIES	13,837.95	48,729.54	-34,891.59
NONCURRENT LIABILITIES:			
Accrued Compensated Absences-LT	708.00	708.00	0.00
Deferred Inflows	6,110.00	6,110.00	0.00
Net Pension Liability	74,572.00	74,572.00	0.00
TOTAL NONCURRENT LIABILITIES	81,390.00	81,390.00	0.00
OTHER LIABILITIES			
HUD Capital Grant	581,937.00	581,937.00	0.00
HUD Project Imp Grant	123,008.00	123,008.00	0.00
TOTAL OTHER LIABILITIES	704,945.00	704,945.00	0.00
TOTAL LIABILITIES	800,172.95	835,064.54	-34,891.59
EQUITY			
RETAINED EARNINGS:			
Retained Earnings-Unrestricted Net Assets	32,602.30	15,687.23	16,915.07
TOTAL RETAINED EARNINGS:	32,602.30	15,687.23	16,915.07
TOTAL EQUITY	32,602.30	15,687.23	16,915.07
TOTAL LIABILITIES AND EQUITY	832,775.25	850,751.77	-17,976.52

RESOLUTION NO. 12 (2021 SERIES)

**RESOLUTION APPROVING THE AGENCY-WIDE OPERATING BUDGET
FOR THE HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2022**

WHEREAS, the Board of Commissioners is required to approve Operating Budgets; and

WHEREAS, the Board of Commissioners, in its review of the budget has determined the following:

- A. The proposed expenditures are necessary in the efficient and economic operation of the Housing Authority for the purposes of serving low-income families; and
- B. The proposed expenditures include a 5% Cost of Living Adjustment (COLA) for Housing Authority employees; and
- C. The financial plan is reasonable in that it indicates a source of funding adequate to cover all proposed expenditures; it does not provide for use of Federal funding in excess of that payable under the provisions of these regulations; and that all proposed rental charges and expenditures will be consistent with provision of law.

NOW, THEREFORE, BE IT RESOLVED by the Commissioners of the Housing Authority of the City of San Luis Obispo that the Agency-Wide Operating Budget for Fiscal Year Ending 9-30-2022 is hereby approved.

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 16th day of September, 2021.

JAY C. BECK, CHAIRMAN

SEAL:

ATTEST:

SCOTT SMITH, SECRETARY

RESOLUTION NO. 13 (2021 SERIES)

**RESOLUTION APPROVING OPERATING BUDGET AND
CERTIFICATIONS LISTED ON FORM HUD-52574 ATTACHED
PROJECT CAL 64-A (CAL 64 2,3,4,5,6,7,8,9; CA16-P064-013, -014 & -016)
FISCAL YEAR ENDING SEPTEMBER 30, 2022**

WHEREAS, the U.S. Department of Housing and Urban Development requires that the Board of Commissioners approve any Operating Budgets; and

WHEREAS, the Board of Commissioners, in its review of the budget has determined the following:

A. That proposed expenditures are necessary in the efficient and economic operation of the Housing Authority for the purpose of serving low-income families.

B. That the financial plan is reasonable in that it indicates a source of funding adequate to cover all proposed expenditures; it does not provide for use of Federal funding in excess of that payable under the provisions of these regulations; and that all proposed rental charges and expenditures will be consistent with provision of law and the Annual Contributions Contract.

WHEREAS, the Financial Management Handbook requires that the Housing Authority of the City of San Luis Obispo certify that it is in compliance with the requirements of 24CFR part 960.209, including any amendments thereto; and

WHEREAS, the Authority is required to certify that no PHA employee reflected in the Operating Budget is serving in a variety of positions which will exceed 100% allocation of their time; and

WHEREAS, the Authority is required to certify that it has taken the appropriate steps to provide a drug-free workplace; and

WHEREAS, the Authority is also required to certify to all additional requirements listed on form HUD-52574 attached.

NOW, THEREFORE, BE IT RESOLVED by the Commissioners of the Housing Authority of the City of San Luis Obispo that the Operating Budget for Fiscal Year Ending 9-30-2022, Project CAL 64-A, is hereby approved; and

FURTHERMORE, that it certifies to all the requirements as evidenced by the Chairman's signature on form HUD-52574.

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 16th day of September, 2021.

JAY C. BECK, CHAIRMAN

SEAL:/ATTEST:

SCOTT SMITH, SECRETARY

Executive Summary

Payment Standards

With the release of the FMR's, effective Oct 1, 2021, we are required to update and implement the new FMR's within 90 days. Issues under consideration:

- Payment standards must be between 90 and 110% of FMR's
- The only payment standard that REQUIRES a change is the 3-bedroom
- We are also required to evaluate the rent burden of existing participants and the ability of voucher holders to find units to rent with the payment standards
- In addition, we now have Welcome Home (Emergency housing vouchers) with a different payment standard, where we can go to 120% of FMR's under the program regulations
- One final factor to consider is during COVID, PHA's were granted a waiver to give the benefit of the higher payment standard immediately to families, rather than wait for their next Annual Reexamination Date

Rent Burden Analysis

We currently have 75 tenants that are rent burdened in 1-bedrooms/studio units. If we increase the 1-bedroom payment standard from \$1389 to \$1575, we can help 57% of our 1-bedroom tenants.

Due to the higher payment standards with the Welcome Home Program, Section 8 voucher holders are struggling to compete in the rental market. Staff have remarked that a number of landlords are requesting Welcome Home tenants instead, a revision of their payment standards, or submitting rent increases. Without special program funding, such as the Welcome Home Program, tenants are being forced to accept a rent burdened situation to get housed.

Recommendations

Recommend to implement the COVID-Waiver and the new payment standard for all affected participants as of 11/1/21 rather than waiting for the anniversary date – at an immediate benefit to the rent-burdened tenants. We would be reducing the number of families who are rent burdened – helping 57% of 1-bedroom and 54% of 2-bedroom participants.

We have noticed a large increase in rent increase requests as soon as the FMR's were publicly posted by HUD. To keep up with market rents, we recommend adjusting our payment standards quickly to help all tenants, searching and burdened in place.

We recommend adjusting the Welcome Home Program Payment Standards as well to continue to break the barriers to housing for especially difficult to house applicants.

HASLO Payment Standards

Emergency Housing Vouchers **

(Effective 11/1/2021)

NOTE: EHV Payment Standard includes BOTH Rent to Owner and Utility Allowance

	<u>Rent to Owner</u> <u>+ Tenant Utilities</u>
0 – Studio	\$ 1,570
1 – Bedroom	\$ 1,720
2 – Bedrooms	\$ 2,260
3 – Bedrooms	\$ 3,000
4 – Bedrooms	\$ 3,600

**** These payment standards are restricted to Emergency Housing Vouchers (EHV), as issued under the American Rescue Plan Act (ARPA)**

NOTE: The exact amount of utility allowance (UA) will depend on which utilities the tenant pays for directly – gas, electricity, water, sewer and/or trash.

The payment standard (PS) **includes** the utilities paid directly by the tenant. The rent on the tenant’s lease (rent to owner) plus the tenant-paid utilities is compared to the payment standard when determining rent reasonableness.

HUD Final Fiscal year (FY) Fair Market Rents (FMR’s) by Unit Bedrooms

	<u>Studio</u>	<u>1-Bedroom</u>	<u>2-Bedrooms</u>	<u>3-Bedrooms</u>	<u>4-Bedrooms</u>
Final FY2022 FMR (effective 10/1/2021)	\$1,308	\$1,436	\$1,890	\$2,685	\$3,047
Final FY2021 FMR (effective 10/1/2020)	\$1,166	\$1,263	\$1,665	\$2,383	\$2,877

* The FMRs for unit sizes larger than 4-bds are calculated by adding 15% for each additional bed to the 4-bd FMR.

HASLO Payment Standards

*Housing Choice Vouchers ***

(Effective 11/1/2021)

NOTE: Payment Standard includes BOTH Rent to Owner and Utility Allowance

	<u>Rent to Owner</u> <u>+ Tenant Utilities</u>
0 – Studio	\$ 1,400
1 – Bedroom	\$ 1,575
2 – Bedrooms	\$ 2,070
3 – Bedrooms	\$ 2,430
4 – Bedrooms	\$ 3,200

**** These payment standards are for “regular” housing choice vouchers, not Emergency Housing Vouchers, which have a separate payment standard, updated and effective November 1, 2021.**

NOTE: The exact amount of utility allowance (UA) will depend on which utilities the tenant pays for directly – gas, electricity, water, sewer and/or trash. The payment standard (PS) **includes** the utilities paid directly by the tenant. The rent on the tenant’s lease (rent to owner) plus the tenant-paid utilities is compared to the payment standard when determining rent reasonableness.

HUD Final Fiscal year (FY) Fair Market Rents (FMR’s) by Unit Bedrooms

	<u>Studio</u>	<u>1-Bedroom</u>	<u>2-Bedrooms</u>	<u>3-Bedrooms</u>	<u>4-Bedrooms</u>
Final FY2022 FMR <i>(effective 10/1/2021)</i>	\$1,308	\$1,436	\$1,890	\$2,685	\$3,047
Final FY2021 FMR <i>(effective 10/1/2020)</i>	\$1,166	\$1,263	\$1,665	\$2,383	\$2,877

* The FMRs for unit sizes larger than 4-bds are calculated by adding 15% for each additional bed to the 4-bd FMR.

RESOLUTION NO. 14 (2021 SERIES)

RESOLUTION AUTHORIZING A CHANGE IN THE HOUSING AUTHORITY OF SAN LUIS OBISPO'S PAYMENT STANDARD FOR EMERGENCY HOUSING VOUCHERS

WHEREAS, the Board of Commissioners is required to adopt a Payment Standard Schedule at least annually; and

WHEREAS, the 2022 Fair Market Rent (FMR)'s effective October 1, 2021, have been published by HUD and reflected significant changes compared to the prior year; and

WHEREAS, a PHA is required to periodically evaluate the payment standards in light of market rents, applicants' ability to find housing with their voucher and an analysis of the rent burden of existing participants; and

WHEREAS, PIH Notice 2021-15 "Emergency Housing Vouchers – Operating Requirements" has provided a waiver to enable receiving PHA's to set the payment standard for the Emergency Housing Vouchers up to 120% of Fair Market Rent's (FMR's) without advance approval from HUD; and

WHEREAS, PIH Notice 2020-33, COVID-19 Statutory and Regulatory Waivers and Alternative Requirements for the Housing Choice Voucher Program, provides HUD with broad authority to waive or establish alternative requirements; and

WHEREAS, PIH Notice 2020-33, waiver HCV-7 provides PHAs with the option to increase the payment standard for the family at any time after the effective date of the increase, rather than waiting for the next regular reexamination;

NOW, THEREFORE, BE IT RESOLVED the Board of Commissioners authorizes an increase in the payment standards for all unit sizes and that the increase in payment standards be applied to all participants, regardless of anniversary date of their regular reexamination;

NOW, THEREFORE, BE IT RESOLVED the Board of Commissioners authorizes the resulting payment standard schedule, effective November 1, 2021 for all new housing contracts:

Studio	\$1,570.00
One bedroom	\$1,720.00
Two bedroom	\$2,260.00
Three bedroom	\$3,000.00
Four bedroom	\$3,600.00

NOW, THEREFORE, BE IT RESOLVED the Board of Commissioners authorizes the updated payment standard schedule, effective November 1, 2021.

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 16th day of September, 2021.

JAY C. BECK, CHAIRMAN

SEAL:

ATTESTS:

SCOTT SMITH, SECRETARY

RESOLUTION NO. 15 (2021 SERIES)

**RESOLUTION AUTHORIZING A CHANGE IN THE
HOUSING AUTHORITY OF SAN LUIS OBISPO'S
PAYMENT STANDARD**

WHEREAS, the Board of Commissioners is required to adopt a Payment Standard Schedule at least annually; and

WHEREAS, a PHA is required to periodically evaluate the payment standards in light of market rents, applicants' ability to find housing with their voucher and an analysis of the rent burden of existing participants; and

WHEREAS, the payment standards must be established within a range of 90-110% of Fair Market Rents (FMR's) for San Luis Obispo County; and

WHEREAS, PIH Notice 2020-33, COVID-19 Statutory and Regulatory Waivers and Alternative Requirements for the Housing Choice Voucher Program, provides HUD with broad authority to waive or establish alternative requirements; and

WHEREAS, PIH Notice 2020-33, waiver HCV-7 provides PHAs with the option to increase the payment standard for the family at any time after the effective date of the increase, rather than waiting for the next regular reexamination;

NOW, THEREFORE, BE IT RESOLVED the Board of Commissioners authorizes an increase in the payment standard for studio, one and two bedroom units and that the increase in payment standards be applied to all participants, regardless of anniversary date of their regular reexamination;

NOW, THEREFORE, BE IT RESOLVED the Board of Commissioners authorizes the resulting payment standard schedule, effective June 1, 2021 for all new housing contracts:

Studio	\$1,280.00
One bedroom	\$1,389.00
Two bedroom	\$1,830.00
Three bedroom	\$2,300.00
Four bedroom	\$3,160.00

NOW, THEREFORE, BE IT RESOLVED the Board of Commissioners authorizes the updated payment standard schedule, effective July 1, 2021 for all renewing and annual reexaminations.

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 16th day of September, 2021.

JAY C. BECK, CHAIRMAN

SEAL:

ATTESTS:

SCOTT SMITH, SECRETARY

~~6-10-21~~9-2-21 Developer's Revised Draft

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~~6-10-21~~9-2-21 Developer's Revised Draft

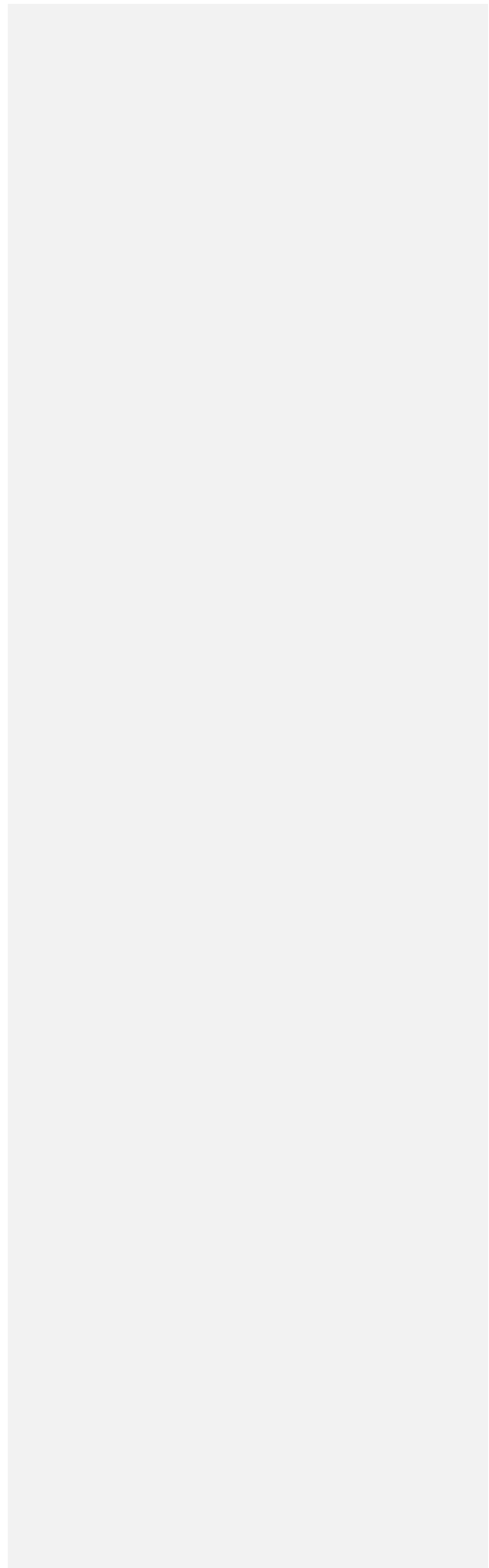
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- Attachment 2 Scope of Project
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**DISPOSITION AND DEVELOPMENT AGREEMENT
(Cleaver Property Affordable Housing Project)**

This DISPOSITION AND DEVELOPMENT AGREEMENT (“**Agreement**”) is dated as of [Month, Date] 2021 (the “**Effective Date**”), by and among the CITY OF GROVER BEACH, a municipal corporation (the “**City**”), and ~~{TBD}~~ 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 ~~land use entitlements~~ building permits. Developer will also incorporate an oak tree design into the Project signage.

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 the form attached as Attachment 3 (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 is more particularly described, including the anticipated affordability level distribution, in the Scope of Development attached hereto as Attachment 2. The Project will be constructed on the land

[†] ~~Note: People's Self Help Housing and HASLO (or entities under their control) will form a limited partnership to develop the property using tax credits. Once the partnership is formed, its name will be added to the document.~~

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described on Attachment 1, 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 plans and specifications ~~attached hereto as Attachment~~ approved by the City in its regulatory capacity when the City takes action on the Developer's application for permits.

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.

NOW, THEREFORE, in reliance on the Recitals above and in consideration of the mutual covenants, agreements and conditions set forth herein, and for 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.

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

"City Regulatory Agreement" is defined as the form of regulatory agreement attached hereto as Attachment 3.

"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, 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 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.

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

"Developer" shall mean ~~TBD~~ 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

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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 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.

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"Schedule of Performance" attached hereto as Attachment 5 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" attached hereto and made a part hereof as Attachment 2 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.

"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 [x], 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.

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 ~~of the Close of Escrow~~ the Project receives a Certificate of Occupancy, as defined in Section 5.4, or (b) December 31, ~~2024~~ 2026, unless extended by mutual agreement of the Parties ("**Outside Date**").

2.2 Tax Credit Financing and Other Financing. ~~3.~~ 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) ~~Developer obtaining all other financing commitments to enable Developer to finance the Project~~ 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 the Developer, fails to acquire financing by _____, 2024 it shall inform the City in writing of such condition by that date, and shall either exercise the option of waiving the condition precedent of obtaining financing and proceeding with development or shall deed the property back to the City in Project. In the event that the Close of Construction Financing does not occur prior to the Outside Date, the Developer shall deed the City Property back to the City in substantially~~ the same condition that the City

Commented [A1]: DDA will no longer terminate at close of escrow, and will continue to apply until the Project is complete; however, the Developer requires a 5 year term to account for delays beyond its control.

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Property existing as of the Close of Escrow and without any new encumbrances of title not otherwise approved by City.

3. ~~Developer shall perform either of these options no later than _____, 2024.~~ City Property Conveyance. 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 as is approximately \$900,000 to \$975,000, which figure shall be supported by a third-party appraisal, ~~is [x] in conjunction with the Developer's application for Tax Credits~~ (the "**Fair Market Donation Value**"). ~~The city will convey title to the property to HASLO with a fee simple subject to a condition subsequent with a power of termination held by the City. Any conveyance of the property by HASLO shall include the same conditions as are conveyed by City to HASLO wherein City shall retain a power of termination in the event the condition subsequent is breached.~~ City will convey fee simple title to the City Property to HASLO subject to a power of termination as described in California Civil Code Section 885.010 and set forth 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 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. The Close of Escrow for the City Property shall not take place until both City's Conditions Precedent and Developer's Conditions Precedent have been satisfied.

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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 (in the form of Attachment 3).
- (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 the Outside Date, 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.

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;
- (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.

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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 ~~the Condition Subsequent contained within the deed and a~~ power of termination ~~held by the City~~ as described in California Civil Code Section 885.010 and set forth in Section 7.5 below. The Exceptions shall be those disclosed by the preliminary title report provided under the Title Policy, ~~to be approved by HASLO.~~

(a) Title Status. Developer and HASLO have received a Preliminary Title Report dated July 28, 2021, a copy of which is included as Attachment 4 to this Agreement. Developer and HASLO object to exceptions from coverage numbered 6, 7, and 9 ("Title Objections"). 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 and the Cleaver Memorial Trust that appear in the Title Objections. The City will cause the recording of the quitclaim deeds negotiated pursuant to the settlement and shall cause the removal of the Title Objections from the Preliminary Report within sixty (60) days following the opening of Escrow, or such other period of time that may be agreed to in writing by both the City, HASLO, and the Developer.

~~(a) Title Approval. As soon as practicable following the opening of the Escrow, the City shall instruct the Title Company to deliver a Preliminary Title Report to the Developer and HASLO. Within sixty (60) days following the Developer's and HASLO's receipt of a Preliminary Title Report, the Developer shall deliver the Title Notice to the City (though if Developer fails to do the same, it shall not constitute a Default). If the Developer fails to deliver the Title Notice to the City within sixty (60) days of receipt of the Preliminary Title Report, the Developer and HASLO will be deemed to approve the status of title to the City Property. Within thirty (30) days following receipt by the City of the Title Notice, if any, the City shall serve City's Title Notice Response to the Developer and HASLO. If the Title Notice does not object to any matter in the Preliminary Report, the City shall not be required to serve City's Title Notice Response. If the City does not serve City's Title Notice Response, if necessary, within thirty (30) days following its receipt of the Title Notice, the City shall be deemed to elect not to remove any matter objected to in the Title Notice, if any, from the Preliminary Report. If the City elects in City's Title Notice Response to cause the removal of any matter objected to in the Title Notice from the Preliminary Report, the City shall cause the removal of each such objectionable matter from the Preliminary Report within sixty (60) days following receipt by the Developer and HASLO of City's Title Notice Response or such other period of time that may be agreed to in writing by both the City, HASLO, and the Developer. If the City is unwilling or Failure to Remove Title Objections. If the City is unable to cause the removal of any matter objected to in the Title Notice from the Preliminary Report, then, within thirty (30) days following the receipt of City's Title Notice Response stating that the City is unwilling to remove or cause the removal of any matter objected to in the Title Notice or Objections, then upon the expiration of the above time period during which the City elected to remove such objectionable matters from the Preliminary Report and was unable to do so, HASLO, HASLO and the Developer may either (1) refuse to accept the title to and conveyance of the City Property, in which case the Developer and HASLO shall have the right to cancel the Escrow and terminate this Agreement without liability to City or any other person, by delivery of a written notice of termination to the Escrow Holder,~~

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(2) waive its objection to any items set forth in the Title Notice by delivering the Title Notice Waiver to the City, or (3) agree to extend the time period for the City to remove the ~~objectionable matters~~ Title Objections from the Preliminary Report to a date agreed upon by the Parties in writing. HASLO and Developer ~~understand and have knowledge that the title currently held by City was subject to a Condition Subsequent with Power of Termination. The Power of Termination and Right of Reentry were held by the Veterans of Foreign Wars Home For Children (VFW). HASLO and Developer assisted City in the negotiation of a termination of that Right of Reentry and assisted City with the funding necessary to purchase that interest from the VFW. HASLO and Developer are aware the City obtained the interest from VFW by receipt of a Quitclaim deed. HASLO and Developer are further aware the City received a Quitclaim deed from the Cleaver Memorial Trust, and based upon HASLO and Developer's own due diligence is satisfied with the title held by City for purposes of proceeding with the subject development and this Agreement. HASLO and Developer agree they will not challenge or raise an exception to title based upon the executory interest held by VFW or any interest of third parties including the Cleave Memorial Trust.~~ 's power to terminate this Agreement shall be their sole remedy if the City is unable to remove the Title Objections, and HASLO and Developer agree not to hold City ~~in breach of this Agreement or~~ liable for any cost, damages, claims or liability based upon any challenges by any person or entity to the title held by City or the effect such challenges may have to the Development which is the subject of this Agreement.

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 the form attached as Attachment 3 to City.

(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.

Commented [A2]: Title section has been re-written to notify City of the objection to title exception on the PTR.

We believe the quitclaim deeds will be sufficient to clear title, and this revised agreement gives 60 days to implement the fix; otherwise Developer can extend the time period, waive and accept the risk, or terminate the Agreement without seeking damages from the City.

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(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.

(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 ~~condition subsequent with~~ power of termination as described in California Civil Code Section 885.010 and 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 ~~condition-conditions~~ precedent in the Recitals of this Agreement and ~~subject to Sections 3.9, 3.10.a and 3.10.b,~~ above, ~~the Parties agree City has used reasonable due diligence in clearing title to the subject property. HASLO and Developer based upon their own due diligence agree the City has a reasonable claim to unencumbered title to the subject property. Based upon the mutual agreement between the Parties the City has used reasonable due diligence in acquiring unencumbered title to the Property. The Parties enter into this Agreement with the understanding that there may be claims upon the property which are unknown and/or which have not been asserted, and to the extent HASLO and/or Developer have any interest in obtaining further assurances related to title, they may implement any further due diligence to assure legal title at their costs or expense. The City will make reasonable efforts to assist in any such endeavor. In recognition of the current title~~

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~~held by City as acknowledged by all Parties herein, and subject thereto, City otherwise~~ 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 instruments referenced herein by City has been duly authorized by all requisite actions on the part of ~~the 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.

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(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.

(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 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

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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.

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

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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 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.

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(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, 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.

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(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, 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 ~~or condition subsequent to the deed,~~ 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. ~~Failure of the Developer or Holder to complete the project as approved by the City and which is the subject of this Agreement, by _____, shall be considered a default by Developer under this Agreement and shall allow the City to exercise any and all rights under its Power of Termination related to the Grant Deed.~~

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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 accordance with the Scope of Development attached hereto as Attachment 2. 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 5, subject to Section 8.2 (Force Majeure Delays).

(c) So 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 entitlement approvals applications necessary to develop and operate the Project, ~~which may include an application for streamlined, ministerial review and approval under Government Code section 65913.4. Developer's application for streamlining, shall include and be consistent with Government Code Section 65944.~~ [The City represents and warrants that no discretionary entitlement approvals are needed from the City in its regulatory capacity, and the Developer understands that it will be required to submit applications for building permits that are consistent with the City's applicable, objective standards.]

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

(i) The Project ~~is~~ is intended to be consistent with the General Plan and zoning designations for the Site, along with all applicable, objective development standards. ~~Therefore, the Parties anticipate that the Project will qualify for streamlined, ministerial review consistent with Government Code section 65913.4. a subsequent review of the Project is not required under the California Environmental Quality Act ("CEQA"), and City actions to approve this Agreement are categorically exempt from 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 ~~Fund~~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

Commented [A3]: This was added in place of a reference to SB 35, since the City has informed the Developer that the Project is "by-right" except for the DDA.

The City-added reference to the Permit Streamlining Act was also deleted, because the PSA does not apply to non-discretionary approvals.

Commented [A4]: Clarified that Developer's understanding is that it must apply for building permits but no subsequent planning-level approvals are required.

Commented [A5]: CEQA language has been updated to reflect the Class 32 exemption that the City is currently documenting.

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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 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, 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.

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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). ~~Developer and HASLO shall be subject to the Condition Subsequent and the Power of Termination of the Grant Deed and any hypothecation of the Property shall be subject to all of the conditions and obligations of the Grantee contained within the Grant Deed~~ in accordance with the Schedule of Performance and the City Regulatory Agreement.

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 following written notice and failure to cure as described herein, constitutes a "**Default**" under 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 ~~or City may exercise its rights of Power of Termination under the Grant Deed.~~

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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.

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 Escrow 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 its ~~Power of Termination in accordance with the Deed~~) ~~if any of the following events occur:~~ power of termination as described in California Civil Code Section 885.010 and set forth in Section 7.5 below) in the event of a default by a Developer or failure of any Condition Precedent to the Close of Escrow, 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.

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(b) After the Close of Escrow 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

(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 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 following the Close of Escrow but 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, 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, 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 7.4.1, 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 pursuant to Section 7.5 by means of an injunctive relief or forfeiture of title action filed in any court of competent jurisdiction

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(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 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 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.

~~(a) — City's Conditions Precedent are not satisfied on or before the time required by this Agreement.~~

~~(b) — Developer is otherwise in Default of this Agreement and fails to cure such Default within the time set forth herein.~~

~~(c) — Developer fails to comply with the condition subsequent of the Deed.~~

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

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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: ~~FBD~~ Cleaver & Clark Commons, L.P.
c/o Cleaver & Clark Commons LLC
3533 Empleo Street
San Luis Obispo, CA 93401
Attn: Ken Trigueiro, CEO & President

With copy to: People's Self-Help Housing
3533 Empleo Street
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

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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.

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 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 both 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

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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.

(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.

~~Although any transfer defined within this section does not require City approval, any transfer, if applicable, shall be subject to the Grant Deed's condition subsequent and Powers of Termination.~~

8.4 Non-Liability of Officials and Employees. No officer 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.

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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.

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

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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.

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.]

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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:

~~[TBD],~~
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

Name: _____

~~Title~~ 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

DDA Signature Page

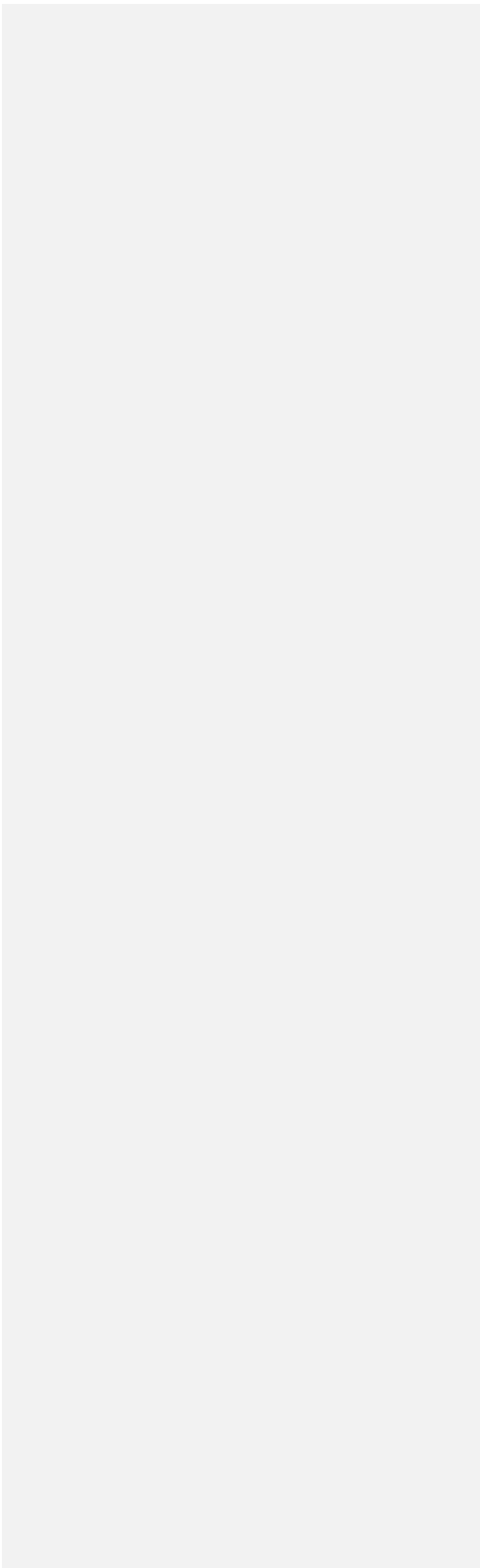
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HASLO:

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

By: _____
Name: _____
Title: _____

DDA Signature Page



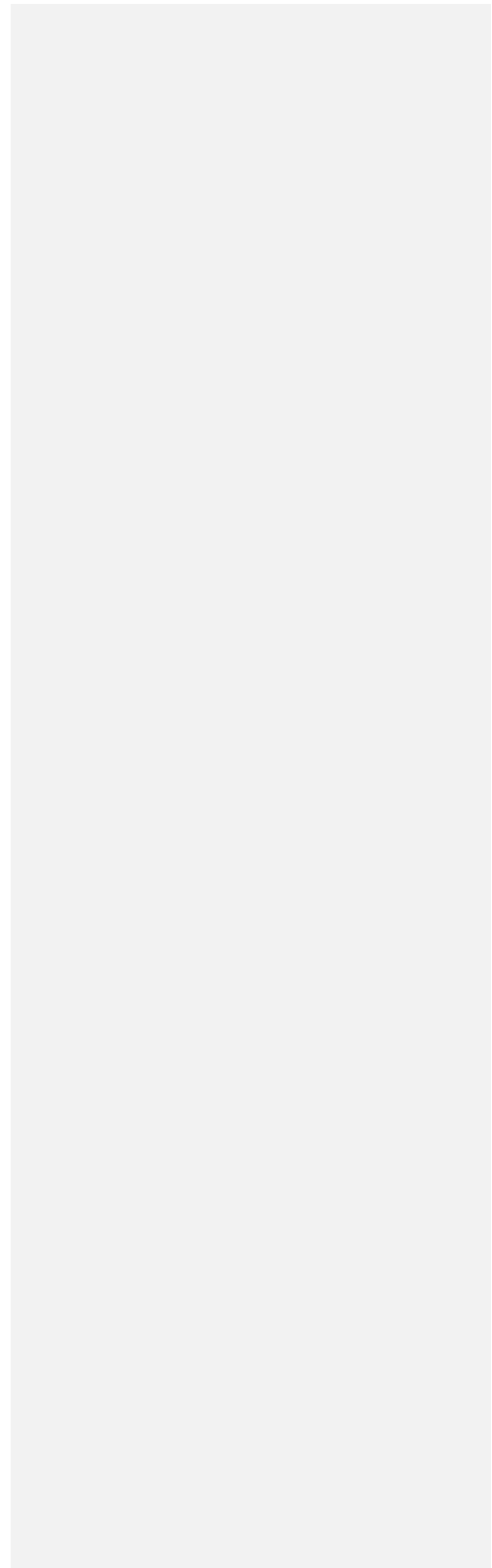
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ATTACHMENT 1
Site Legal Description

A: City Property Legal Description

B: Adjacent Property Legal Description

1.1



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ATTACHMENT 2 Scope of Development

Through use of the Adjacent Property, the Project could include approximately 53 units of multi-family rental housing with a mix of 1bd, 2bd and 3bd units and amenities which may include features such as a multi-purpose community center; landscaped recreational open space including BBQ picnic areas and playground space; and on-grade parking.

The proposed site plan consists of two separate buildings with a pedestrian bridge between on the second and third floors and an interior courtyard with common open space areas connected via walking paths and drought-tolerant landscaping. Each building is three-stories, designed as stacked flats which yields efficiencies in construction costs and supports long-term maintenance efforts. The laundry room is centrally located on the ground level between the two buildings for ease of access next to the common area for all residents. No elevators are planned for this site, and accessible units will be situated on the ground floor near designated parking areas we have provided. Two vehicular access points provided are one off W. Grand Avenue and the second off 13th Street creating an "L"-shaped lot and driveway for vehicular access which enables residents to park closely to their homes, thus promoting a feeling of safety and ease in access. The proposed driveway path of travel is sized to accommodate emergency vehicles. The site is adequately parked per PSHH and HASLO standards and is in line with similar projects that both teams manage.

A community room of approximately 2,643 sq. ft. is planned to be in Building 1, which all residents and visitors can access from the Grand Avenue entrance for community events, meetings, and educational services. Use of the community space is restricted to residents, visiting service providers, and PSHH and HASLO staff members only, unless otherwise approved by the onsite Property Manager. The community building and administration offices entrance are visible from the Grand Avenue ground level establishing a commercial/mixed-use appearance that ties into the existing businesses along Grand Avenue. The community building includes a kitchen area, multipurpose room and two staff offices: one office for the resident property manager, and one office for the visiting licensed social worker and resident services providers. The community building opens up to an outdoor covered breezeway patio that leads to the common outdoor area with shaded seating areas, picnic tables, BBQ's and two play spaces, one for tots and the other a sports court for the older children.

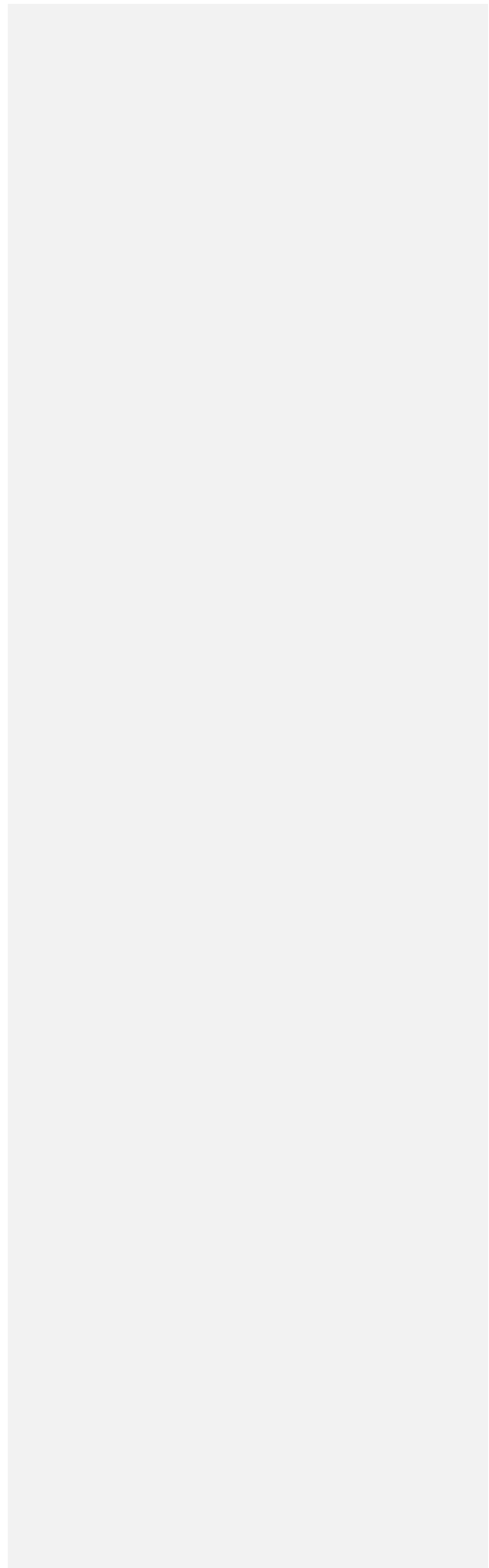
Building 2 is situated at the southern side of the property and has an interior community courtyard, and a walking path that leads to the community center. Amenities include a community sport court, shaded seating area, small play feature for young children, an open grassy area and community garden. Bike parking areas have been provided in convenient locations near each building onsite to help promote active lifestyles and sustainable transportation methods.

The Developer's goal is to create a Modern Agrarian Themed Development that offers an inviting, upscale edge to the West Grand Avenue corridor. Variations in building height, exterior elevation massing, colors and materials all work together harmoniously to set the tone of a semi-urban state of the art housing community. Metal accents at the roof and West Grand Avenue porch entry allows for a modern and useable second floor covered patio space to be enjoyed by the residents. There is a focus on the viability of walking paths, site lighting, landscaping, and common outdoor

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area, all integrated in order to promote a sense of an interesting, safe community of homes with adequate parking and social gathering areas. The Developer will incorporate oak tree elements into the Project signage and designs.

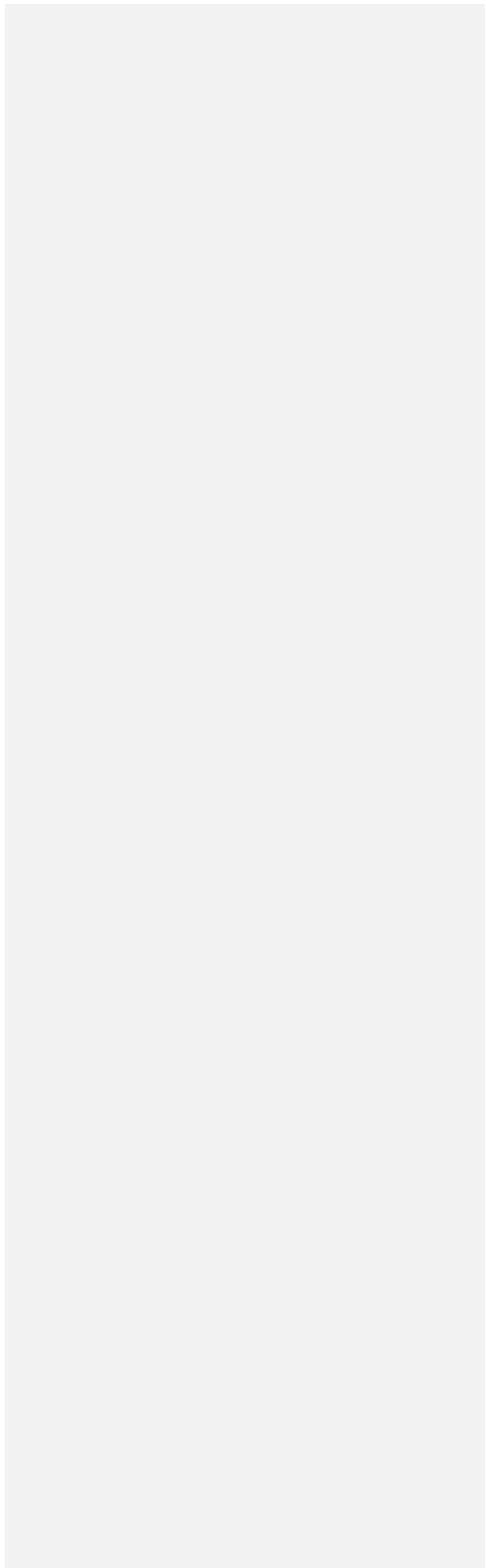
2.2



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ATTACHMENT 3
Form of Regulatory Agreement

[See attached.]



3.1

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ATTACHMENT 4
Title Report

[See attached.]

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ATTACHMENT 5
Schedule of Performance

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