CITY OF HIGHLAND
SPECIAL MEETING OF THE HOUSING AUTHORITY
AGENDA

SPECIAL MEETING

July 12, 2022
6:00 p.m.
City Hall
Donahue Council Chambers
27215 Base Line
Highland, California

HOUSING AUTHORITY MEMBERS
LARRY McCALLON, CHAIR
PENNY LILBURN, VICE CHAIR
JESSE CHAVEZ, AUTHORITY MEMBER
ANAELI SOLANO, AUTHORITY MEMBER
JOHN P. TIMMER, AUTHORITY MEMBER

STAFF
Joseph A. Hughes - City Manager/Executive Director
Chuck Dantuono - Director of Administrative Services/City Treasurer
Betty Hughes - City Clerk/Secretary
Lawrence Mainez - Community Development Director/Asst. Executive Director
Carlos Zamano - Public Works Director/City Engineer
Maricela Marroquin - City Attorney/General Counsel
Mark Huebsch - Special Counsel

MISSION STATEMENT

Highland is dedicated to the betterment of the individual, the family, the neighborhood and the community. The City Council and the staff of Highland are dedicated to providing the quality of public facilities and services that its citizens are willing to fund and will do so as efficiently as possible.

Visit the City's Website at: www.cityofhighland.org

CITY OF HIGHLAND • 27215 BASE LINE • HIGHLAND, CALIFORNIA 92346 • (909) 864-6861☎ • (909) 862-3180 FAX

The City of Highland complies with the Americans with Disabilities Act of 1990. If you require special assistance to attend or participate in this meeting, please call the City Clerk's Department at (909) 864-6861, ext. 226, at least 72 hours prior to the meeting.

Pursuant to Government Code Section 54957.5, any disclosable public records related to an open session item on a regular meeting agenda and distributed by the City of Highland to all or a majority of the City Council less than 72 hours prior to that meeting are available for public inspection at City Hall, 27215 Base Line, Highland, CA 92346, during normal business hours.

Submission of Public Comments for ITEMS ON THIS AGENDA ONLY: For those wishing to make public comments by email, please submit your comments by email to be read aloud at the meeting. Email comments must be submitted by 5:00 p.m. on July 12, 2022, to the City Clerk at publiccomment@cityofhighland.org. If you are submitting a public comment pertaining to an item on the July 12, 2022 agenda, please identify the agenda item number in the subject line. Members of the public will be permitted to make public comments in person.

SPECIAL MEETING OF THE HIGHLAND HOUSING AUTHORITY
JULY 12, 2022 – 6:00 p.m. (or soon thereafter)

AGENDA

CALL TO ORDER

ROLL CALL

PUBLIC COMMENT (LIMITED TO ITEMS ON THIS AGENDA ONLY)

To address the Highland Housing Authority, please complete a speaker form located at the entrance and give it to the City Clerk prior to the beginning of the meeting. Your name will be called when it is your turn to speak. Those wishing to speak on an item ON THE AGENDA will be heard at this time. State Law prohibits the Highland Housing Authority from taking action on any item not on the agenda. Individual speakers are limited to three minutes each.

Comments received via email by July 12, 2022, 5:00 p.m., will be read into the record, provided that the reading shall not exceed three (3) minutes. Email comments submitted by a speaker that also appears in person to address the same matter will not be read into the record.

BUSINESS ITEM

1. Minutes – February 22, 2022 Special Meeting
   RECOMMENDATION: Approve the Minutes as submitted.

2. Minutes – March 8, 2022 Special Meeting
   RECOMMENDATION: Approve the Minutes as submitted.

3. Exclusive Negotiating Agreement with Wakeland Housing and Development Corporation for the Development of an Affordable Senior Rental Housing Project
   RECOMMENDATION: That the Housing Authority adopt Resolution No. HA2022-__________ approving entering into an Exclusive Negotiation Agreement with Wakeland Housing and Development Corporation.

ADJOURN

I, Betty Hughes, City Clerk, certify I caused to be posted this Agenda on the 7th day of July, 2022, by 5:30 p.m., on our website at www.cityofhighland.org and in the following designated areas:

Highland Branch Library 7863 Central Avenue	Fire Station No. 1 26974 Base Line	City Hall Offices 27215 Base Line

Date: July 7, 2022

Betty Hughes

Betty Hughes, MMC
City Clerk

STAFF REPORT

TO THE HOUSING AUTHORITY

DATE: July 12, 2022

FROM: Joseph A. Hughes, Executive Director

PREPARED BY: Betty Hughes, MMC, Secretary

SUBJECT: Minutes – February 22, 2022 Special Meeting

RECOMMENDATION: Approve the minutes as submitted.

Approved ______	Motion ______	Second ______	Agenda Item No. 1
Denied ______	Ayes ______		
Continued ______	Noes ______		File No. ______
Tabled ______	Abstain ______		
	Absent ______		

B Hughes
Secretary

Executive Director

MINUTES
SPECIAL MEETING OF THE HIGHLAND HOUSING AUTHORITY
FEBRUARY 22, 2022

CALL TO ORDER

The special meeting of the Highland Housing Authority was called to order at 6:37 p.m. by Chair McCallon.

ROLL CALL

Present: Chavez, Lilburn, McCallon, Solano, Timmer
Absent: None

PUBLIC COMMENT

None

BUSINESS ITEM

1. <u>Minutes – December 14, 2021 Regular Meeting</u>

   A MOTION was made by Authority Member Solano, seconded by Vice Chair Lilburn, to approve the Minutes as submitted. Motion carried, 5-0.

2. <u>An Agreement with the Law Offices of Robbins & Holdaway to Provide Special Counsel Services to the Housing Authority</u>

   City Manager Hughes gave a brief review of the staff report.

   A MOTION was made by Authority Member Solano, seconded by Authority Member Timmer, to authorize the Chair to approve the agreement. Motion carried, 5-0.

ADJOURN

There being no further business, Chair McCallon adjourned the meeting at 6:40 p.m.

Submitted By:	Approved By:
Betty Hughes, MMC City Clerk	Larry McCallon Chair

STAFF REPORT

TO THE HOUSING AUTHORITY

DATE: July 12, 2022

FROM: Joseph A. Hughes, Executive Director

PREPARED BY: Betty Hughes, MMC, Secretary

SUBJECT: Minutes – March 8, 2022 Special Meeting

RECOMMENDATION: Approve the minutes as submitted.

Approved ______	Motion ______	Second ______	Agenda Item No. 2
Denied ______	Ayes ______		
Continued ______	Noes ______		File No. ______
Tabled ______	Abstain ______		
	Absent ______		

Secretary

Executive Director

MINUTES
SPECIAL MEETING OF THE HIGHLAND HOUSING AUTHORITY
MARCH 8, 2022

CALL TO ORDER

The special meeting of the Highland Housing Authority of the City of Highland was called to order at 5:30 p.m. by Chair McCallon.

PUBLIC COMMENT

None

ROLL CALL

Present: Chavez, Lilburn, McCallon, Solano, Timmer
Absent: None

CLOSED SESSION

At 5:30 p.m., City Manager Hughes read the Highland Housing Authority into closed session regarding the following:

CONFERENCE WITH REAL PROPERTIES NEGOTIATORS
Pursuant to Government Code Section 54956.8:
Property Locations:

1. 7433 Central Avenue (APN: 1192-431-04)
2. Vacant adjacent parcel (APN: 1192-431-05)

Negotiators: Joseph Hughes, City Manager/Executive Director
Wakeland Housing & Development Corporation
Under Negotiation: Price and terms of purchase.

At 5:45 p.m., the Housing Authority adjourned closed session making no announcements.

ADJOURN

There being no further business, Chair McCallon adjourned the meeting at 5:46 p.m.

Submitted By:

Betty Hughes, MMC
City Clerk

Approved By:

Larry McCallon
Chair

RWG LAW

Maricela E. Marroquin

T 213.626.8484
F 213.626.0078
E mmarroquin@rwglaw.com

350 South Grand Avenue
37th Floor
Los Angeles, CA 90071
rwglaw.com

MEMORANDUM

TO: Betty Hughes, City Clerk/Secretary

FROM: Maricela E. Marroquin, General Counsel for the Highland Housing Authority

DATE: June 23, 2022

SUBJECT: March 8, 2022 Closed Session Report - PUBLIC REPORT

On March 8, 2022, the Highland Housing Authority met in closed session pursuant to Government Code section 54956.8 regarding the real property located at 7433 Central Avenue (APN: 1192-431-04) and the vacant adjacent parcel (APN: 1192-431-05) ("subject properties"). On December 14, 2021, the subject properties were declared to be surplus land pursuant to Highland Housing Authority Resolution No. HA-2021-02. Staff advised the Housing Authority Board that a notice of availability had been sent to affordable housing developers and other public agencies of the availability of the surplus land in compliance with Government Code section 54220 et seq. Pursuant to Government Code section 54220 an agency or affordable housing developer had 60 days to notify the City of its interest in purchasing the subject properties. Wakeland Housing & Development Corporation was the only entity that submitted a response to the notice of availability and expressed an interest in constructing an affordable housing project on the subject properties.

No reportable action was taken during the closed session pursuant to Government Code section 54957.1, but the Housing Authority Board did direct staff to negotiate with Wakeland Housing & Development Corporation regarding the purchase and sale of the subject properties and established some parameters regarding the price and terms of those negotiations.

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STAFF REPORT

TO THE HOUSING AUTHORITY

DATE: July 12, 2022

FROM: Joseph A. Hughes, Executive Director

PREPARED BY: Lawrence A. Mainez, Assistant Executive Director, and Larry
Maricela Marroquin, General Counsel

SUBJECT: Exclusive Negotiating Agreement with Wakeland Housing and Development Corporation for the development of an affordable senior rental housing project.

RECOMMENDATION: Adopt Housing Authority Resolution No. HA 2022-______, approving entering into an Exclusive Negotiation Agreement with Wakeland Housing and Development Corporation

LOCATION: 7433 Central Avenue (Assessor Parcel Number 1192-431-04), and Vacant Parcel on Central Avenue (Assessor Parcel Number 1192-431-05)

PROJECT REP.: Peter Armstrong, Vice President Real Estate Development, Wakeland Housing and Development Corporation

FISCAL IMPACT: The Housing Authority has committed to funding $4,577,450, provided certain conditions are met.

PUBLIC NOTICE: The agenda for this item was posted in three places as set forth in the Highland Municipal Code and on the City's Website.

BACKGROUND: The Housing Authority holds a number of financial and land assets to be used for the development and maintenance of low- and moderate-income housing within the City. On December 14, 2021, the Housing Authority adopted Resolution No. HA-2021-002 declaring the vacant lot identified as San Bernardino County Tax Assessor's Parcel Number ("APN") 1192-431-05, and 7433 Central Avenue

Approved ______	Motion ______	Second ______	Agenda Item No. 3
Denied ______	Ayes ______		
Continued ______	Noes ______		File No. ______
Tabled ______	Abstain ______		
	Absent ______		
Housing Authority Secretary		Executive Director	

also identified as APN 1192-431-04 ("Site") to be surplus land and directed staff to publish a notice of availability which indicated the Site would be made available by means of a ground lease for affordable senior housing development purposes. As provided under the applicable law and regulations, a period of sixty (60) days was established for the submittal of notices of interest. A proposal by Wakeland Housing and Development Corporation, a California nonprofit public benefit corporation ("Developer"), was the only proposal that was responsive to the notification and provided for rental units that would be affordable to senior households.

The Housing Authority Board discussed the proposal in broad terms during Closed Session on March 8, 2022. The Board directed staff to negotiate with the Developer regarding the Site and established some parameters regarding the funding and terms of those negotiations.

PROJECT REVIEW: The Exclusive Negotiation Agreement (ENA) specifies that the Developer, or its affiliate or subsidiary, would construct a project consisting of approximately eighty-nine (89) affordable rental units for senior households whose income may not exceed 80% of the area median income, (and one manager's unit), for a total of ninety (90) units. The 2022 income eligibility criteria are listed below for reference only (San Bernardino County Area).

Income Level	*1 person household*	*2 person household*	*3 person household*	*4 person household*	*5 person household*
Extremely Low (up to 30% Area median Income)	$18,500	$21,150	$23,800	$27,750	$32,470
Very Low (up to 50% Area Median Income	$30,800	$35,200	$39,600	$44,000	$47,550
Lower	$49,300	$56,350	$63,400	$70,400	$76,050

Eligible incomes and affordable rent amounts will be established at the time that the related agreements are finalized specifying the funding sources utilized.

The project would be constructed on the Site owned by the Housing Authority on the east side of Central Avenue directly south of Jeffrey Court that are approximately 3.76 acres in size. The Site would be ground leased to Developer, or its affiliate or subsidiary, for a minimum of 68 years, or such other time period as the parties may agree to consistent with applicable law.

The subject ENA states that the Housing Authority will negotiate only with Developer for 240 days, unless the parties agree to two possible 90 day extensions, which may extend the period through September 5, 2023. The Executive Director is authorized to grant the extensions without further approval of the Board, if certain conditions are met. During this time, both the Housing Authority and the Developer will act diligently and in good faith to move the project forward towards a Disposition and Development

Agreement (DDA) and Ground Lease which will be submitted to the Housing Authority for review and approval within the time period outlined in the ENA.

It will be Developer's responsibility to pay for the associated entitlement process fees including environmental clearance and all other related development fees.

The ENA does not predetermine approval of any development proposal or allocation of funds or land by the Housing Authority.

Funding from HCD is critical to the financial viability of Developer's affordable senior housing proposal. That being the case, Developer will be applying for HCD's Multifamily Housing Program funds (approximate funding available is $275 million) the same day the Housing Authority takes action to approve the subject ENA. HCD may ask for a copy of the ENA, so the Housing Authority staff, and Developer will be ready to provide a copy once it is fully executed.

Mr. Peter Armstrong, Vice President of Real Estate Development for Developer will be attending the meeting to help answer any questions the Housing Authority may have.

Attachment 1 Vicinity Map

Attachment 2 Housing Authority Resolution No. HA-2022-___
(w/ Exclusive Negotiating Agreement)

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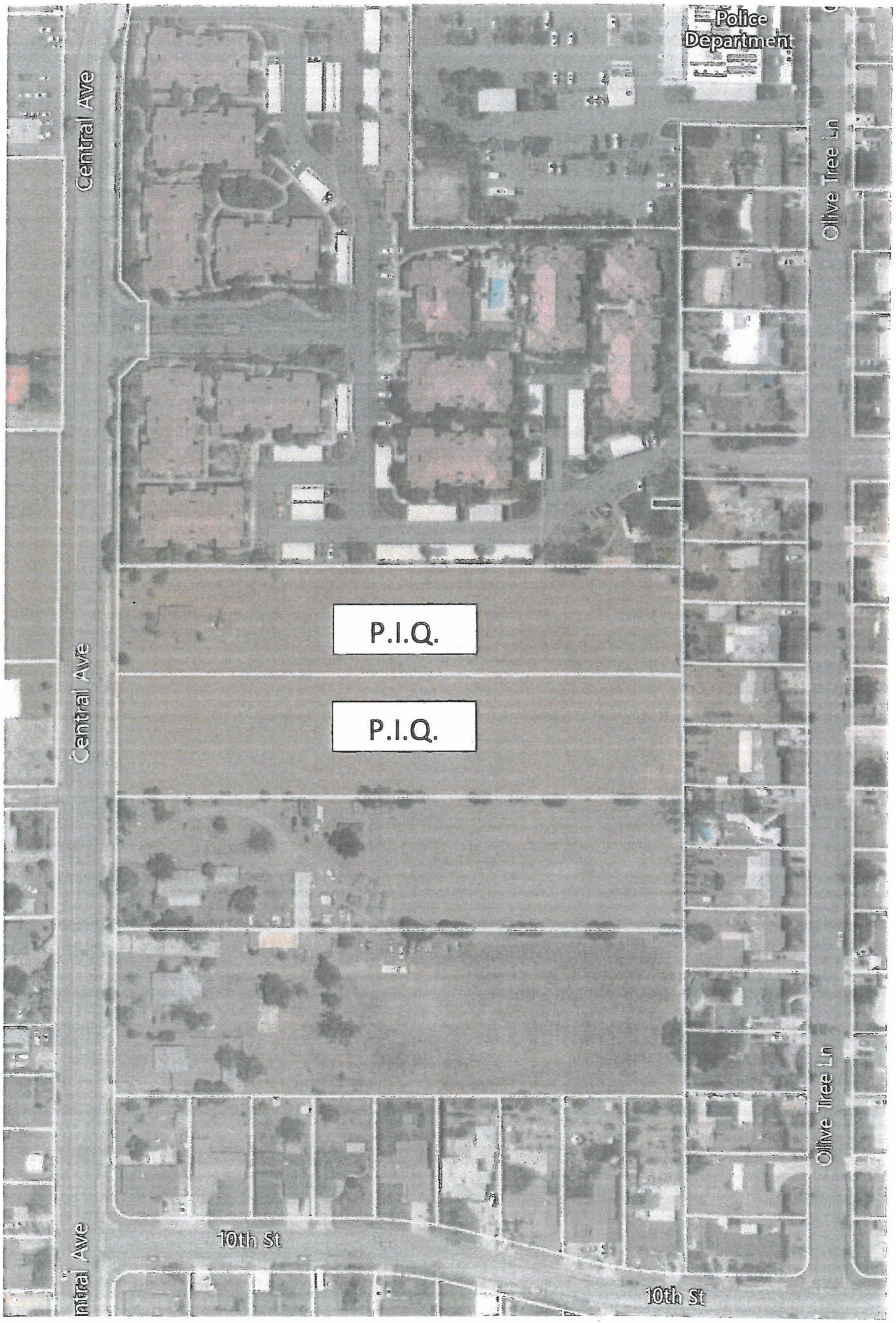
ATTACHMENT 1

Vicinity Map


Police Department
Central Ave
Central Ave
Central Ave
Olive Tree Ln
Olive Tree Ln
P.I.Q.
P.I.Q.
10th St
10th St

ATTACHMENT 2

Housing Authority Resolution No. HA-2022-____
(w/Exclusive Negotiating Agreement)

RESOLUTION NO. HA2022 - ____

A RESOLUTION OF THE HIGHLAND HOUSING AUTHORITY APPROVING AN EXCLUSIVE NEGOTIATION AGREEMENT BY AND BETWEEN THE AUTHORITY AND WAKELAND HOUSING AND DEVELOPMENT

WHEREAS, the Highland Housing Authority ("Authority") owns certain real property consisting of approximately 3.76 acres generally located on Central Avenue south of Base Line, and within the corporate limits of the City of Highland (herein, the "Site"). The Site includes two parcels: a vacant lot identified as San Bernardino County Tax Assessor's Parcel Number ("APN") 1192-431-05, and 7433 Central Avenue also identified as APN 1192-431-04. The Site is more particularly described on Exhibit "A"; and

WHEREAS, the Authority by its Resolution No. HA2021-002, approved on December 14, 2021, declared the Site to be surplus land and published a notice of housing availability indicating the Site would be made available by means of ground lease for affordable rental housing development purposes, which notice was transmitted to all entities listed with the California Department of Housing and Community Development ("HCD") as interested entities. As provided under the applicable law and regulations, a period of sixty (60) days was established for the submittal of notices of interest. Two notices were received during the designated period; of those, one proposal was withdrawn while a second submittal, a proposal by Wakeland Housing and Development Corporation, a California nonprofit public benefit corporation ("Developer") was the only proposal that was responsive to the notification and provided for rental units that would be affordable to households at eighty percent (80%) or less of area median income; and

WHEREAS, Developer, or its affiliate or subsidiary, proposes to develop on the Site, approximately eighty-nine (89) affordable dwelling units and one manager's unit, for a total of ninety (90) units, with the units to be rented to senior citizen households at rents that do not exceed 80% of the area median income (the "Project"). It is contemplated that Developer, or its affiliate or subsidiary, will apply for and obtain funding from the California Department of Housing and Community Development, an allocation of low-income housing tax credits, and multifamily housing bonds to finance the development of the Project.

WHEREAS, based upon its review to date, and although the design, household income restrictions, rental amounts, and financial structure have not been finally determined, the Developer believes that development of the Project is probably feasible and that any financing proposed to be obtained by the Developer is obtainable. Accordingly, the Developer has requested that the Authority enter into an exclusive negotiating agreement for the construction of the Project, to be in effect for a limited time as therein set forth; and

WHEREAS, based partly upon (i) the interest of the Developer, (ii) assurances by the Developer that the Developer and/or its affiliates, subsidiaries and/or joint venturers are experienced in the development and operation of high quality affordable residential projects, (iii) the importance of providing affordable rental housing in Highland, (iv) the importance of providing housing for senior citizen households, and (v) the contention of the Developer that the proposed Project is feasible, the Authority is supportive of entering into an exclusive negotiating agreement with Developer; and

WHEREAS, on July 6, 2022, based on authority granted to the Executive Director of the Authority in closed session, the Executive Director signed a letter agreement with the Developer committing the Authority to exclusively negotiate with the Developer for the disposition of the Site and the construction of the Project on the Site for a defined negotiation period ("Letter Agreement"); and

WHEREAS, the Authority desires to ratify the Executive Director's action in executing the Letter Agreement and enter into a more formal Agreement with the Developer.

NOW, THEREFORE, THE HIGHLAND HOUSING AUTHORITY DOES RESOLVE AS FOLLOWS:

Section 1. The Authority finds and determines that the statements set forth in the Recitals above are true and correct.

Section 2. The Authority hereby ratifies the actions of the Executive Director in executing the Letter Agreement. To the extent the Letter Agreement conflicts with the attached Agreement, the terms of the Agreement shall control.

Section 3. The Authority hereby authorizes and directs the Executive Director to execute the Agreement substantially in the form attached hereto as Exhibit A, together with such modifications as the Executive Director, in consultation with Authority counsel, deems necessary or appropriate to further the implementation of the Project (with such modifications conclusively evidenced by the Executive Director's execution thereof).

Section 4. A copy of the Agreement when executed by the Executive Director shall be placed on file in the office of the Secretary of the Authority.

APPROVED AND ADOPTED this 12th day of July, 2022.

By: ______________________________
Penny Lilburn, Vice Chair

ATTEST:

____
Betty Hughes
Authority Secretary

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO)
CITY OF HIGHLAND)

I, Betty Hughes, Secretary of the Highland Housing Authority, do hereby certify that the foregoing Resolution No. ____ was introduced and adopted at a regular meeting provided by law of the Highland Housing Authority held on the 12th day of July 2022, by the following vote of the members thereof:

AYES:	AUTHORITY MEMBERS:
NOES:	AUTHORITY MEMBERS:
ABSENT:	AUTHORITY MEMBERS:
ABSTAIN:	AUTHORITY MEMBERS:

EXHIBIT A

EXCLUSIVE NEGOTIATING AGREEMENT

[ATTACHED]

EXCLUSIVE NEGOTIATING AGREEMENT
(Highland)

This Exclusive Negotiating Agreement (the "**Agreement**") is entered into as of July 12, 2022 (the "**Effective Date**"), by and between the Highland Housing Authority, a public body, corporate and politic (the "**Authority**") and Wakeland Housing and Development Corporation, a California nonprofit public benefit corporation (the "**Developer**"), on the basis of the following facts. The Authority and the Developer are each sometimes referred to in this Agreement as a "**Party**" and collectively as the "**Parties**".

RECITALS

A. The Authority owns certain real property consisting of approximately 3.76 acres generally located on Central Avenue south of Base Line, and within the corporate limits of the City of Highland (herein, the "Site"). The Site includes two parcels: a vacant lot identified as San Bernardino County Tax Assessor's Parcel Number ("APN") 1192-431-05, and 7433 Central Avenue also identified as APN 1192-431-04. The legal description of the Site is attached hereto as Exhibit A. The Site is depicted and delineated on the "Map of the Site" attached hereto as Exhibit B.

B. The Authority by its Resolution No. HA2021-002, approved on December 14, 2021, declared the Site to be surplus land and published a notice of housing availability indicating the Site would be made available by means of ground lease for affordable rental housing development purposes, which notice was transmitted to all entities listed with the California Department of Housing and Community Development ("**HCD**") as interested entities. As provided under the applicable law and regulations, a period of sixty (60) days was established for the submittal of notices of interest. Two notices were received during the designated period; of those, one proposal was withdrawn while a second submittal, a proposal by Developer was the only proposal that was responsive to the notification and provided for rental units that would be affordable to senior households whose income does not exceed 80% of the area median income.

C. Developer, or an affiliate or subsidiary of Developer, proposes to develop on the Site approximately eighty-nine (89) dwelling units that would be affordable to senior households whose income does not exceed 80% of the area median income, and one manager's unit, for a total of ninety (90) units(the "**Project**"). It is contemplated that Developer, or an affiliate or subsidiary of Developer, will apply for and obtain funding from HCD, an allocation of low income housing tax credits, and multifamily housing bond to finance the development of the Project.

D. On July 6, 2022, based on authority granted to the Executive Director of the Authority in closed session, the Executive Director signed a letter agreement with Developer committing the Authority to exclusively negotiate with Developer regarding the disposition of the Site and for the construction of the Project on the Site for a designated negotiation period.

E. The purpose of this Agreement is to establish procedures and standards for the Parties' negotiations of a Disposition and Development Agreement (the "**DDA**") for the disposition of the Site and the development of the Project. The DDA shall include a form of the ground lease for the long-term lease of the Site by the Authority to the Developer, which is to be leased to Developer for One Dollar ($1.00) per year ("**Ground Lease**"), unless otherwise determined in the DDA. The DDA and Ground Lease will comply with all requirements pertaining to Article XXXIV authority. As more fully set forth in Section 3.1, this Agreement does not obligate the Authority to convey (in any manner) the Site, or any portion thereof, to the Developer, nor does it grant the Developer the right to develop the Project.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

ARTICLE 1
EXCLUSIVE NEGOTIATION RIGHTS

Section 1.1 Recitals. The above Recitals are incorporated in and made a part of this Agreement by this reference.

Section 1.2 Good Faith Negotiations. During the Negotiating Period as defined below, the Authority and the Developer will negotiate diligently and in good faith the terms of a DDA for disposition of the Site and development of the Project on the Site. During the Negotiating Period, defined below, the Parties shall use good faith efforts to accomplish the respective tasks outlined in Article 2 to facilitate negotiation of a mutually satisfactory DDA and Ground Lease .

Among the issues to be addressed in the negotiations are the terms for the Ground Lease of the Site to the Developer, physical and land title conditions of the Site, a development schedule for the Project, financing of the Project, development, marketing and management of the Project, and design and aesthetic considerations of the Project.

Section 1.3 Negotiating Period. The Negotiating Period under this Agreement (the "**Negotiating Period**") will commence as of the Effective Date and will expire at 5:00 p.m. Pacific Time on March 9, 2023, unless earlier terminated pursuant to this Agreement. The Negotiating Period may be extended, by the Executive Director, at the request of the Developer for up to two (2) successive periods of ninety (90) days each (each an "**Extension Period**"), provided that the Developer delivers a written request for such extension prior to expiration of the Negotiating Period or applicable Extension Period, and provided further that the Developer is not then in default under this Agreement.

If a DDA and Ground Lease have not been executed by the Authority and Developer (or related entity) by the expiration of the Negotiating Period (as may be extended under this Section), then this Agreement shall terminate and neither Party shall have any further rights or obligations under this Agreement except as set forth in Section 3.5.

Section 1.4 Exclusive Negotiations. During the Negotiating Period (as such Negotiating Period may be extended under Section 1.3), the Authority will negotiate exclusively with Developer as set forth in this Agreement and will not negotiate with any other person or entity regarding the development of the Site, or solicit or entertain bids or proposals to do so.

ARTICLE 2
NEGOTIATION TASKS

Section 2.1 Overview. During the Negotiating Period (as such Negotiating Period may be extended under Section 1.3), the Parties will use good faith efforts to accomplish the tasks set forth in this Article 2 and to accomplish the negotiation of a mutually acceptable DDA and Ground Lease.

Section 2.2 Ground Lease. During the Negotiating Period (as such Negotiating Period may be extended under Section 1.3), the Parties will negotiate the general terms and conditions of the form of the Ground Lease to be used, subject to future adjustments and revisions as specific development plans and financing are developed. The term of the Ground Lease will be for a minimum period of 68 years, or such longer time period as the Parties may agree to consistent with applicable law, with a rent of One Dollar ($1.00) per year. Developer will be responsible for maintaining insurance consistent with the Authority's standard requirements during construction of the Project and the duration of the Ground Lease and for payment of ad valorem real estate taxes and assessments on the Site.

Section 2.3 Schedule of Performance. The Parties will negotiate and establish schedules of performance with respect to the Site and for completion of the Project, which is anticipated to be three years from closing.

Section 2.4 Reports. The Developer will provide the Authority with copies of all third party reports, studies, analyses and similar documents commissioned by the Developer with respect to this Agreement and the planning of the Site or the Project, promptly upon their completion. The Developer makes no representation or warranty and will have no liability to the Authority as to the accuracy or reliability of any such materials. The Authority will provide the Developer with copies of all reports, studies, analyses, and similar documents prepared or commissioned by the Authority with respect to this Agreement, the Site, or the Project, promptly upon their completion.

Section 2.5 Financial Proforma Analysis. Within thirty (30) calendar days after the Effective Date, the Developer will provide the Authority with a detailed financial proforma for the Project containing, among other matters typically contained in such proformas, a detailed development cost, budget, and a detailed operating income and expense estimate (excluding confidential or proprietary information). The financial proforma will be used to evidence the financial feasibility of the Project.

Section 2.6 Organizational Documents. The Developer will provide the Authority with copies of its organizational documents evidencing that any affiliate or subsidiary of Developer that was created to construct and operate the Project exists, is in good standing to perform its obligations under this Agreement, and has not been suspended or debarred by a Federal agency.

Section 2.7 Progress Reports. Upon reasonable notice, as from time to time requested by the Authority, the Developer will make oral or written progress reports advising the Authority on studies being made and matters being evaluated by the Developer with respect to this Agreement and the Project.

ARTICLE 3
GENERAL PROVISIONS

Section 3.1 Limitation of Agreement. This Agreement will not obligate the Parties to enter into a DDA, Ground Lease, or any other agreement. The Developer is not committing itself to or agreeing to acquire or exercise control over the Site, and the Authority is not committing itself to dispose of the Site. This Agreement merely memorializes an agreement to conduct a period of exclusive negotiations and planning in accordance with the terms of this Agreement, reserving for subsequent Authority action the final discretion and approval regarding the execution of a DDA, any transfer of the Site, and all proceedings and decisions in connection therewith including any final commitment by the Authority to fund the Project. Any DDA resulting from negotiations pursuant to this Agreement will become effective only if and after such DDA has been considered and approved by the Authority following conduct of all legally required procedures, and executed by duly authorized representatives of the Authority and Developer.

Section 3.2 Notices. All notices, statements, demands, requests consents, approvals, authorizations, offers, agreements, appointments or designations hereunder by any party to the others shall be in writing and shall be given either by (i) personal service, (ii) delivery by reputable document delivery service such as Federal Express that provides a receipt showing date and time of delivery, or (iii) mailing in the United States mail, certified or registered mail, return receipt requested, postage prepaid, and addressed as follows:

Authority:	Highland Housing Authority 27215 Base Line Highland, California 92346 Attn: Executive Director
With copy to:	Assistant Executive Director Highland Housing Authority 27215 Base Line Highland, CA 92346
With copy to:	Richards Watson & Gershon 350 South Grand Avenue, 37th Floor Los Angeles, California 90071 Attn: Maricela Marroquin, General Counsel

Developer: Wakeland Housing and Development Corporation
1230 Columbia St., Suite 950
San Diego, CA 92101
Attn: Vice President of Real Estate Development

With a copy to: Goldfarb & Lipman
1300 Clay Street
11th Floor
Oakland, California 94612
Attn: Heather Gould

Addresses for notice may be changed from time to time by written notice to all other Parties. All communications will be effective on the date shown on the delivery receipt as the date delivered, the date on which delivery was refused, or the date the notice was returned as undeliverable.

Section 3.3 Waiver of Lis Pendens. The Parties agree that no lis pendens will be filed against any portion of the Site with respect to this Agreement or any dispute or act arising from it.

Section 3.4 Costs and Expenses. Each Party will be responsible for its own costs and expenses in connection with any activities and negotiations undertaken in connection with this Agreement.

Section 3.5 No Commissions. The Authority will not be liable for any real estate commissions or brokerage fees that may arise from this Agreement or any DDA that may result from this Agreement. The Authority represents that it has not engaged a broker, agent, or finder in connection with this transaction. The Developer will defend and hold the Authority harmless from any claims by any broker, agent, or finder retained by the Developer.

Section 3.6 Assignment. The Parties acknowledge that the Authority has entered into this Agreement on the basis of the special skills, capabilities, and experience of the Developer. This Agreement is personal to the Developer. The Developer may not assign this Agreement without the prior written consent of the Authority. If the Developer proposes to assign this Agreement to an affiliate or subsidiary of the Developer, the Developer must provide documentation, reasonably acceptable to the Authority, that such affiliate or subsidiary is directly under the control of the Developer, that such affiliate or subsidiary has the financial and operational strength to undertake the duties under this Agreement and the future actions with respect to the Project and the Site, and the affiliate or subsidiary must execute an assignment and assumption agreement in a form reasonably acceptable to the Authority. Any attempted assignment of the Agreement without the prior written consent of the Authority will be considered an event of default.

Section 3.7 Default. Failure by any Party to perform its obligations as provided in this Agreement will constitute an event of default under this Agreement. The non-defaulting Party will give written notice of a default to the defaulting Party, specifying the nature of the default and the required action to cure the default. If a default remains uncured fifteen (15) days after receipt by the defaulting Party of such notice, or for such longer period of time as may be reasonably necessary to effect cure (in no event to exceed forty-five (45) days), the non-defaulting Party may exercise the remedies set forth below unless the defaulting Party has commenced cure within such fifteen (15) day period and is diligently proceeding to completion.

Section 3.8 Remedies. In the event of an uncured default by a Party, the non-defaulting Party may terminate this Agreement.

Section 3.9 Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of California.

Section 3.10 Effect of Agreement. The Parties previously executed a letter agreement on July 6, 2022 regarding the Parties exclusively negotiating for Developer to construct the Project on the Site ("Letter Agreement"). This Agreement supplements, modifies, and amends the Letter Agreement. To the extent any provision of the Letter Agreement conflicts with this Agreement, this Agreement shall control.

Section 3.11 Construction of Agreement. The Parties have read and reviewed this Agreement and agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party will not apply to the interpretation of this Agreement (including but not limited to Civil Code Section 1654 as may be amended from time to time).

Section 3.12 Amendment. Any amendment or other modification of this Agreement must be in a written instrument executed by the Parties that expresses the intent to amend or otherwise modify this Agreement.

Section 3.13 Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original but all of which together will constitute one and the same agreement.

Section 3.14 Authority to Execute. The undersigned represent and warrant they are each duly authorized to execute this Agreement on behalf of the respective Party and to take the actions necessary to perform hereunder without the need to seek further authorization from the entity each represents.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date.

DEVELOPER:

By: WAKELAND HOUSING AND DEVELOPMENT CORPORATION, a California nonprofit public benefit corporation

By: ______________________________
Name: Peter Armstrong
Title: Vice President, Real Estate Development

By: ______________________________
Name:
Title:

AUTHORITY:

HIGHLAND HOUSING AUTHORITY, a public body, corporate and politic

By:______________________________
Joseph A. Hughes, Executive Director

EXHIBIT A

LEGAL DESCRIPTION OF THE SITE

[ATTACHED]

EXHIBIT A

SITE

PARCEL 1: APN 1192-431-04-0-000
ALL THAT PORTION OF THE SOUTHWEST ¼ OF THE NORTHWEST ¼ OF THE NORTHEAST ¼ OF SECTION 5, TOWNSHIP 1 SOUTH, RANGE 3 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE CITY
OF HIGHLAND, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO GOVERNMENT
SURVEY, DESCRIBED AS FOLLOWS:
COMMENCING AT A POINT IN THE WEST LINE OF THE NORTHEAST ¼ OF SECTION 5, WHICH IS SOUTH
0° 05' WEST 116.1 FEET FROM THE NORTHWEST CORNER OF THE SOUTHWEST ¼ OF THE NORTHWEST ¼ OF THE NORTHEAST ¼ OF SAID SECTION 5; THENCE SOUTH 0° 05' WEST ALONG THE
WEST LINE OF SAID NORTHEAST ¼ OF SAID SECTION, 120 FEET; THENCE SOUTH 89° 59' 30" EAST
660.5 FEET; MORE OR LESS, TO THE EAST LINE OF THE SOUTHWEST ¼ OF THE NORTHWEST ¼ OF
THE NORTHEAST ¼ OF SAID SECTION; THENCE NORTH 0° 02' 30" EAST ALONG THE EAST LINE OF THE
SOUTHWEST ¼ OF THE NORTHWEST ¼ OF THE NORTHEAST ¼ OF SAID SECTION 120 FEET TO A
POINT WHICH IS SOUTH 89° 59' 30" EAST FROM THE POINT OF BEGINNING; THENCE NORTH 89° 59' 30"
WEST 660.5 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.
SAVING AND EXCEPTING THEREFROM THE WEST 1½ RODS THEREOF INCLUDED IN CENTRAL AVENUE.
PARCEL 2: APN 1192-431-05-0-000
THAT PORTION OF THE WEST ½ OF THE NORTHWEST ¼ OF THE NORTHEAST ¼ OF SECTION 5, TOWNSHIP 1 SOUTH, RANGE 3 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE CITY OF HIGHLAND, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL
PLAT THEREOF, DESCRIBED AS FOLLOWS:
COMMENCING AT A POINT ON THE WEST LINE OF THE NORTHEAST QUARTER OF SECTION 5, WHICH
POINT IS SOUTH 0° 05' WEST 236.79 FEET FROM THE NORTHWEST CORNER OF THE SOUTHWEST
QUARTER OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 5; SAID
POINT BEING THE SOUTHWEST CORNER OF PARCEL NO. 1 DESCRIBED IN DEED TO A. L. ABBOTT, ET
UX, RECORDED IN BOOK 2193, PAGE 325 OF OFFICIAL RECORDS AND BEING MARKED BY SURVEYOR'S
STAKE L.S. 2345; THENCE CONTINUING SOUTH 0° 05' WEST 136.14 FEET TO THE NORTH LINE OF
PARCEL NO. 2 DESCRIBED IN DEED TO LAWRENCE B. NELSON, ET UX, RECORDED IN BOOK 2656,
PAGE 193 OF OFFICIAL RECORDS; THENCE EAST ALONG THE NORTH LINE OF THE NELSON PROPERTY TO A POINT IN THE EAST LINE OF THE SOUTHWEST QUARTER OF THE NORTHWEST

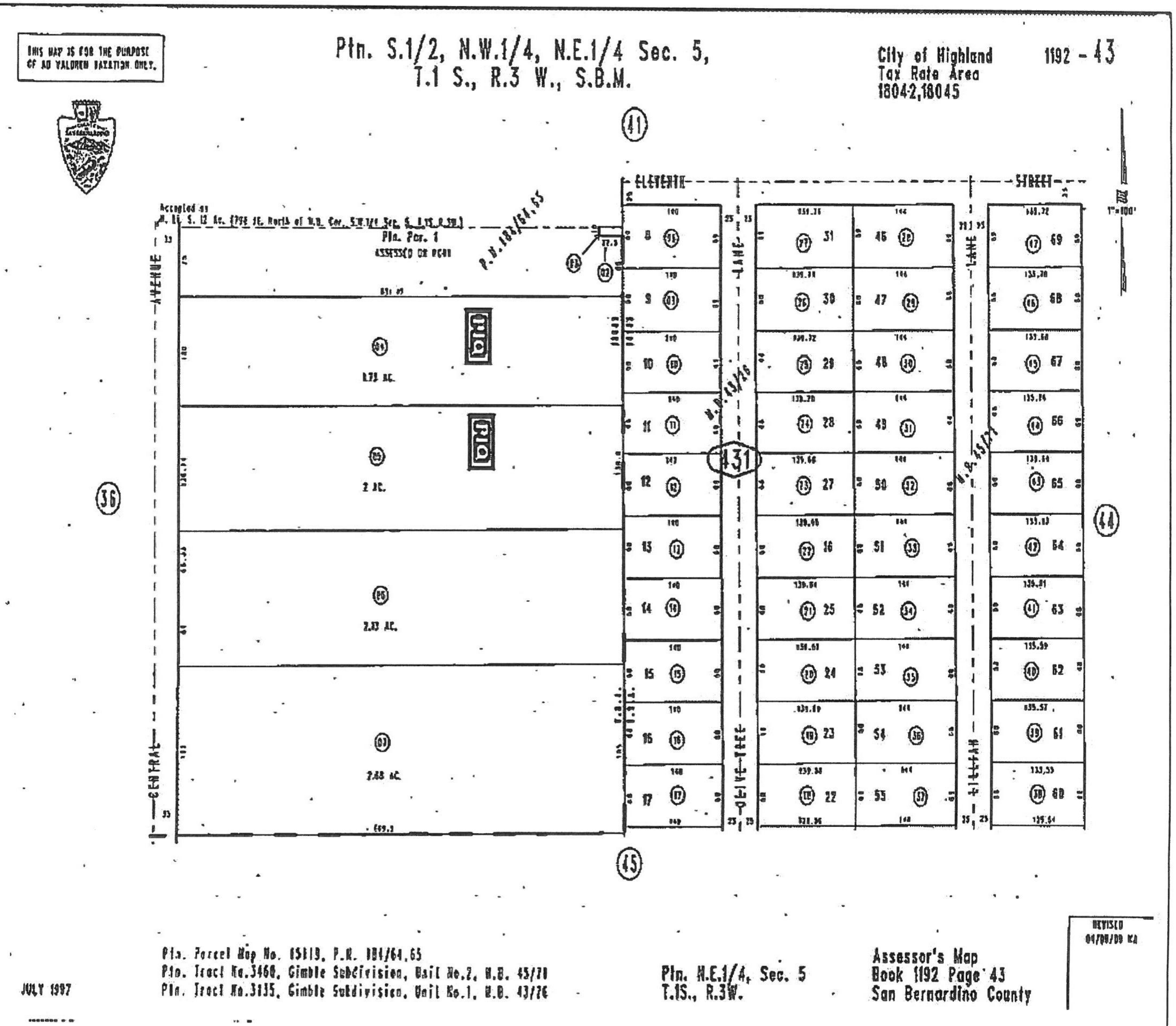
QUARTER OF THE NORTHEAST QUARTER OF SECTION 5, WHICH POINT IS SOUTH 136.6 FEET FROM
THE SOUTHEAST CORNER OF THE A. L. ABBOTT PARCEL ABOVE REFERRED TO; THENCE NORTH
ALONG THE EAST LINE OF THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER, 136.6 FEET TO A SURVEYOR'S STAKE L.S. 2345, SAID STAKE MARKING THE
SOUTHEAST CORNER OF THE SAID A. L. ABBOTT PROPERTY; THENCE NORTH 89° 59' 30" WEST 660.5
FEET MORE OR LESS TO POINT OF BEGINNING.

EXCEPTING THE WEST 1½ RODS THEREOF INCLUDED IN CENTRAL AVENUE.

EXHIBIT B

MAP OF SITE

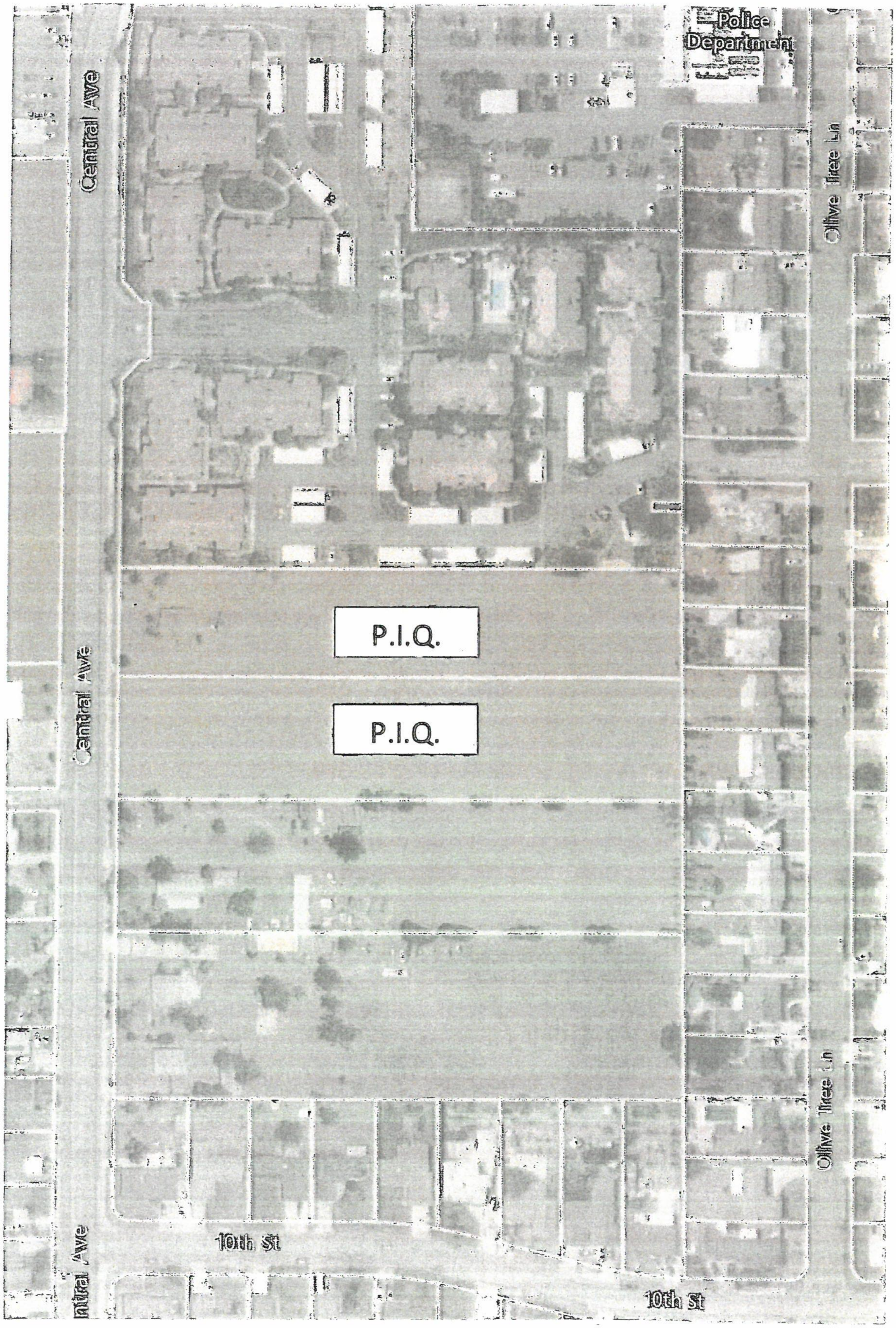
[ATTACHED]



This map/plat is being furnished as an aid in locating the herein described Land in relation to adjoining streets, natural boundaries and other land, and is not a survey of the land depicted. Except to the extent a policy of title insurance is expressly modified by endorsement, if any, the Company does not insure dimensions, distances, location of easements, acreage or other matters shown thereon.

Order: 09175346
Doc: 1192-43 MAP ASSESSOR

Page 1 of 1   Requested By: Kevin McGhee , Printed: 6/6/2022 9:22 AM


Police Department
Central Ave
Olive Tree Ln
P.I.Q.
P.I.Q.
Central Ave
Olive Tree Ln
Central Ave
10th St
10th St