DATE:       June 20, 2023

TO:         Chairman and Housing Authority Members

FROM:       Housing, Section 8, and Community Development Block Grant Department

SUBJECT:    Approval of the Sale of the Osage Senior Villas Located at 924 S. Osage Avenue Inglewood, CA 90301

RECOMMENDATION:
The recommendation that the Chairman and Housing Authority Members take the following actions:
1. Approve the sale of the Osage Senior Villas, located at 924 S. Osage Ave. Inglewood, CA 90301 ("Property") by Osage Senior Villas LP, a California Limited Partnership ("Seller"), to Osage Villas, LP, a California Limited Partnership ("Buyer"); and
2. Authorize the Chairman to sign the Assignment and Assumption of Covenants providing for such sale and transfer of the Property.

BACKGROUND:
On March 14, 2000, the former and now dissolved Inglewood Redevelopment Agency (IRA), a public body, corporate and politic ("Agency") approved and entered into a Disposition and Development Agreement, Recorded Document No. 00-0689779, as amended by a First Amendment to the Disposition and Development Agreement dated March 30, 2004, Recorded Document No. 04-1559803 (collectively, the "DDA") with Osage Senior Villas LP ("Developer"), for the development of 91 housing units of which 90 of the units shall be restricted as affordable senior housing units (the "Project"). The purpose of the DDA was to provide assistance to the Developer by the Agency in the form of the conveyance of land (described in the DDA and herein as the "Property"), and a Nine Hundred Seventy-Five Thousand Dollar ($975,000) loan for the construction of the Project. The development of the Project (more specifically the 90 affordable senior housing units) also served as replacement housing for previously existing senior dwelling units that were removed, as the result of various redevelopment activity by the former IRA within the Merged Inglewood Redevelopment Project Area. Applicable State and Federal Law, statutes and regulations, in addition to the provisions of the Merged Inglewood Redevelopment Plan, with respect to the Manchester-Prairie Redevelopment Project area, also required the replacement of the removed affordable senior housing units.

On February 1, 2012, the State of California dissolved all redevelopment agencies, including the former IRA. Since the dissolution of redevelopment agencies, the IHA has served as the Successor Agency to the former IRA, with respect to implementation and enforcement of all affordable housing matters previously handled by the former IRA. As such, the IHA has now assumed all such affordable housing duties and obligations of the former IRA. Upon the close of escrow for the sale of the Property, the IHA will be paid the entire outstanding balance of the loan previously made by the former IRA to the Developer, currently estimated to be $899,850.
DISCUSSION:
In May 2023, the IHA received a copy of the proposed Purchase and Sale Agreement (PSA) and Joint Escrow instructions, dated May 9, 2023, for the pending sale of the Osage Senior Villas. Pursuant to the requirements of the DDA, the transfer or sale of the Property requires approval of the IHA, pursuant to which, an Assignment and Assumption of Covenants has been submitted to the IHA for approval consideration. IHA approval of the Assignment and Assumption of Covenants is a DDA condition for the transfer of the Property to a new buyer. The Property is subject to a Declaration of Conditions Covenants and Restrictions entered into by the former IRA and Developer on December 29, 2000, and recorded with the Los Angeles County Recorder’s Office as Recorded Document No. 01-0064693, as amended by an Amended Declaration of Conditions, Covenants and Restrictions dated March 30, 2004, also recorded as Recorded Document No. 04-1559803 (collectively, the “DCCR”), imposing certain senior affordability covenants and restrictions on the Property. It is important to note that these senior affordability covenants and restrictions run with the land and are to remain in effect for a period of fifty-five (55) years, following the issuance date of a Release of Construction Covenants (formerly referred to in the DDA as a “Certificate of Occupancy”) deemed issued March 30, 2004, pursuant to the terms of the Assignment and Assumption of Covenants, or more specifically until 2059. The Developer received its Certificate of Occupancy on June 19, 2003.

In accordance with the enforceable obligations of the DDA, Section -106 – Prohibition Against Change in Ownership Management and Control of Developer, the Agency is responsible for the approval/disapproval of any transfer of the DDA and the DDRC and the enforcement of all post-closing obligations of these agreements. As previously mentioned, the proposed Property sales transaction will result in the payoff of the existing loan balance of the former IRA loan at closing. The anticipated payoff amount payable to the IHA is approximately Eight Hundred Ninety-Nine Thousand Eight Hundred Fifty Dollars ($899,850). The funding received from this proposed sales transaction will be made available by the IHA for future affordable housing development in the City of Inglewood.

FINANCIAL/FUNDING ISSUES AND SOURCES:
There is no impact to the General Fund to approve Assignment and Assumption Covenants and related Subordination documents. Upon the sale of the Property, the IHA, as successor to the former IRA, will receive the loan balance of approximately Eight Hundred Ninety Nine Thousand Eight Hundred Fifty Dollars ($899,850). The pay-off amount is currently listed as a loan receivable for the IHA.

DESCRIPTION OF ANY ATTACHMENTS:
Attachment No. 1 – Assignment and Assumption of Covenants

PREPARED BY:
Lori Jones, Senior Programs Specialist
Roberto Chavez, HUD Programs Manager

COUNCIL PRESENTER:
Roberto Chavez, HUD Programs Manager
APPROVAL VERIFICATION SHEET

DEPARTMENT HEAD/
DEPUTY CITY MANAGER APPROVAL:  
Harjinder Singh, Deputy City Manager

EXECUTIVE DIRECTOR APPROVAL:  
Artie Fields, Executive Director
ATTACHMENT NO. 1
ASSIGNMENT AND ASSUMPTION OF COVENANTS

THIS ASSIGNMENT AND ASSUMPTION OF COVENANTS ("Assignment"), made as of the _______ day of ________, 2023, by and among Osage Senior Villas Limited Partnership, a California limited partnership ("Assignor"), Osage Villas, LP, a California limited partnership ("Assignee"), and the Inglewood Housing Authority ("Authority").

RECITALS

A. Concurrently herewith, Assignor is selling to Assignee that certain real property located 924 S. Osage Ave., Inglewood, County of Los Angeles, State of California (the "Property"), as more particularly described on Exhibit A hereto, and to be more commonly known as "Osage Senior Villas".

B. This Assignment is being made as required under Section 11 of that certain Purchase and Sale Agreement and Joint Escrow Instructions between Assignor and Assignee, as well as under Section 6 of that certain Declaration of Conditions Covenants and Restrictions by and between the former Inglewood Redevelopment Agency ("Agency") and Assignor dated as of December 29, 2000 and recorded in the Official Records on January 11, 2001 as Instrument No. 01-0064693, as amended by the Amended Declaration of Conditions Covenants and Restrictions by and between the Agency and Assignor dated as of March 30, 2004 and recorded in the Official Records on June 18, 2004 as Instrument No. 04-1559803 (the "Covenants"). Unless otherwise indicated, capitalized terms used herein but not defined shall have the meaning given in the Covenants.

C. Further, Agency and Assignor are also Parties to that certain that certain Disposition and Development Agreement dated as of March 14, 2000, and recorded in the Official Records as Instrument No. 00-0689779 (the "DDA"), as amended by that certain First Amendment to Disposition and Development Agreement dated March 30, 2004 (the "DDA Amendment, and together with the DDA, the "Development Agreement"). The Development Agreement will not be assigned under this Assignment, but Authority wishes to release Assignee from certain rights and obligations arising under the Development Agreement as discussed further below.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor, Assignee and Authority agree as follows:
1. Assignment of Covenants. Assignor hereby assigns to Assignee the Covenants and all of the rights and obligations of the Assignor thereunder, and Assignee hereby accepts such assignment.

2. Assumption of Obligations. By acceptance of this Assignment, Assignee hereby assumes and agrees to perform and to be bound by all of the terms, covenants, conditions and obligations of Assignor under the Covenants for the benefit of Authority. This assumption shall have application only to those obligations under the Covenants arising after the transfer of the Property to Assignee.

3. Consent. In accordance with Section 6 of the Covenants, Authority hereby acknowledges and consents to the transfer of the Property to Assignee and the assignment and assumption of the obligations of Assignor under the Covenants. Authority hereby releases, acquits and discharges Assignor from any and all obligations, claims, causes of action, damages, liabilities and costs and expenses arising from acts occurring after the Property has been transferred to Assignee.

4. Development Agreement. Authority acknowledges and agrees that the Certificate of Completion (as defined below) was, or is otherwise deemed, issued for all purposes under and in accordance with the Development Agreement. For the purposes of the Development Agreement and the Covenants, the Effective Date of the Certificate of Completion is deemed to be March 30, 2004. Accordingly, and for the avoidance of doubt, any and all reversion rights and transfer prohibitions under Sections 311 and 508 under the Development Agreement have terminated and Section 314 of the Development Agreement applies as of the Effective Date. For purposes of this Assignment, “Certificate of Completion” means the Certificate of Completion, as defined in the DDA, and as amended to be defined as a “Release of Construction Covenants” in the DDA Amendment.

5. Successors and Assigns. This Assignment shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, heirs and legatees of the respective parties hereto.

6. Notice. All correspondence and notices given or required to be given to the Developer under the Covenants, from and after the Effective Date, shall also be provided to the Assignee and shall be addressed to the following parties as follows:

If to Assignor: Osage Senior Villas Limited Partnership
c/o Alliance Property Group Inc.
1730 E. Holly Ave, Ste 327
El Segundo, CA 90245
Attn: Danielle Curls Bennett

If to Assignee: Osage Villas, LP
c/o Spira Equity Partners, Inc.
1015 Fillmore Street PMB 31735
San Francisco, CA 94115
Attn: Robert Lee

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Assignment/Assumption – Covenants
If to Authority: Inglewood Housing Authority
One Manchester Boulevard
Ninth Floor
Inglewood, CA 90301
Attention: Executive Director

Inglewood Housing Authority
One Manchester Boulevard
Inglewood, CA 90301
First Floor
Attention: Secretary

With a copy to: Authority General Counsel
(which notice shall not serve as official notice to the
Authority)
One Manchester Boulevard, 8th Floor
Inglewood, CA 90301
Attention: General Counsel

7. Effective Date. The “Effective Date” of this Assignment shall be the date it is recorded in the Official Records of Los Angeles County.

8. Counterparts. This Assignment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

9. Governing-Law. This Assignment shall be governed by, interpreted under, and construed and enforceable in accordance with, the laws of the State of California.

[DOCUMENT EXECUTION OCCURS ON THE FOLLOWING PAGES]
This Assignment and Assumption of Covenants is executed by the parties hereto on the date first above written.

ASSIGNOR:

Osage Senior Villas Limited Partnership, a California limited partnership

By: Alliance Property Group, Inc.
a California corporation,
its Administrative General Partner

By: [Signature]
Name: Danielle C. Bennett
Its: President

[Notary pages follow]
STATE OF CALIFORNIA

COUNTY OF Los Angeles

On June 14, 2023, before me, Nicole Marisa Vasquez, Notary Public, personally appeared Danielle Curls Bennett, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity (ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

NICOLE MARISA VASQUEZ
Notary Public - California
Los Angeles County
Commission # 2307321
My Comm. Expires Sep 29, 2023
ASSIGNEE:

OSAGE VILLAS, LP, a
California limited partnership

By:  Spira Osage Villas, LP, a
     California limited partnership, its
     Administrative General Partner

By:  Spira Osage Villas, LLC, a
     California limited liability company, its
     General Partner

By:  ____________________________________________
     Robert Lee, Vice President

By:  FFAH II Osage Senior Villas, LLC, a
     California limited liability company,
     its Managing General Partner

By:  Foundation for Affordable Housing II, Inc., a
     California nonprofit public benefit corporation, its
     Sole Member

By:  ____________________________________________
     Melissa Vincent, Vice President

[Notary pages follow]
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Province of British Columbia

On June 14, 2023 before me, Andrew Dilts, [insert name and title of officer] personally appeared Robert Lee, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under penalty of perjury under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

[NOTARY SEAL]

ANDREW DILTS
Barrister & Solicitor
Cassels Brock and Blackwell LLP
#2200 - 885 West Georgia Street
Vancouver, B.C. V6C 3E8
Phone: (778) 372-7652
BC Law Society No. 510663
ASSIGNEE:

OSAGE VILLAS, LP, a
California limited partnership

By: Spira Osage Villas, LP, a
California limited partnership, its
Administrative General Partner

By: Spira Osage Villas, LLC, a
California limited liability company, its
General Partner

By: ________________________________
Robert Lee, Vice President

By: FFAH II Osage Senior Villas, LLC, a
California limited liability company,
its Managing General Partner

By: Foundation for Affordable Housing II, Inc., a
California nonprofit public benefit corporation, its
Sole Member

By: ________________________________
Melissa Vincent, Vice President

[Notary pages follow]
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Deschutes

On June 13, 2023 before me, Kathryn Lee Francis Notary Public, [insert name and title of officer] personally appeared Melissa Vincent, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under penalty of perjury under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

[NOTARY SEAL]
CONSENTED TO AND AGREED BY:

INGLEWOOD HOUSING AUTHORITY

By: __________________________
    James T. Butts, Jr.
    Chairman

ATTEST:

By: __________________________
    Aisha L. Thompson
    Secretary

APPROVED AS TO FORM:

Authority General Counsel

By: __________________________
    Kenneth Campos
    General Counsel

APPROVED:

KANE, BALLMER & BERKMAN
Special Counsel

By: __________________________
    Royce K. Jones

[Notary page follows]
A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA  
COUNTY OF  

ss:

On , before me, , Notary Public, personally appeared , who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

Osage Senior Villas
Assignment/Assumption – Covenants
Exhibit A
Legal Description

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF INGLEWOOD IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:


APN: 4024-008-029