CORRECTED COMMUNICATION FROM LOS ANGELES HOUSING DEPARTMENT

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Eric Garcetti, Mayor

LOS ANGELES HOUSING DEPARTMENT

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Council File: 21-1375 Council Districts: Citywide

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Honorable Eric Garcetti Mayor, City of Los Angeles Room 303, City Hall 200 N. Spring Street Los Angeles, CA 90012

Attention: Heleen Ramirez, Legislative Coordinator

INFORMATIONAL ADDENDUM TO COUNCIL TRANSMITTAL: LOS ANGELES HOUSING DEPARTMENT REQUEST FOR AUTHORITY TO NEGOTIATE AND EXECUTE CONTRACT WITH ONEgeneration AND RELATED ACTIONS; AUTHORITY TO CREATE AN EXEMPT SENIOR PROJECT COORDINATOR POSITION; AND AFFORDABLE HOUSING REPORT BACK RELATIVE TO IMPLEMENTATION OF THE LOS ANGELES ACCESSORY DWELLING UNIT ACCELERATOR PROGRAM

SUMMARY

The Los Angeles Housing Department (LAHD), submitted a transmittal, dated November 16, 2021 (C.F. No. 21-1375), requesting approval of various actions relative to implementation of the Los Angeles Accessory Dwelling Unit Accelerator Program (LAADUAP). This addendum is prepared to respond to questions posed by Housing Committee, on December 9, 2021, after reviewing LAHD's request.

QUESTIONS AND RESPONSES

Question #1: Recommendation A1 in the report requests \$2.6M in (General City Purpose) GCP but the five-year program costs are \$8.2MM. What is the breakdown for the use of the funds by source? What is the scope funded with GCP funding and what would be funded with SB2?

Response #1: The \$2.6 MM GCP funds are part of the total ADU Budget of \$8,278,916. The GCP funds have already been approved and transferred over to LAHD for LAADUAP activities (C.F. No. 21-0060-S18). These funds (GCP) are adequate to sustain the program for approximately 20 months, beginning January 1, 2022 through August 30, 2023. These funds will be utilized to pay for program activities

including Salaries, Contractual Services; Office, Administrative and Related Cost; Rental Subsidies; Utility Allowances and other ADU related emergencies. (See Attachment 1B-Uses of GCP funds).

In addition to the \$26,219,573 received in FYE 2021, the City of Los Angeles is scheduled to receive a total of \$131,097,865 in SB2 funds from the California Department of Housing and Community Development (HCD) over the next four years from FYE 2022 through FYE 2025. Of this, a total of \$5,678,916 is proposed to be used for the LAADUAP pilot program. With the \$2.6 million in GCP funding, this will fund the total budget for five years. LAHD has already received an approval for 5-year allocation for SB2 funds through HCD (Ref. C.F. No. 19-0685).

The allocation of SB2 funds approved by Council and Mayor for the LAADUAP in FYE 2021 was \$1,048,783. The City has received the SB2 commitment for FY 2021 of \$26,219,573, and will request approval of the implementation plan for the next round of funding by March 2022. The city also anticipates receiving annual allocations of \$1.6MM for FY 2022, and \$1.0 MM for each of FY 2023, FY 2024, and FY 2025, as part of HCD's commitment to the City of Los Angeles.

Question #2: Council approval of SB2 funds for the LAADUAP is contingent on an LAHD report on the program framework for Council's consideration and an assessment of risks/liabilities associated with the program. When will that report be transmitted to Council so the use of SB2 funds can be approved?

Response #2: The transmittal and report for SB2 funds are scheduled to be sent to the Mayor and City Council for review and approval by March 2022, with the anticipation that approval will be granted by June 2022 and SB2 funds will be available to the program by July 2022. At the CAO's office request, LAHD previously provided a response regarding various strategies for mitigating risk and liabilities for the LAADUAP. A copy of this document is included in this report and shown as Attachment 2.

Question #3: SB2 funds have been delayed over one year. When is it anticipated that SB2 will be needed for this program and what is the contingency plan if the funds are not secured annually in a timely manner?

Response #3: SB2 funds (or funds from other sources) will be needed in approximately 20 months from commencement of LAADUAP at LAHD (or by Aug. 2023). This timeline can be extended further by another 4 months if the additional GCP funding reserves (approx. 1.0MM) are utilized. LAHD will evaluate the program before August 2023, and will stop accepting new clients into the program until additional funding has been secured. LAHD will be actively working with philanthropic and other government programs and anticipates that public/private participation will grow along with available resources.

Question #4: In Attachment #3, the annual costs seem to exceed the \$1M in SB2 funds anticipated annually. Aside from GCP funds, what resources are in place to augment SB2 to fully fund the program?

Response #4: In addition to having a robust funding reserve (Approx. 1.0 MM in GCP funds), the program is designed so that funding for each of the following year will be available at least six months before it is actually needed. As a permanent source of funding, LAHD projected that the LAADUAP would receive approximately \$1MM annually from SB2 for a minimum period of 5 years. As shown in Attachment 1B, (Working Capital), at the end of year 1 (and subsequent years thereafter), LAHD anticipates having positive working capital to cover the following year expenses.

Question #5: Recommendation C seeks authority for a City position that would be grant funded up to the three years but the program is expected to be 5 years. What is the plan to address City oversight of the ONEgeneration contract in years 4 and 5? Has this position request been approved by the PAAW Committee?

Response #5: In the transmittal dated November 16, 2021 (C.F. No. 21-1375), LAHD requested a grant funded position for City staff for three years, consistent with the provisions of the City Administrative Code. During the initial three years of operations, LAHD will be submitting a request for an exempt Senior Project Coordinator (SPC) position for the LAADUAP. If approved, the exempt SPC will provide oversight of the ONEgeneration contract. If the program continues to be successfully funded and grows as anticipated, LAHD will request authority to continue the exempt SPC position; if the program is not continued, LAHD will immediately commence program phase out, starting in year 2 and assuming a 10% annual vacancy rate. As shown in Attachment 1.C, LAHD projected that the program can be closed out in 10 years.

The program is expected to operate for an initial term of five years, subject to funding availability, with a budgeted wind down within another five years. As tenants are placed in permanent housing and LAADUAP stops placing new tenants into the program, operating budget reduces gradually and tapering to zero by Year 10.

The request to create an exempt Senior Project Coordinator (Class 1538) staff position has not been submitted to the Personnel, Audits, and Animal Welfare Committee (PAAW). It is LAHD's understanding that, once Council and the Mayor approve the new position authority via this Council Action, the position would be allocated via the Civil Service Commission, and then the exemption of the position would be requested from PAAW subsequent to the Civil Service Commission allocating the position. The LAADUAP would not be able to move forward without the appropriate staff to oversee program operations.

Question #6: Recommendation D seeks a reimbursement for \$200,000 to the Mayor's Fund of Los Angeles- Is there a breakdown of the \$200k reimbursement to the Mayor's Fund?

Response #6: In recommendation D of the transmittal dated November 16, 2021 (C.F. No. 21-1375), LAHD is requesting approval to reimburse <u>up to</u> \$200,000 to the Mayor's Fund of Los Angeles (Mayor's Fund) for the months of January 2022 and February 2022 due to the delays in getting authority for

actions requested in the LAADUAP transmittal, including LAHD's request for funding approval and contract authority. It anticipated that the transmittal may not be approved until after February 2022, and therefore, in order to avoid any interruption to the LAADUAP subsidy program, the Mayor's office have expressed their capacity to carry the program through Mayor's Fund for two additional months (Jan. & Feb. 2022) using monies from the Mayor's Fund, while the transmittal, contracts and other documents are being approved. These funds are readily available and can be disbursed as soon as they are needed for the program. LAHD is therefore requesting authority to reimburse the Mayor's Fund up to \$200,000 for the LAADUAP related expenses incurred during these transitional months. No specific breakdown of cost is available at this time, however, supporting documentation must be provided by the Mayor's office and subsequently reviewed/approved by LAHD prior to payment release. LAHD will only reimburse the Mayor's Fund for rental subsidies, contract expenses and staffing expenditures directly related to ADU activities. This reimbursed amount will be deducted from the Year 1 advance to the escrow account.

Question #7: What is the all-in annual per person cost (including costs associated with implementation agency, ONEgeneration, rental subsidies/emergency/contingency, and the City position)?

Response #7: Considering the annual mean value and excluding the LAADUAP ending balance/reserves, the "all-in" annual cost is \$146,314 [(total cost/avg. #persons/annum) or (\$7,198,640/49.2)] per person per year.

Question #8: How many seniors are expected to be served over five years with the \$8.7M in City funds? What is the anticipated turnover rate?

Response #8: With the proposed funding of \$8.2 MM and without any client turn over, LAHD projected that the LAADUAP can serve a minimum of 57 seniors for five years. LAHD anticipates that it will take anywhere between 30 to 60 months for seniors to be placed in permanent homes. The LAADUAP can potentially serve 108 seniors at a turnover rate of 30 months; or 88 seniors at a turnover rate of 60 months. This amount will increase with the program grows. The Service Provider, ONEgeneration has been working with various permanent affordable housing organizations to place LAADUAP tenants into a permanent affordable housing. In addition, some non-profit housing organizations have already expressed an interest in working with the Service Provider to assist LAADUAP clients and place them on the waiting lists for permanent homes.

Question #9: The expectation is that seniors will transition to permanent housing developments. Have existing waitlists been assessed to ensure that those projects would be able to accommodate this population within five years?

Response #9: To help secure permanent housing (PH) placements, ONEgeneration (under contract with the Mayor's Fund) is currently working with various senior permanent housing providers in the City of LA, to recruit tenants from their waitlists. For example, ONEgeneration has already housed several clients from Menorah Housing Foundation waitlists into ADU's. They are also in the process of establishing partnerships with other permanent housing providers to create similar relationships. LAHD, in partnership with the service provider, will be working to create opportunities to connect ADU owners with residents with vouchers seeking housing. ONEgeneration will also assist tenants in applying to as many as possible permanent housing opportunities with project-based vouchers (PBV) to increase their housing options. The PBV vouchers would replace the subsidy paid by the City. In addition, ONEgeneration case managers will work with the tenants to renew their lease each year, where they will discuss the tenant's current status on each waitlist; and review their long-term plans for when the program sunsets. Before tenants move in, they are provided information and details on the duration of the LAADUAP and are explicitly aware that the term of the current rental subsidy is only for five years. They are also informed about the requirement to enroll onto PH waitlists and create a housing plan with the case manager.

As a contingency plan, after the year 1 of the program commencement at LAHD, the program will be evaluated and if additional funding is not available, LAHD will stop accepting new clients and will begin the process of tapering off program operations over a period of 10 years. Attachment 1.C shows how the LAADUAP can be phased out, should it become necessary to do so.

Question #10: Will ONEgeneration provide direct services or strictly referrals? Is there a cost associated with services provided to the seniors? If the services will be off-site, how will seniors access those services?

Response #10: ONEgeneration is responsible for providing direct services and referrals to all tenants participating in the LAADUAP. There is no cost to the seniors for utilizing these services. Their responsibilities include tenant screening and vetting; homeowner screening and vetting; initial ADU site visit, homeowner-tenant interview facilitation and matching; contract and lease administration; tenant move-in and ADU walkthrough (inventory check-list, photo documentation); distribution of monthly rental subsidies to homeowners; homeowner and tenant monthly check-in calls; tenant case management; ADU annual inspections; annual tenant income verification; and assisting in permanent housing waitlist enrollment. The case manager can provide these services to the seniors at their ADU or at ONEgeneration's senior center, depending on the service. If the service is at the senior center, ONEgeneration can assist the senior with transportation services. At the end of each year, LAHD staff will conduct an evaluation of ONEgeneration's performance, including the delivery of services to seniors, and provide recommendations or make corrective actions, as required. In addition, ONEgeneration provides other senior services including Adult Daycare, care management, homebound meals and transportation services.

Question #11: Page 5 indicates that there will be an advance to ONEgeneration? What is the amount and what services will be provided?

Response #11: ONEgeneration is the service provider, which was selected through the City's competitive Request for Proposals (RFP) process. As per the contractual agreement with the City, ONEgeneration is required to set up an Escrow Account at a bank or financial institution, approved by the City, for the purpose of holding funds (provided by the City) to pay for rental subsidies, utilities and emergency expenses that are due and payable, on behalf of the LAADUAP tenants. As shown in Table 1 - below, in Year 1, the total advance funding provided to ONEgeneration, is up to Five Hundred and Seventy-Eight Thousand, Nine Hundred and Fifty-Two Dollars (\$578,952) less any amount (up to \$200,000) reimbursed to Mayor's Fund during transition of the program to LAHD and prior to execution of City's contract with ONEgeneration.

TABLE 1

Description	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
Rent Subsidies	\$526,752	\$769,824	\$1,027,368	\$1,058,148	\$1,089,612	\$4,471,704
Utilities	\$37,200	\$52,800	\$68,400	\$68,400	\$68,400	\$295,200
Emergency	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$75,000
TOTAL=	\$578,952	\$837,624	\$1,110,768	\$1,141,548	\$1,173,012	\$4,841,904

Subsequent payments will be made for each of the following Year 2, 3, 4 and 5 annually. Over the five-year term, the total amount of funds provided to ONEgeneration for direct tenant assistance is up to Four Million, Eight Hundred and Forty-One Thousand, Nine Hundred and Four Dollars (\$4,841,904), less any amount (up to \$200,000) paid to Mayor's Fund during transition of the program to LAHD. The City will require ONEgeneration to maintain the Escrow Account during the contract term, including records of all financial transactions. These records will be audited by authorized City personnel (Accountant) quarterly. The City will immediately cease processing invoices, if ONEgeneration is out of compliance and demand immediate corrective action.

The "fee for services" to be paid to ONEgeneration, is not shown in the above Table 1. ONEgeneration will submit monthly invoices to LAHD for payment of services rendered, along with supporting documentation. The fee for services is up to \$175,000 annually for a maximum total amount of \$875,000 over 5-years.

Question #12: LAHD indicates that the Owner is required to execute an agreement with the City to lease their property to a qualified tenant for 5 years. Is there a draft that can be attached to the CAO report?

Response #12: The LAADUAP Owner will execute a Homeowner Agreement (Agreement) with the Service Provider (ONEgeneration), who will be acting on the City's behalf and will have a contract agreement with the City and will be making direct payment to the ADU property owners on behalf of the tenants and LAHD. A copy of a similar Agreement used by the Mayor's Fund is shown as Attachment

<u>3</u>. NOTE: When the program transfers to LAHD, all existing agreements will be reviewed, modified as necessary and approved by the City Attorney. LAHD will issue supplemental amendments to existing Agreements of LAADUAP owners, as deemed necessary.

Question #13: Will the City get RHNA credit for these ELI restricted units?

Response #13: The City counts units produced within the Housing Element term as meeting the Regional Housing Needs Assessment goals, so any units built between October 2021 and September 2028 will be counted against our current RHNA goals. Units that are temporarily affordable due to rent subsidies such as Section 8 tenant-based vouchers or the ADU rent subsidies are not counted.

Question #14: LAHD anticipates that the LAADUAP will become a permanent program for seniors in the City. Will LAHD report annually with program outcomes?

Response #14: The LAADUAP is currently a pilot program. LAHD will provide annual reports with program outcomes and will provide an initial program evaluation at the end of Program Year 1. Seniors are a fast growing group of very low income residents in need of housing supports to prevent or address homelessness. Some of the seniors currently served by Onegeneration are paying over 100% of income on housing, putting rent payments on credit cards. This group is at high risk of homelessness but isn't prioritized for rental vouchers or new housing construction. This pilot program will help us explore pathways to prioritize this vulnerable group.

Approved by:

ANN SEWILL

General Manager

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ATTACHMENT 1.A - (Budget Summary)

ATTACHMENT 1.B - (Budget-Sources and Uses)

ATTACHMENT 1.C - (Budget 10 YR "sunset")

ATTACHMENT 2 - (Mitigation of Risk)

ATTACHMENT 3 - Service Provider (ONEgeneration) and ADU Homeowner

ATTACHMENT 1.A (Budget Summary)

Accessory Dwelling Unit (ADU)	g Unit (ADU) Budget Summary								
Annual Available Funding for the ADU Program	for the ADU Program								
			Year 1	Year 2	Year 3	Year 4	Year 5		
	Description	FY 21 (7/1/20- 6/30/21)	FY 22 (7/1/21- 6/30/22)	FY 23 (7/1/22- 6/30/23)	FY 24 (7/1/23- 6/30/24)	FY 25 (7/1/24- 6/30/25)	FY 26 (7/1/25- 6/30/26)	TOTAL	٦٢
GCP	General City Purpose Fund No. 100/56, Account No.000970 (GCP)	- ₩	\$ 2,600,000	. ◆	. ↔	•	•	\$ 2,60	2,600,000
SB 2	California Department of Housing and Community Development (HCD), Permanent Local Housing Allocation Plan (PLHA) Program (SB 2)	*\$1,048,783	*\$1,630,133	**\$1,000,000	**\$1,000,000	**\$1,000,000	₩.	***\$5,678,916	8,916
	Total Funding =	*\$1,048,783	*\$4,230,133	**\$1,000,000	**\$1,000,000	**\$1,000,000	- \$	*\$8,2	*\$8,278,916
Program Costs by Account and Fiscal Year	t and Fiscal Year	*Awarded but	*Awarded but not yet received	**Earmarke	**Earmarked (approx amt.)	***Not yet received (approx amt.)	ed (approx amt.)		
		- \$	Year 1	Year 2	Year 3	Year 4	Year 5		
Account No.	Account Title	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	TOTAL	٦٢
		6/30/21)	6/30/22)	6/30/23)	6/30/24)	6/30/25)	6/30/26)		
1010	1010 Salaries, General		\$ 97,983.43	\$ 230,665		\$ 244,713	\$ 110,281	\$	921,227
1070	1070 Salaries, As Needed						1		87,818
TBD Special Acct	TBD Special Acct Contractual Services		175,000	-	_	\$ 175,000	\$ 175,000		875,000
0100	6020 Longing		00 4	4,500	-	- \$	\$ - 4CE42		4,500
43*299	6030 Leasing 43*299 Related Cost		\$ 65,224.21	\$ 34,000	4 4	\$ 50,707	\$ 10,542	9	611,982
	Total=		\$ 364,926.77	\$ 622,774	\$ 631,443	\$ 645,004	\$ 374,564	\$ 2,6	2,638,712
Contingency			\$ 15,000.00	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	₩.	75,000
Rent Subsidies & Utility Allowance	llowance								
Balance/ Available For Rent Subsidies	For Rent Subsidies		\$ 4,898,989	\$ 362,226	\$ 353,557	\$ 339,996	(389,564)	₩.	5,565,204
No of Tenants Ser	No of Tenants Served (Cummulative Amount)		31	44	57	57	57		
Rent Subsidies			\$ 263,376.00	\$ 769,824.00	\$ 1,027,368.00	\$ 1,058,148.00	\$ 1,089,612.00	\$ 4,20	4,208,328
Utility Allowance	Total=		\$ 18,600.00 \$ 281,976.00	\$ 52,800.00 \$ 822,624.00	\$ 68,400.00	\$ 68,400.00	\$ 68,400.00	\$ 27	276,600
Total Evnancec									
Program Costs + Co	Program Costs + Contingency Costs + Rent Subsidies & Utility Allowance	y Allowance	\$ 661,903	\$ 1,460,398	1,742,211	\$ 1,786,552	\$ 1,547,576	\$ 4,48	4,484,928
Ending Balance									
ADU Ending Balance	:e		\$ 4,617,013	\$ (460,398)	\$ (742,211)	\$ (786,552)	(1,547,576)	\$	1,080,276
									ı

ATTACHMENT 1.B (Budget-Sources and Uses)

Common Description			LAADUAP	BUDGET (SC	LAADUAP BUDGET (SOURCES AND USES)) USES)			
Communication Part	SOURCES		 			 	1		
Charlest Control State Contr				Year 1	Year 2	Year 3	Year 4	Year 5	10101
Commission Description Commission Description Description Commission Description Commission Description Descri		Description	FY 21 (7/1/20-6/30/21)	FY 22 (7/1/21-6/30/22)	FY 23 (7/1/22-6/30/23)	FY 24 (7/1/23-6/30/24)	FY 25 (7/1/24-6/30/25)	FY 26 (7/1/25-6/30/26)	AMOUNT
Community Development of Housing and Community Development of Housing American Proceedings St. 040,783 St. 030,133 St. 040,000 St. 0	GCP	General City Purpose Fund No. 100/56, Account No.000970 (GCP)	0\$	\$2,600,000	0\$	0\$	0\$	0\$	\$2,600,000
CP PUNDS= '\$2,500,000 \$1,00	SB 2	California Department of Housing and Community Development (HCD), Permanent Local Housing Allocation Plan (PLHA) Program (SB 2)	\$1,048,783	\$1,630,133	\$1,000,000	\$1,000,000	\$1,000,000	0\$	\$5,678,916
Contractual Services		URCES	\$1,048,783	\$4,230,133	\$1,000,000	\$1,000,000	\$1,000,000	0\$	\$8,278,916
Contractive Administrative Size 200 Contractive Administrative Size 200 Contractive Administrative Size 200 Contractive Siz	USES		1	1				1	
Total Color		\$2,600,000							
rate 52.6 MM) FY 21 FY 22 FY 23 FY 24 FY 24 FY 26 FY 26 FY 27 FY 24		Description		Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL
General \$10,022 \$24,644 \$10,022 \$24,644 \$25,000 \$175,000 \$24,644 \$25,000 \$24,644 \$25,000 \$24,644 \$24,644 \$24,644 \$24,644 \$24,644 \$24,640 \$24,640 \$24,644 \$24,640 \$24,640 \$24,640 \$24,640 \$24,640 \$24,640 \$24,640 \$24,640 \$24,640 \$24,640 \$24,640 \$24,641 \$24,641 \$24,640 \$24,641 \$24,641 \$24,641 \$24,641 \$24,641 \$24,641 \$24,641 \$24,641 \$24,641 \$24,642 <		Uses of GCP Funds (Amt. = \$2.6 MM)	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	AMOUNT
Administrative	1	Salaries, General	(12/05/002/1/1)	\$97,983	\$230,665	(1) (2) (2) (2)	(1)(1)	(2) (2) (2) (3)	\$328,648
Strices Stri	soo	Salaries, As-Needed		\$12,022	\$24,644				\$36,666
State	ram	Contractual Services (5 years) Office & Administrative		\$175,000	\$175,000				\$350,000
sidies \$56,224 \$153,365 Program \$6,224 sidies \$263,376 \$167,247 \$167,247 \$167,247 owance \$15,000 \$15,000 \$15,000 \$15,000 \$15,000 cy Contingencies \$15,000 \$15,000 \$15,000 \$15,000 \$15,000 \$15,000 cy Contingencies \$15,000 \$15,000 \$15,000 \$15,000 \$15,000 \$10	Prog	Leasing		\$14,698	\$34,600				\$49,298
Signature		Related Cost		\$65,224	\$153,365				\$218,589
y Contingencies \$15,000 \$15,000 \$15,000 \$15,000 \$15,000 \$15,000 \$15,000 \$15,000 \$15,000 \$15,000 \$15,000 \$15,000 \$15,000 \$15,000 \$15,000 \$15,000 \$15,000 \$15,000 \$10,000	8 yti	Kent Subsidies Utility Allowand		\$263,376	\$167,247				\$430,623
Description Se61,903 S857,821 Program Reserves (GCP) = \$1,	ļŧΩ			\$15,000	\$15,000				\$30,000
Description Year 1 Year 2 Year 3 Year 4 Year 5 TO s of SB-2 Funds FY 21 FY 22 FY 23 FY 23 FY 24 TO		TOTAL(GCP)=		\$661,903	\$857,821				\$1,519,724
Description Vear 1 Vear 2 Vear 3 Vear 4 Vear 5 Vear 5	SB 2-FUNDS=	\$5,678,916					Program R		\$1,080,276
Contractual Services Signature Signatur		Descri		Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL
Salaries, General Statutes, General \$237,885 \$244,713 \$110,281 \$ Contractual Services Contractual Services \$175,000 \$175,000 \$175,000 \$175,000 \$ Contractual Services Office & Administrative \$175,000 \$175,000 \$175,000 \$175,000 \$ Leasing \$175,000		Uses of SB-2 Funds (Amt. = \$5,678,916)	FY 21		FY 23	FY 24	FY 25	FY 26	AMOUNT
Salaries, As-Needed		Salaries, General	(12/05/05/1/1)		(1) (55 0) 50 (53)	\$237,585	\$244,713	\$110,281	\$592,579
Contractual Services	tso⊃	Salaries, As-Needed				\$25,260	\$25,892	-\$	\$51,152
Related Cost Section	ram	Contractual Services Office & Administrative				\$175,000	\$175,000	\$175,000	\$525,000
Related Cost \$1027,368 \$162,692 \$72,741 \$3 \$3 \$3 \$3 \$4,156,615 \$4 \$4,576 \$4 \$4,576 \$4 \$4,576 \$4 \$4,576 \$4 \$4,576 \$4 \$4,156,615 \$4,	бол	Leasing				\$35,638	\$36,707	\$16,542	\$88,887
## Send Subsidies ## Send Subs		Related Cost				\$157,960	\$162,692	\$72,741	\$393,393
## Emergency Contingencies Emergency Contingencies \$68,400 \$	8				\$602,577	\$1,027,368	\$1,058,148	\$1,089,612	\$3,777,705
## Emergency Contingencies	tility					\$68,400	\$68,400	\$68,400	\$205,200
TOTAL (SB 2)= \$0 \$602,577 \$1,742,211 \$1,786,552 \$1,547,576 \$1 IS (GCP + SB 2)= \$0 \$661,903 \$1,460,398 \$1,742,211 \$1,786,552 \$1,547,576 \$1 INCES-USES)= \$1,048,783 \$3,568,230 (\$460,398) (\$742,211) (\$786,552) (\$1,547,576) \$1 ING CAPITAL= \$4,617,013 \$4,156,615 \$3,414,404 \$2,627,852 \$1,080,276 =(Re	ın	Emergency Cont				\$15,000	\$15,000	\$15,000	\$45,000
Secry + Second Se		- I i	4	\$0	\$602,577	\$1,742,211	\$1,786,552	\$1,547,576	\$5,678,916
JRCES-USES) = \$1,048,783 \$3,568,230 (\$460,398) (\$742,211) (\$786,552) (\$1,547,576) NG CAPITAL = \$4,617,013 \$4,156,615 \$3,414,404 \$2,627,852 \$1,080,276 = (Fig. 1980, 1		es (GCP + SB	0\$	\$661,903	\$1,460,398	\$1,742,211	\$1,786,552	\$1,547,576	\$7,198,640
JRCES-USES) = \$1,048,783 \$3,568,230 (\$460,398) (\$742,211) (\$786,552) (\$1,547,576)									
NG CAPITAL = \$4,617,013 \$4,156,615 \$3,414,404 \$2,627,852 \$1,080,276		JRCES-USES)	\$1,048,783	\$3,568,230	(\$460,398)	(\$742,211)	(\$786,552)	(\$1,547,576)	\$1,080,276
		WORKING CAPITAL =		\$4,617,013	\$4,156,615	\$3,414,404	\$2,627,852		=(Reserves)

ATTACHMENT 1.C (Budget 10 YR "sunset")

ADJUSTED PROGRAM EXPENSES											
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Description	FY 22 (7/1/21-6/30/22)	FY 23 (7/1/22-6/30/23)	FY 24 (7/1/23-6/30/24)	FY 25 (7/1/24-6/30/25)	FY 26 (7/1/25-6/30/26)	FY 27 (7/1/26-6/30/27)	FY 28 (7/1/27-6/30/28)	FY 29 (7/1/28-6/30/29)	FY 30 (7/1/29-6/30/30)	FY 31 (7/1/30-6/30/31)	TOTAL
Salaries, General	\$97,983		\$237,585	\$106,802	\$110,006	\$113,306	\$116,705	\$120,207	\$123,813	\$127,527	\$1,384,599
Salaries, As-Needed	\$12,022	\$24,644	\$25,260	\$26,018	\$26,798	\$27,602	\$28,430	\$29,283	\$30,162	\$31,067	\$261,286
Contractual Services	\$175,000	\$175,000	\$175,000	\$175,000	\$175,000	\$0	\$0	\$0	\$0	\$0	\$875,000
Office & Administrative	\$0	\$4,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,500
Leasing	\$14,698	\$34,600	\$35,638	\$16,020	\$16,501	\$16,996	\$17,506	\$18,031	\$18,572	\$19,129	\$207,690
Related Cost	\$65,224	\$153,365	\$157,960	\$71,094	\$73,227	\$75,424	\$77,687	\$80,017	\$82,418	\$84,890	\$921,307
Rent Subsidies	\$263,376	\$490,049	\$437,544	\$385,039	\$332,533	\$280,028	\$227,523	\$175,018	\$122,512	\$70,007	\$2,783,629
Utility Allowance	\$18,600	\$33,600	\$30,000	\$26,400	\$22,800	\$19,200	\$15,600	\$12,000	\$8,400	\$4,800	\$191,400
Emergency Contingencies	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$150,000
ANNUAL EXPENSES =	\$661,903	\$1,161,423	\$1,113,987	\$821,373	\$771,866	\$547,557	\$498,451	\$449,556	\$400,877	\$352,420	\$6,779,412
TOTAL EXPENSES (cumulative)=	\$661,903	\$1,823,326	\$2,937,313	\$3,758,686	\$4,530,552	\$5,078,109	\$5,576,560	\$6,026,116	\$6,426,992	\$6,779,412	
# Clients served	31	28	25	22	19	16	13	10	7	4	
BALANCE											
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Description	FY 22 (7/1/21-6/30/22)	FY 23 (7/1/22-6/30/23)	FY 24 (7/1/23-6/30/24)	FY 25 (7/1/24-6/30/25)	FY 26 (7/1/25-6/30/26)	FY 27 (7/1/26-6/30/27)	FY 28 (7/1/27-6/30/28)	FY 29 (7/1/28-6/30/29)	FY 30 (7/1/29-6/30/30)	FY 31 (7/1/30-6/30/31)	TOTAL
BALANCE (annual) = \$2,017,013	\$2,017,013	\$2,438,577	-\$113,987	\$178,627	-\$771,866	-\$547,557	-\$498,451	-\$449,556	-\$400,877	-\$352,420	\$1,499,504
BALANCE (cumulative)=	\$2,017,013	\$4,455,590	\$4,341,603	\$4,520,230	\$3,748,364	\$3,200,807	\$2,702,356	\$2,252,800	\$1,851,924	\$1,499,504	
										BALANCE	\$1,499,504

ASSUMPTIONS

- After year #3 staffing = RPC 1 @50 % FTE with 3%cola AA
 - ONEgen contract = 5 years
- After Yr 3% Inflation included on Rental subsidies AA
- After Yr 3 leasing amt is based on Yr 1 staff + 3%cola After Yr 1, reduce subsidy by 3 clients/yr and so on
 - After Yr 1, reduce utility by 3 clients/yr and so on AAA
- After Yr 1, reduce contingency by \$1500 each year, and so on

ATTACHMENT 2

RISK FACTOR	MITIGATION STRATEGY
Risk of having no funds.	The primary funding source for the LAADUAP is the State of CA, Permanent Local Housing Allocation (PLHA), SB2 revenues, which is a permanent source of funding.
Risk of tenant displacement as a result of ADU's Owners commitment	 As part of the ADU homeowner screening process, the Service Provider (contractor) will conduct a background check to verify ownership of the ADU and that it is permitted. An in-person site visit is conducted to verify the condition of the property. The property owner is required to execute an agreement with the City of Los Angeles to lease their property to a qualified tenant for a minimum period of 5 years. Additionally, property owners are thoroughly screened, which includes conducting an interview and site visit, to ensure they are a fit for the program.
Risk of tenant displacement as a result of tenant actions.	 Both property owners and tenants will receive training from the Service Provider regarding California rental laws and will be presented with educational material, as a source of reference. The Service Provider (City's contractor) will also act as an intermediary to resolve landlord/tenant disputes and will conduct regular check-ins to prevent issues from cropping up. The Service Provider initially screens each tenant to ensure they have sufficient income to pay their rent. In addition, the LAADUAP has set aside a 1% rental reserve for emergency situations. Tenants also complete a criminal background check at the application juncture to ensure they will later qualify for future housing opportunities.
Risk of tenant displacement as a result of expiring lease agreements.	 Once a tenant moves into an ADU, the Service Provider (ONEgeneration) will help them apply to a minimum of three permanent housing opportunities with project-based vouchers (PBV). The PBV vouchers replace the subsidy paid by the city. In addition, OG case managers work with the tenant to renew their lease each year, where they will discuss the tenant's current status on each waitlist and review their long-term plans for when the program sunsets. The qualifying requirements for new ADU tenants are aligned with the Section 8 Voucher Program thereby enabling a streamlined process for transitioning ADU tenants into permanent housing. The LAADUAP will continue to verify eligibility for all clients and monitor their waitlist status to ensure they have a path to permanent housing.
Management Risk	 LAHD will have a qualified program manager and support staff assigned to the LAADUAP to provide oversight and ensure that all Federal, State, and local requirements are followed. By way of a competitive RFP, LAHD was able to obtain a well-qualified, experienced Service Provider (ONEgeneration) who works to meet the tenant's comprehensive needs and manage the LAADUAP and its day-to-day activities.

Risk of Funding Source depleting	• The primary source of funding is SB2 which is a permanent source of funding allocated to the City annually. As the program grows, LAHD will be seeking additional public/private participation and resources, including, but not limited to, a) Fannie Mae's Sustainable Communities Innovation Challenge; b) the Los Angeles Strong, Prosperous, And Resilient Communities Challenge-SPARCC; c) Community Development Block Grant; d) LA County-Property tax exemptions; e) Liberty Hill Foundation; f) California Endowment; g) Weingart Foundation, and other sources. LAHD anticipates that the LAADUAP will become a permanent program for seniors in the City.
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ATTACHMENT 3

Agreement

between

Service Provider (ONEgeneration) and ADU Homeowner

ATTACHMENT #3

ONEgeneration and Homeowner Agreement COVER PAGE

The purpose of this document is to provide a template for ONEgeneration to adopt and customize into its program participation agreement with the homeowner. It specifically outlines the following provisions, which ONEgeneration has incorporated into The Homeowner Agreement (attached):

- **Program term:** Five (5) years maximum. The program term begins upon execution of the lease agreement and confirmation of eligibility, and remains in effect for the remainder of the grant period which ends
- Rental Subsidy dispersal schedule: Each homeowner shall receive twelve
 (12) equal payments of their rental subsidy per full year or prorated accordingly,
 due on a monthly basis by the agreed payment due date, upon ONEgeneration's verification of program compliance.
- Eligible tenants: ONEgeneration will screen all prospective tenants to ensure
 they meet the program's eligibility requirements. ONEgeneration will then
 provide the owner with a pool of eligible tenants from which to select. Only
 tenants that ONEgeneration has reviewed, screened, and approved are eligible
 to participate in this program.
- **Rent:** The tenant's portion of the monthly rental obligation is 30% of their monthly income, with the rental grant subsidy supplementing the balance of the agreed monthly rent.
- **Program requirements:** ONEgeneration will monitor homeowners' compliance with the program and homeowners will be required to be available to receive monthly "check in" phone calls from ONEgeneration to discuss the program.

We are looking forward to working with you on our pilot program to house low-income seniors in Accessory Dwelling Units (ADUs). We appreciate your partnership in this effort.

This Agreement is made this day of, 20, by and betwee ONEgeneration, and (hereinafter,	een
collectively referred to as "Owner").	
collectively referred to as Gwiler).	
RECITALS	
WHEREAS , the City of Los Angeles ("City") is the recipient of a grant from Bloomberg Philanthropies ("Bloomberg Grant") to be used to increase the supply affordable housing by incentivizing the use of Accessory Dwelling Units (ADU) as affordarental housing; and	y of
WHEREAS, ONEgeneration has an agreement with the City to operate as subcontractor, providing tenant matching and support services, program monitoring, rental subsidy disbursements; and	
WHEREAS, Owner is the record owner of that certain real property located at	and
commonly known as (on which sits a si	ngle
family dwelling and a vacant,studio, 1-bedroom, ADU	
defined in California Government Code Section 65852.2) (the ADU may also be referre	
as the "Restricted Unit") in the City of Los Angeles, County of Los Angeles, State of Califo	
(the single family and ADU are collectively referred to as the "Property") which address	
also set forth in Section 1(a) hereof; and	70 10
WHEREAS, Owner has produced a current and valid Certificate of Occupancy f the Los Angeles Department of Building and Safety for the Restricted Unit; and	rom
WHEREAS, Owner applied for and was selected by the City of Los Angeles to rec	eive
an ONEgeneration rental grant subsidy; and	
WHEREAS, the Property [CHECK ONE] [] is or [] is not subject to the City's F Stabilization Ordinance ("RSO"); and	Rent
WHEREAS, in the event that the Property is subject to the RSO, unless Owner	has

or obtains an applicable exemption, the Owner acknowledges and agrees that while during

the term of this Agreement, the RSO, shall still apply to the Property; and

WHEREAS, the parties agree that in consideration of Owner's award of a ONEgeneration Rental Grant Subsidy to be dispersed per this Agreement, the Owner/Grantee ("Owner") agrees to provide Restricted Unit(s) at the Property for rental to Eligible Households; and
WHEREAS , it is the intent of the parties that the Restricted Unit(s) herein, shall be continuously held as rental units, subject to the limitations, restrictions, covenants and conditions provided for in this Agreement for the benefit of the City, which is the owner of the public streets and areas adjoining the Property; and
WHEREAS , these provisions are for the purpose of enabling only Eligible Households to rent the Restricted Unit(s).
NOW THEREFORE , in consideration of the representations herein contained, the parties hereto covenant, represent and agree as follows:
[Remainder of this page left intentionally blank]
Fundamental Provisions. (a) Property Address:
(b) Total Number of Residential Unit(s) at the Property:
(c) Total Number and Type of Restricted Unit(s) at the Property:

(d)	Allocation of Restricted Unit(s	at the Property:
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Bedroom Size	Total # of Units at Property	Total # of Restricted Unit(s)	Unit No.	Square Feet	Location In Property		
TOTAL:							
(e) Owner's Con	tact Informati	on:	(f) Owner's	s Represent	ative:		
Distance Let Describe ONE constitution and all the constitutions							
2. <u>Disbursal of Rental Subsidy</u> . ONEgeneration shall disburse the Rental Subsidy in							
welve (12) equal payments per full year or prorated accordingly for partial years, within five (5) business days following ONEgeneration's certification of Owner's compliance to the							
orogram requirements.							
	nogram requirements.						
ONEgenerat	ion shall not	be required to	o disburse a	ny payment	to Owner/Grantee until		
it has verified progra	am complian	ce through m	onthly check	k-in calls wit	h Owner. This program		
is for a maximum of	5-years only	, subject to c	hange base	d on funding	availability, and actual		
	e determine	d when the re	ental comme	ences and w	hen the grant program		
expires.							
ONEgenerat	tion shall no	ot be obligat	ed to fund	this Agree	ement beyond a total		

The total rental cost* per month agreed is: _\$____.

Of which the tenant shall be liable/responsible for paying: _\$___.

And ONEgeneration / City Grant subsidy will be: _\$___.

<u>of</u>

housand Dollars (\$_____).

* A 3% rental increase starting on the 13th month of rental lease and each calendar year anniversary thereafter, in accordance with the HUD Section 8 Rental Rates.

3. <u>Definitions</u>.

Section 1(a) hereof.

For purposes of this Agreement, the terms listed below shall have the meanings thereinafter specified.

- "Agreement" means this "ONEgeneration and Homeowner Agreement. Agreement" between ONEgeneration and the Owner. (b) ONEgeneration Rental Subsidy. "ONEgeneration Rental Subsidy" refers to the monthly payment of Thousand Dollars (\$) from ONEgeneration to the Owner in consideration for renting the Restricted Unit(s) at the Property pursuant to the terms of this Agreement. Eligible Household. "Eligible Household" means a household that qualifies as a low-income senior whose eligibility has been certified by ONEgeneration prior to move-in. Fixed: A "Fixed" Restricted Unit(s) means that the designated Restricted (d) Unit(s) identified in Section 1(d) shall remain a Restricted Unit throughout the term of this Agreement. Owner. "Owner" refers to and includes their authorized representatives, assigns, transferees, or successors-in-interest in ownership of the Property. Owner shall not include persons or entities who/which hold an interest merely as security for the performance of an obligation. Owner shall not include persons or entities after they have ceased to hold a record ownership interest in the Property. <u>Property</u>. "Property" means that certain real property and the Restricted Unit (f) situated thereon, located at and commonly known as _____ in the City of Los Angeles, County of Los Angeles, State of California, which address is set forth in
- (g) Rent. "Rent" means the consideration, including any bonus, benefits, or gratuity, demanded by or received by the Owner for, or in connection with: (1) the use or occupancy of a housing unit and land and facilities associated therewith, (2) any separately

charged fees or service charges assessed by the Owner which are required of all tenants, other than security deposits, and (3) possessory interest, taxes, or other fees or charges assessed for use of the land and facilities associated therewith by a public or private entity other than the Owner. (1), (2), and (3) shall be an average of estimated costs for the next twelve (12) months.

- (h) <u>Rent Stabilization Ordinance</u>. "Rent Stabilization Ordinance" or "RSO" refers to the City's Rent Stabilization Ordinance codified at LAMC 151.00 et seq. If the original house on the lot was built prior to October 1, 1978 then the property with the new ADU is subject to the RSO's requirements for rent regulation, fee payments, and related tenant protections.
- (i) Restricted Unit. "Restricted Unit refers to the <u>1-bedroom, studio</u> ADU, as defined in California <u>Government Code</u> Section 65852.2 situated on the Property which Owner shall rent to an Eligible Household and wherein the maximum monthly Rent of 30% of their monthly income, plus applicable utilities, shall to be paid by an Eligible Household per Restricted Unit.
- (j) <u>Tenant</u>. "Tenant" refers to the Eligible Household living in the Restricted Unit at the Property.

4. Term.

This Agreement shall become effective upon execution by ONEgeneration and shall last for a maximum period of five (5) years from the date ONEgeneration first certifies that an Eligible Household is residing in the Restricted Unit(s), actual term will be less if agreement and rental takes effect after initial grant period, equal to when the lease commences and when the grant ends, i.e., if lease starts in year 2, then it is in effect for four (4) years, if it starts year 3, then only three (3) years, if year 4, then two (2) years, and if year 5, then one (1) year. Owner must agree to monthly check-in calls with ONEgeneration and annual site visits, evidencing compliance with the terms of this Agreement otherwise this this Agreement will be terminated. Owner shall give at least a six month written notice to the Tenant prior to the expiration of this Agreement which states what the new amount of rent will be once this Agreement expires or in the event Owner chooses to opt out of this grant participation early pursuant to Section 14.

5. Notice and Opportunity to Cure.

In the event ONEgeneration determines the Owner is out of compliance with the income and rent restrictions set forth in Section 9 of this Agreement, ONEgeneration shall send to Owner via U.S. Mail and/or email at the address set forth in Section 1(e) above, a Notice of Default and Opportunity to Cure ("Notice"). All events of default must be cured within sixty (60) days from the date contained on the Notice. In the event the default is not satisfactorily cured within the allotted amount of time, ONEgeneration has the opportunity to terminate the homeowner should they be out of compliance or if homeowner rectifies the issue, may choose to extend the five (5) year term of this Agreement by way of written amendment, in accordance with the amount of time ONEgeneration has determined the Owner is out of compliance.

6. <u>Incorporation of Recitals</u>.

The Recitals to this Agreement are incorporated herein.

7. Tenant Qualification.

Each Restricted Unit(s) on the Property shall be reserved and rented to Eligible Households only, and the maximum monthly Rent for each tenant is 30% of their monthly income, payable by each Eligible Household per Restricted Unit. ONEgeneration will provide the Owner with a pool of eligible tenants from which to select. As part of the owner's due diligence, it is recommended by ONEgeneration that the owner conduct in person interviews with the prospective tenant. ONEgeneration must approve all tenants before Owner enters into a rental agreement with same. Owner is deemed out of compliance if the Restricted Unit is occupied by a tenant that ONEgeneration has not approved.

8. Owner's General Obligations.

Each Restricted Unit provided for under this Agreement shall be administered by the Owner, including tenant selection from ONEgeneration's eligible tenant pool, lease-up, Rent collection, Property maintenance, and eviction procedures, among others.

9. Rent Restrictions.

- (a) <u>Rent Restriction</u>. Each Restricted Unit shall only be rented to Eligible Households. The maximum monthly Rent to be paid by an Eligible Household per Restricted Unit is 30% of monthly income per tenant.
- (b) Repayment Required for Over-Charge of Rent. In the event the Owner charges an Eligible Household monthly Rent per Restricted Unit, above the allowed amount,

the Owner agrees to repay the Eligible Household the difference between the monthly Rent charged and the maximum monthly Rent allowed in this Agreement for the period that the disallowed monthly Rent was being charged within ten (10) days of ONEgeneration's written request. Written proof of such repayment shall be provided to ONEgeneration within ten (10) days of such repayment.

10. Occupancy Monitoring Requirements.

- (a) The Owner shall be available for regular check-in calls with ONEgeneration to discuss the program and confirm tenant occupancy.
- (b) On an annual basis, Owner shall agree to site visits by ONEgeneration to confirm program compliance and tenant occupancy.
- (c) ONEgeneration may interview the tenants, periodically, throughout the course of this contract to confirm compliance with rental agreement and owner's obligations under this agreement.

11. Required Provisions for Rental or Lease Agreements for Restricted Unit(s).

For Restricted Unit(s), Owner shall use ONEgeneration's form of rental or lease agreement, subject to the review and approval by ONEgeneration, which shall:

- (a) Provide for termination of the rental or lease agreement and consent by a tenant to immediate eviction for failure to qualify as an Eligible Household, resulting of any material misrepresentation made by such tenant(s) with respect to their income computation or certification:
- (b) Prohibit the subleasing of any Restricted Unit (this includes listing any Restricted Unit(s) for vacation/short-term rental on Airbnb or like websites); and
- (c) Permit the termination of an existing tenancy or an eviction **only** upon good cause. Good cause includes the non-payment of Rent, repeated violation of the terms or conditions of the lease agreement, or violations of applicable federal, state or local law.

12. <u>Utilization of Restricted Unit(s)</u>.

- (a) <u>Full Utilization</u>. Each Restricted Unit required to be provided by this Agreement shall be leased or rented (i.e., the Restricted Unit(s) shall not be withdrawn from the market) and fully utilized in a manner consistent with the Space and Occupancy Standards set forth in the Los Angeles Municipal Code, Chapter IX, Article 1, and the Uniform Housing Code, Chapter V.
- (b) The Owner agrees to: (1) maintain and operate each Restricted Unit so as to provide decent, safe, and sanitary housing; and (2) provide each Restricted Unit with the same level of services (including security), amenities, and maintenance as is provided to the other dwelling units on the Property. Such amenities that are provided to households of un-Restricted Unit(s) may include, but are not limited to, access to recreational facilities, parking, cable TV, and interior amenities such as dishwashers and microwave ovens. Optional services provided must also be optional for tenants of both Restricted Unit(s) and un-Restricted Unit(s) and available to all under the same terms and conditions. At the commencement of each Eligible Household's respective lease for a Restricted Unit, all non-purchased incentives being offered to un-Restricted Unit(s), such as free parking, must be equally offered to each Eligible Household. However, any promotional non-purchased incentives offered to new tenants after commencement of an existing lease need not be offered to existing tenants, but must be equally offered to new tenants of both Restricted Unit(s) and un-Restricted Unit(s).
- (c) The Owner agrees to notify ONEgeneration within thirty (30) days, in writing at the address set forth in Section 22, each time any Restricted Unit(s) becomes vacant.
- (d) If at any time, beginning immediately after the date of the notice described above, a Restricted Unit(s) offered for rent remains vacant for a continuous period of two (2) months, ONEgeneration will refer to the Owner, Eligible Households interested in renting such Restricted Unit(s). If ONEgeneration makes such referrals to the Owner and the Owner declines to rent to such Eligible Households, the Owner's refusal to rent must be based upon a non-discriminatory basis that is objectively reasonable. Owner agrees to provide the basis for any such refusal to rent to ONEgeneration within ten (10) business days of any written request at the address in Section 1(e) above.

13. Right to Inspect.

ONEgeneration reserves the right to visit the Property and inspect each Restricted Unit for satisfactory compliance with this Agreement, any conditions of approval of the Property

imposed by the Planning Department, City ordinances and requirements as applicable, and the City's Guidelines for the Affordable Housing Incentives Program. For routine inspections, seven (7) business days written notice (counted from the date of the notice) will be provided to the Owner via U.S. Mail. Owner shall provide Tenant with a minimum of twenty-four (24) hours written notice before providing access to the Restricted Unit for purposes of inspection.

14. Option to Out.

After the completion of the first year of tenancy by an Eligible Household, but prior to the expiration of the five (5) year term, or if the owner intends to sell the property before the expiration of the five (5) year term, Owner may opt out of ONEgeneration's Grant Program by providing Tenant with six months written notice (with a copy to ONEgeneration) of Owner's intent to opt out and to raise rents in conformity of the City of Los Angeles's Rent Stabilization Ordinance, if applicable. In such event, Owner agrees to forfeit any undisbursed amount of the ONEgeneration Grant.

15. <u>Limitation of Funding, Availability of Funds.</u>

This Agreement shall not create or authorize an obligation in excess of grant funds available at all times. Thus any obligation to pay the subsidy rent by ONEgeneration and / or the City of Los Angeles shall be limited in full by the amount of funds that are made available during the term of this agreement. Owner acknowledges and agrees that payment of subsidy rent funds is made possible only from a grant awarded to the City of Los Angeles, which if for whatever reason becomes not fully available, the subsidy program may terminate early and any remaining term rent subsidies will be fully released. ONEgeneration and the City of Los Angeles will in good faith regularly monitor the availability of funding relative to the costs and remaining funds balance, and reasonably notify the Owner of any anticipated funding shortages in advance, to the extent possible.

16. Americans with Disabilities Act.

The owner hereby certifies that it will comply with the Americans with Disabilities Act 42, U.S.C. Section 12101 et seq., and it's implementing regulations. The owner will provide reasonable owner accommodations to allow qualified individuals with disabilities to have access to and to participate in its programs, services and activities in accordance with the provisions of the Americans with Disabilities Act. The owner will not discriminate against persons with disabilities, nor against persons due to their relationship to or association with

a person with a disability. Any contract entered into by the owner, relating to this agreement, to the extent allowed hereunder, shall be subject to the provisions of the paragraph.

17. Insurance.

The Owner shall cause to have in full force and effect during the term of this agreement, insurance coverage for the ADU.

18. Federal and State Laws.

Notwithstanding the above provisions, nothing contained herein shall require the Owner or ONEgeneration to do anything contrary to or refrain from doing anything required by federal and state laws and regulations promulgated thereunder applicable to the construction, management, maintenance, and rental of the Restricted Unit(s). Owner further expressly agrees to obey all applicable laws as to the Property, including, but not limited to the California Building Code, the Americans with Disabilities Act, and Title VIII of the Civil Rights Act as amended in 1988 by the Fair Housing Amendments Act. Owner also agrees to pay any and all applicable taxes associated with its receipt of the ONEgeneration Rental Subsidy.

19. <u>Prohibition Against Discrimination</u>.

The Owner shall not discriminate against any tenant or potential tenant on the basis of race, color, religion, creed, sex, age, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, genetic information or medical condition, including the actual or perceived affliction of AIDS or the HIV virus.

20 **Enforcement Provisions**.

The parties hereto, or their respective successors, heirs or assigns may enforce any of the terms, covenants or conditions contained in this Agreement through any proceedings allowed at law or in equity. They may commence and maintain actions for damages or to restrain and enjoin any actual or threatened breach of any provision of this Agreement. Any remedy provided for herein shall not be exclusive or preclude the parties hereto or their respective successors, heirs and assigns from exercising any other remedy available under this Agreement, or under provisions of law, nor shall any action taken in the exercise of any remedy be deemed a waiver of any right or remedies available to such parties. It is understood and agreed that no waiver of a breach of any of the provisions of this Agreement

shall be construed as a waiver of any other breach; nor shall failure to enforce any portion of this Agreement be construed as a waiver of any of the conditions of this Agreement.

21. Indemnification.

Except for the active negligence or willful misconduct of the City, ONEgeneration or any of its Boards, Officers, Agents, Employees, Assigns and Successors in Interest, Owner undertakes and agrees to defend, indemnify and hold harmless ONEgeneration and the City and any of its Boards, Officers, Agents, Employees, Assigns, and Successors in Interest from and against all suits and causes of action, claims, losses, demands and expenses, including, but not limited to, attorney's fees and cost of litigation, damage or liability of any nature whatsoever, for death or injury to any person, including owner's employees and agents, or damage or destruction of any property of either party hereto or of third parties, arising in any manner by reason of the negligent acts, errors, omissions or willful misconduct incident to the performance of this agreement by the owners or its CONTRACTORS of any tier. The provisions of this paragraph survive expiration or termination of this agreement.

22. <u>Termination of ONEgeneration by the City</u>

In the event ONEgeneration's agreement with the City is terminated by the City with the result that ONEgeneration no longer is serving as a subcontractor for the City under such agreement, then ONEgeneration immediately shall cease providing services under this Agreement. In such event, Owner shall have the same obligations to the City and to any new subcontractor selected by the City that it had to ONEgeneration under this Agreement, and the City and any new subcontractor selected by the City shall have the same rights with respect to the Owner that ONEgeneration had under this Agreement.

23. Administrative.

The CEO of ONEgeneration or the CEO's designee shall have the authority to act on behalf of ONEgeneration in carrying out ONEgeneration s obligations under this Agreement.

24. Notices.

All notices required under this Agreement shall be in writing, which includes email, sent to the Owner at the address(es) set forth in Section 1(j):

ONEgeneration 17400 Victory Blvd. Van Nuys, CA 91406 ATTENTION: LORI RESNICK Any party may change the address to which notices are to be sent by notifying the other parties of the new address in the manner set forth above.

25. Authority.

Each party to this Agreement hereby represents and warrants that each person executing this Agreement on behalf of a party has the right, power, legal capacity and authority to enter into and perform under the Agreement, that no approval or consent of any other persons are necessary and that the Agreement constitutes a valid and binding obligations of such party, enforceable against such party in accordance with its terms.

26. Amendments.

This Agreement may be amended only by a written instrument signed by both ONEgeneration and the Owner.

27. No Third-Party Right of Enforcement.

No third-party beneficiary rights are intended to be created by this Agreement. Specifically, no person or persons whether a member of an Eligible Household or not, shall be entitled to claim that he, she or they are entitled to rent a Restricted Unit(s) under the terms of this Agreement.

28. Governing Law.

This Agreement shall be interpreted under and be governed by the laws of the State of California and venue for any action filed to enforce any of the parties rights and remedies hereunder shall be the County of Los Angeles, State of California

29. Counterparts.

This Agreement may be executed in counterparts, each of which, when the parties hereto have signed this Agreement, shall be one and the same instrument.

30. Entire Agreement.

The provisions herein constitute the entire agreement between the parties hereto. Each party to this Agreement acknowledges that no representations, inducements, promises or agreements, orally or otherwise, have been made by any party or anyone acting on behalf of any party, which are not embodied herein, and that any other agreement, statement, or

promise not contained in this Agreement shall not be valid or binding except more restrictive agreements.

IN WITNESS WHEREOF, ONEgeneration and the Owner have caused this Agreement to be executed by its duly authorized representatives:

Executed this day of	Executed this day of
	, 20
For: ONEgeneration	For: OWNER
By:	(signature)
	(type name of owner)