

PURCHASE AND SALE AGREEMENT

This PURCHASE AND SALE AGREEMENT (the “Agreement”), dated as of June 27, 2023, is entered into by and between the CITY OF GARDEN GROVE, a municipal corporation (the “City”), and the GARDEN GROVE HOUSING AUTHORITY, a public body, corporate and politic (the “Authority”).

WHEREAS, the City is the owner of the property located at 11390-11400 Stanford Avenue in the City of Garden Grove, County of Orange, State of California, which is the northern portion of Assessor’s Parcel Number 090-154-57, as described in Exhibit “A” attached hereto and made a part hereof, together with any improvements thereon, and all rights and appurtenances, if any, pertaining to such land including all adjacent streets, alleys or rights-of-way (collectively, the “Property”).

WHEREAS, the Property is suitable for development of affordable housing; and

WHEREAS, the City recently rezoned the Property (Ordinance No. 2925) to be within the CC-3 (Civic Center Core Mixed Use) zone district and the permitted base density was increased to 60 units per acre, which base density is before consideration of use for affordable housing or application of a density bonus or other incentives; and

WHEREAS, the CC-3 zone is established to encourage civic, educational, commercial, high-density residential, and compatible uses that enliven the City’s core and work together to create a walkable, lively district that encourages interaction and engagement in community activities; the zoning allows shared parking facilities, promotes pedestrian orientation of buildings, high-quality architecture, pedestrian-scale landscaping, pathways, and signage reinforce the goal to create places where people, not cars, predominate; and

WHEREAS, the Garden Grove Housing Authority (“Authority”) is a California housing authority acting under the California Housing Authorities Law, Part 2 of Division 24, Section 34200, et seq., of the Health and Safety Code (“HAL”); and

WHEREAS, further, the Authority serves as the “housing successor” to the former Garden Grove Agency for Community Development, a dissolved redevelopment agency (“Former Agency”) pursuant to Part 1.85 of Division 24 of the Health and Safety Code, in particular HSC Section 34176.1 (“Dissolution Law” or “Housing Successor Law”) and the Dissolution Law references and incorporates certain affordable housing laws set forth in Health and Safety Code Section 33000, et seq. that survived the dissolution of all California redevelopment agencies and remain effective as to housing successors, including the Authority (“CRL”); and

WHEREAS, the Authority is authorized and empowered under the HAL, CRL and Dissolution Law to provide funding for the production, improvement, or preservation of affordable housing and appurtenant improvements, and maintains accounts thereunder including funds on deposit in the Low to Moderate Income Housing Fund pursuant to HSC Section 34176.1 (“LMIHAF”); and

WHEREAS, while the City has broad powers and purposes, a housing authority (including as a housing successor) is more limited in statutory purpose and focus to carry out affordable housing functions, including, without limitation, the power to finance housing such as through issuance of loans, grants, bonds, or other tax exempt obligations, to construct, maintain, and operate housing, to monitor and enforce covenants and applicable laws, etc.; and

WHEREAS, in more simple wording, a housing authority is an affordable housing specialist entity, with specific regulations, policies, powers, and tools to accomplish the housing duties imposed on the City via State and local law, and thereby best suited, between the two entities (City and Authority), to advance the community's affordable housing goals; and

WHEREAS, pursuant to GC Section 54221(b)(l) and 54221(f)(1)(D) of the California Surplus Land Act (GC Sections 54220-54234) ("SLA"), on June 13, 2023, the City Council adopted Resolution No. 9788-23 declaring the Property to be "exempt surplus land" as land that is transferred to another local agency for the agency's use; and

WHEREAS, pursuant to Section 103(b)(3)(D) of the Surplus Land Act Guidelines ("SLA/HCD Guidelines") issued by the State of California, Department of Housing and Community Development ("HCD"), local agency surplus land that is transferred to another local agency for the transferee agency's use is exempt from the provisions of Articles II and III of the SLA/HCD Guidelines; and

WHEREAS, pursuant to the SLA/HCD Guidelines, the City provided its exemption finding to HCD for its review on June 14, 2023; and

WHEREAS, the Property is subject to a ground lease with the Garden Grove Public Finance Authority as security associated with the City's \$24,790,000 Garden Grove Public Financing Authority Lease Revenue Bonds, Series 2015A.

NOW, THEREFORE, FOR AND IN CONSIDERATION OF THE MUTUAL PROMISES, COVENANTS AND CONDITIONS CONTAINED HEREIN, THE PARTIES AGREE AS FOLLOWS:

SECTION 1. CONVEYANCE OF PROPERTIES AND PURCHASE PRICE. City agrees to convey the Property to Authority. Authority agrees to bear all costs associated with the conveyance of the Property to Authority. Conveyance is to be completed by use of a grant deed substantially in the form of Exhibit "B" hereto ("Grant Deed"). Authority shall pay to City the sum of EIGHT MILLION FIVE HUNDRED FIFTY THOUSAND DOLLARS (\$8,550,000.00) to the City (the "Purchase Price"), \$3,000,000.00 of which will be in cash and the remainder in the form of a Promissory Note in the form of Exhibit "C" (the "Promissory Note").

SECTION 2. LIABILITY AND INDEMNIFICATION. In contemplation of the provision of Section 895.2 of the California Government Code imposing certain tort liability jointly upon public entities solely by reason of such entities being parties to an agreement as defined by Section 895.4 and 895.6 of such Code, each of the Parties, as between themselves, pursuant to the authorization contained in Section 895.4 and 895.6 of such Code, will each assume the full liability imposed on

it, or any of its officers, agents, or employees by law for injury caused by negligent or wrongful act or omission occurring in the performance of this Agreement to the same extent that such liability would be imposed in the absence of Section 895.2 of such Code. To achieve the above-stated purposes, each Party indemnifies and holds harmless the other Party for any loss, costs or expense that may be imposed upon such other Party solely by virtue of such Section 895.2. The provisions of Section 2778 of the California Civil Code are made part hereof as if fully set forth herein.

SECTION 3. EFFECTIVE DATE; REGULATORY COMPLIANCE; PAYMENT OBLIGATIONS. This Agreement shall take effect on the date of approval by the Authority’s Board and the City Council, provided that recording of the Grant Deed and transfer of title shall not occur until completion of the parties’ compliance with regulatory requirements, including HCD’s approval of City’s “exempt surplus land” finding, release of the Property from the Garden Grove Public Financing Authority ground lease, payment of the initial funds by Authority, and delivery of the executed promissory note to City. It is anticipated that the completion of regulatory compliance and transfer of title will occur on or before October 30, 2023.

IN WITNESS WHEREOF, THE PARTIES HAVE EXECUTED THIS AGREEMENT AS OF THE RESPECTIVE DATES SET FORTH BELOW.

AUTHORITY:

GARDEN GROVE HOUSING
AUTHORITY, a public body

Executive Director

Attest:

Secretary

CITY:

CITY OF GARDEN GROVE, a California
municipal corporation

City Manager

Attest:

City Clerk

EXHIBIT "A"

LEGAL DESCRIPTION OF THE PROPERTY

PARCEL 1 OF PARCEL MAP NO. 97-149, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP THEREOF RECORDED IN BOOK 300, PAGES 9 AND 10 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 090-154-57 (NORTHERN PORTION)

EXHIBIT B
FORM OF GRANT DEED

**RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:**

City Clerk
City of Garden Grove
11222 Acacia Parkway
Garden Grove, CA 92840

[SPACE ABOVE FOR RECORDER'S USE ONLY]

No fee document pursuant to Government Code Section 27383

APN: 090-154-57 (Northern Portion)

GRANT DEED

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the CITY OF GARDEN GROVE, a California municipal corporation ("Grantor") hereby grants to THE GARDEN GROVE HOUSING AUTHORITY, a public body, the real property located in the City of Garden Grove, County of Orange, State of California that is described on "Exhibit A" attached hereto and incorporated herein by reference.

IN WITNESS WHEREOF, Grantor has executed this Grant Deed as of the date set forth below.

Dated: _____

City Manager

Attest:

City Clerk

EXHIBIT "A" to GRANT DEED

LEGAL DESCRIPTION OF THE PROPERTY

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CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by the deed or grant dated _____, 2023, from the City of Garden Grove to the Garden Grove Housing Authority is hereby accepted by order of the Board of Directors of the Garden Grove Housing Authority, pursuant to the authority conferred by the Board of Directors of the Garden Grove Housing Authority by minute action adopted on _____, 2023, and the grantee consents to recordation thereof by its duly authorized officer.

CITY OF GARDEN GROVE

BY: _____

Name: Lisa L. Kim

Title: Executive Director

DATED: _____, 2023

EXHIBIT "C"

Promissory Note

Principal Amount: \$5,550,000.00

_____, 2023

FOR VALUE RECEIVED, the undersigned, the Garden Grove Housing Authority, a public body ("Borrower") promises to pay to the City of Garden Grove, a California municipal corporation ("City") or to order at 11222 Acacia Parkway, Garden Grove, California, 92840, or such other place as City may designate in writing, the principal sum of FIVE MILLION FIVE HUNDRED FIFTY THOUSAND DOLLARS (\$5,550,000.00), with interest as set forth in this Note, as funds become available to Borrower on the terms specified below. The principal amount of this Note shall bear interest at the rate of Five percent (5%) per annum (calculated on the basis of a 360-day year).

1. Agreement. This Note is given in accordance with that certain Purchase and Sale Agreement, as defined hereafter.

2. Repayment.

(a) Repayment in Full. Borrower will pay principal and interest payments thereon as funds become available. At the end of the Term of this Note, the entire unpaid principal balance and all accrued interest, if any, shall be due and payable.

(b) Terms of Payment. All amounts due and payable under the Note are payable at the Office of City at the address provided above, or at such other place or places as City may designate to Borrower in writing from time to time. Any payment under this Note shall be paid in currency of the United States of America, which at the time of payment is lawful for the payment of public and private debts and which on the respective dates on which such payments are due shall be in immediately available funds.

(d) Prepayments. Borrower may prepay all or part of the principal balance plus applicable interest due under this Note without penalty.

3. Waivers.

(a) Borrower expressly agrees that this Note or any payment hereunder may be extended from time to time at City's sole discretion and that City may accept security in consideration for any such extension or release any security for this Note at its sole discretion all without in any way affecting the liability of Borrower.

(b) No extension of time for payment of this Note or any installment hereof made by agreement by City with any person or party now or hereafter liable for payment of this Note shall

operate to release, discharge, modify, change, or affect the original liability of Borrower under this Note, either in whole or in part.

(c) The obligations of Borrower under this Note shall be absolute and Borrower waives any and all rights: (i) to offset, deduct, or withhold any payments or charges due under this Note for any reasons whatsoever; (ii) of presentment for payment, demand, protest and notices of dishonor and protest made by City; and (iii) with respect to City's diligence in taking any action to collect any sums owing under this Note or in proceeding against any of City's rights and interests in and to properties securing payment of this Note.

4. Governing Law. This Note shall be construed in accordance with and be governed by the laws of the State of California.

5. Severability. If any provision of this Note shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

6. No Waiver by City. No waiver of any breach, default, or failure of condition under the terms of this Note or the Deed of Trust or the obligations secured thereby shall be implied from any failure of City to take, or any delay by City in taking, action with respect to such breach, default or failure, or any form of previous waiver of any similar or unrelated breach, default or failure; and waiver of any term of this Note or the Deed of Trust or any of the obligations secured thereby must be made in writing and shall be limited to the express written terms of such waiver.

7. Amendments and Modifications. This Note may not be changed orally, but only by an amendment in writing signed by Borrower and City.

IN WITNESS WHEREOF, Borrower has executed this Promissory Note as of the day and year first above written.

GARDEN GROVE HOUSING AUTHORITY

By: _____
Lisa L. Kim
Executive Director

Date: _____

ATTEST:

By: _____
Secretary

Date: _____

EXHIBIT "A" TO PROMISSORY NOTE
LEGAL DESCRIPTION

Real property in the City of Garden Grove, County of Orange, State of California, described as follows:

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