

COOPERATION AGREEMENT (Lantana Court Project)

This **COOPERATION AGREEMENT (Lantana Court Project)** (“Cooperation Agreement”) is dated as of June 17, 2025 (“Date of Agreement”) and entered into by and between the **CITY OF MORENO VALLEY**, a California municipal corporation (“City”), and the **MORENO VALLEY HOUSING AUTHORITY**, a public body, corporate and politic (“Authority”).

R E C I T A L S

A. City is a California municipal corporation and a participating jurisdiction with the United States Department of Housing and Urban Development (“HUD”) and funding recipient from the State of California Department of Housing and Community Development (“State HCD”).

B. 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”). Further, Authority serves as the housing successor to the former Moreno Valley Redevelopment Agency (“Former Agency”) and administers the housing assets and funds of the Low and Moderate Housing Asset Fund (“LMIHAF”) pursuant to Health and Safety Code (“HSC”) Sections 34176 and 34176.1. Authority is also a participating housing authority in cooperation with and funding recipient of HUD and State HCD programs.

C. The City is also a participating jurisdiction (“PJ”) with HUD that has received funds (“HOME Funds”) pursuant to Title II of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. §§ 12701-12839) and the implementing regulations therefor codified at 24 CFR Part 92, as amended by each of the 2013 HOME Final Rule, as amended by the 2025 HOME Final Rule, and HUD Notices issued thereunder (together, “HOME Program” and “HOME Regulations”) (See: <https://www.hudexchange.info/programs/home/home-laws-and-regulations/>.)

D. The HOME Program has, among its purposes, the strengthening of public-private partnerships to provide more affordable housing, and particularly to provide decent, safe, sanitary, and affordable housing, with primary attention for this Lantana Court Project to provide housing to income-qualified Low Income Homebuyers in accordance with the HOME Program and this Cooperation Agreement. HOME Funds are used by the City, as a PJ, including transfer to Authority, to carry out multi-year housing strategies through acquisition, new construction, and rehabilitation of housing for target income persons and families.

E. The City also is eligible for allocations from the County of Riverside of Measure A funds, which provides critical funding for transit operations and maintenance in Riverside County. (https://www.rctc.org/measure-a/#:~:text=Measure%20A%20provides%20critical%20funding,transit%20services%20across%20the%20county.&text=*Estimated%20amount%20disbursed%20from%202010%20through%202023). The Offsite Improvements that are a part of the Lantana Court Project described herein will be funded in part with Measure A funds allocated to the City by the County.

F. State law statutory references in this Agreement are to the California Health and Safety Code (“HSC”) unless otherwise stated.

G. Authority is the fee owner of certain real property, approximately 1.4-acres in size, (Assessor Parcel Nos. 481-270-065 thru -071, plus Lot A (new cul de sac street parcel) (formerly APN: 481-270-058) and located along Eucalyptus Avenue, Moreno Valley, California 92553 (together, “Site”).

H. Under the CRL, the Former Agency was required to and did devote certain revenues described at HSC Section 33334.2 and 33334.3 (“Housing Funds”) to activities for the acquisition of property, improvement to property, rehabilitation of properties and preservation of properties which are housing resources benefitting and restored to use by and available to households of limited income. As part of the Former Agency’s activities using Housing Funds, it acquired the Site for affordable housing purposes.

I. The Site was transferred to the Authority by: (i) City Council action designating the Authority as the housing successor entity pursuant to HSC Section 34176, and (ii) action by each of the successor agency to the Former Agency (“Successor Agency”), and the Oversight Board to the Successor Agency as created pursuant to HSC Section 34179.6. The Site remains subject to requirements that it be used for affordable housing purposes for households of limited income pursuant to HSC Section 34176.1. As noted, the Authority serves as the housing successor to the Former Agency, which entity was dissolved pursuant HSC Division 24, Part 1.8, Section 34160, *et seq.*, and Part 1.85, Section 34170, *et seq.*, in particular as to Authority, as housing successor, HSC Sections 34176 and 34176.1 (together, “Dissolution Law” or “Housing Successor Law”), and as the Dissolution Law incorporates certain affordable housing laws set forth in HSC Section 33000, *et seq.* (“CRL”) that survived the dissolution of all California redevelopment agencies and remain effective as to housing successors, including the Authority.

J. Mary Erickson Community Housing is a California nonprofit public benefit corporation (“Developer” or “MECH”) requests that the Authority provide an Authority Loan pursuant to the HOME Investment Partnership and Affordable Housing Agreement (“AHA”) that sets forth the terms and requirements for the Authority to provide to Developer certain Authority Assistance and the “Authority Loan” as described in the AHA that includes

“**Authority Assistance**” means \$3,446,961, the total of grants, loans, in-kind professional services provided by Authority to Developer to acquire the Site, undertake construction of the Onsite Improvements and Offsite Improvements, sell the Affordable Homes to Qualified Homebuyers, all to complete the Project, including:

- i. HOME funds \$1,686,961;
- ii. LMIHAF funds up to \$550,000 that includes funding for Offsite Improvements as described in (iii) below (i.e., from the \$550,000, approximately \$125,000 for Onsite Improvements and approximately \$425,000 for Offsite Improvements);
- iii. \$1,200,000 of which up to \$850,000 will be sourced from “Measure A” funds and approximately up to \$425,000 will be sourced from LMIHAF or other MoVal funding source(s) to complete the Offsite Improvements, including the new street that MECH shall cause to be constructed in accordance with the Reimbursement Agreement and all applicable legal requirements and the City’s construction standards for public works improvements;

- iv. Sale of the Site for \$8.00 thereby grant of the fair market value of the Site (\$700,000); and
- v. \$360,00 of in-kind professional services incurred by MoVal including:
 - (a) Engineering plans for Offsite Improvements street construction, (b) engineering and surveying to prepare Legal Descriptions (metes and bounds for eight (8) parcels that include Parcels 1 to 7, inclusive, for Affordable Homes plus Lot A for new cul de sac street and associated assessor parcel numbers); (c) Water Quality Management Plan.

K. City agrees, if and as necessary, to identify other source(s) of funds held and administered by the City as further described in the next Recital L., or other governmental funding programs made available to the Authority for Developer to plan, construct, and complete certain Onsite Improvements that include a new seven-unit affordable ownership housing development for Low Income Homebuyers along with construction and dedication of certain new Offsite Improvements (together, “Lantana Court” or “Project”).

L. Under the AHA, the Authority is vested with the discretion to fund the cash subsidy portions of the Authority Loan in part from any eligible affordable housing funding sources that may include without limitation the Authority’s LMIHAF, or each, multiple or any of the following funding sources held and administered by the City that are eligible for transfer by City to Authority to be expended only on the Project: (i) HOME Program¹; (ii) Measure A funds allocated by the County of Riverside to the City to be expended for eligible costs to construct the Offsite Improvements, and/or (iii) other City funds eligible for affordable housing purposes in an amount up to the cumulative amount of the Authority Assistance under the AHA for construction of the Project (together, “Eligible City Transfer Funds”).

M. Notwithstanding the potential City funding sources listed Recital J. above, each is subject to the statutes, regulations, and implementing guidelines for each funding program. In this regard, for example, there is no intention to violate HOME Program requirements, in particular 24 CFR 92.2 as this Cooperation Agreement is not a “commitment” of HOME Program funds as therein defined, but the potential to commit and expend such funds pursuant to the terms and conditions of the AHA that will evidence and comply with a “commitment” of funds pursuant to 24 CFR 92.2.

N. In implementation of the AHA, the City desires to, and hereby commits to transfer to the Authority, upon its request, the Eligible City Transfer Funds to assist in the financing, development

¹ The City is a participating jurisdiction with HUD that has received funds (“HOME Funds”) pursuant to Title II of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12701–12839) and the HOME Program regulations codified at 24 CFR Part 92, as amended by the 2013 HOME Final Rule and 2025 HOME Final Rule: <https://www.hudexchange.info/programs/home/home-laws-and-regulations/> (together, “HOME Program”). The HOME Program has, among its purposes, the strengthening of public-private partnerships to provide more affordable housing, and particularly to provide decent, safe, sanitary, and affordable housing, with primary attention for this Project to provide ownership housing to qualified Low Income Homebuyers in accordance with the HOME Program and the AHA. HOME Funds are used by the City, as a participating jurisdiction, including transfer to Authority, to carry out multi-year housing strategies through acquisition, rehabilitation, and new construction of housing for target income persons and families. This Cooperation Agreement is not intended as a commitment of HOME Program funds pursuant to Section 92.1 and is subject to the requirements of the terms and conditions of the AHA.

and operation of the Lantana Court Project, all in compliance with the applicable funding program requirements, HAL, Dissolution Law, and other applicable laws and regulations.

O. In order to provide long-term affordable ownership housing in the community, to eliminate deterioration, and to revitalize the Site and the surrounding and nearby area, the City intends to facilitate implementation of the Lantana Court Project on the Site and by this Cooperation Agreement authorizes the transfer to the Authority of the Eligible City Transfer Funds as all or part of the cash subsidy portion of the Authority Loan, expressly subject to the terms and conditions herein and pursuant to the terms and conditions of the AHA, in particular Developer's satisfaction of the Conditions Precedent thereunder.

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

Section 1. TRANSFER BY CITY TO AUTHORITY OF ELIGIBLE CITY TRANSFER FUNDS. City agrees to transfer to Authority the Eligible City Transfer Funds (with the actual amount, if any, as determined by the Authority Executive Director) for the Authority to provide to Developer all or part of the cash subsidy component of the Authority Loan under the AHA to undertake the Lantana Court Project pursuant thereto.

(a) Further, as set forth in the AHA, Authority covenants and agrees to cause the use and expenditure of the Eligible City Transfer Funds in strict conformance with the statutes, regulation, and notices published by HUD and/or State HCD applicable to such funding programs.

(b) Authority will implement and perform all necessary housing activities in order to expand the supply of affordable ownership housing for qualified Low Income Homebuyers in the community. The Project will include seven Low Income Affordable Homes for sale to income-qualified Homebuyers at an Affordable Housing Cost subject to the terms and condition of the Homebuyer Assistance Loan and Homebuyer Covenants are in effect during the 45-year Affordability Period.

(c) Authority may elect to use Eligible City Transfer Funds sourced from any of HOME Program, Measure A, or other governmental funding sources to fund all or portion or combination thereof to fund the Authority Loan, as delegated to and determined in the sole discretion of the Executive Director.

(d) Each City funding source of Eligible City Transfer Funds will meet program requirements because the Affordable Housing Agreement requires that Low Income Homebuyers shall acquire, own and occupy each of the seven Affordable Homes and the Affordability Period is 45 years, which term equals or exceeds the minimum compliance period for affordable housing projects funded from LMIHAF, HOME Program, Measure A, and/or other funds. In this regard, Affordable Housing Cost for Low Income Homebuyers for continued owner-occupancy at the Lantana Court Project will all comply with such program requirements.

(e) The City and Authority have made Developer aware of the applicable laws and regulations related to LMIHAF, HOME Program, and Measure A funding programs as referenced herein and in the footnotes.

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 Cooperation Agreement to the same extent that such liability would be imposed in the absence of Section 895.2 of such Code.

(a) 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. This Cooperation Agreement shall take effect from and after the date of approval hereof by the Authority Board and the City Council.

Section 4. REPRESENTATIONS AND WARRANTIES.

(a) *Representations and Warranties of Authority.* Authority hereby represents and warrants to City as follows:

(i) Authority of Moreno Valley Housing Authority. Authority represents and warrants to City it is a public body, corporate and politic, duly existing pursuant to the HAL, and it has been authorized to transact business pursuant to action of the City Council. Authority has full power and authority to execute and deliver this Cooperation Agreement and to accept the funds contemplated hereunder, to execute and deliver documents or instruments, if any, executed and delivered, or to be executed and delivered, pursuant to this Cooperation Agreement, and to perform and observe the terms and provisions of all of the above.

(ii) Authority of Persons Executing Documents. This Cooperation Agreement and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Cooperation Agreement have been executed and delivered by persons who are duly authorized to execute and deliver the same for and on behalf of Authority, and all actions required under Authority's organizational documents and applicable governing law for the authorization, execution, delivery and performance of this Cooperation Agreement and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Cooperation Agreement, have been duly taken.

(b) *Representations and Warranties of City.* City represents and warrants to Authority that it is a charter city and municipal corporation. City has full right, power and lawful authority to enter into this Cooperation Agreement and the execution, performance and delivery of this Cooperation Agreement by City, and persons on behalf of City, have been fully authorized by all requisite actions on the part of the City Council.

Section 5. DEFAULT AND REMEDIES.

(a) *Events of Default.* Failure by either Party to duly perform, comply with, or observe any of the conditions, terms, or covenants of this Cooperation Agreement shall be an Event of Default. The Party who so fails or delays must immediately commence to cure, correct or remedy such

failure or delay, and shall complete such cure, correction or remedy with reasonable diligence and during any period of curing shall not be in default. The injured Party shall give written notice of default to the Party in default, specifying the default complained of by the injured Party. If the default is not commenced to be cured within thirty (30) days after service of such notice of default and is not cured promptly in a continuous diligent manner in a reasonable period of time after commencement, the defaulting Party shall be liable for any damages caused by such default, and the non-defaulting Party may thereafter commence action for damages with respect to such default or for specific performance of this Cooperation Agreement.

(b) *Remedies.* The occurrence of an Event of Default by Authority that is not cured within the time set forth herein shall relieve City of any obligation to disburse the Project funds. The Authority may seek specific performance of this Cooperation Agreement for City's failure to provide the Project funds as provided under this Cooperation Agreement. The non-defaulting Party may seek money damages or any other remedy available at law or equity against the defaulting Party for an Event of Default hereunder.

Section 6. MISCELLANEOUS.

(a) *Time.* Time is of the essence in this Cooperation Agreement.

(b) *No Third Parties Benefited.* This Cooperation Agreement is made and entered into for the sole protection and benefit of City, its successors and assigns, and the Authority, its successors and assigns, and no other person or persons shall have the right of action hereon.

(c) *Successors and Assigns.* The terms hereof shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto; provided, however, that no assignment of Authority's rights hereunder shall be made, voluntarily or by operation of law, without the prior written consent of City and that any such assignment without said consent shall be void.

(d) *Construction of Words.* Except where the context otherwise requires, words imparting the singular number shall include the plural number and vice versa, words imparting persons shall include firms, associations, partnerships and corporations, and words of either gender shall include the other gender.

(e) *Partial Invalidity.* If any provision of this Cooperation Agreement shall be declared invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired.

(f) *Governing Law.* This Cooperation Agreement and any instruments given pursuant hereto shall be construed in accordance with and be governed by the laws of the State of California.

(g) *Amendment.* This Cooperation Agreement may not be changed orally, but only by agreement in writing signed by Authority and City.

(h) *Captions and Headings.* Captions and headings in this Cooperation Agreement are for convenience of reference only, and are not to be considered in construing the Cooperation Agreement.

[signature blocks for Cooperation Agreement on next page]

[Cooperation Agreement continued from previous page]

IN WITNESS, THE PARTIES HAVE EXECUTED THIS COOPERATION AGREEMENT (LANTANA COURT) AS OF THE EFFECTIVE DATE ABOVE.

CITY

CITY OF MORENO VALLEY, a California
municipal corporation

Dated: _____, 2025

By: _____
Brian Mohan, City Manager or Authorized
Designee

ATTEST

M. Patricia Rodriguez, City Clerk
or Authorized Designee

(SEAL)

APPROVED AS TO FORM

Steven B. Quintanilla, City Attorney
or Authorized Designee

AUTHORITY:

MORENO VALLEY HOUSING AUTHORITY,
a public body, corporate and politic

By: _____
Brian Mohan, Executive Director

ATTEST

M. Patricia Rodriguez, City Clerk
or Authorized Designee

APPROVED AS TO FORM

Steven B. Quintanilla, Authority General Counsel
or Authorized Designee