

(HA-84-9)

HOUSING AUTHORITY OF  
THE CITY OF SAN DIEGO  
RESOLUTION NO. 00349

ADOPTED ON FEBRUARY 7, 1984

WHEREAS, the Housing Authority of The City of San Diego ("Authority") is owner of a parcel of land consisting of approximately 10.5 acres located near Tait and Kelly Streets (Site 18); and

WHEREAS, the Authority, after careful study and consideration, has determined that there is a shortage of decent, safe and sanitary housing within the City of San Diego, particularly for low or moderate income families, and that it is in the best interest of the residents of the City and in furtherance of the health, safety and welfare of the public for the Authority to encourage the development of multi-family rental units; and

WHEREAS, the San Diego Housing Commission ("Commission") is pursuing the development of the 120-unit University Canyon North apartment project, on the above referenced site, which will be

affordable to lower income households under the Section 8 Rental Assistance Program administered by the U.S. Department of Housing and Urban Development ("HUD"); and

WHEREAS, Counsel for the Authority and Commission have determined that the Commission may, pursuant to Ordinance No. O-12515 (New Series) which established the Commission on December 5, 1978, and Sections 34280, 34291 and 34292 of the Health and Safety Code, act as the owner of the apartment project and the lessee under the lease agreement; and

WHEREAS, consistent with the policy direction given by the joint City Council Housing Commission Task Force, the Commission intends to competitively sell the completed rental units (on leased ground) to a private sector investment group upon completion of construction and initial occupancy of the project; and

WHEREAS, development of the proposed project has been reviewed and approved by the City Council, including the certification of the final environmental impact report for the project; and

WHEREAS, pursuant to Resolution No. 00333, the Authority has authorized the Commission to act as the owner of the 120-unit University Canyon North Project (HUD Project No. 129-35076-PM-L8); and

WHEREAS, a lease agreement between the Authority and the Commission was presented and approved by the Authority on April 18, 1983, a copy of which is on file with the Clerk of the Authority as Document No. 286 ("lease agreement"); and

WHEREAS, said lease agreement was executed by the Chairman of the Authority and the Executive Director of the Commission on September 1, 1983; and

WHEREAS, said executed lease agreement contains certain covenants and conditions relating to disbursements of realized proceeds upon sale, sublease assignment or other transfer of the leasehold estate by Lessee (Commission) or successors to Lessee; and

WHEREAS, the Authority has after careful study, determined that it is in the best interest of the Authority to modify certain provisions of said lease agreement; and

WHEREAS, the Authority desires to see the proposed project implemented in a timely and cost efficient manner; NOW,

THEREFORE,

BE IT RESOLVED, by the Housing Authority of The City of San Diego, as follows:

1. The Chairman or his designee is hereby authorized to execute a lease modification, as described and recommended in the report (Site 18 Lease Modification), presented to the Authority

on January 31, 1984. Said lease modification to require that if the project is ever sold, refinanced, or otherwise transferred during the term of the lease, the proceeds of such a sale will be distributed in the following order of priority:

- a) payment of the balance of the existing mortgage unless it is assumed by the new buyer,
- b) return of the lessee's cash down payment,
- c) payment of any deferred Ground Rent to the Authority plus 12 percent simple interest per annum, and
- d) the balance of any proceeds to be split by lessee and the Authority 50/50.

2. General Counsel to the Authority is hereby authorized to approve modifications in the lease document in order to effectuate the above priority distribution of proceeds.

APPROVED: John W. Witt, General Counsel

By

Harold O. Valderhaug

Deputy Counsel

HOV:ps:ta:559

1/26/84

Or.Dept:Hsg.Comm.

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