

RESOLUTION NUMBER R- 255725

Adopted on JAN 25 1982

WHEREAS, the City of San Diego City Council referred the 23 acre City-owned site at Cottonwood Drive and Bolton Hall Road to the San Diego Housing Commission for development of low-income housing by Resolutions No. 251059 and No. 222800; and

WHEREAS, the Housing Commission issued a Request for Proposal for development of a mobilehome park on the above mentioned site; and

WHEREAS, Cal-West Diversified has submitted a proposal for development of a mobilehome park of approximately 190 spaces with 30 percent of the spaces containing coaches for rent to low-income households; NOW, THEREFORE,

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

That the mobilehome park proposal concept submitted by Cal-West Diversified and described in the attached report is hereby approved.

BE IT FURTHER RESOLVED, that Cal-West Diversified is granted a one year exclusive right to negotiate on the above mentioned site as described in the attached agreement, and that the San Diego Housing Commission has the authority to negotiate the terms of the option and lease subject to City Council approval.

APPROVED: John W. Witt, City Attorney

By

Janis Sannmartino Gardner
Janis Sannmartino Gardner
Deputy City Attorney

JSG:ta:559

1/16/82

Or. Dept: Hsg. Comm.

R-82-1053

Form=r.none

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NEGOTIATION AGREEMENT AND RIGHT OF ENTRY

THIS AGREEMENT is entered into by and between the CITY OF SAN DIEGO, a municipal corporation, hereinafter called "City" and CAL-WEST DIVERSIFIED, a general partnership, hereinafter called "Cal-West."

RECITALS

A. City is the owner of a certain parcel of real property located in the City and County of San Diego, as more particularly described in Exhibit "A", which is attached hereto and by this reference incorporated herein and which parcel is hereinafter referred to as the "Premises".

B. Cal-West desires to enter into an agreement with City in which agreement will grant Cal-West or its assignee the exclusive right to be recognized by City as the entity which shall plan for the development of the premises for future use as a mobilehome park of 190 spaces, hereinafter called "Project". Approximately 30% of the spaces will contain coaches available for rent to low-income families.

C. City and Cal-West are both desirous that the development of the premises proceed in such a way as to provide low-income rental housing as well as homeownership opportunities.

NOW, THEREFORE, in consideration of the mutual covenants and recitals the parties hereto agree as follows:

1. City hereby agrees that for a period of 12 months from the date of execution of this agreement by City that it shall not enter into any negotiations regarding the development, sale, or lease of premises with any party other than Cal-West or its assignee.

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2. City hereby further grants to Cal-West or its assignee the right to enter said premises for the purpose of site evaluations, engineering studies, soil testing, planning and design, provided, however, that copies of all reports shall be furnished to the San Diego Housing Commission. Cal-West or its assignee shall have no vested or possessory interest in said premises and City retains the right to use and enjoy its possession thereof. Within the twelve month term of this Agreement, Cal-West or its assignee shall submit to Housing Commission for review and consideration a complete plan for development of the Project. In addition, Cal-West shall have negotiated in good faith a lease and an option agreement for development of this site, along with an environmental review, acceptable to both Cal-West and the Housing Commission.

3. City, its agents, officers and employees, shall not be liable, nor be held liable, for any claims, liabilities, penalties, fines or for any damage to the goods, agents, employees, guests, licensees, invitees, patrons or to any other person whomsoever, nor for personal injuries to, or deaths of them, whether caused by or resulting from any act or omission of Cal-West or its assignee in or about the said premises, or any act of omission of any person or from any defect in any part of the said premises or from any other cause or reason whatsoever. Cal-West or its assignee agrees to indemnify and save free and harmless City and its authorized agents, officers and employees against any of the foregoing liabilities or any costs and expenses incurred by City on account of any claim or claims therefor. Provided, however, this provision shall not apply to any injury, death, or property damage caused by City, its officers, employees, or authorized agents.

4. Cal-West or its assignee shall not cause any improvements or alterations to be made to the premises without prior written approval from the Executive Director of the Housing Commission.

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5. This agreement may be terminated for cause upon five (5) days written notice.

IN WITNESS WHEREOF, this agreement is executed by City acting by and through its City Manager pursuant to Resolution No. R-255725 authorizing such execution and by CAL-WEST.

CITY OF SAN DIEGO

DATE _____

BY _____

CAL-WEST DIVERSIFIED

DATE _____

BY _____

APPROVED as to form and legality this _____ day of _____, 1982.

JOHN W. WITT, City Attorney

BY _____
Janis Sammartino Gardner
Deputy City Attorney

JD:d1w

EXHIBIT A

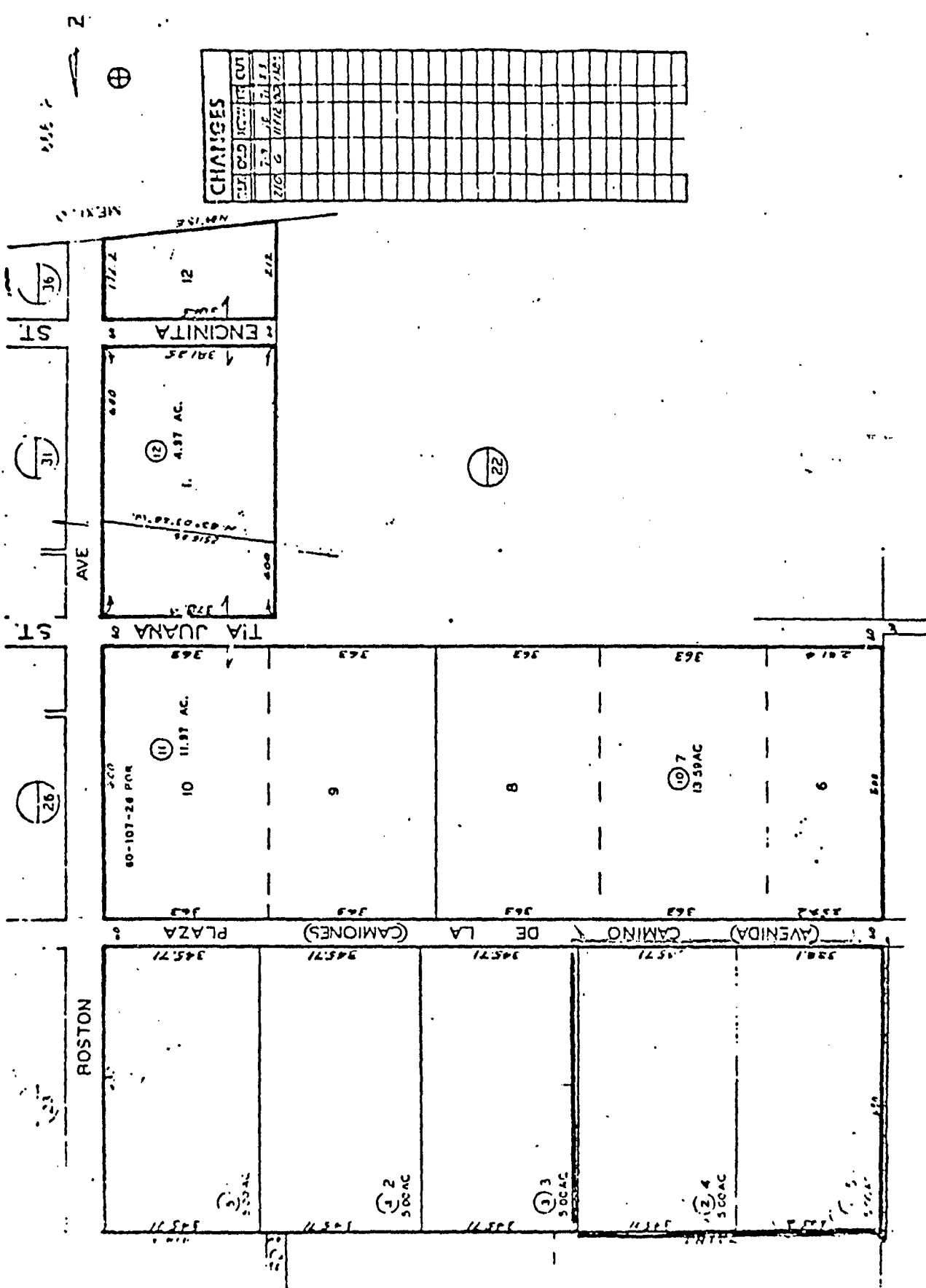
PARCEL 1:

Parcel lots 4 and 5 of Tia Juana City, in the City of San Diego, County of San Diego, State of California, according to map thereof No. 562, filed in the Office of the County Recorder of said San Diego County, September 29, 1988.

PARCEL 2:

That portion of the southwest quarter of the northwest quarter of Section 1, township 19 south, Range 2 west, San Bernardino meridian, in the County of San Diego, State of California, according to United States Government survey approved February 25, 1870.

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CHARGES		IN	OUT
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MAP 562 - TIA JUANA CITY RE-FILED

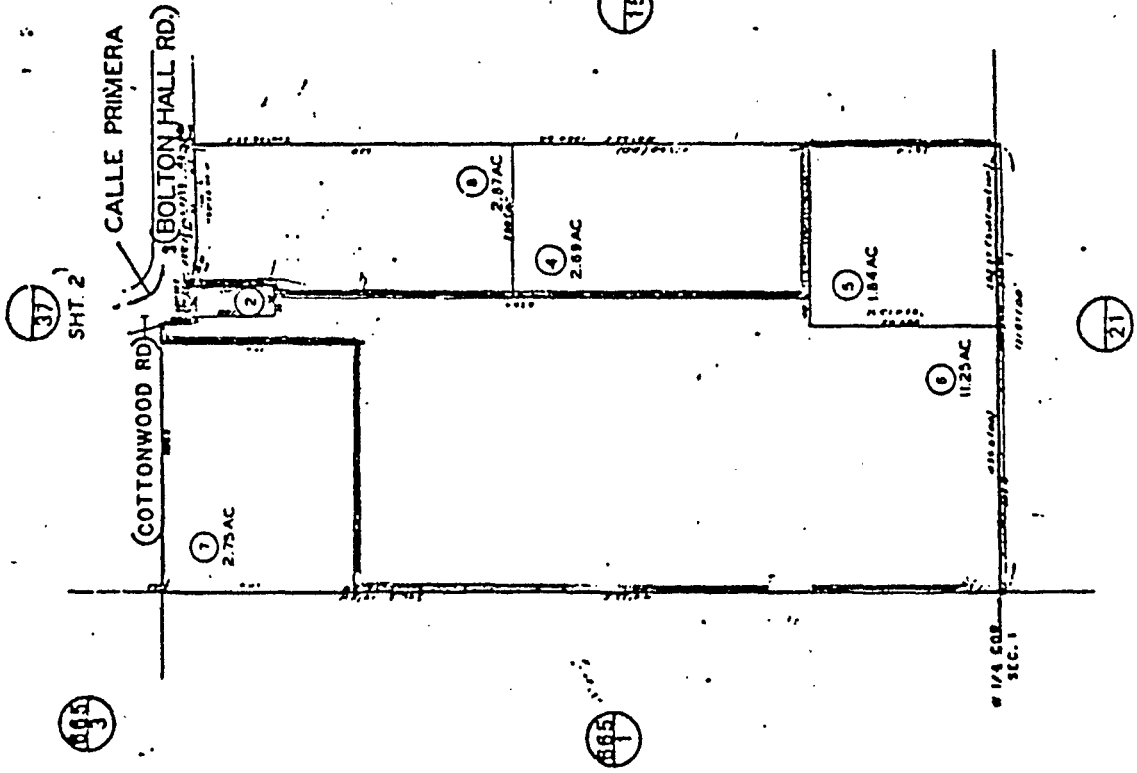
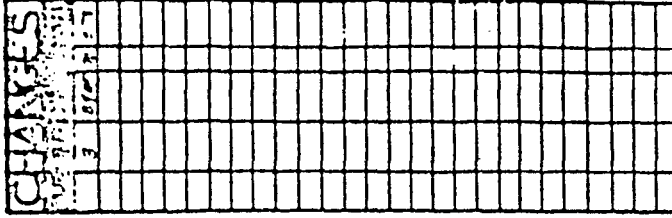
PARCEL 1

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666-14



0.79 CB ✓



SEC 1 - T19S - R2W - POR NW 1/4

PARCEL 2

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SAN DIEGO

HOUSING COMMISSION

BEN MONTIJO • EXECUTIVE DIRECTOR

R E P O R T T O T H E H O N O R A B L E M A Y O R & C I T Y C O U N C I L

DATE: January 15, 1982 REPORT NO: 82-001CC
ATTENTION: Council Docket of January 25, 1982
FROM: Ben Montijo, Executive Director, San Diego Housing Commission
SUBJECT: Proposed Development of a Mobilehome Park on a City-owned
Site at Cottonwood and Bolton Hall Roads

SUMMARY

Issue - Should the City Council approve in concept the proposal for development of a mobilehome park of approximately 190 spaces with a maximum of 30% containing coaches for rent to low-income households on the City-owned site at Cottonwood Drive and Bolton Hall Road submitted by Cal-West Diversified and approve a negotiation and right of entry agreement.

Recommendation - It is recommended that the City Council approve in concept the Cal-West Diversified proposal permitting the developer to provide coaches for rent on 30% of the spaces and approve a negotiation and right of entry agreement.

Fiscal Impact - None.

BACKGROUND

The 23-acre City-owned site at Cottonwood and Bolton Hall Roads has been under consideration for development of a mobilehome park since February, 1979. Because of environmental constraints and the high annual lease payment, 10% of fair market value as required for utility owned land, economic feasibility of mobilehome park development on this site has been in question. To resolve the feasibility question and avoid relinquishing a site with development potential, the Commission approved the issuance of a Request for Proposal (RFP) at its July 17, 1981 meeting.

The RFP was issued August 6 and thirty developments picked up the packet. Only one proposal was submitted by the October 16th deadline.

At its December 4 meeting, the Housing Commission approved Alternative I of the proposal submitted by Cal-West Diversified with the stipulation that coaches would be provided on no less than 20% and no more than 30% of the mobilehome spaces, for rent to low-income families.

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DISCUSSION

Cal-West Diversified has submitted a proposal for development of a mobilehome park of approximately 190 units. The original proposal offered two alternatives. Alternative I included coaches on 46% of the pads, to be leased at rents affordable to low-income families; Alternative II was to be all pads (no coaches provided by the developer) with 30% of the pads available to low-income households. The proposal was reviewed by a committee consisting of three mobilehome park developers, a member of the City Planning Department staff and two Housing Commission staff members. The proposal was found to be generally responsive to the RFP in that the developer has recent mobilehome park development experience, he and his investors have sufficient financial capability and two alternative proposals were submitted. Major concerns identified by the Committee were in the areas of: 1) financial feasibility of the project; 2) adequacy of the physical development information; and 3) mobilehome park design.

Financial Feasibility: The mobilehome RFP required that no less than 30% and no more than 49% of the coaches or pads in the proposed park be for low-income households. Cal-West originally proposed in Alternative I that 46%, or 87 of the 190 pads in the park, contain new coaches for rent, 20 one-bedroom, 60 two-bedroom, and 7 three-bedroom. The initial year rents will be \$285 for the one-bedroom, \$327 for the two-bedroom, and \$409 for the three-bedroom, all affordable to low-income households based on the affordability chart, Attachment I.

For Alternative II, the developer has proposed that 57 of the 190 pads, or 30% be single-wide spaces at the required below-market rent of \$210. The developer has expressed a strong preference for pursuing Alternative I.

In reviewing the project feasibility analysis, Attachment II, operating costs, excluding land rent, were thought to be low. They are, however, comparable to the operating costs of a 120-unit mobilehome park in Linda Vista owned and operated by Cal-West.

The maintenance cost, which was shown as the same for both alternatives has been increased for Alternative I because rental coaches will clearly require higher maintenance costs than pads alone (see Attachment III, revised feasibility analysis).

School fees, which were found to be low, were recalculated and revised upward.

The Committee was concerned about the large operating deficit, \$30,000 in the case of the coach alternative, \$81,000 in the case of the pad alternative (both for the initial year of operation). The revised feasibility analysis shown for the coach alternative has a much smaller deficit, (13,500) but it is based upon 30% or 57 of the spaces having coaches and upon tax exempt revenue bond financing (through the Apartment Lending Program) at 13% for the coaches and for 30% of the park development costs. Any decrease in coaches or the inability to obtain below market rate financing might make it economically infeasible for the developer to proceed and will certainly result in a much greater operating deficit (see Attachment IV).

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The developer submitted financial statements of the general partners which indicated they have sufficient resources (liquid assets) to cover any losses that may occur during construction and operation of the park, assuming the deficit is held to what they believe is a reasonable level (the 30% coach alternative).

Physical Development Information: Some items specified in the RFP and others that were presumed to be included, were missing from the proposal. There was no landscape irrigation plan, no cross sections of streets or drainage ditches, and no indication of the location of low-income coaches/pads versus market rate pads, no elevation of the recreation buildings or typical coach on lot detail (footprint). In conferring with the developer, staff agreed it is reasonable to postpone requests for additional expensive landscape and engineering drawings until there is some certainty that the project will proceed.

In regard to location of low-income pads or coaches, the developer has assured staff the coaches will be dispersed throughout the project. This will also be a requirement of the lease. Elevations of the recreation building and a lot specific site plan) coach and pad placement) have been submitted.

Park Design: The State Department of Fish and Game has found a significant portion of the site to be an environmentally critical area, which may not be developed (See Attachment V). A review committee member suggested the developer consider revising the site plan, placing coaches around the protected area for both aesthetic and security reasons. The developer's response is: the critical area, which contains dense brush and refuse, is not aesthetically pleasing; the question of security is more effectively handled by fencing the area out the mobilehome park; and the present site configuration is the most cost effective. The developer is also concerned about locating the coaches too close to what he considers to be a potential fire hazard. Staff concurs with the developer's position.

After reviewing both alternatives, staff reached the conclusion that Alternative I (with 30% of the spaces having leased coaches) is superior for the following reasons:

1. Alternative I will provide the greatest number of new housing affordable to low-income families;
2. Without additional rental income provided by this option and with depreciation on the coaches, park development may not be economically feasible for the developer;
3. This option assures provision of housing for small families, and the greatest area of unmet need; the coaches will be two and three-bedroom;
4. New housing will be provided at rental rates affordable to low-income households even without Section 8 certificates;
5. The mobilehome alternative will be available to certificate holders who choose that option; and,
6. A portion of the park will be new coaches, creating a better appearance than predominately old homes.

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Once the City Council has approved the park concept and the negotiation agreement, (Attachment VI) staff will begin negotiation of the option and lease agreements. Staff will require as conditions for exercising the option (in addition to standard clauses) the following:

1. The Commission must approve the financing;
2. The lender must be willing to accept the lease as security (not the fee);
3. The lender must submit a statement indicating willingness to operate and maintain the park under the terms of the lease in the event of foreclosure.
4. The developer (including all general partners) must sign statements pledging their personal assets to absorb losses during construction and operation of the park;
5. The environmental review must be acceptable; and,
6. Mobilehome park design must be conceptually similar to that originally proposed and approved by the Commission.

The developer has indicated a willingness to meet these option conditions prior to exercising the option and signing the lease.

Respectfully submitted,



Ben Montijo
Executive Director

BM:JD:11v

Attachments:

- I. Affordability Chart
- II. Financial Feasibility
- III. Revised Financial Feasibility
- IV. Initial Year Deficit or Profit
- V. Critical Area
- VI. Option Agreement

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Passed and adopted by the Council of The City of San Diego on JAN 25 1982,
by the following vote:

Councilmen	Yeas	Nays	Not Present	Ineligible
Bill Mitchell	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bill Cleator	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Susan Golding	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Leon L. Williams	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ed Struiksma	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mike Gotch	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dick Murphy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lucy Killea	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mayor Pete Wilson	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

AUTHENTICATED BY:

PETE WILSON
Mayor of The City of San Diego, California.

(Seal)

CHARLES G. ABDELNOUR
City Clerk of The City of San Diego, California.

By Ellen Board, Deputy.

Office of the City Clerk, San Diego, California
Resolution Number R-255725 Adopted JAN 25 1982