

Item # 330-May 14

(R-2013-516)

Sub item A

RESOLUTION NUMBER R- 308190

DATE OF FINAL PASSAGE MAY 16 2013

A RESOLUTION OF THE COUNCIL OF THE CITY OF
SAN DIEGO APPROVING A LEASE AGREEMENT WITH
HOUSING DEVELOPMENT PARTNERS OF SAN DIEGO FOR
THE SAN DIEGO SQUARE PROPERTY LOCATED AT 910 C
STREET, SAN DIEGO, CALIFORNIA.

WHEREAS, the City of San Diego (City) owns that certain real property located at 910 C Street, San Diego, California 92101 (Property), consisting of approximately 60,000 square feet of land bound by 9th Avenue, 10th Avenue, Broadway and C Street, and commonly known as “San Diego Square”; and

WHEREAS, in September 1979, the City leased the Property to San Diego Kind Corporation, a California nonprofit corporation (“SD Kind”), for one dollar per year for 50 years, for the purpose of developing subsidized low-cost, age-restricted housing units and a multi-service center with support facilities for San Diego’s elderly (the “Existing Lease”); and

WHEREAS, among other things, SD Kind constructed a multi-story apartment building and an adjacent 19,000 square foot commercial building on the Property. The apartment building contains one hundred fifty five (155) residential units, and additional improvements have been built on the Property. Pursuant to the Existing Lease, SD Kind owns all improvements on the Property; and

WHEREAS, Housing Development Partners of San Diego, a California nonprofit public benefit corporation affiliated with the San Diego Housing Commission (“HDP”), has approached the City and indicated its intent to acquire SD Kind’s interests in the Existing Lease. HDP and

SD Kind have entered into an agreement to transfer all SD Kind interests in the Existing Lease and all interests in the improvements on the Property to HDP. Because of financing and other considerations, the effective date of actual transfer of all interests between SD Kind and HDP will require passage of time, and potentially even up to one (1) year; and

WHEREAS, HDP has proposed entering into a new long-term lease with the City (the “HDP Lease”) to enable HDP to, among other things, acquire the financing necessary to buy the improvements and potentially rehabilitate the building on the Property. The effective date of the HDP Lease would be conditional on, among other things, the complete transfer of all interests involving the Property from SD Kind to HDP. The HDP Lease would terminate the Existing Lease and would be for a term of up to sixty five (65) years, depending on the precise financing structure that HDP is able to obtain; and

WHEREAS, the HDP Lease would require HDP to: 1. Provide low-income senior rental housing under the United States Department of Housing and Urban Development (“HUD”) program for the elderly and Section 8 of the U.S. Housing Act of 1937; and 2. Operate a multi-service center with support facilities to provide services, such as recreational, legal and medical assistance and services, exclusively for residents of the Property, at minimal cost to those residents; and

WHEREAS, the continued provision of housing and desired services to City’s seniors is a significant public benefit to City; and

WHEREAS, potential future rehabilitation of the Property and the improvements thereon would conceivably: entail substantial capital investment in and improvement of the facilities on the Property; benefit the senior residents and users of the facilities on the Property; and increase the potential for revenue generation at the Property; and

WHEREAS, the market value of the subject real estate is \$7,400,000; and

WHEREAS, City staff have assessed and considered the present value of the Property, the benefits and revenues to the City under the Existing Lease, and the potential future benefits and revenues to the City under the proposed HDP Lease as part of their due diligence during negotiations of the HDP Lease. The HDP Lease is expected to benefit the City because it will: continue the provision of desired housing and services to City's seniors; generate additional revenue for the City, both initially and annually; facilitate a potential significant rehabilitation of the Property, which would increase the value and useful life of Property improvements; and grant City an ownership interest in all improvements on the Property at the end of the HDP Lease; and

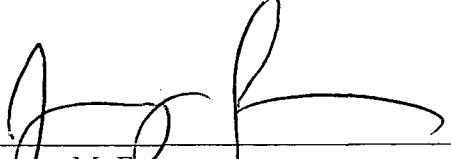
WHEREAS, under the HDP Lease, rehabilitation of the Property is not mandatory; however, if HDP elects to rehabilitate the Property, any rehabilitation will be proposed and described in comprehensive plans submitted through a future application by HDP for all necessary use and development permits, subject to full review and approval by the City Council in its sole discretion at that time; and

WHEREAS, by this HDP Lease and its contemplation of future rehabilitation, the City has not made nor does presently make any determinations regarding any aspect, sufficiency, or legality of any potential rehabilitation or aspect thereof; and

WHEREAS, by this HDP Lease and its contemplation of future rehabilitation, the City has not represented, warranted, or guaranteed any future approval by the City Council of a potential rehabilitation, nor presently does so; NOW THEREFORE,

BE IT RESOLVED, by the City Council of the City of San Diego, that the Mayor or his designee is authorized and directed to execute, for and on behalf of the City, the new lease agreement on file in the Office of the City Clerk as Document No. 12-308190, between the City of San Diego and Housing Development Partners of San Diego, a California nonprofit public benefit corporation, for the approximately 60,000 square feet of land owned by the City, situated at 910 C Street, San Diego, California and commonly known as San Diego Square.

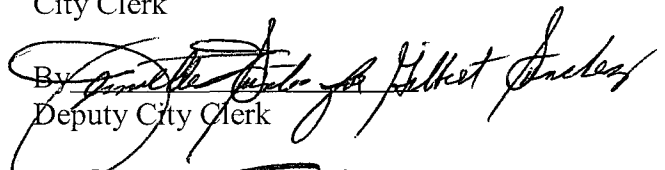
APPROVED: JAN I. GOLDSMITH, City Attorney

By 
Jeremy M. Fonseca
Deputy City Attorney

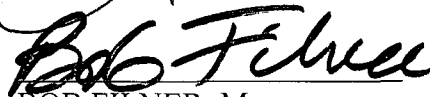
JMF:mm
April 30, 2013
Or.Dept: Real Estate Assets Dept.
Doc. No.: 489793_3

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of MAY 14 2013

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved: 5/16/13
(date)


BOB FILNER, Mayor

Vetoed: _____
(date)

BOB FILNER, Mayor

MAY 14 2013

Passed by the Council of The City of San Diego on _____, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Sherri Lightner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kevin Faulconer	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Todd Gloria	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
District 4 (Vacant)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mark Kersey	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lorie Zapf	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Scott Sherman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Alvarez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marti Emerald	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage MAY 16 2013

AUTHENTICATED BY:

BOB FILNER
Mayor of The City of San Diego, California.

ELIZABETH S. MALAND
City Clerk of The City of San Diego, California.

(Seal)

By , Deputy

Office of the City Clerk, San Diego, California
Resolution Number R- <u>308190</u>