

RESOLUTION NUMBER R- 315527

DATE OF FINAL PASSAGE MAY 20 2024

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO APPROVING A PURCHASE AND SALE AGREEMENT BETWEEN THE CITY OF SAN DIEGO AND CASA FAMILIAR, INC. FOR THE CITY'S SALE OF THE REAL PROPERTY AT 123 EAST SEAWARD AVENUE IN SAN DIEGO FOR \$60,000, MAKING RELATED PUBLIC PURPOSE FINDINGS, AND WAIVING APPLICATION OF COUNCIL POLICIES 700-10 AND 700-12 PERTAINING TO THE SALE OF CITY-OWNED REAL PROPERTY AT A DISCOUNTED PURCHASE PRICE.

WHEREAS, the City of San Diego (City) owns approximately 0.07 acre of real property at 123 East Seaward Avenue in the San Ysidro community, comprising a portion of Assessor's Parcel Number 638-161-38, which is improved with an unoccupied two-story, single-family historic house (Property); and

WHEREAS, by Resolution R-313627 effective July 16, 2021, the Council of the City of San Diego (Council) declared that the Property is surplus land consistent with the California Surplus Land Act, California Government Code sections 54220-54234 (SLA); and

WHEREAS, in December 2021, the City issued a notice of the Property's availability as surplus land to public agencies and affordable housing developers, as required by the SLA; and

WHEREAS, Casa Familiar, Inc., a California nonprofit corporation (Casa Familiar), submitted a timely response to the City's notice of availability, and the City received no other timely responses; and

WHEREAS, the City and Casa Familiar negotiated the terms of a proposed Purchase and Sale Agreement (Purchase Agreement), a copy of which is included as Attachment C to the staff report accompanying this Resolution (Staff Report); and

WHEREAS, under the Purchase Agreement, the City will sell the Property to Casa Familiar for \$60,000, which is \$405,000 less than the \$465,000 current market value of the Property as determined by an independent appraisal prepared for the City in January 2024, a copy of which is included as Attachment D to the Staff Report; and

WHEREAS, City staff recommends accepting the discounted purchase price of \$60,000 based on the reduction in value resulting from Casa Familiar's commitment under the Purchase Agreement to operate the Property for affordable housing purposes on a long-term basis; and

WHEREAS, the Purchase Agreement includes, as Exhibit D, the Regulatory Agreement and Declaration of Covenants, Conditions, and Restrictions Restricting Use of Property for Affordable Housing (Regulatory Agreement), which requires Casa Familiar to make each residential unit on the Property available for occupancy at a rental rate affordable to households earning 60 percent or less of the local area median income for at least 55 years; and

WHEREAS, the Regulatory Agreement further requires Casa Familiar to retain the existing historic house on the Property and allows Casa Familiar to convert the house into a duplex or make other improvements upon obtaining all required approvals; and

WHEREAS, the Purchase Agreement also includes, as Exhibit C, the form of Grant Deed by which the City will convey fee title ownership of the Property to Casa Familiar; and

WHEREAS, the Grant Deed sets forth two restrictive covenants: (a) if Casa Familiar fails to cure any noncompliance with the Grant Deed or the Regulatory Agreement within 30 days

after the City provides written notice of noncompliance, the City may exercise its right of reverter, reenter the Property, and require Casa Familiar to return fee title ownership of the Property to the City; and (b) if Casa Familiar seeks to sell the Property or solicit third party offers to acquire the Property during the 55-year term of the affordability restrictions in the Regulatory Agreement, the City may exercise its right to repurchase the Property for a purchase price equal to the Property's then fair market value, less any diminution in value due to the affordability restrictions; and

WHEREAS, upon the closing of the transaction under the Purchase Agreement, both the Regulatory Agreement and the Grant Deed will be recorded in the County of San Diego land records against the Property and become binding on Casa Familiar and its successors and assigns; and

WHEREAS, Council Policy 700-10 on page 2 states that the City may negotiate a discount in the sales price of City real property below the property's market value, only if "an extraordinary need or circumstance is recognized by Council Resolution setting forth the amount of the discount and the justification for the discount"; and

WHEREAS, the Staff Report describes how the City's sale of the Property subject to Casa Familiar's long-term affordability commitments under the Regulatory Agreement will help fulfill the extraordinary need to increase the local affordable housing supply; and

WHEREAS, Council Policy 700-10, Part C on page 4 relating to the disposition of City-owned real property in general, and Council Policy 700-12, Part 11 on page 2 relating to the disposition of City-owned real property to nonprofit organizations, both provide that the City

normally will not sell its real property for a purchase price below the current appraised market value; and

WHEREAS, waiving the provisions in Council Policies 700-10 and 700-12 relating to the sale of City-owned real property will accommodate the sale of the Property at a discounted purchase price in light of the public benefit to be achieved; and

WHEREAS, the Council believes that the Purchase Agreement is in the best interests of the City and the health, safety, morals and welfare of its residents, and in accord with the public purposes and provisions of applicable law; and

WHEREAS, the Office of the City Attorney has drafted this Resolution based on the information provided by City staff (including information provided by affected third parties and verified by City staff), with the understanding that this information is complete, true, and accurate; NOW, THEREFORE,

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

1. The Council finds that the City's sale of the Property to Casa Familiar for \$60,000 (\$405,000 less than the Property's appraised \$465,000 market value) will serve the public purpose of ensuring the long-term operation of one or more low-income residential units on the Property and help fulfill the extraordinary need to increase the local affordable housing supply.

2. The Council approves the Purchase Agreement and authorizes the City's sale of the Property to Casa Familiar for the purchase price of \$60,000, subject to the provisions of the Purchase Agreement, including Casa Familiar's commitment under the Regulatory Agreement to operate the Property for low-income affordable housing purposes for at least 55 years.

3. The Mayor or designee is authorized, on the City's behalf, to sign and deliver the Purchase Agreement, the Grant Deed, the Regulatory Agreement, and all other documents necessary to complete the City's sale of the Property to Casa Familiar, and to take all such other actions as necessary or appropriate to implement the Purchase Agreement and the purposes of this Resolution. A copy of the Purchase Agreement, when signed by both parties, shall be placed on file in the Office of the City Clerk as Document No. RR- 315527.

4. The Chief Financial Officer, or designee, is authorized to accept and deposit the City's net proceeds from the Property sale into Capital Outlay Misc. Revenue Fund 400002.

5. The Chief Financial Officer, or designee, is authorized to accept and deposit Casa Familiar's payment of independent consideration of \$100 under the Purchase Agreement into General Fund Number 100000.

6. The Council waives the following Council Policy requirements: (a) Council Policy 700-10, Part C on page 4 stating that the sale of City-owned property will be at a price equal to or greater than the property's current appraised value; and (b) Council Policy 700-12, Part 11 at page 2 stating that the sale of City-owned property to a nonprofit organization will be at the property's fair market.

APPROVED: MARA W. ELLIOTT, City Attorney

By Kevin Reisch  
Kevin Reisch  
Senior Chief Deputy City Attorney

KJR:jdf  
04/25/2024  
Or.Dept: DREAM  
Doc. No.: 3619526

I certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of MAY 14 2024.

DIANA J.S. FUENTES  
City Clerk

By *Kristel Medina*  
Deputy City Clerk

Approved: 5/17/24  
(date)

*Todd Gloria*  
TODD GLORIA, Mayor

Vetoed: \_\_\_\_\_  
(date)

\_\_\_\_\_  
TODD GLORIA, Mayor

Passed by the Council of The City of San Diego on MAY 14 2024, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Joe LaCava	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jennifer Campbell	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Stephen Whitburn	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Henry L. Foster III	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marni von Wilpert	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kent Lee	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Raul A. Campillo	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Vivian Moreno	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sean Elo-Rivera	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage MAY 20 2024.

**(Please note: When a resolution is approved by the Mayor, the date of final passage is the date the approved resolution was returned to the Office of the City Clerk.)**

AUTHENTICATED BY: TODD GLORIA  
Mayor of The City of San Diego, California.

(Seal) DIANA J.S. FUENTES  
City Clerk of The City of San Diego, California.

By Kristell Medina, Deputy

Office of the City Clerk, San Diego, California  
Resolution Number R- **315527**