

#52
02/25/2025

(O-2025-69)

ORDINANCE NUMBER O- **21917** (NEW SERIES)

DATE OF FINAL PASSAGE **FEB 27 2025**

AN ORDINANCE AMENDING CHAPTER 9, ARTICLE 8 OF THE SAN DIEGO MUNICIPAL CODE BY ADDING NEW DIVISION 10, SECTIONS 98.1001, 98.1002, 98.1003, 98.1004, 98.1005, 98.1006, 98.1007, AND 98.1008 RELATING TO AFFORDABLE HOUSING PRESERVATION.

RECITALS

The Council of the City of San Diego (Council) adopts this Ordinance based on the following:

A. On May 28, 2020, the San Diego Housing Commission (Housing Commission) published the report "Preserving Affordable Housing in the City of San Diego" (Report), which provides an analysis of the existing affordable housing stock in the City of San Diego (City), past and future trends for the City's housing inventory, best practices to address affordable housing challenges, and a framework with proposed strategies to preserve additional existing affordable housing dwelling units.

B. The Report states the City has 23,440 units of existing deed-restricted affordable housing, representing 14 percent of the City's total multifamily rental housing stock. Between 2020 and 2040, an average of 750 new deed-restricted affordable dwelling units can be expected to be built each year; however, during the same period, the affordability status of approximately 200 dwelling units are set to expire each year. The Report concludes "[p]reserving the existing inventory of affordable rental housing wherever possible is essential as part of a comprehensive approach to address the housing affordability and homelessness crises to retain affordable options for all residents."

C. The Council accepted the Report and referred it to the Land Use and Housing Committee (Committee) for further action (San Diego Resolution R-313066 (Jun. 4, 2020)).

D. On September 17, 2020, the Housing Commission proposed to the Committee five implementation strategies for the recommendations proposed in the Report. The Committee recommended Council approve the implementation strategies, which Council approved on October 27, 2020, through San Diego Resolution R-313276 (Oct. 30, 2020). Among the implementation strategies, the Council approved the development of an affordable housing preservation ordinance that would “require owners of deed-restricted affordable housing properties who wish to sell their property to provide a notice of intent to sell to the City of San Diego, the Housing Commission, and qualified nonprofit affordable housing developers; and to further provide both a right of first offer and a right of first refusal, to qualified nonprofit housing developers.”

E. In Resolution R-313276, the Council also authorized the establishment of, and for the Housing Commission to convene, an initial Interagency Preservation Working Group, to build public agency consensus and preservation priorities, and a Preservation Collaborative that includes representatives of affordable housing property owners, for-profit and nonprofit real estate developers, housing advocates, and tenant’s rights groups. On April 8, 2021, the Housing Commission convened the initial Interagency Working Group, which met quarterly throughout the year. On February 4, 2022, the Housing Commission Board of Commissioners approved the nomination categories and representative organizations to serve on the Preservation Collaborative. The Preservation Collaborative, which is ongoing and meets quarterly, provided feedback during the development of this Ordinance.

F. On March 2, 2023, the Housing Commission presented an informational update on the development of an affordable housing preservation ordinance to the Committee. The Committee directed the Housing Commission to return to the Committee by the end of the year

to present parameters for an affordable housing preservation ordinance. The Committee requested profit-motivated housing developers be added to the list of organizations that receive a right of first offer to purchase and a right of first refusal, to be consistent with state affordable housing preservation law.

G. On November 16, 2023, the Housing Commission presented parameters for an affordable housing preservation ordinance to the Committee (Housing Commission Report LUH23-006 (Nov. 2, 2023)). The proposed parameters would expand the opportunities granted under state law, specifically California Government Code sections 65863.10, 65863.11, and 65863.13, by providing qualified entities a right of first offer to purchase deed-restricted affordable housing and, if applicable, a right of first refusal when an owner intends to sell. The proposed parameters would allow qualified entities committed to preserving deed-restricted affordable housing in the City an opportunity to do so earlier than state law provides that opportunity. The proposed parameters would ensure housing opportunities for very low-, low-, and moderate-income households are not permanently removed from the housing stock. The Committee requested the Housing Commission work with the Office of the City Attorney (City Attorney) to draft a local deed-restricted affordable housing preservation ordinance that includes the parameters outlined in Housing Commission Report LUH23-006.

H. Between January and May 2024, the Housing Commission worked with the City Attorney to draft this Ordinance. Further, between July and October 2024, the Housing Commission presented the draft ordinance to 15 stakeholder groups, including the Preservation Collaborative and the public, to solicit feedback.

I. On November 21, 2024, the Housing Commission presented this Ordinance to the Committee. The Committee recommended the Council adopt this Ordinance with a clarification

to the proposed San Diego Municipal Code section 98.1005(b) regarding the timing for posting notice for tenants.

J. The requirements of this Ordinance are intended to apply prior to the application of state preservation law regarding sales of Assisted Housing Developments, as defined under California Government Code section 65863.10(a)(3).

K. The provisions of Chapter 1, Article 2 of the San Diego Municipal Code, including the enforcement of judicial and administrative remedies, shall apply to this Ordinance.

L. The Office of the City Attorney has prepared this Ordinance based on the information provided by Housing Commission staff, and verified by the Housing Commission's General Counsel, with the understanding that this information is sufficient to allow for a proper and complete analysis of this matter.

ACTION ITEMS

Be it ordained by the Council of the City of San Diego:

Section 1. Chapter 9, Article 8 of the San Diego Municipal Code is amended by adding new Division 10, sections 98.1001, 98.1002, 98.1003, 98.1004, 98.1005, 98.1006, 98.1007, and 98.1008 to read as follows:

Division 10: Affordable Housing Preservation

§98.1001 Purpose and Intent

The purpose and intent of this Division is to expand on applicable federal and state laws to preserve affordable housing and ensure housing opportunities for very low-, low-, and moderate-income households are not permanently removed from the housing stock. The requirements of this Division are in addition to, and are not intended to preempt, federal and state laws governing the *sale of assisted*

housing developments, including California Government Code sections 65863.10, 65863.11, and 65863.13.

§98.1002 Application

This Division shall not apply to any *owner selling an assisted housing development* within the five-year period before the expiration of rental restrictions or within the five years of being eligible for prepayment or termination, as described in California Government Code section 65863.11(c).

§98.1003 Definitions

For purposes of this Division, defined terms appear in italics. The following definitions apply in this Division:

Assisted housing development means a multifamily rental housing development of five or more dwelling units that receives governmental assistance under any of the programs listed in California Government Code section 65863.10(a)(3), as may be amended.

Deliver or delivery means sent by registered or certified mail, return receipt requested.

Local nonprofit organizations has the same meaning as in California Government Code section 65863.11(a)(7), as may be amended.

Local public agencies has the same meaning as in California Government Code section 65863.11(a)(8), as may be amended.

Owner means a *person* that holds title to the land on which an *assisted housing development* is located. If the land on which the *assisted housing development* is

located is the subject of a leasehold interest, *owner* also means a *person* that holds a leasehold interest.

Person has the same meaning as in San Diego Municipal Code section 11.0210.

Profit-motivated housing organizations and individuals has the same meaning as in California Government Code section 65863.11(a)(12), as may be amended.

Qualified entity means *tenant associations, local nonprofit organizations, local public agencies, regional or national organizations, regional or national public agencies, and profit-motivated housing organizations and individuals*, that are certified as qualified purchasers of *assisted housing developments* on the most recently published list maintained by the California Department of Housing and Community Development or successor entity responsible for the registry of qualified entities under state law.

Regional or national organizations has the same meaning as in California Government Code section 65863.11(a)(9), as may be amended.

Regional or national public agencies has the same meaning as in California Government Code section 65863.11(a)(10), as may be amended.

Sale or sell means any transfer of all or substantially all of an *owner's* interest in an *assisted housing development*.

Tenant association has the same meaning as in California Government Code section 65863.11(a)(4), as may be amended.

§98.1004 Exemptions

- (a) This Division does not apply to the following transactions involving an *assisted housing development*:

- (1) government acquisition through eminent domain;
 - (2) forced *sale* pursuant to foreclosure or other operation of law;
 - (3) transfer by gift;
 - (4) transfer to a person included in the table of descent and distribution when an *owner* dies intestate or by devise pursuant to the terms of a will;
 - (5) refinancing where the *owner* remains unchanged;
 - (6) exit of a limited partner in a tax credit limited partnership year 15 restructuring where there is no *sale* of the *assisted housing development* to a third-party;
 - (7) *sale* due to a financial emergency that exists, and the *owner* certifies, under the penalty of perjury, the existence of the financial emergency that requires immediate access to the proceeds of the *sale*; and
 - (8) *sale* to a *qualified entity* where there is an executed purchase agreement, regulatory agreements, or other instruments recorded against the property that impose affordability restrictions on the maximum rents that may be charged for dwelling units within the *assisted housing development*, and the *qualified entity* satisfies the requirements imposed on *qualified entities* under San Diego Municipal Code section 98.1007(d).
- (b) This Division does not apply to properties with affordability restrictions required by local affordable housing land use programs where 30 percent

or fewer of the dwelling units within the property are restricted as affordable.

§98.1005 Notice of Intent to Sell

- (a) At least three months prior to any offering to *sell* an *assisted housing development*, the *owner* shall *deliver* a Notice of Intent to Sell to all *qualified entities* on the most recently published list of *qualified entities* maintained by the California Department of Housing and Community Development. Offering to *sell* includes listing a property with a real estate agent. The San Diego Housing Commission shall provide a hyperlink to the most recently published list of *qualified entities* on its website.
- (b) Concurrent with *delivery* under San Diego Municipal Code section 98.1005(a), the *owner* shall post a copy of the Notice of Intent to Sell in a conspicuous place in the common area of the *assisted housing development* to provide notice to its tenants. The San Diego Housing Commission shall post a copy of the Notice of Intent to Sell on its website.
- (c) A Notice of Intent to Sell shall contain the following:
 - (1) the address of the *assisted housing development*;
 - (2) the name and contact information of the *owner*;
 - (3) a statement that the *owner* intends to *sell* the *assisted housing development* or a portion thereof;
 - (4) the intended date of offering to *sell*;
 - (5) a statement that specifically identifies all regulatory agreements or other instruments recorded against the property that limits the rent

that may be charged for any of the dwelling units within the *assisted housing development*;

- (6) a statement that *qualified entities* shall have an opportunity to purchase the *assisted housing development* and have a right of first refusal, as established in this Division; and
 - (7) a statement that *qualified entities* may request, in writing, all of the following information regarding the *assisted housing development*:
itemized lists of monthly operating expenses; capital improvements made within the two preceding calendar years; the amount of project reserves; copies of the two most recent financial and physical inspection reports, if any, filed with federal, state, or local agencies; the most recent rent roll for the property that lists the rent paid for each unit and subsidy, if any, paid by a governmental agency as of the date of the Notice of Intent to Sell; the vacancy rate at the property for each of the two preceding calendar years; and the terms of assumable financing and subsidy contracts, if any. The *owner* shall provide the requested information within 15 days of receiving a *qualified entity's* written request.
- (d) Any *qualified entity* may *deliver* a Letter of Interest to Acquire Assisted Housing Development to the *owner* within 30 days of *delivery* of the Notice of Intent to Sell.

- (e) If the *owner* does not receive a Letter of Interest to Acquire Assisted Housing Development within 30 days of *delivering* a Notice of Intent to Sell, the *owner* may proceed with the intended *sale* of the *assisted housing development* to a third-party and has no further obligations under this Division.

§98.1006 Qualified Entity Offer to Purchase

- (a) Within 60 days of a *qualified entity delivering* a Letter of Interest to Acquire Assisted Housing Development, a *qualified entity* may submit to the *owner* a bona fide Offer to Purchase the *assisted housing development* at the market value determined by negotiation and agreement between the parties.
- (b) A bona fide Offer to Purchase means an offer to purchase that contains all of the following:
 - (1) the name, contact information, and form of organization of the *qualified entity*;
 - (2) the names and titles of the officers, directors, and similar persons in control of and principal investors in the *qualified entity*;
 - (3) a statement that the offeror is a *qualified entity* within the meaning of this Division; and
 - (4) the terms of the offer to purchase, including the purchase price, the proposed methods and terms of financing, the financing mechanisms by which the *qualified entity* will maintain the

affordability of the *assisted housing development*, and any other terms of purchase.

- (c) If the *owner* receives a bona fide Offer to Purchase from a *qualified entity* and wishes to *sell*, the *owner* may accept any offer submitted by a *qualified entity* that meets the requirements of this Division and execute a purchase agreement for the *assisted housing development* within 30 days of offer acceptance. If multiple *qualified entities* submit bona fide Offers to Purchase that meet the requirements of this Division, the *owner* may accept any such offer.
- (d) Once a purchase agreement is executed, the *owner* and *qualified entity* have 120 days to close escrow, unless a different timeline is mutually agreed to by the parties. Prior to the close of escrow, the *qualified entity* shall satisfy the requirements imposed on *qualified entities* under San Diego Municipal Code section 98.1007(d).
- (e) If the *owner* rejects all bona fide Offers to Purchase received from *qualified entities* that meet the requirements of this Division, the *owner* shall comply with the right of first refusal requirements in San Diego Municipal Code section 98.1007.
- (f) If the *owner* does not receive any bona fide Offers to Purchase from *qualified entities*, the *owner* may proceed with the intended *sale* of the *assisted housing development* to a third-party and has no further obligations under this Division.

§98.1007 Qualified Entity Right of First Refusal

- (a) Upon the *owner's* rejection of all bona fide Offers to Purchase received from *qualified entities* and the *owner's* intent to accept a third-party's offer to purchase the *assisted housing development*, the *owner* shall first *deliver* a Notice of Right of First Refusal to all the *qualified entities* whose offers were rejected. A *qualified entity* has seven days from *delivery* of the Notice of Right of First Refusal to submit a counteroffer to the *owner* to purchase the *assisted housing development* on substantially the same terms and conditions as the pending third-party offer to purchase.
- (b) A Notice of Right of First Refusal shall contain all of the following:
- (1) the address of the *assisted housing development*;
 - (2) the name and contact information of the *owner*;
 - (3) a statement of the *owner's* intention to accept an offer to purchase from a third-party;
 - (4) the terms and conditions of the pending third-party offer to purchase the *assisted housing development*; and
 - (5) a statement that the *qualified entity* has seven days to submit a counteroffer to purchase the *assisted housing development* on substantially the same terms and conditions as the pending third-party offer.
- (c) The *owner* shall accept a *qualified entity's* counteroffer made under section 98.1007 and shall execute a purchase agreement for the *assisted housing development* within 30 days of offer acceptance. If multiple

qualified entities submit counteroffers that meet the requirements of section 98.1007, the *owner* may accept any such offer.

- (d) Once a purchase agreement is executed, the *owner* and *qualified entity* have 120 days to close escrow, unless a different timeline is mutually agreed to by the parties. Prior to the close of escrow, the *qualified entity* shall:
- (1) Obligate itself and any successors in interest to maintain the existing affordability of the *assisted housing development* for very low-, low-, or moderate-income households on substantially the same terms and conditions; and
 - (2) Commit to renew governmental assistance or subsidies, if available and economically feasible, to maintain the affordability of the *assisted housing development* for its remaining useful life; and
 - (3) Agree to record a deed restriction that documents the maximum rents that may be charged for dwelling units within the *assisted housing development* and other use restrictions that shall be binding on the *qualified entity* and its successors in interest and assigns; and
 - (4) If the *qualified entity* is a *local nonprofit organization* or *local public agency*, ensure no officers or directors will have a financial interest in the *assisted housing development* to be purchased.

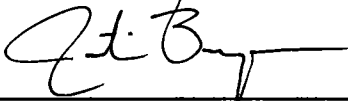
§98.1008 Enforcement

Any *qualified entity* entitled to notice and an opportunity to purchase an *assisted housing development* under this Division may bring an action for injunctive relief, damages, or any other remedy. In any judicial action brought to enforce this Division, the court may award reasonable attorney's fees and costs to a *qualified entity*.

Section 2. The Council dispenses with a full reading of this Ordinance before its passage because a written copy of this Ordinance was made available to the Council and the public before the date of its passage.

Section 3. This Ordinance will take effect and be in force on the thirtieth day from and after its final passage.

APPROVED: HEATHER FERBERT, City Attorney

By 
Justin R. Bargar
Deputy City Attorney

JRB:cw
October 14, 2024
Or.Dept: SDHC
Doc. No. 3845082

I certify that the Council of the City of San Diego adopted this Ordinance at a meeting held on
FEB 25 2025

DIANA J.S. FUENTES
City Clerk

By Connie Patterson
Deputy City Clerk

Approved: 2/27/25
(date)

Todd Gloria
TODD GLORIA, Mayor

Vetoed: _____
(date)

TODD GLORIA, Mayor

STRIKEOUT ORDINANCE

OLD LANGUAGE: ~~Struck Out~~

NEW LANGUAGE: Double Underline

ORDINANCE NUMBER O-_____ (NEW SERIES)

DATE OF FINAL PASSAGE _____

AN ORDINANCE AMENDING CHAPTER 9, ARTICLE 8 OF THE SAN DIEGO MUNICIPAL CODE BY ADDING NEW DIVISION 10, SECTIONS 98.1001, 98.1002, 98.1003, 98.1004, 98.1005, 98.1006, 98.1007, AND 98.1008 RELATING TO AFFORDABLE HOUSING PRESERVATION.

Division 10: Affordable Housing Preservation

§98.1001 **Purpose and Intent**

The purpose and intent of this Division is to expand on applicable federal and state laws to preserve affordable housing and ensure housing opportunities for very low-, low-, and moderate-income households are not permanently removed from the housing stock. The requirements of this Division are in addition to, and are not intended to preempt, federal and state laws governing the sale of assisted housing developments, including California Government Code sections 65863.10, 65863.11, and 65863.13.

§98.1002 **Application**

This Division shall not apply to any owner selling an assisted housing development within the five-year period before the expiration of rental restrictions or within the five years of being eligible for prepayment or termination, as described in California Government Code section 65863.11(c).

§98.1003

Definitions

For purposes of this Division, defined terms appear in italics. The following definitions apply in this Division:

Assisted housing development means a multifamily rental housing development of five or more dwelling units that receives governmental assistance under any of the programs listed in California Government Code section 65863.10(a)(3), as may be amended.

Deliver or delivery means sent by registered or certified mail, return receipt requested.

Local nonprofit organizations has the same meaning as in California Government Code section 65863.11(a)(7), as may be amended.

Local public agencies has the same meaning as in California Government Code section 65863.11(a)(8), as may be amended.

Owner means a *person* that holds title to the land on which an *assisted housing development* is located. If the land on which the *assisted housing development* is located is the subject of a leasehold interest, *owner* also means a *person* that holds a leasehold interest.

Person has the same meaning as in San Diego Municipal Code section 11.0210.

Profit-motivated housing organizations and individuals has the same meaning as in California Government Code section 65863.11(a)(12), as may be amended.

Qualified entity means *tenant associations, local nonprofit organizations, local public agencies, regional or national organizations, regional or national public agencies, and profit-motivated housing organizations and individuals*, that are

certified as qualified purchasers of *assisted housing developments* on the most recently published list maintained by the California Department of Housing and Community Development or successor entity responsible for the registry of qualified entities under state law.

Regional or national organizations has the same meaning as in California Government Code section 65863.11(a)(9), as may be amended.

Regional or national public agencies has the same meaning as in California Government Code section 65863.11(a)(10), as may be amended.

Sale or sell means any transfer of all or substantially all of an *owner's* interest in an *assisted housing development*.

Tenant association has the same meaning as in California Government Code section 65863.11(a)(4), as may be amended.

§98.1004

Exemptions

(a) This Division does not apply to the following transactions involving an *assisted housing development*:

- (1) government acquisition through eminent domain;
- (2) forced *sale* pursuant to foreclosure or other operation of law;
- (3) transfer by gift;
- (4) transfer to a person included in the table of descent and distribution when an *owner* dies intestate or by devise pursuant to the terms of a will;
- (5) refinancing where the *owner* remains unchanged;

- (6) exit of a limited partner in a tax credit limited partnership year 15 restructuring where there is no sale of the assisted housing development to a third-party;
 - (7) sale due to a financial emergency that exists, and the owner certifies, under the penalty of perjury, the existence of the financial emergency that requires immediate access to the proceeds of the sale; and
 - (8) sale to a qualified entity where there is an executed purchase agreement, regulatory agreements, or other instruments recorded against the property that impose affordability restrictions on the maximum rents that may be charged for dwelling units within the assisted housing development, and the qualified entity satisfies the requirements imposed on qualified entities under San Diego Municipal Code section 98.1007(d).
- (b) This Division does not apply to properties with affordability restrictions required by local affordable housing land use programs where 30 percent or fewer of the dwelling units within the property are restricted as affordable.

§98.1005 **Notice of Intent to Sell**

- (a) At least three months prior to any offering to sell an assisted housing development, the owner shall deliver a Notice of Intent to Sell to all qualified entities on the most recently published list of qualified entities maintained by the California Department of Housing and Community

Development. Offering to *sell* includes listing a property with a real estate agent. The San Diego Housing Commission shall provide a hyperlink to the most recently published list of *qualified entities* on its website.

(b) Concurrent with *delivery* under San Diego Municipal Code section 98.1005(a), the *owner* shall post a copy of the Notice of Intent to Sell in a conspicuous place in the common area of the *assisted housing development* to provide notice to its tenants. The San Diego Housing Commission shall post a copy of the Notice of Intent to Sell on its website.

(c) A Notice of Intent to Sell shall contain the following:

- (1) the address of the *assisted housing development*;
- (2) the name and contact information of the *owner*;
- (3) a statement that the *owner* intends to *sell* the *assisted housing development* or a portion thereof;
- (4) the intended date of offering to *sell*;
- (5) a statement that specifically identifies all regulatory agreements or other instruments recorded against the property that limits the rent that may be charged for any of the dwelling units within the *assisted housing development*;
- (6) a statement that *qualified entities* shall have an opportunity to purchase the *assisted housing development* and have a right of first refusal, as established in this Division; and
- (7) a statement that *qualified entities* may request, in writing, all of the following information regarding the *assisted housing development*:

itemized lists of monthly operating expenses; capital improvements made within the two preceding calendar years; the amount of project reserves; copies of the two most recent financial and physical inspection reports, if any, filed with federal, state, or local agencies; the most recent rent roll for the property that lists the rent paid for each unit and subsidy, if any, paid by a governmental agency as of the date of the Notice of Intent to Sell; the vacancy rate at the property for each of the two preceding calendar years; and the terms of assumable financing and subsidy contracts, if any. The owner shall provide the requested information within 15 days of receiving a *qualified entity's* written request.

- (d) Any *qualified entity* may deliver a Letter of Interest to Acquire Assisted Housing Development to the owner within 30 days of delivery of the Notice of Intent to Sell.
- (e) If the owner does not receive a Letter of Interest to Acquire Assisted Housing Development within 30 days of delivering a Notice of Intent to Sell, the owner may proceed with the intended sale of the assisted housing development to a third-party and has no further obligations under this Division.

§98.1006 Qualified Entity Offer to Purchase

- (a) Within 60 days of a *qualified entity* delivering a Letter of Interest to Acquire Assisted Housing Development, a *qualified entity* may submit to

the owner a bona fide Offer to Purchase the assisted housing development at the market value determined by negotiation and agreement between the parties.

(b) A bona fide Offer to Purchase means an offer to purchase that contains all of the following:

(1) the name, contact information, and form of organization of the qualified entity;

(2) the names and titles of the officers, directors, and similar persons in control of and principal investors in the qualified entity;

(3) a statement that the offeror is a qualified entity within the meaning of this Division; and

(4) the terms of the offer to purchase, including the purchase price, the proposed methods and terms of financing, the financing mechanisms by which the qualified entity will maintain the affordability of the assisted housing development, and any other terms of purchase.

(c) If the owner receives a bona fide Offer to Purchase from a qualified entity and wishes to sell, the owner may accept any offer submitted by a qualified entity that meets the requirements of this Division and execute a purchase agreement for the assisted housing development within 30 days of offer acceptance. If multiple qualified entities submit bona fide Offers to Purchase that meet the requirements of this Division, the owner may accept any such offer.

- (d) Once a purchase agreement is executed, the *owner* and *qualified entity* have 120 days to close escrow, unless a different timeline is mutually agreed to by the parties. Prior to the close of escrow, the *qualified entity* shall satisfy the requirements imposed on *qualified entities* under San Diego Municipal Code section 98.1007(d).
- (e) If the *owner* rejects all bona fide Offers to Purchase received from *qualified entities* that meet the requirements of this Division, the *owner* shall comply with the right of first refusal requirements in San Diego Municipal Code section 98.1007.
- (f) If the *owner* does not receive any bona fide Offers to Purchase from *qualified entities*, the *owner* may proceed with the intended *sale* of the *assisted housing development* to a third-party and has no further obligations under this Division.

§98.1007

Qualified Entity Right of First Refusal

- (a) Upon the *owner's* rejection of all bona fide Offers to Purchase received from *qualified entities* and the *owner's* intent to accept a third-party's offer to purchase the *assisted housing development*, the *owner* shall first deliver a Notice of Right of First Refusal to all the *qualified entities* whose offers were rejected. A *qualified entity* has seven days from *delivery* of the Notice of Right of First Refusal to submit a counteroffer to the *owner* to purchase the *assisted housing development* on substantially the same terms and conditions as the pending third-party offer to purchase.
- (b) A Notice of Right of First Refusal shall contain all of the following:

- (1) the address of the *assisted housing development*;
- (2) the name and contact information of the *owner*;
- (3) a statement of the *owner's* intention to accept an offer to purchase from a third-party;
- (4) the terms and conditions of the pending third-party offer to purchase the *assisted housing development*; and
- (5) a statement that the *qualified entity* has seven days to submit a counteroffer to purchase the *assisted housing development* on substantially the same terms and conditions as the pending third-party offer.

(c) The *owner* shall accept a *qualified entity's* counteroffer made under section 98.1007 and shall execute a purchase agreement for the *assisted housing development* within 30 days of offer acceptance. If multiple *qualified entities* submit counteroffers that meet the requirements of section 98.1007, the *owner* may accept any such offer.

(d) Once a purchase agreement is executed, the *owner* and *qualified entity* have 120 days to close escrow, unless a different timeline is mutually agreed to by the parties. Prior to the close of escrow, the *qualified entity* shall:

- (1) Obligate itself and any successors in interest to maintain the existing affordability of the *assisted housing development* for very low-, low-, or moderate-income households on substantially the same terms and conditions; and

- (2) Commit to renew governmental assistance or subsidies, if available and economically feasible, to maintain the affordability of the assisted housing development for its remaining useful life; and
- (3) Agree to record a deed restriction that documents the maximum rents that may be charged for dwelling units within the assisted housing development and other use restrictions that shall be binding on the qualified entity and its successors in interest and assigns; and
- (4) If the qualified entity is a local nonprofit organization or local public agency, ensure no officers or directors will have a financial interest in the assisted housing development to be purchased.

§98.1008 **Enforcement**

Any qualified entity entitled to notice and an opportunity to purchase an assisted housing development under this Division may bring an action for injunctive relief, damages, or any other remedy. In any judicial action brought to enforce this Division, the court may award reasonable attorney's fees and costs to a qualified entity.

JRB:cw
October 14, 2024
Or.Dept: SDHC
Doc. No. 3600161

Passed by the Council of The City of San Diego on FEB 25 2025, 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 FEB 27 2025.

AUTHENTICATED BY:

(Seal)

TODD GLORIA
Mayor of The City of San Diego, California.

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

By Linda Dravin, Deputy

I HEREBY CERTIFY that the foregoing ordinance was not finally passed until twelve calendar days had elapsed between the day of its introduction and the day of its final passage, to wit, on

FEB 03 2025, and on FEB 27 2025.

I FURTHER CERTIFY that said ordinance was read in full prior to passage or that such reading was dispensed with by a vote of five members of the Council, and that a written copy of the ordinance was made available to each member of the Council and the public prior to the day of its passage.

(Seal)

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

By Linda Dravin, Deputy
For Connie Patterson

Office of the City Clerk, San Diego, California
Ordinance Number O- 21917