09/15/2026
#331B
(R-2027-43)

RESOLUTION NUMBER R- 316945

DATE OF FINAL PASSAGE SEP 16 2026

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO APPROVING THE FIRST AMENDMENT TO THE GROUND LEASE DISPOSITION AGREEMENT FOR THE CITY-OWNED REAL PROPERTY LOCATED AT 107 ASH STREET AND MAKING RELATED FINDINGS.

RECITALS

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

A. The City of San Diego (City) owns the real property located at 107 Ash Street, formerly designated as 101 Ash Street, in the Civic Core area of downtown San Diego (Property), which is improved with a vacant office building.

B. The Council adopted Resolution R-316407 (July 29, 2025), approving a Ground Lease Disposition Agreement (Agreement) between the City and 101 Ash Venture LP, a California limited partnership (Developer), for Developer's acquisition of a long-term leasehold interest in the Property and adaptive reuse of the Property into a mixed-use affordable housing project (Project). The City and Developer entered into the Agreement effective August 18, 2025.

C. Since August 2025, Developer has secured financing commitments for the total estimated costs of the Project and has increased the total number of residential units in the Project to 252 from 250. The City and Developer have agreed to additional changes in the deal structure, such as an increase in the lease term to 65 years (from 60 years) and an increase in the interest rate on the City's carryback financing of $45.6 million to five percent compound interest (from four percent simple interest). To reflect these new circumstances, City staff and Developer negotiated a First Amendment to Ground Lease Disposition Agreement (First Amendment), a copy of which is included in the docket materials accompanying this Resolution.

D. The First Amendment revises the anticipated financing sources for the Project by replacing the previously contemplated tax-exempt bond financing with financing insured by the U.S. Department of Housing and Urban Development (HUD) in the estimated amount of $73.1 million and adding a loan from the San Diego Foundation in the estimated amount of $6 million. The anticipated financing sources continue to include the construction loan, the City's carryback financing, low-income housing tax credits, historic tax credits, a deferred developer fee, and Developer's equity contribution. The First Amendment also modifies the recorded lien priority and repayment priority applicable to the City's carryback financing to accommodate the revised financing structure, with the City's carryback financing to be subordinated to the HUD-insured financing and the San Diego Foundation loan.

E. The First Amendment includes a revised form of Ground Lease (Revised Lease) and a revised form of Promissory Note (Revised Note) evidencing the City's carryback financing. The Revised Lease provides for a 65-year term and confirms that the Project will include 252 residential rental units. The residential units will include 249 affordable units restricted at varying affordability levels and three unrestricted manager's units. The affordable units will be subject to rent and income restrictions for 65 years, with an average affordability level accommodating households that earn up to 60 percent of area median income.

F. In accordance with California Government Code section 52201(a)(1), the Council held a public hearing on September 15, 2026, to consider this Resolution approving the First Amendment. Before that public hearing, the City published notice of the public hearing in compliance with California Government Code section 52201(a)(1) in a newspaper of general circulation at least once per week for at least two consecutive weeks, consistent with California Government Code section 6066. Simultaneously, the City made available for public

inspection and copying the existing Agreement, the proposed First Amendment, and the updated Economic Opportunity Report prepared in August 2026 by Keyser Marston Associates (Updated Summary Report) about the City's disposition of the Property under the terms of the Agreement, as amended by the First Amendment (collectively, Amended Agreement). A copy of these materials is included in the docket materials accompanying this Resolution.

G. The Council considered the Updated Summary Report, which discloses the information required by California Government Code section 52201(a)(2). The Updated Summary Report confirms that the Amended Agreement will provide significant and measurable public benefits to the City and will assist in the creation of an economic opportunity by producing new affordable housing units, generating employment opportunities during construction and operation of the Project, incorporating a community-serving childcare facility, generating new property tax revenues, and contributing to the City's climate action goals. According to the Updated Summary Report, the consideration to be received by the City under the Amended Agreement, including the Revised Lease, is not less than the fair reuse value of the Property at the use and with the covenants, conditions, and development costs imposed under the Amended Agreement.

H. The Council considered all written evidence and testimony received in support of or in opposition to the proposed First Amendment and the entire public record related to the First Amendment.

I. The Office of the City Attorney prepared this Resolution based on 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 and accurate.

ACTION ITEMS

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

1. Based on the information in the Updated Summary Report and the entire public record, the Council finds that the disposition of the Property under the Amended Agreement, including the Revised Lease, will assist in the creation of an economic opportunity under California Government Code section 52200.2.

2. Consistent with California Government Code section 52201(b), the Council finds that the consideration to be received by the City for the disposition of the Property under the Amended Agreement, including the Revised Lease, is not less than the fair reuse value of the Property at the use and with the covenants, conditions, and development costs imposed under the Amended Agreement.

3. Based on the information in the Updated Summary Report and the entire public record, the Council finds that the disposition of the Property under the Amended Agreement will provide multiple public benefits, including the addition of 249 new affordable housing units to the local housing supply and the operation of a community-serving childcare facility.

4. The Council approves the First Amendment and its two exhibits – the Revised Lease and the Revised Note.

5. The Mayor or designee is authorized, on behalf of the City, to sign and deliver the First Amendment, including all exhibits to the First Amendment requiring the City's signature, and take all other actions reasonably necessary to effectuate the closing of the Revised Lease transaction and perform the City's obligations under the Amended Agreement. The fully signed First Amendment will be filed with the City Clerk as Document No. RR-316945.

6. The Chief Financial Officer is authorized to accept and deposit all payments to the City under the Revised Note into General Fund Number 100000.

APPROVED: HEATHER FERBERT, City Attorney

By Kevin Reisch
Kevin Reisch
Senior Deputy City Attorney

KJR:cc
August 28, 2026
Or. Dept: Econ. Dev.
Doc. No. 4533335

I certify that the Council of the City of San Diego adopted this Resolution at a meeting held on SEP 15 2026.

DIANA J.S. FUENTES
City Clerk

By Connie Patterson
Deputy City Clerk

Approved: 9/16/26
(date)

TODD GLORIA, Mayor

Vetoed: _____
(date)

TODD GLORIA, Mayor

331B

Passed by the Council of The City of San Diego on September 15, 2026, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Joe LaCava	☒	☐	☐	☐
Jennifer Campbell	☒	☐	☐	☐
Stephen Whitburn	☒	☐	☐	☐
Henry L. Foster III	☒	☐	☐	☐
Marni von Wilpert	☐	☐	☒	☐
Kent Lee	☒	☐	☐	☐
Raul A. Campillo	☒	☐	☐	☐
Vivian Moreno	☒	☐	☐	☐
Sean Elo-Rivera	☒	☐	☐	☐

Date of final passage SEP 16 2026.

(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 _____, Deputy

Office of the City Clerk, San Diego, California

Resolution Number **R-316945**