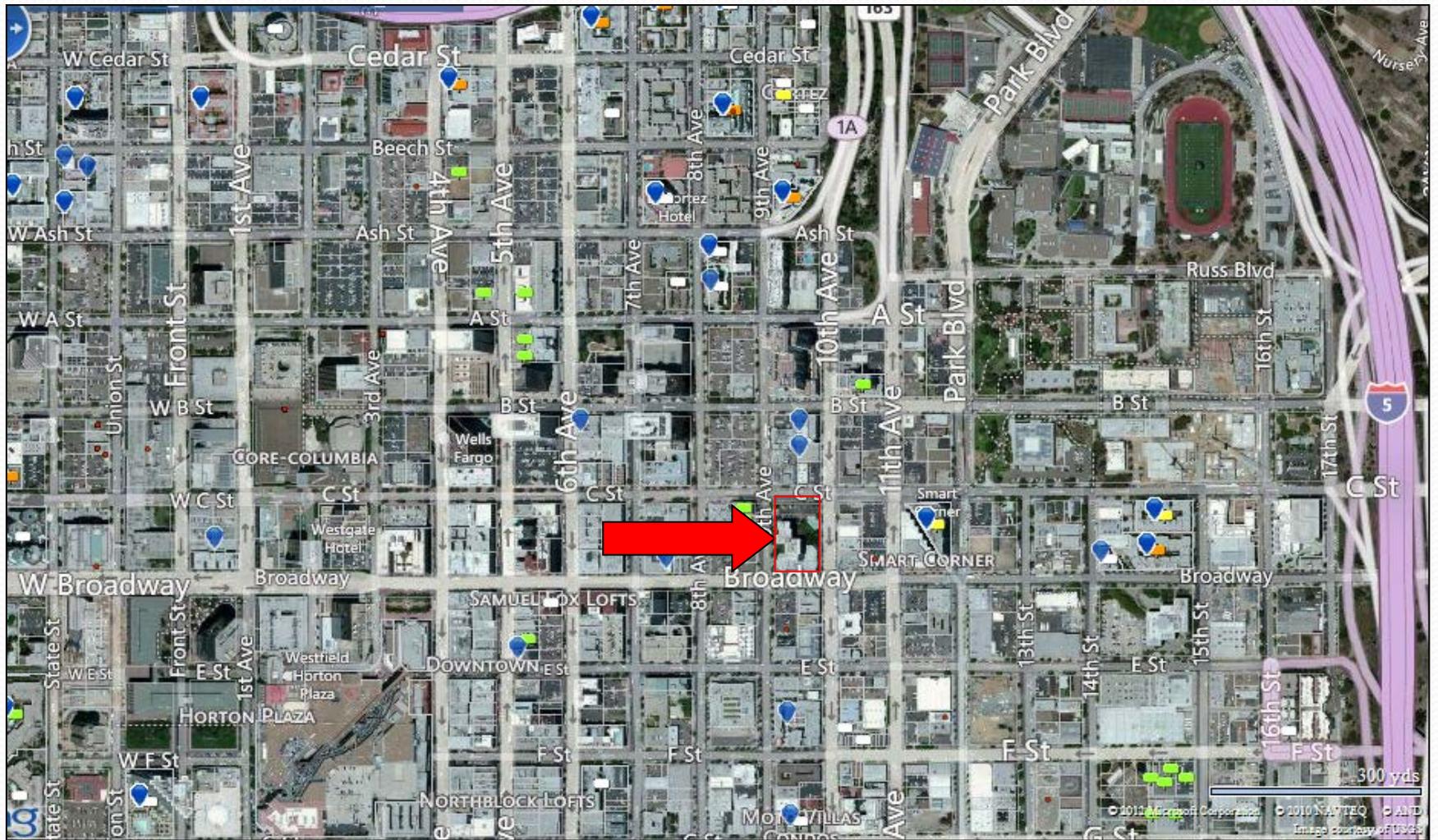


Requested City Council Action:

Authorize Ground Lease of Land
with

Housing Development Partners of San Diego (“HDP”),
an affiliate of San Diego Housing Commission



60,000 SF of City-owned land at 9th Avenue, 10th Avenue, C Street and Broadway

Description of Improvements:

- 155 subsidized low-cost, age-restricted apartments
- Adjacent 2-story 18,000-square-foot commercial building
- 29 parking spaces



San Diego Kind's Existing Lease Terms:

- 60,000 sf of land
- \$1 per year
- 50-year lease expires September 2029
- Provide assistance & services to elderly including:
 - Counseling
 - Recreation
 - Legal
 - Medical and other services

HDP Purchase & Requested Ground Lease:

- HDP intends to purchase the improvements from San Diego Kind and enter into ground lease with City:
 - Rehab the building and apartments
 - Provide social services to elderly

- Long-term (up to 65 years) ground lease is required for HDP to obtain financing

- HDP ground lease would commence in 2014 contingent on HDP buying the improvements from San Diego Kind

Rent Structure:

- Initial One-Time Payment: \$4,000,000
- Commercial Revenue: 50% of net commercial income
- Residential Revenue: 4.5% of gross residential income
- Supplemental Rent: Based on increases in rent over time

Benefits:

- **Seniors** – Upgraded apartments and services
- **Housing Commission** – Added inventory & oversight
- **City of San Diego** – Revenue to General Fund
- **San Diego Kind** – Ability to invest purchase price from HDP into other projects
- **HUD** - Compliance with revisions and regulations to Section 202 of the Housing Act of 1959