

SAN DIEGO HOUSING COMMISSION

RESOLUTION NUMBER HC-1745

DATE OF FINAL PASSAGE September 8, 2017

A RESOLUTION APPROVING THE ACQUISITION AND TRANSFER OF QUALITY INN, LOCATED AT 1840 FOURTH AVENUE, SAN DIEGO, CA 92101, AND WEST PARK INN, LOCATED AT 1830 FOURTH AVENUE, SAN DIEGO, CA 92101, AND RELATED ACTIONS

WHEREAS, Quality Inn is a 92-unit market-rate hotel located on a 0.23-acre site at 1840 Fourth Avenue in the Bankers Hill Area; and

WHEREAS, the property was developed in 1990 and consists of a wood frame four-story building, a laundry room, leasing office and community room. All of the units have private baths, with estimated sizes ranging from 165 to 250 square feet; and

WHEREAS, West Park Inn is a 47-unit market-rate hotel located on a 0.115-acre site at 1830 Fourth Avenue in the Bankers Hill Area; and

WHEREAS, the property was developed in 1989 consists of a wood frame four-story building, a community/laundry room, and a leasing office. All of the units have private baths, with estimated sizes ranging from 165 to 250 square feet; and

WHEREAS, the acquisitions of Quality Inn and West Park Inn support the creation of permanent housing opportunities for homeless San Diegans through HOUSING FIRST – SAN DIEGO, the San Diego Housing Commission’s (Housing Commission) homelessness action plan. The Housing Commission will commit federal Project-Based Housing Vouchers for up to 100 percent of the units for both properties to be used to provide permanent housing opportunities for homeless San Diegans through HOUSING FIRST – SAN DIEGO; and

WHEREAS, the proposed acquisition and transfer of Quality Inn and West Park Inn is more particularly described in Housing Commission Report HCR17-068; and

WHEREAS, on September 8, 2017, the Board of Commissioners of the Housing Commission heard and recommended that the Housing Commission approve the acquisition and transfer of the Quality Inn and West Park Inn under the terms and conditions described in Housing Commission Report HCR17-068; NOW, THEREFORE,

BE IT RESOLVED by the Housing Commission that the Executive Vice President & Chief of Staff, or designee, is authorized to execute any and all documents necessary to allow the Housing Commission to acquire the properties located at 1830 & 1840 Fourth Avenue, San Diego, CA 92101, on terms and conditions described in Housing Commission Report HCR17-068, as approved by General Counsel of the Housing Commission.

BE IT FURTHER RESOLVED by the Housing Commission that it ratifies the execution of a Purchase and Sale Agreement dated March 9, 2017, with the following sellers: (i) WPI LTD, a California limited partnership (WPI); (ii) ABB/WPI, LLC, a California limited liability company; (iii) WPI15 LLC, a California limited liability company; (iv) Flying Buffalo Investments, LLC, a Wyoming limited liability company; (v) Midland Equity, LLC, a California limited liability company; (vi) JSW82, LLC, a California limited liability company; (vii) Howard First Rollover IRA TD Ameritrade Clearing, Custodian; (viii) Igal Kwart, an individual; and (ix) Sanford A. Lakoff, Trustee of the Sanford A. Lakoff Living Trust, dated September 28, 2007, (collectively the "Sellers").

BE IT FURTHER RESOLVED that the Executive Vice President & Chief of Staff, or designee, is authorized, upon satisfactory completion and evaluation of the property during the due diligence period, to take such actions and perform such acts as are necessary to acquire the

respective 0.23-acre Quality Inn and 0.115-acre West Park Inn properties with improvements for a negotiated price not to exceed \$15,190,000. The Sellers shall provide clear fee simple title upon acquisition of the property.

BE IT FURTHER RESOLVED that the Executive Vice President & Chief of Staff, or designee, is authorized to execute and record an affordability covenant against the property for 65 years, with all of the units remaining affordable at or below 80 percent of the San Diego Area Median Income (AMI).

BE IT FURTHER RESOLVED by the Housing Commission that it ratifies the funding of the refundable escrow deposit of \$200,000 in accordance with the terms outlined in the Purchase and Sale Agreement, which will be applicable to the purchase price and which deposit will become non-refundable upon the expiration of the due diligence period on October 15, 2017.

BE IT FURTHER RESOLVED by the Housing Commission that it is authorized to provide property management services, or procure a new property management company through a competitive Request for Proposal process.

BE IT FURTHER RESOLVED by the Housing Commission that it authorizes the purchase of the properties and associated closing costs, utilizing up to \$7,700,000.00 of U.S. Department of Housing and Urban Development (HUD) Moving to Work (MTW) Funds and up to \$8,200,000 in Local Funds.

BE IT FURTHER RESOLVED that the Executive Vice President & Chief of Staff, or designee, is authorized to substitute approved funding sources for Quality Inn and West Park Inn with locally generated revenue (lease or rental) and/or any other available funds as deemed appropriate, contingent upon budget availability, and further authorize the Executive Vice President

& Chief of Staff, or designee, to take such actions as are necessary, convenient and/or appropriate to implement these approvals by the Housing Commission and the Housing Authority of the City of San Diego, if the Housing Authority requests to review these actions, upon the advice of General Counsel.

BE IT FURTHER RESOLVED by the Housing Commission that it is authorized to enter into a long term (65 year) Ground Lease Agreement between to-be-formed entity(ies) of which Housing Development Partners (HDP), the Housing Commission's nonprofit affiliate, is the managing member, or designee(s) (Lessee), and the Housing Commission (Lessor) for the transfer of property located at 1830 & 1840 Fourth Avenue, San Diego, CA 92101, on terms and conditions described in this report, as approved by General Counsel of the Housing Commission, provided that the leasehold value to the Housing Commission is fair and reasonable and is a fair market place lease. Approval of this action will permit, but not require, a concurrent closing of acquisition of the fee interest by the Housing Commission and creation of the 65-year ground lease in favor of HDP, or affiliate, at the same time as the Housing Commission acquires the fee interest in the properties from the Sellers.

BE IT FURTHER RESOLVED that the Executive Vice President & Chief of Staff, or designee, is authorized to execute all documents and instruments that are necessary and/or appropriate to implement these approvals, in a form approved by General Counsel, and to take such actions as are necessary and/or appropriate to implement these approvals upon the advice of General Counsel.

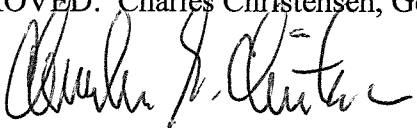
BE IT FURTHER RESOLVED by the Housing Commission that it approves all budgets associated with this potential acquisition. This includes the transfer and/or reallocation of funds

between any and all funding use line items within the total approved development/project budget provided the total project/development budget amount after any and all transfers/reallocations does not exceed the previously approved budget total, in any instances when the operational need(s) arise and/or when such actions are to the benefit of the Housing Commission and its mission.

BE IT FURTHER RESOLVED by the Housing Commission that this proposed acquisition and rehabilitation is categorically exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Section 15301 of the State CEQA Guidelines because Quality Inn and West Park Inn are existing facilities and the proposed actions do not involve expansion of the existing use(s). The activities described herein are Categorically Excluded subject to Section 58.5 from the National Environmental Policy Act (NEPA) pursuant to Section 58.35(a)(5) of Title 24 of the Code of Federal Regulations. The City of San Diego, as responsible entity, has conducted a limited Environmental Review of this project as required under Section 58.35(a), and has determined that this project converts to Exempt status per Section 58.34(a)(12). A copy of the Environmental Review is on file in the Environmental Review Record.

THIS ACTION BECAME FINAL ON September 15, 2017, pursuant to the provisions of San Diego Municipal Code Section 98.0301(e)(1).

APPROVED: Charles Christensen, General Counsel

By 

Charles Christensen
General Counsel

Passed and adopted by the San Diego Housing Commission on September 8, 2017, and finalized on September 8, 2017, pursuant to the provisions of San Diego Municipal Code Section 98.0301(e)(1), by the following vote:


	Yeas	Nays	Excused	Not Present
Frank Urtasun	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dorothy Surdi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Stefanie Benvenuto	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Margaret Davis	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kellee Hubbard	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ben Moraga	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tim Walsh	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

AUTHENTICATED BY:

Frank Urtasun
Chair of the San Diego Housing Commission

Richard C. Gentry
President & Chief Executive Officer of the
San Diego Housing Commission

I HEREBY CERTIFY that the above and foregoing is a full, true and correct copy of RESOLUTION NO. 1745 passed and adopted by the San Diego Housing Commission on September 8, 2017, and finalized on September 8, 2017.

By: 
Scott Marshall
Secretary of the San Diego Housing Commission