



## EXECUTIVE SUMMARY

### HOUSING COMMISSION EXECUTIVE SUMMARY SHEET

DATE: January 12, 2018

HCR18-001

SUBJECT: Authorization to purchase Land of La Jolla Marine Apartments from City of San Diego

COUNCIL DISTRICT(S): 1

ORIGINATING DEPARTMENT: Portfolio Management/Real Estate Division

CONTACT/PHONE NUMBER: Emmanuel Arellano/619-578-7586

#### REQUESTED ACTION:

Authorize the San Diego Housing Commission to purchase the land from the City of San Diego, known as Assessor's Parcel Number (APN) 351-022-07-00, located at 7410 – 7412 Cuvier Street, San Diego, CA 92037, commonly known as La Jolla Marine Apartments, for a purchase price not to exceed \$10,000 and closing costs not to exceed \$50,000.

#### EXECUTIVE SUMMARY OF KEY FACTORS:

- La Jolla Marine Apartments, originally constructed in 1977, consists of four 3-bedroom townhomes and four 4-bedroom townhomes located at 7410 – 7412 Cuvier Street, San Diego, CA 92037.
- The Housing Commission assumed the rights and responsibilities of the City ground lease and ownership of the eight townhomes in May 2005.
- The City currently owns the land.
- Each of the eight townhomes is subsidized with a project-based Section 8 Housing Assistance Payment (HAP) voucher.
- This Section 8 rental assistance contract expires on April 18, 2018, and is expected to renew. Under the terms of the current ground lease between the Housing Commission and the City, the ground lease will expire on November 22, 2027, at which time the City will retain ownership of the Land and assume ownership of the improvements.
- The City now wishes to sell the Land to the Housing Commission, thereby terminating the ground lease and terminating the reversion of the improvements to the City in 2027.
- The Housing Commission's purchase of the Land, thus terminating the ground lease with the City, will ensure the long-term affordability of the property.



## REPORT

**DATE ISSUED:** January 4, 2018 **REPORT NO:** HCR18-001

**ATTENTION:** Chair and Members of the San Diego Housing Commission  
For the Agenda of January 12, 2018

**SUBJECT:** Authorization to purchase Land of La Jolla Marine Apartments from  
City of San Diego

**COUNCIL DISTRICT:** 1

### REQUESTED ACTION

**Seven-Day Advance Notice of San Diego Housing Commission hearing of the following matter has been provided to the Housing Authority Members in accordance with the terms and provisions of San Diego Municipal Code Section 98.0301(e)(4)(b)**

Authorize the San Diego Housing Commission to purchase the land located at 7410 – 7412 Cuvier Street, San Diego, CA 92037, commonly known as La Jolla Marine Apartments.

### STAFF RECOMMENDATION

That the San Diego Housing Commission (Housing Commission) take the following actions:

1. Authorize the Housing Commission to purchase the land from the City of San Diego (City) known as Assessor's Parcel Number (APN) 351-022-07-00 located at 7410 – 7412 Cuvier Street, San Diego, CA 92037, for a purchase price not to exceed \$10,000 and closing costs not to exceed \$50,000. The property is improved with two townhome four-plexes, commonly known as La Jolla Marine Apartments;
2. Authorize the President & Chief Executive Officer (President & CEO), or designee, to implement Fiscal Year (FY) 2018 budget adjustments as the purchase of the Land might require; and
3. Authorize the President & CEO, or designee to sign any and all documents and to take any such actions and to perform such acts as are necessary to purchase the Land from the City.

### SUMMARY

La Jolla Marine Apartments, originally constructed in 1977, consists of four 3-bedroom townhomes and four 4-bedroom townhomes located at 7410 – 7412 Cuvier Street, San Diego, CA 92037. The Housing Commission assumed the rights and responsibilities of the City ground lease and ownership of the eight townhomes in May 2005. The City currently owns the Land. Each of the eight townhomes is subsidized with a project-based Section 8 Housing Assistance Payment (HAP) voucher. This Section 8 rental assistance contract expires on April 18, 2018, and is expected to renew. Under the terms of the current ground lease between the Housing Commission and the City, the ground lease will expire on November

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22, 2027, at which time the City will retain ownership of the Land and assume ownership of the improvements. The City now wishes to sell the Land to the Housing Commission, thereby terminating the ground lease and terminating the reversion of the improvements to the City in 2027.

**AFFORDABLE HOUSING IMPACT**

The Housing Commission has owned the improvements located at 7410 – 7412 Cuvier Street, (La Jolla Marine Apartments) since May 2005. The terms of the ground lease with the City include the provision that the improvements will revert to the City in 2027. The Housing Commission’s purchase of the Land, thus terminating the ground lease with the City, will ensure the long-term affordability of the property. This long-term affordability of the Land and improvements serves as the rationale for the City’s low sale price. It is understood that should the Housing Commission cease to operate the project per the affordability restrictions of 65 years, the ownership of the property will revert to the City of San Diego.

**FISCAL CONSIDERATIONS**

The proposed funding sources and uses approved by this action were not included in the Housing Authority-approved FY2018 Housing Commission budget and will increase the FY2018 Budget by an amount not to exceed \$60,000. Funding sources and uses will be as follows:

<b>Fiscal year 2018 funding sources:</b>	
Property Reserves	\$ 60,000 <hr/>
	<b>\$ 60,000</b>
<b>Fiscal year 2018 funding uses:</b>	
Acquisition	\$ 10,000
Closing Costs	<hr/> \$50,000
	<b>\$ 50,000</b>

**PREVIOUS COUNCIL AND COMMITTEE ACTIONS**

The Housing Commission approved the Settlement Agreement with the property’s previous owner on May 20, 2005, transferring ownership of the improvements to the Housing Commission and the Housing Commission’s assumption of the terms and conditions of the ground lease with the City.

**KEY STAKEHOLDERS and PROJECTED IMPACTS**

Stakeholders for this project include the residents of La Jolla Marine, the Housing Commission and the City. The Housing Commission’s ownership of the Land at 7410 – 7412 Cuvier Street will preserve existing affordable housing in the La Jolla section of San Diego (District 1).

**ENVIRONMENTAL REVIEW**

The proposed land purchase is categorically exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Section 15301 of the State CEQA Guidelines because La Jolla Marine is an existing facility and the proposed actions do not involve expansion of the existing use. Processing under the National Environmental Policy Act (NEPA) is not required since there are no Federal funds involved with this action.

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Respectfully submitted,

*Emmanuel Arellano*

Emmanuel Arellano  
Director Portfolio Management  
Real Estate Division

Approved by,

*Deborah N. Ruane*

Deborah N. Ruane  
Executive Vice President & Chief Strategy Officer  
San Diego Housing Commission

Hard copies are available for review during business hours at the security information desk in the main lobby and at the fifth floor reception desk at the San Diego Housing Commission offices at 1122 Broadway, San Diego, CA 92101 and at the Office of the San Diego City Clerk, 202 C Street, San Diego, CA 92101. You may also review complete docket materials in the “Public Meetings” section of the San Diego Housing Commission website at [www.sdhc.org](http://www.sdhc.org).