



EXECUTIVE SUMMARY

HOUSING COMMISSION EXECUTIVE SUMMARY SHEET

DATE: March 9, 2018 HCR18-029
SUBJECT: Authorization to Transfer Title of Via Las Cumbres Apartments from the Housing Authority of the City of San Diego to the San Diego Housing Commission

COUNCIL DISTRICT(S): 7

ORIGINATING DEPARTMENT: Portfolio Management

CONTACT/PHONE NUMBER: Emmanuel Arellano, (619) 578-7586

REQUESTED ACTION:

Transfer title to the property known as Via Las Cumbres Apartments, from the Housing Authority of the City of San Diego to the San Diego Housing Commission for the sum of \$1 per unit, or for a total of \$120.

EXECUTIVE SUMMARY OF KEY FACTORS:

- On September 1, 1983, the Housing Authority and the Housing Commission executed the ground lease for this property for 55 years. The Housing Authority owns the land (approximately 10.5 acres).
- The Housing Commission has managed and operated the Via Las Cumbres properties since their construction.
- The Housing Commission shall pay to the Housing Authority as ground rent for the premises the sum of \$237, 228 per year.
- Ground lease payment is included in the Housing Commission budget, as approved by the Housing Authority, for use in Housing Commission programs.
- The Housing Authority wishes to transfer title of the land to the Housing Commission to resolve potential title issues in the event that new deeds of trust on the property are executed.
- This action will bring consistency in the ownership structure of the Housing Commission across all of its Real Estate assets.



REPORT

DATE ISSUED: March 1, 2018

REPORT NO: HCR18-029

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of March 9, 2018

SUBJECT: Authorization to Transfer Title of Via Las Cumbres Apartments from
the Housing Authority of the City of San Diego to the San Diego Housing
Commission

COUNCIL DISTRICT: 7

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).

Transfer title to the property known as Via Las Cumbres Apartments, described below, from the Housing Authority of the City of San Diego to the San Diego Housing Commission for the sum of \$1 per unit, or for a total of \$120, as described in this report:

ALL OF THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SAN DIEGO, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS

PARCEL A: APN 431-731-01, 02 & 13

LOTS 1, 2 AND 40, OF UNIVERSITY CANYON, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF 10694, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, AUGUST 9, 1983.

PARCEL B: APN 431-731-27 THRU 29

PARCELS 1, 2 AND 3 OF PARCEL MAP NO. 20296, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, JULY 11, 2007 AS INSTRUMENT NO. 2007-0465645 OF OFFICIAL RECORDS.

STAFF RECOMMENDATION

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

1. Transfer title to the property known as Via Las Cumbres Apartments, described below, from the Housing Authority of the City of San Diego (Housing Authority) to the Housing Commission for

March 1, 2018

Authorization to Transfer Title of Via Las Cumbres Apartments from the Housing Authority of the City of San Diego to the San Diego Housing Commission

Page 2

the sum of \$1 per unit, or for a total of \$120, similar to the 2007 conversion of the public housing units to non-federally subsidized units:

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2. Authorize Executive Director of the Housing Authority and the President and Chief Executive Officer (President & CEO) of the Housing Commission to execute any and all documents necessary to effectuate the transfer of title from the Housing Authority to the Housing Commission and to accept such transfer;
3. Authorize the Executive Director of the Housing Authority and President & CEO of the Housing Commission to take such actions as are necessary to amend the Declaration of Trust to substitute the new owner, the Housing Commission, for the previous owner, the Housing Authority;
4. Authorize the Executive Director of the Housing Authority, or designee, to execute a grant deed to the Housing Commission providing that at such time as the Property ceases to be utilized for affordable housing, it shall revert to the Housing Authority;
5. Authorize the President, or designee, to execute an acceptance of the grant deed concerning the property;
6. Authorize both the Executive Director and the President to perform any and all acts necessary or appropriate to implement the approvals contemplated by these actions, upon advice of the General Counsel of the Housing Commission.

SUMMARY

Located in the neighborhood of Linda Vista, Via Las Cumbres is a 120-apartment property at 2052 - 2098 Via Las Cumbres (84 apartments owned by the Housing Commission with rents restricted to 80 percent of San Diego's Area Median Income) and 2055 – 2095 Via Las Cumbres (36 apartments of public housing also restricted at 80 percent of San Diego's Area Median Income). The Housing

March 1, 2018

Authorization to Transfer Title of Via Las Cumbres Apartments from the Housing Authority of the City of San Diego to the San Diego Housing Commission

Page 3

Commission constructed these 120 apartments in 1983 under the Federal 221 (d) mortgage insurance program, originally secured by a Deed of Trust for \$3.7 million. The Housing Commission has managed and operated the Via Las Cumbres properties since their construction.

On September 1, 1983, the Housing Authority and the Housing Commission executed the ground lease for this property for 55 years. The Housing Authority owns the land (approximately 10.5 acres). Under the terms of the Ground Lease, the Housing Commission shall pay to the Housing Authority as ground rent for the premises the sum of \$237, 228 per year. Each year of the lease, this money is included in the Housing Commission budget, as approved by the Housing Authority, for use in Housing Commission programs.

To resolve potential title issues in the event that new deeds of trust on the property are executed, the Housing Commission is requesting that the property be transferred to the Housing Commission so that this property is owned by the same entity as the rest of the Housing Commission's portfolio. The Housing Authority now wishes to transfer title of the land to the Housing Commission.

The transfer will allow future recapitalization plans to proceed, while at the same time addressing this property title irregularity. Furthermore, this action will bring consistency in the ownership structure of the Housing Commission across all of its Real Estate assets.

AFFORDABLE HOUSING IMPACT

The Housing Commission has owned the improvements at 2052 – 2098 & 2055 – 2095 Via Las Cumbres since their construction in 1983. The ground lease with the Housing Authority terminates in 2038. The Housing Commission's purchase of the land, thus terminating the ground lease with the Housing Authority, 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 Via Las Cumbres Apartments per the affordability restrictions of 55 years, the ownership of the property will revert to the Housing Authority. The likelihood of that happening is beyond remote, however, since the mission of the Housing Commission is to provide affordable housing.

FISCAL CONSIDERATIONS

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The proposed funding sources and uses approved by this action were not included in the Housing Authority-approved Fiscal Year (FY) 2018 Housing Commission budget and will increase the FY 2018 budget by \$120. Funding sources and uses will be as follows:

FY 2018 funding sources:

Property Reserves \$120

FY 2018 funding uses:

Acquisition \$120

March 1, 2018

Authorization to Transfer Title of Via Las Cumbres Apartments from the Housing Authority of the City of San Diego to the San Diego Housing Commission

Page 4

PREVIOUS COUNCIL AND COMMITTEE ACTIONS

On April 14, 1983, the Housing Authority approved the ground lease with the Housing Commission for 55 years.

KEY STAKEHOLDERS and PROJECTED IMPACTS

Stakeholders for this project include the residents of Via Las Cumbres, the Housing Commission and the Housing Authority. The Housing Commission's ownership of the Land at Via Las Cumbres will preserve existing affordable housing in the Linda Vista section of San Diego (District 7).

ENVIRONMENTAL REVIEW

The proposed action is categorically exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Section 15301 of the State CEQA Guidelines because Via Las Cumbres Apartments is an existing facility and the proposed actions do not involve expansion of the existing use. The activities described herein are categorically excluded from the National Environmental Policy Act (NEPA) pursuant to Section 58.34(a)(12) of Title 24 of the Code of Federal Regulations.

Respectfully submitted,



Emmanuel Arellano
Director, Portfolio Management
Real Estate Division

Approved by,



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.