



POLICY

EFFECTIVE DATE: December 15, 2016

NO: PO-RED-374.02

SUBJECT: **POLICY FOR ACQUISITION AND/OR PURCHASE OF REAL ESTATE**

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1 **Purpose**

To state San Diego Housing Commission (“Housing Commission”) Policy and program parameters for acquiring real estate of types, including, without limitation existing dwelling units/homes and/or multifamily rental projects for Housing Commission ownership.

2. **Scope**

To provide guidance and direction to Housing Commission staff for the acquisition of real estate for Housing Commission ownership. This Policy also provides a mechanism for the approval of such acquisitions.

3 **Definitions**

Terms utilized within this policy are either defined the first time that the term is utilized or there is a cross reference to other sources that provide those definitions.

4 **Policy**

4.1 Implementation of Acquisition

4.1.1 In order to allow the Housing Commission to acquire homes, condominium units and/or multifamily rental projects, leasehold interests, unimproved land, and any and all other types and kinds of real property for Housing Commission ownership and operation, including units in foreclosure or that are in jeopardy of being foreclosed [collectively defined as “real estate” within this policy], with or without the use of real estate brokers, the Housing Authority of the City of San Diego (“Housing Authority”) delegates to the Housing Commission, the right, power and authority to purchase and acquire real estate as set forth and subject to the criteria of this policy.

4.1.2 In addition to utilizing brokers and/or dealing directly with individual developers and owners, the Housing Commission is encouraged to deal directly with lenders, to the extent feasible, including, without limitation, FNMA and FHLMC, to purchase properties acquired by such lender(s) through foreclosure, or by deeds



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in lieu of foreclosure, and/or to acquire real estate which is the subject of a Notice of Default during the foreclosure procedure, but prior to actual foreclosure. In addition, the Housing Commission is encouraged and authorized to acquire real estate not at risk of foreclosure, to meet the City's Balanced Communities Policy.

- 4.1.3 The Housing Commission is authorized to review, approve, and execute any and all documents necessary and/or appropriate to effectuate the acquisition(s) referenced in this policy.
- 4.1.4 The Housing Commission is authorized to contract directly with brokers and/or to cooperate with brokers to effectuate the acquisitions.
- 4.1.5 Any acquisitions of single family homes/condominium units [Single Family Residences] may be accomplished by the President and Chief Executive Officer of the Housing Commission ("CEO"), or designee, subject to the provisions of Section 4.8 of this policy, without further action from or by the Board of Commissioners of the Housing Commission (Board of Commissioners), provided that the acquisition(s) is/are based upon a purchase price(s) at or below an appraised value and provided further the clear fee simple title may be acquired by the Housing Commission at the close of escrow. The CEO is authorized to execute any and all documents necessary and/or appropriate to allow for the acquisition of the Single Family Residences, as approved by the General Counsel of the Housing Commission.
- 4.1.6 The CEO is delegated the power and authority to approve due diligence efforts, up to the limits as set forth by the Housing Authority (currently \$250,000), in order to determine a property's value and suitability for acquisition. Due diligence efforts may include, but shall not be limited to, appraisal, physical needs assessment, lead paint and asbestos containing materials assessment, Phase I and Phase II environmental reports, geotechnical studies, and environmental review.
- 4.1.7 Acquisitions of real estate other than Single Family Residences shall be approved by the Board of Commissioners.
- 4.1.8 Any action taken by the Board of Commissioners, as authorized in this policy, may be reviewed by the Housing Authority within seven (7) days of the date of



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any Housing Commission approval of an acquisition, by notice from any two (2) members of the Housing Authority (City Councilmembers) in addition to the other methods of causing review by the Housing Authority as set forth within the applicable provisions of San Diego Municipal Code, as amended from time to time.

- 4.1.9 Any action of the Housing Commission concerning any acquisition shall become final if no request for review by the Housing Authority is received within such seven (7) days period, in accordance with the provisions of San Diego Municipal Code.
- 4.1.10 The Housing Commission is delegated the power and authority to acquire loans, tax credits or other financing necessary and appropriate, if any, for any acquisition approved by it.
- 4.1.11 The property acquired shall be utilized by the Housing Commission, either as rental properties for low or moderate income housing, and/or the homes and/or units may be resold to qualified low and/or moderate income purchasers as permitted under applicable law. Any property to be resold shall be in safe, decent and sanitary condition.
- 4.1.12 No property may be acquired unless and until a certified appraisal of value has been obtained for each property to be acquired. The purchase price for the property to be acquired must be at or below the appraised value.
- 4.1.13 The Housing Commission shall comply with federal and/or state relocation law, as required in connection with any acquisition.
- 4.1.14 The Commission shall report to the Housing Authority and the City Council annually not less frequently than twice a year on the status of the acquisition(s) by written informational report(s).
- 4.1.15 The Housing Commission shall endeavor to balance the acquisitions of housing among neighborhoods so as to not overly concentrate low and moderate income residential dwelling units in any one geographic area.



SAN DIEGO
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4.1.16 To the extent that any real estate being acquired is to be utilized for public housing, any all applicable federal law and regulations concerning public housing shall be addressed by the Housing Commission prior to the close of escrow for the acquisition. For the purposes of the subsection "addressed" means developing a workable and cost effective plan to meet the federal requirements.

Approved:



Jeff Davis
Executive Vice President & Chief of Staff

12-6-16

Date

History:
4/13/1979

Revision Date:
2/12/2009

Legislative Authority:
Health & Safety Code Sections: 34312.3, 34320, 34315, 34312.5, 34315.7
San Diego Municipal Code: Section 98.0301 (d) and (e)