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# San Diego Housing Commission (SDHC) Barber College Lease Renewal Presentation to the SDHC Board of Commissioners June 15, 2023

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# SDHC – Barber College Lease Renewal

## Introduction

- February 23, 2010: The Housing Authority approved SDHC's acquisition of Hotel Sandford.
  - 129 affordable housing units for low-income seniors and one manager's unit
  - 7,663 square feet of first-floor commercial space
- The Associated Barber College of San Diego (Barber College) has occupied part of the commercial space at Hotel Sandford since August 1998.
- The Barber College is licensed, approved and authorized for education services by the State Board of Barbering and Cosmetology and the Office of Veterans Affairs.
- The Barber College is party to two lease agreements with SDHC:
  - 2013 Housing Authority-approved lease, ending August 2023
  - 2015 Housing Authority-approved lease when the Barber College expanded its programs, ending August 2023



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## Proposed Lease Terms

- The Barber College is current with its rent payments and is in compliance with all other terms of the current lease agreements.
- The terms of the proposed lease are:
  - Five-year lease term plus one five-year option to extend
  - Rental rate:
    - \$2.02 per square foot per month at inception
    - 3% annual increases
    - Proposed rate is in line with current market comparables.
  - Tenant will receive a Tenant Improvement Allowance of \$13,039 via a rent credit.
    - All tenant improvements must be approved by SDHC prior to construction.
  - The Tenant will be responsible for paying a monthly prorated share of the water usage in the commercial suites.



# SDHC – Barber College Lease Renewal Lease Revenue

- Approval of the proposed lease will increase anticipated lease revenue for Fiscal Year 2024 in the approximate amount of \$2,083.16 as a result of rent increases over current amounts.
- Anticipated total lease revenues by year:
  - FY 2024: \$158,546.54
  - FY 2025: \$163,059.00
  - FY 2026: \$167,775.00
  - FY 2027: \$172,491.00
  - FY 2028: \$177,933.00



*Hotel Sandford*



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## Staff Recommendation

### **That the SDHC Board of Commissioners take the following actions:**

- 1) Approve the new lease for the Associated Barber College of San Diego, a Nevada corporation, for a period of five years, with one option to extend for an additional five years at market rent, to continue to occupy commercial spaces at 1301, 1305, 1311, 1315, 1325 and 1333 5th Avenue in Hotel Sandford, 1301 5th Avenue, San Diego, CA 92101.
- 2) Authorize SDHC's President and Chief Executive Officer (President & CEO), or designee, to execute all documents and instruments that are necessary and/or appropriate to implement these approvals, in a form approved by General Counsel, and take such actions as are necessary and/or appropriate to implement these approvals, provided that a copy of the documents, signed as to form by General Counsel, is submitted to each Housing Commissioner.



## Questions & Comments

