



SAN DIEGO  
HOUSING  
COMMISSION

We're About People

# San Diego Housing Commission (SDHC) Building Rehabilitation Contract for Presidio Palms Presentation to the SDHC Board of Commissioners October 10, 2024

Josh Hoffman  
Vice President of Real Estate Development Services  
Real Estate Division



# Building Rehabilitation Contract for Presidio Palms

## Introduction

- **April 20, 2023:** SDHC Board voted 4-0 to execute a Purchase & Sale Agreement (PSA) to acquire the Extended Stay America property at 2087 Hotel Circle South in Council District 3.
- **July 25, 2023:** SDHC Board voted 5-0 to authorize SDHC to submit an application to the California Department of Housing and Community Development (HCD) Homekey Program for grant funds in an amount of up to \$38.5 million to support the acquisition and development of the property.
  - **July 28, 2023:** SDHC applied for the funds.
  - **February 13, 2024:** HCD informed SDHC of its intent to award \$35 million in Homekey grant funds for the project.
  - **February 16, 2024:** SDHC Board approved a revised resolution, as requested by the state.



# Building Rehabilitation Contract for Presidio Palms

## Introduction (Continued)

- **January 19, 2024:** SDHC Board voted 5-0 to authorize a contract amendment with SGPA for design work to convert the property to affordable housing, as well as a pre-development budget.
  - SGPA produced project plans and submitted them to the City of San Diego Development Services Department under “Affordable Housing Permit Now.”
    - Collaborative process designed to expedite the plan approval process for deed-restricted affordable housing.
  - Project plans are now “permit ready” and ready for issuance following notification to the City of the selection of the General Contractor and payment of fees.
- **May 10, 2024:** SDHC Board voted 6-0 to accept \$35,000,000 in Homekey Program Funds; \$17,806,432 in City of San Diego funds; \$17,806,432 in County of San Diego funds; and \$1,100,000 in San Diego Regional Task Force on Homelessness funds to support the acquisition and rehabilitation of the property
- **July 25, 2024:** SDHC commenced a two-step competitive solicitation process for construction services.
- **August 16, 2024:** SDHC successfully closed on the acquisition of the property.



# Building Rehabilitation Contract for Presidio Palms Subject Property

## Presidio Palms (Former Extended Stay America) 2087 Hotel Circle South, 92108 Council District 3

- Mission Valley community
- Constructed circa 1999
- 165 existing rooms (post-rehab 163 units)
- 1 building – three-story, elevator-served
- Lot size: approximately 4.58 acres
- Building size: approximately 80,000 sf



# Building Rehabilitation Contract for Presidio Palms

## Construction Scope of Work

- Accessibility upgrades, including path of travel to units and common areas
- Reconfiguration of interior spaces to accommodate:
  - Staff and service provider office spaces
  - Resident community room and laundry facilities
- Complete repaint of the building interior and exterior
- Flooring replacement
- HVAC replacement
- Selective plumbing fixture replacement and installation of floor drains in upper floor units
- Upgrades to fire sprinkler and alarm systems to better suit the intended population
- Interior and exterior lighting improvements
- Security upgrades, to include installation of cameras and improvements to perimeter fencing
- Miscellaneous site improvements
- Allowances for roof replacement and solar photo-voltaic system design and installation



# Building Rehabilitation Contract for Presidio Palms

## Contractor Solicitation Process

- Two-step solicitation process
  - Request for Qualifications (RFQ)
  - Invitation for Bid (IFB)

### RFQ

- Issued July 25, 2024
  - A total of 1,178 notices went to contractors, and 30 downloaded the RFQ.
  - Five contractors attended a preproposal virtual meeting on July 31, 2024.
  - Seven contractors attended a site walk on August 2, 2024.
- SDHC received three RFQ responses by the August 14, 2024, deadline.
  - Two were deemed non-compliant with U.S. Department of Housing and Urban Development (HUD) Section 3 preproposal outreach requirements.
  - LDCo.'s response complied with these requirements and was provided to an evaluation committee for review.
  - Using the RFQ scoring criteria, the committee deemed LDCo. a qualified respondent.
  - Neither the number of responses or number of qualified respondents were disclosed.



# Building Rehabilitation Contract for Presidio Palms

## Contractor Solicitation Process (Continued)

### IFB

- Issued September 16, 2024, to LDCo., the only qualified respondent to the RFQ.
  - The IFB did not disclose the number of qualified respondents.
  - LDCo. provided a response to the IFB on September 30, 2024.
- LDCo.'s bid for the base project scope plus a list of defined cost alternates totaled \$9,877,833.
  - Deemed reasonable when compared to third-party cost estimate.
  - Within the parameters of the SDHC Board-approved capital budget for the project.
- Additionally, LDCo provided unit costs in their bid that are the basis for allowances to be added to the contract.
  - Any unused allowances will be credited back to SDHC at the conclusion of the project.





# Building Rehabilitation Contract for Presidio Palms

## Fiscal Considerations

Fiscal Year 2025 Funding Sources:	
City of San Diego	\$2,587,955
County of San Diego	\$7,068,948
Regional Task Force on Homelessness	\$1,100,000
<b>Total</b>	<b>\$10,756,903</b>
Fiscal Year 2025 Funding Uses:	
Contract Hard Costs	\$9,877,833
Project Contingency	\$879,070
<b>Total</b>	<b>\$10,756,903</b>





# Building Rehabilitation Contract for Presidio Palms

## Staff Recommendations

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

- 1) Authorize the President and Chief Executive Officer (President and CEO), or designee, to enter into a contract with LDCo. Inc. (LDCo.) in an amount not to exceed \$9,877,833 for general construction services at Presidio Palms at 2087 Hotel Circle South, San Diego, 92108, which the SDHC owns and manages. The contract term shall align with the completion date required by the State of California HCD Homekey Program. The date is currently February 13, 2025.
- 2) Authorize the President and CEO, or designee, to use project contingency and amend the contract, as needed, as long the total amount of the contract plus amendments does not exceed \$10,756,903 without further approval from the SDHC Board. The contingency will not be expended unless there is a demonstrated need.



# Building Rehabilitation Contract for Presidio Palms

## Staff Recommendations (Continued)

- 3) Authorize the President and CEO, or designee, to substitute the identified contract funding sources with other available funding sources, as long as the total activity amount after substitution does not exceed the approved total hard cost budget, including the contingency, of \$10,756,903, should the need arise, without further action by the SDHC Board or Housing Authority of the City of San Diego, but only if and to the extent that funds are determined to be available for such purposes.
- 4) Authorize the President and 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

