



EXECUTIVE SUMMARY

MEETING DATE: July 9, 2026

HCR26-038

SUBJECT: General Contract for Building Updates at Starling Place

COUNCIL DISTRICT: 7

ORIGINATING DEPARTMENT: Real Estate

CONTACT/PHONE NUMBER: Colin Miller (619) 578-7429

REQUESTED ACTION:

Approve the execution of a contract with LDCo., Inc. for general construction services in an amount not to exceed \$3,581,600 at Starling Place, 7798 Starling Drive, San Diego, CA 92123, which the San Diego Housing Commission owns and manages.

EXECUTIVE SUMMARY OF KEY FACTORS:

- On April 10, 2026, SDHC completed its purchase of the Starling Place property to create affordable rental housing units with supportive services for households experiencing homelessness in the City of San Diego.
- Starling Place, originally built in 1975 and expanded in 2020, consists of one three-story elevator-served structure with 90 units. Each unit is equipped with a private bathroom and kitchenette. The property also includes two common laundry rooms.
- The SDHC Board previously approved the project budget on January 16, 2026. The project budget consists of funds from the California Department of Housing and Community Development (Department) Homekey+ Program grant, the City of San Diego, and County of San Diego funds.
- The project plans are currently “permit ready” and will be ready for issuance following notification to the City of the selection of the General Contractor and payment of all associated fees.
- The scope of work includes, but is not limited to: conversion of eight units into offices to support service providers and a common area for the residents to gather; merging two units to create a large Property Manager’s unit; upgrades to existing building systems, including the replacement of the roof, to extend useful life and accommodate upgrades to life safety systems; security additions to include the installation of cameras, gates and additional exterior lighting; Americans with Disabilities Act (ADA) accessibility upgrades, including path of travel to units and common areas; other items identified in the Physical Needs Assessment; and other site improvements as able within the approved budget.
- During a two-step competitive solicitation process, the lowest bidder, T. Morrissey Corporation, was determined to be non-responsive because it excluded portions of the required scope of work.
- LDCo. provided the lowest responsive bid. LDCo.’s bid was within the parameters of the capital budget the SDHC Board approved and was less than cost estimates received from a third-party firm to establish that budget.
- Additionally, LDCo. provided unit costs for alternates specified in the solicitation for additional improvements not included in the base scope of work. These unit costs provide the basis for negotiated allowances that are included in the contract amount. Any unused allowances will be credited back to the project by way of negative change order at the conclusion of the project.
- The Fiscal Year (FY) 2027 funding sources and uses proposed to be approved by this action were included in the Housing Authority-approved FY 2027 SDHC Budget. Approving this action does not further increase the FY 2027 budget.



REPORT

DATE ISSUED: July 2, 2026

REPORT NO: HCR26-038

ATTENTION: Chair and Members of the San Diego Housing Commission Board of Commissioners
For the Agenda of July 9, 2026

SUBJECT: General Contract for Building Updates at Starling Place

COUNCIL DISTRICT: 7

Advance notice of San Diego Housing Commission Board of Commissioners' hearing of the following matter has been provided to the Housing Authority Members pursuant to the provisions of San Diego Municipal Code Section 98.0301(e)(4)(A)-(B)

REQUESTED ACTION

Approve the execution of a contract with LDCo., Inc. for general construction services in an amount not to exceed \$3,581,600 at Starling Place, 7798 Starling Drive, San Diego, CA 92123, which the San Diego Housing Commission owns and manages.

STAFF RECOMMENDATION

That the San Diego Housing Commission (SDHC) Board of Commissioners (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 \$3,581,600 for general construction services at Starling Place, 7798 Starling Drive, San Diego, CA 92123, which SDHC owns and manages. The contract term shall align with the completion date, inclusive of any approved extensions, required by the State of California Department of Housing and Community Development (HCD) Homekey+ Program. This date is currently December 14, 2026.
- 2) Authorize the President and CEO, or designee, to use the previously SDHC Board-approved Hard Cost budget and amend the contract, as needed, as long the total amount of the amendments does not exceed \$4,599,493 without further approval from the SDHC Board. The surplus budget will not be expended unless there is a demonstrated need.
- 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 project Hard Cost budget of \$4,599,493, 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.

SUMMARY

Starling Place, originally built in 1975 and expanded in 2020, consists of one three-story elevator-served structure with 90 units. Each unit is equipped with a private bathroom and kitchenette. The property also includes two common laundry rooms.

On April 10, 2026, SDHC completed its purchase of the property to create affordable rental housing units with supportive services for households experiencing homelessness in the City of San Diego. The SDHC Board previously approved the project budget on January 16, 2026. The project budget consists of funds from the HCD Homekey+ Program grant, the City of San Diego, and County of San Diego funds.

The property previously operated as short-term vacation rental apartments and as an extended stay hotel. SDHC engaged SGPA Architecture and Planning (SGPA) as the project architect to design the project and process construction plans through the City of San Diego Development Services Department under their "Affordable Housing Permit Now" process. This collaborative process was designed to expedite the plan approval process for qualifying deed-restricted affordable housing projects. The project plans are currently "permit ready" and will be ready for issuance following notification to the City of the selection of the General Contractor and payment of all associated fees.

The scope of work includes, but is not limited to: conversion of eight units into offices to support service providers and a common area for the residents to gather; merging two units to create a large Property Manager's unit; upgrades to existing building systems, including the replacement of the roof, to extend useful life and accommodate upgrades to life safety systems; security additions to include the installation of cameras, gates and additional exterior lighting; Americans with Disabilities Act (ADA) accessibility upgrades, including path of travel to units and common areas; other items identified in the Physical Needs Assessment; and other site improvements as able within the approved budget.

SDHC engaged in a two-step solicitation process with a Request for Qualifications (RFQ) followed by an Invitation for Bid (IFB).

On December 1, 2025, SDHC issued an RFQ for General Contracting Services, seeking well-qualified general contractors to perform the scope of work at the property. RFQ RED-26-05 included a detailed Scope of Work, a then-current draft set of architectural drawings, and supplemental information to describe the project.

The RFQ was publicly posted and made available for download on both SDHC's and the City of San Diego's PlanetBids platforms. In addition, electronic notices were sent by PlanetBids to all general contractors registered on SDHC's and the City of San Diego's portal, inviting contractors to participate in the RFQ. A total of 787 notices went to contractors, and 64 parties downloaded the RFQ. A non-mandatory preproposal virtual meeting was held on December 15, 2025, and 13 participants attended.

RFQ submittals were due on January 15, 2026, and SDHC received five responses. Using the scoring criteria outlined in the RFQ, an evaluation committee determined that submittals from LDCo., Inc., All Source Company Building Group and T. Morrissey Corporation were responsive

to the RFQ requirements, and the firms were qualified to perform the work. The evaluation committee determined that submittals from Elevate Consultants LLC and MW Vasquez Construction Co., Inc. did not meet the RFQ's threshold requirements, and that the firms did not demonstrate the necessary qualifications to perform the work.

The second step of the solicitation process was the issuance of an Invitation for Bid (IFB) to the qualified and responsive respondents to the RFQ, on April 27, 2026. The IFB closed on May 22, 2026, and two firms provided responses. T. Morrissey Corporation's bid was the lowest, but it was determined to be non-responsive as it excluded portions of the required scope of work. LDCo. provided the lowest responsive bid.

LDCo.'s bid for the base project scope plus a list of defined cost-add alternates totaled \$3,581,600. LDCo.'s bid was within the parameters of the capital budget the SDHC Board approved and was less than cost estimates received from a third-party firm to establish that budget. Additionally, LDCo. provided unit costs for alternates specified in the solicitation for additional improvements not included in the base scope of work. These unit costs provide the basis for negotiated allowances that are included in the contract amount. Any unused allowances will be credited back to the project by way of negative change order at the conclusion of the project.

PREVAILING WAGES

Per Section 509 of the State's Notice of Funding Availability (NOFA), the use of Homekey+ funds is subject to California's prevailing wage law (Lab. Code, § 1720 et seq.). Further, any contract executed requiring payment of prevailing wages for this project shall include applicable clauses and require the general contractor to sign and submit the prevailing wage documents prior to the start of work. The payment of prevailing wages has been included in the project budget. The proposed use of 40 Veterans Affairs Supportive Housing (VASH) Project-Based Vouchers, which SDHC administers, will require the payment of federal Davis-Bacon prevailing wages. The higher of the federal or state prevailing wages will apply.

AFFORDABLE HOUSING IMPACT

This project would support the development of 80 affordable rental housing units with supportive services for individuals experiencing homelessness with income up to 30 percent of San Diego's Area Median Income (AMI). SDHC has committed 40 VASH Project-Based Vouchers (PBVs) for VASH-eligible veterans experiencing homelessness in the City of San Diego. Additionally, 20 units will be dedicated to individuals experiencing chronic homelessness, and 20 units dedicated to individuals at risk of experiencing homelessness. The 40 VASH Project-Based Vouchers (PBVs) will be identified through referrals through the Regional Task Force on Homelessness' Coordinated Entry System. At-risk residents will be referred by the County's Safe Haven Program, with oversight by Brilliant Corners, a County-contracted service provider. Under the VASH PBV program, the tenant's rent portion is determined by using 30 percent of the adjusted annual income, with the remainder being federally subsidized up to the payment standard, subject to rent reasonableness and approval by SDHC.

FISCAL CONSIDERATIONS

The agreement with LDCo. will represent an amount not to exceed \$3,581,600. The total approved Hard Cost budget for the project is \$4,599,493. This amount is within the total development cost that was included in the development budget presented to the SDHC Board on January 16, 2026, to acquire the property.

The Fiscal Year (FY) 2027 funding sources and uses proposed to be approved by this action were included in the Housing Authority-approved FY 2027 SDHC Budget. Approving this action does not further increase the FY 2027 budget. Funding sources and uses related to the current fiscal year budget will be as follows:

Fiscal Year 2027 Funding Sources:	
State of California Homekey+	\$3,599,493
County of San Diego	\$1,000,000
Total	\$4,599,493

Fiscal Year 2027 Funding Uses:	
Hard Costs	\$4,599,493
Total	\$4,599,493

PREVIOUS SDHC BOARD OF COMMISSIONERS ACTIONS

On April 25, 2025, the SDHC Board voted 7-0 to authorize SDHC to execute a Purchase and Sales Agreement by and between SDHC and Tusore Hospitality, Inc. (Seller), with a purchase price not to exceed \$37,350,000 for the property at 7798 Starling Dr., San Diego, CA 92123. The SDHC Board also approved the commencement of Due Diligence activities and a Due Diligence budget not to exceed \$250,000. The SDHC Board also authorized SDHC to submit an application to the State of California Department of Housing and Community Development Homekey+ Program for grant funds in an amount not to exceed \$35,000,000 (Resolution No. HCR25-018).

On September 12, 2025, the SDHC Board voted 6-0 to authorize a predevelopment budget for Starling Place in an amount not to exceed \$617,504.40 (Report No. HCR25-060).

On November 7, 2025, the SDHC Board voted 5-0 to approve a Revised Resolution (Attachment 5) authorizing SDHC to apply for State Homekey+ Program grant funds. The previously approved SDHC Board resolution needed to be revised to specify that the Starling Drive property is existing housing, as defined by the regulations contained at 24 CFR 983.3 (Report No. HCR25-075).

On January 16, 2026, the SDHC Board voted 6-0 to approve the acceptance of \$26,490,313 in State of California (State) Homekey+ capital funds, \$12,134,986 in City of San Diego funds, and \$7,000,000 in County of San Diego funds to support the acquisition and upgrades of the Starling Place property; to authorize SDHC to accept and expend operating subsidy funds in the amounts of \$5,921,431 from the State Homekey+ program and \$3,360,000 from the County of San Diego; to authorize SDHC to expend \$46,326,059 to support the proposed acquisition and upgrades of the property at 7798 Starling Dr., San Diego, CA 92123, known as Starling Place; and to authorize SDHC to acquire Starling Place and complete upgrades at the property. (HCR26-011).

SDHC STRATEGIC PLAN

This item relates to Strategic Priority Area No. 3 in SDHC’s Strategic Plan for Fiscal Years 2026 – 2030: Create and Preserve Housing.

NONDISCRIMINATION ASSURANCE

At SDHC, we’re about people. We are committed to ensuring a compassionate, person-centered approach to SDHC’s programs, policies, projects and activities and serving our community impartially, fairly and without bias. We are also committed to ensuring compliance with all

applicable federal, state and local laws and protections to the extent that they affect this action relative to nondiscrimination.

LDCo. submitted a workforce report for record-keeping purposes only and their commitment to nondiscrimination policy. Staff will reach out to LDCo. if there are any concerns.

KEY STAKEHOLDERS and PROJECTED IMPACTS

Key stakeholders for the proposed upgrades at Starling Place include the Contractor, SDHC, the Serra Mesa community, the City of San Diego, County of San Diego, and individuals/households experiencing homelessness or at risk for homelessness.

ENVIRONMENTAL REVIEW

California Environmental Quality Act (CEQA)

A CEQA Notice of Exemption (NOE) was filed in March 2025 indicating the construction services at 7798 Starling Drive are exempt pursuant to CEQA Guidelines Section 15301, 15302, 15304, and 15306. The City of San Diego conducted an environmental review and determined the project is exempt from CEQA pursuant to CEQA Guidelines Sections 15301 (d) (Existing Facilities), 15302 (c) (Replacement or Reconstruction), 15304 (Minor Alterations to Land), and 15306 (Information Collection). This activity is exempt pursuant to CEQA Guidelines Section 15301 (d) (Existing Facilities), which consists of restoration or rehabilitation of deteriorated or damaged structures, facilities, or mechanical equipment to meet current standards of public health and safety; Section 15302 (c) (Replacement or Reconstruction), which consists of the replacement or reconstruction of existing utility systems and/or facilities involving negligible or no expansion of capacity; 15304 (Minor Alterations to Land), which consists of minor public or private alterations in the condition of land, water, and/or vegetation which do not involve removal of healthy, mature, scenic trees except for forestry or agricultural purposes; and 15306 (Information Collection) which consists of basic data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. These may be strictly for information gathering purposes, or as part of a study leading to an action which a public agency has not yet approved, adopted, or funded. The exceptions outlined in CEQA Guidelines Section 15300.2 would not apply as no cumulative impacts were identified, no significant effects on the environment were identified, the project is not adjacent to a scenic highway, no historical resources would be affected by the action, and the project was not identified on a list of hazardous waste sites pursuant to Section 65962.5 of the Government Code.

National Environmental Policy Act

Federal funds constitute a portion of the project's funding. Initial NEPA approval was received from the City of San Diego on April 7, 2025, and supplemental approvals were received on May 27, 2025, and December 19, 2025.

Respectfully submitted,

Josh Hoffman

Josh Hoffman
Vice President of Development Services
Real Estate Division

Approved by,

Lisa C. Jones

Lisa C. Jones
President and Chief Executive Officer
San Diego Housing Commission

Attachments: 1) Evaluation Criteria

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A printed copy is available for review during business hours at the information desk in the main lobby of SDHC's offices at 1122 Broadway, San Diego, CA 92101. Docket materials are also available in the "Governance & Legislative Affairs" section of SDHC's website at www.sdhc.org.

RFQ EVALUATION CRITERIA

Following the opening of the SOQs, the SOQs will be evaluated by an Evaluation Selection Committee. The Committee will recommend the most highly qualified to successfully deliver the Services after consideration of the RFQ criteria listed below. The submittal documents for this RFQ contained in this section must align with and reflect the elements contained in the scope of services, as described in this RFQ.

RFQ EVALUATION CRITERIA	POINT VALUES
<p>A. Minimum Threshold Requirements: Contractors will be immediately disqualified if:</p> <ul style="list-style-type: none"> • Any answers to questions 1 through 6 of <i>Section C. Essential Criteria Questions of Attachment 1 Contractor Questionnaire</i> is “NO”; • Any answers to questions 7 through 13 of <i>Section C. Essential Criteria Questions of Attachment 1 Contractor Questionnaire</i> is “YES”; • Any contract (or portion thereof), if any entered into by the Respondent that has been terminated for cause, or which required completion by another party, within the last five years; and • Any debarment or suspension, if any, from performing work for the federal government, any state or local government, or any foreign governmental entity, against the Respondent. 	Pass or Fail
<p>B. Qualifications: Qualifications will be evaluated on the following:</p> <ul style="list-style-type: none"> • Understanding of work to be performed; • Understanding of federal, state, and local requirements applicable to the Commission and for the services specified herein; • Proposed project approach, communication plan, methodology and quality assurance/quality control plans, and scheduling; • Identification of all critical functional relationships between project management, executive oversight, construction management, quality management, and environmental compliance; and • Sufficient bonding capacity and financial strength to complete the project. 	25
<p>C. Experience: Experience will be evaluated on the following:</p> <ul style="list-style-type: none"> ○ Responses to <i>Section D. Qualification Questions</i> and <i>Section E. Project References of Attachment 1 Contractor Questionnaire</i>. Respondent is required to answer questions 1 through 21 of Section D. Qualification Questions and must provide additional information to the Commission for any questions where the answer is not “0”. The Commission may require additional information from Respondent to verify the accuracy of the responses provided; ○ Experience in providing general contractor services that the Respondent and each major participant has managed and/or constructed; ○ Experience with the constructions of projects of similar scope and complexity; and ○ Experience of the proposed participants successfully working together as an integrated team. 	40

<p>D. Key Personnel and Project Readiness: Key Personnel and Project Readiness will be evaluated on the following:</p> <ul style="list-style-type: none"> ○ Responses to <i>Section B. Current Organization and Structure</i> of Attachment 1 Contractor Questionnaire. The Commission may require additional information from Respondent to verify the accuracy of the responses provided; ○ Identification of individuals (including any subconsultants) that will be assigned to the Project; ○ The qualifications and experience of Key Personnel; ○ Description of internal practices and procedures utilized to meet deadlines for construction, program reporting and fiscal requirements; ○ Outline of the ability to adhere to the Project Schedule, including the capability in responding to the IFB, preparing contracts with the Commission and subcontractors, and beginning operations in a short timeframe; and ○ Quality of detailed timeline describing the major tasks and milestones for implementing operations. 	<p>25</p>
<p>E. Non-Discrimination Contractor shall demonstrate its compliance with federal and state (as applicable) non-discrimination and equal opportunity regulations and policies. Provide a narrative detailing the Contractor’s knowledge, experience and demonstrated commitment to refrain from unfair treatment and encourage proactive inclusion of all protected classes as outlined in both applicable federal and state regulations. Be sure to provide proactive activities and initiatives which may include but are not limited to:</p> <ul style="list-style-type: none"> ○ Knowledge in the principles and practices of non-discrimination regulatory requirements; ○ Requirement/workplace practices, engagement and outreach efforts to ensure Contractor is not unlawfully discriminating in its recruitment, promotion and other related Human Resources (HR) activities; ○ Outreach and engagement efforts to ensure Contractor is not unlawfully discriminating in its subcontracting opportunities. 	<p>10</p>
<p>100 TOTAL POSSIBLE POINTS</p>	