

SAN DIEGO HOUSING COMMISSION

RESOLUTION NO. HC- 1795

DATE OF FINAL PASSAGE November 30, 2018

A RESOLUTION APPROVING A GRANT AND ADJUSTING THE TERMS OF THE GROUND LEASE BETWEEN THE SAN DIEGO HOUSING COMMISSION AND HDP QUALITY INN, LLC TO FACILITATE THE REHABILITATION OF QUALITY INN, AND RELATED ACTIONS

WHEREAS, Quality Inn, a 92-unit existing building located at 1840 Fourth Avenue, San Diego, California 92101, was acquired by the San Diego Housing Commission (Housing Commission) on December 14, 2017, for \$10,480,000, partially funded with Moving to Work funds; and

WHEREAS, the Housing Commission leased the property to HDP Quality Inn, LLC to operate permanent supportive housing for San Diegans experiencing homelessness, including transitional aged youth, veterans, seniors, and adults with mental disabilities; and

WHEREAS, Quality Inn supports the creation of permanent housing opportunities through HOUSING FIRST – SAN DIEGO, the Housing Commission’s homelessness action plan, for San Diegans experiencing homelessness; and

WHEREAS, on November 30, 2018, the Housing Commission Board of Commissioners heard and recommended that the Housing Commission grant up to \$5,602,926 to HDP Quality Inn, LLC, a California limited liability company, of which Housing Development Partners (HDP), the Housing Commission’s nonprofit affiliate, is the managing member, to facilitate the proposed rehabilitation of Quality Inn, as described in Housing Commission Report No. HCR18-068; and

WHEREAS, The Housing Commission’s proposed grant will be part of the developer’s third-party funding commitments, including a California Mental Health Services Act (MHSA) loan of \$2,704,500; a Home Depot grant of \$400,000; and a bank loan of \$4,912,920 as described in

Housing Commission Report No. HCR18-068; and

WHEREAS, to obtain funding for the rehabilitation and permanent financing of the property, the ground lease terms must be adjusted to match the Housing Commission's standard ground lease rent structure, which requires rents at 4.5 percent of annual gross income, up to 100 percent of the project's cash flow; NOW THEREFORE,

BE IT RESOLVED, that the Housing Commission approves a grant of up to \$5,602,926 to HDP Quality Inn LLC, a California limited liability company, of which Housing Development Partners (HDP), the Housing Commission's nonprofit affiliate, is the managing member, to facilitate the proposed rehabilitation of Quality Inn, a 92-unit existing development, located at 1840 Fourth Avenue, San Diego 92101, which will include 91 units that will remain affordable for 55 years for transitional aged youth, veterans, seniors, and adults with mental disabilities who are experiencing homelessness.

BE IT FURTHER RESOLVED, by the Housing Commission that the terms of the 65-year ground lease from the Housing Commission to HDP Quality Inn, LLC are adjusted so that the annual ground rent will equal the lesser of: (i) 4.5 percent of HDP Quality Inn, LLC's gross annual income; or (ii) 100 percent of HDP Quality Inn, LLC's cash flow.

BE IT FURTHER RESOLVED, by the Housing Commission that the Executive Vice President and Chief of Staff (Executive Vice President), or designee, is authorized:

- a. To adjust financing terms/conditions as necessary for consistency with requirements of other funding sources or to accommodate market changes that may occur, provided that the proposed \$5,602,926 maximum grant amount may not increase.
- b. To substitute approved funding sources with any other available funds as deemed appropriate, contingent upon budget availability, and further authorize the Executive Vice President, or designee, to take such actions as are necessary, convenient and/or appropriate

to implement this approval and delegation of authority by the Housing Commission upon advice of General Counsel.

BE IT FURTHER RESOLVED that his project's proposed rehabilitation is categorically exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to section 15301 of the State CEQA Guidelines because the project is an existing facility and the proposed actions do not involve expansion of the existing use. This project may be partially funded with federal Moving to Work (MTW) grant funds. The activities described herein are Categorically Excluded subject to Section 58.5 from the National Environmental Policy Act (NEPA) pursuant to Section 58.35(a)(3) of Title 24 of the Code of Federal Regulations. The City of San Diego and the Housing Commission have conducted a limited Environmental Review of this project as required under Section 58.35(a), and have determined that this project converts to exempt status per Section 58.34(a)(12). A copy of the Environmental Review is on file in the Environmental Review Record.

THIS ACTION BECAME FINAL ON DECEMBER 7, 2018, pursuant to the provisions of San Diego Municipal Code Section 98.0301(e)(1).

APPROVED: Charles Christensen, General Counsel

By *Charles Christensen*
Charles Christensen
General Counsel

Passed and adopted by the San Diego Housing Commission on November 30, 2018, and finalized on December 7, 2018, pursuant to the provisions of San Diego Municipal Code Section 98.0301(e)(1), by the following vote:

	Yeas	Nays	Excused	Not Present
Frank Urtasun	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Stefanie Benvenuto	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ryan Clumpner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Margaret Davis	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Johanna Hester	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kellee Hubbard	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tim Walsh	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

AUTHENTICATED BY:

Frank Urtasun

Chair of the San Diego Housing Commission

Richard C. Gentry

President & Chief Executive Officer of the
San Diego Housing Commission

I HEREBY CERTIFY that the above and foregoing is a full, true and correct copy of RESOLUTION NO. **1795** passed and adopted by the San Diego Housing Commission on November 30, 2018, and finalized on December 7, 2018.

By: _____



Scott Marshall
Secretary of the San Diego Housing Commission