



REPORT

DATE: For the Agenda of January 31, 2003 **ITEM 106**

REPORT NO.: HCR02-107 SUPPLEMENTAL

SUBJECT: Modification of Lease for 252 16th Street (Council District 8)

SUMMARY

On December 13, 2002, the Housing Commission Board unanimously approved modifying the existing lease of the Housing Commission owned parking lot located at 252 16th Street. The existing lease for the 22-space parking lot requires an annual payment of \$1. The new lease terms, approved by the Housing Commission Board, resulted in a term of two years with three successive one-year options to extend the lease. The initial year's lease payment would be \$50 per space, per month or \$13,200. Each subsequent year the lease payment will be increased by 4.5 percent or the percentage increase in the Consumer Price Index, whichever is greater.

Since that meeting, the Housing Commission received a letter requesting reconsideration of the duration of the lease term. The lessee, Mr. William Ayyad is requesting that the term be as originally recommended (five years). Mr. Ayyad's letter is included as Attachment 1 and the original report (HCR02-107-Modification of Lease for 252 16th Street (Council District 8) is included as Attachment 2.

Housing Commission staff, on behalf of Mr. Ayyad, is requesting reconsideration of the lease term.

Respectfully submitted,

Approved by,

Signature on File with Original Document

Jack D. Farris
Housing Finance and Development Manager

Elizabeth C. Morris
Chief Executive Officer



UNITED DEVELOPMENT GROUP
INC.

December 26, 2002

Sal Salas
Chair of the Housing Commission
1625 Newton Ave.
San Diego, CA 92113

RE: Parking Lot Lease Terms
16th St., San Diego, California

Dear Sal:

We would like to thank you for your recent review of our proposal of the lease terms for the parking lot for our Ballpark Place apartments downtown, but at this time we are asking that we be placed on the docket again to appeal your findings.

Our main concern for requesting another meeting is the length of the term. We had requested at least a five-year term, and we were only offered a two-year term with three one-year options.

We believe it is very critical that the term be at least five years. As you are aware, currently parking for our residents is extremely difficult and will only get worse, as the new Stadium and the addition of new condominiums are completed. Ballpark Place is a 100-unit apartment building with only 84 parking spaces, including the spaces within your lot. We believe Ballpark Place provides affordable housing to an area where it is at present very difficult to find. We felt so adamant about the parking situation, and that area in general, that we took a vacant piece of land, which was an eyesore where homeless and drug dealers loitered, and we decided to renovate the City's lot for parking at our expense.

In addition to the reasons above, we also would like to add that we believe the City would benefit most by the continuation of the lease. We have done extensive research on the use and valuation of the lot in question, and we have come to the conclusion that it does not retain much value, except for providing our tenants a place to park. The lot is too small for most of any type of development, and we strongly believe that there are fault lines beneath the surface, which would also prevent any further development. The site is also located next door to the liquor store, that is the #1 attraction for loitering and illegal activities. This particular site is also not a desirable housing location due to its close proximity to the R.T.S. bus operations and toxic environment.

We understand the Housing Commission's desire to create revenue or retain land for the future development of affordable housing, and we believe that the most money would be generated through the leasing of the lot or the sale at a premium over its appraised value.

We thank you in advance for your time and consideration and are looking forward to next our meeting.

Sincerely,

Jamo Kennedy
Sales & Acquisitions
United Development Group, INC.

Cc: Ana Molina