

HOUSING AUTHORITY OF

THE CITY OF SAN DIEGO

RESOLUTION NUMBER HA- 2019

DATE OF FINAL PASSAGE June 25, 2024

A RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO AUTHORIZING THE SAN DIEGO HOUSING COMMISSION TO ACCEPT \$35,000,000 IN STATE OF CALIFORNIA HOMEKEY PROGRAM FUNDS, \$17,806,432 IN CITY OF SAN DIEGO HOME INVESTMENT PARTNERSHIPS AMERICAN RESCUE PLAN ACT (HOME-ARP) FUNDS, \$17,806,432 IN COUNTY OF SAN DIEGO AMERICAN RESCUE PLAN ACT (ARPA) FUNDS, AND \$1,100,000 IN SAN DIEGO REGIONAL TASK FORCE ON HOMELESSNESS FUNDS; TO EXPEND \$71,712,864 FOR THE ACQUISITION AND REHABILITATION OF REAL PROPERTY KNOWN AS EXTENDED STAY AMERICA AT 2087 HOTEL CIRCLE SOUTH, SAN DIEGO, CALIFORNIA (PROPERTY); AND TO ACQUIRE AND REHABILITATE THE PROPERTY, TO BE KNOWN AS PRESIDIO PALMS.

WHEREAS, the State Department of Housing and Community Development (Department) issued a Notice of Funding Availability (NOFA), dated March 29, 2023, for the Homekey Program, which continues a statewide effort to sustain and rapidly expand housing for persons experiencing homelessness or at-risk of homelessness, and who are, thereby, disproportionately impacted by and at increased risk for medical diseases or conditions due to the COVID-19 pandemic or other communicable diseases. The Department issued the NOFA for Homekey Program grant funds under Assembly Bill 140 (2021-2022 Regular Session), which provided the statutory basis for Round 3 of the Homekey Program by adding California Health and Safety Code section 50675.1.3; and

WHEREAS, through the Homekey Program, the Department made \$736 million in grant funding available to local public entities, including cities, counties, or other local public entities,

including housing authorities or federally recognized tribal governments within California; and

WHEREAS, Department awarded funds may be used for acquisition or rehabilitation of hotels, apartments, or homes, including manufactured housing, to be converted into permanent or interim housing; conversion of nonresidential properties into residential units; new construction; master leasing of properties for non-congregate housing; purchase of affordability covenants and restrictions for units; relocation costs for individuals being displaced as a result of the Homekey Program project; and capitalized operating subsidies for units purchased, converted, constructed, or altered; and

WHEREAS, Homekey Program funds consist of \$435 million derived from the federal Coronavirus State Fiscal Recovery Fund (CSFRF), established by the federal American Rescue Plan Act of 2021 (ARPA) (Public Law 117- 2), and \$301 million from the state's general fund; and

WHEREAS, the Department is authorized to administer the Homekey Program under the Multifamily Housing Program (California Health and Safety Code sections 50675-50675.15). Homekey Program funding allocations are subject to the terms and conditions of the NOFA, ARPA guidance, the Homekey Program application, the Department-approved STD 213, Standard Agreement (Standard Agreement), and all other legal requirements of the Homekey Program; and

WHEREAS, in April 2023, the Board of Commissioners of the Housing Commission (Board) authorized the execution of a Purchase and Sales Agreement for the Extended Stay America property, to be known as Presidio Palms, located at 2087 Hotel Circle South, San Diego, CA (Presidio Palms), commencing due diligence activities in compliance with the Housing Commission's acquisition policy; and

WHEREAS, the San Diego Housing Commission (Housing Commission) submitted an application to the Department on July 28, 2023, for \$38,500,000 of Homekey funds to support the acquisition and rehabilitation of Presidio Palms; and

WHEREAS, on February 13, 2024, the Department informed the Housing Commission of a conditional award of \$35,000,000 in Homekey funds for the Presidio Palms project; and

WHEREAS, the proposed Presidio Palms project consists of 161 units dedicated to individuals experiencing homelessness who have income up to 30 percent of San Diego's Area Median Income, two managers' units and two units to be used as a service provider offices; and

WHEREAS, the Housing Commission has committed 161 federal Project-Based Housing Vouchers (PBVs) to help pay rent at Presidio Palms for residents experiencing homelessness, of which 40 PBVs are for transition-age youth experiencing homelessness, 40 PBVs are for people experiencing chronic homelessness, and 81 PBVs are for people who are literally homeless. Under the PBV program, the tenant's rent is determined by using the applicable minimum rent or a calculated amount based on their income level, whichever is higher, with the remainder being federally subsidized up to a gross rent level approved by the Housing Commission. Residents will be identified through referrals from the Coordinated Entry System and would include individuals experiencing chronic homelessness with serious mental illness; and

WHEREAS, Housing Commission has secured the commitment of \$17,806,432 in City of San Diego HOME Investment Partnerships American Rescue Plan (HOME-ARP) funds, \$17,806,432 in County of San Diego American Rescue Plan Act (ARPA) funds, and \$1,100,000 in San Diego Regional Task Force on Homelessness funds for the acquisition and rehabilitation of Presidio Palms; and

WHEREAS, in addition to \$17,806,432 in capital funds, the County of San Diego has

committed to providing \$8,521,435 over five years toward necessary behavioral health supportive services for Presidio Palms through a Memorandum of Agreement (MOA) with the County of San Diego Health and Human Services Agency; and

WHEREAS, all 161 households will receive the following supportive services: outreach and engagement; mental health services; healthcare and physical health services; behavioral health services; substance use services; case management; care coordination; life skills training; education and employment services; assistance obtaining benefits; and essential documentation and transportation services; and

WHEREAS, the Housing Commission anticipates that its staff will provide property management in the form of one on-site property manager, one on-site assistant property manager, and two custodians and site cleaners; and

WHEREAS, once acquired, the property will undergo the following rehabilitation: upgrades to existing building systems to extend useful life and accommodate upgrades to life safety systems; security additions to include the installation of cameras and additional exterior lighting; painting of the interior and exterior of the building; accessibility upgrades, including path of travel to units and common areas; termite fumigation; other items identified in the Physical Needs Assessment; and other site improvements within the approved budget; and

WHEREAS, Housing Commission staff engaged in extensive due diligence activities and did not identify findings that would prevent the recommendation of acquiring the property; and

WHEREAS, Kinetic Valuation Group (KVG) completed an appraisal of the property's fee simple interest and determined the market value for its existing use as of May 3, 2023, is \$60,780,000 (\$368,363 per unit); and

WHEREAS, Housing Commission staff hired BTI Appraisal to complete a peer review

of the KVG appraisal. The BTI peer review found the KVG appraisal acceptable. The County of San Diego Department of General Services Real Estate Valuation also completed an appraisal review and found that the KVG appraisal complied with the Uniform Standards of Professional Appraisal Practice and the appraiser's analysis of the selected market data were appropriate and produced reasonable results; and

WHEREAS, although not required by the funding sources and Housing Commission Policy PO-RED-374.02, Housing Commission staff received an updated appraisal from KVG as of May 20, 2024, with an appraised value of \$59,540,000; and

WHEREAS, the City of San Diego (City) staff conducted an environmental review and determined the authorization to accept funds and to acquire and rehabilitate the Presidio Palms (Project) is categorically exempt from the California Environmental Quality Act (CEQA) under CEQA Guidelines Section 15301 (Existing Facilities) and 15304 (Minor Alterations to Land), and that no exception to the exemptions, as set forth in CEQA Guidelines Section 15300.2, applies to the Project; and

WHEREAS, City staff determined that the Project is categorically excluded from the National Environmental Policy Act (NEPA) under Title 24 of the Code of Federal Regulations, section 58.35(a)(3)(ii), regarding rehabilitation of buildings and improvements, and is subject to Title 24 of the Code of Federal Regulations, section 58.5; and

WHEREAS, on May 10, 2024, the Board voted unanimously to recommend that the Housing Authority authorize the staff-recommended actions; and

WHEREAS, the Office of the City Attorney has drafted this resolution based on the information provided by Housing Commission staff, and verified by the Housing Commission's

General Counsel, with the understanding that this information is sufficient to allow for a proper and complete analysis of this matter; NOW, THEREFORE,

BE IT RESOLVED, by the Housing Authority, as follows:

1. The Housing Commission is authorized to accept and expend \$35,000,000 in State Homekey Program funds, \$17,806,432 in City of San Diego HOME Investment Partnerships American Rescue Plan (HOME-ARP) funds, \$17,806,432 in County of San Diego American Rescue Plan Act (ARPA) funds, and \$1,100,000 in San Diego Regional Task Force on Homelessness funds for the acquisition and rehabilitation of the real property currently known as the Extended Stay America at 2087 Hotel Circle South, San Diego, CA 92108 (Property), which will be known as Presidio Palms.

2. The Housing Commission is authorized to acquire the Property under that certain Purchase and Sale Agreement (PSA) for the Property, dated April 20, 2023, with the seller ESA P Portfolio LLC, a Delaware limited liability company.

3. The Housing Commission's President and Chief Executive Officer (President and CEO), or designee, is authorized to take such actions and perform such acts as are necessary to acquire the Property in clear fee simple title from ESA P Portfolio LLC.

4. The Housing Commission's President and CEO, or designee, is authorized to execute and record an affordability covenant against the title to the Property for 55 years, with 161 units required to remain affordable for households experiencing homelessness with income at or below 30 percent of AMI and two unrestricted units used as property manager's units, for 163 total studio units.

5. The Housing Commission is authorized to purchase the Property, complete all associated closing activities, and pay all closing costs, remediation, and upgrades to the

Property, using \$35,000,000 in State Department of Housing and Community Development Homekey Program Round 3 (Homekey) funds; \$17,806,432 in City of San Diego HOME Investment Partnerships American Rescue Plan (HOME-ARP) funds; \$17,806,432 in County of San Diego American Rescue Plan Act (ARPA) funds; and \$1,100,000 in San Diego Regional Task Force on Homelessness funds.

6. The Housing Commission's President and CEO, or designee, is authorized to execute all documents and instruments that are necessary and appropriate to implement this resolution, in a form approved by Housing Commission's General Counsel, and to take such actions as are necessary and/or appropriate to implement these approvals upon the advice of General Counsel, to allow the Housing Commission to acquire the Property on terms and conditions described in the Staff Report, as approved by General Counsel.

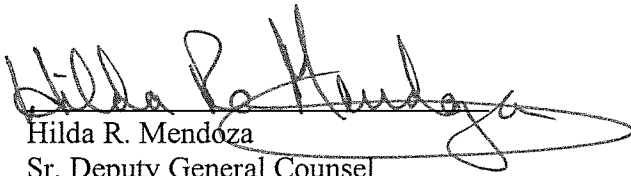
7. The rehabilitation and project budgets are approved, including the transfer or reallocation of funds between any and all funding use line items within the total approved rehabilitation and project budget, provided the total rehabilitation and project budget amount after any and all transfers or reallocations does not exceed the previously approved budget total, in any instances when the operational needs arise or when such actions are to the benefit of the Housing Commission and its mission, associated with the purchase and rehabilitation of the Property are authorized.

8. The Housing Commission's President and CEO, or designee, is authorized to take such actions and perform such acts as necessary for the recruitment and hiring of staff for the ongoing operations of Presidio Palms.

9. Housing Commission staff will notify the Housing Authority and the City Attorney's Office about any subsequent amendments or modifications to any documents

and budgets authorized to implement this resolution, and other required documents,  
including amendments to any documents and budgets.

APPROVED: MARA W. ELLIOTT, General Counsel

By   
Hilda R. Mendoza  
Sr. Deputy General Counsel

HRM:nja  
06/04/2024  
Or. Dept: SDHC  
Doc. No. 3670504



Passed and adopted by the Housing Authority of the City of San Diego on June 25, 2024, by the following vote:

	<b>Yeas</b>	<b>Nays</b>	<b>Excused</b>	<b>Not Present</b>
Joe LaCava	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jennifer Campbell	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Stephen Whitburn	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Henry Foster III	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marni von Wilpert	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chris Cate	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Raul Campillo	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Vivian Moreno	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sean Elo-Rivera	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**AUTHENTICATED BY:**

**Lisa Jones**

Executive Director of the Housing Authority  
of the City of San Diego, California

I HEREBY CERTIFY that the above and foregoing is a full, true and correct copy of  
RESOLUTION NO. 2019 passed and adopted by the Housing Authority of the City of San Diego,  
California on June 25, 2024.

By:



**Scott Marshall**

Deputy Secretary of the Housing Authority  
of the City of San Diego, California