

HOUSING AUTHORITY OF

THE CITY OF SAN DIEGO

RESOLUTION NUMBER HA- **1586**

DATE OF FINAL PASSAGE **JUN 11 2013**

A RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO APPROVING A MEMORANDUM OF AGREEMENT AND LETTER OF INTENT BETWEEN THE SAN DIEGO HOUSING COMMISSION AND HOUSING DEVELOPMENT PARTNERS OF SAN DIEGO, OR A TO-BE-FORMED AFFILIATED ENTITY, FOR THE LEASE AND REHABILITATION OF THE HOTEL CHURCHILL AT 827 C STREET, IN THE CITY OF SAN DIEGO; APPROVING A \$3,800,000 RESIDUAL RECEIPTS LOAN TO HDP; APPROVING AN AGREEMENT BETWEEN THE HOUSING COMMISSION AND HDP FOR UP TO \$8,296,409 IN FEDERAL MOVING-TO-WORK FUNDS; APPROVING AN INTERIM REDEVELOPMENT BUDGET; AUTHORIZING THE INTERIM EXECUTIVE VICE PRESIDENT AND CHIEF OPERATING OFFICER OF THE HOUSING COMMISSION TO IMPLEMENT THESE APPROVALS; AND RELATED ACTIONS

WHEREAS, the San Diego Housing Commission (Housing Commission) is the owner of the Hotel Churchill, located at 827 C Street in the City of San Diego, California; and

WHEREAS, the Hotel Churchill is a vacant 94-unit Single Room Occupancy (SRO) hotel that is in significant disrepair and currently is uninhabitable. The Hotel Churchill is approximately 100 years old and is designated as a local historical resource by the City of San Diego; and

WHEREAS, the Housing Commission desires to rehabilitate the Hotel Churchill as described in Housing Authority Report No. HAR 13-015 (the Report). Rehabilitation of the Hotel Churchill will preserve affordable housing in the City of San Diego and further the public policy of reducing homelessness and creating safe, decent and sanitary housing; and

WHEREAS, the Housing Commission intends that, when rehabilitated, the Hotel Churchill's housing units will be available for occupancy by low and very low income persons; and

WHEREAS, on May 10, 2013, the Board of Commissioners of the Housing Commission heard and recommended that the Housing Authority approve implementation of the proposed development plan, as described herein and in the Report; and

WHEREAS, the Housing Commission further recommended the selection of Housing Development Partners of San Diego (HDP), a California 501(c)(3) non-profit public benefit corporation, or a to-be-formed entity affiliated with HDP, as the developer for the Hotel Churchill's proposed rehabilitation. HDP is an affiliate of the Housing Commission, which was established by the Housing Commission to acquire and develop low and moderate income housing and to provide service-related housing; NOW, THEREFORE,

BE IT RESOLVED, that the Housing Authority of the City of San Diego approves the development plan for the rehabilitation of the Hotel Churchill as set forth in more detail in Housing Authority Report No. HAR 13-105.

BE IT FURTHER RESOLVED, that the Housing Commission is authorized to enter into a developer services Memorandum of Agreement (MOA), designating HDP or a to-be-formed entity as the developer for the rehabilitation of the Hotel Churchill for not less than 57 Single Room Occupancy units, with the total number of units currently estimated to be 67 SRO units.

BE IT FURTHER RESOLVED, that the Housing Commission is authorized to enter into a Letter of Intent (LOI) on terms referenced in the LOI, with HDP or a to-be-formed entity, for a 65-year lease of the Hotel Churchill.

BE IT FURTHER RESOLVED, that the Housing Commission is authorized to provide an up to \$3,800,000 residual receipts loan, to be funded with a combination of HOME Investment Partnership (HOME) funds, Inclusionary Affordable Housing funds, and/or SRO Inclusionary In-Lieu funds, to HDP or a to-be-formed entity, for the lease and rehabilitation of the Hotel Churchill, including architectural and other development fees and expenses.

BE IT FURTHER RESOLVED, that the Housing Commission is authorized to enter into an agreement to provide up to \$8,296,409 in federal Moving-to-Work (MTW) program funds to HDP or a to-be-formed affiliated entity, as approved by the Housing Commission, for the lease and rehabilitation of the Hotel Churchill.

BE IT FURTHER RESOLVED, that the Housing Authority approves an interim predevelopment budget of \$250,000 in Housing Commission SRO In-Lieu funds to be utilized for predevelopment expenses to be incurred by the Housing Commission, or by HDP, to expedite the project, with the right to assign any unexpended portion of the interim predevelopment budget to HDP for the same use and to assign any and all work product developed by the Housing Commission concerning the Hotel Churchill, including, but not limited to, that work product developed under the interim predevelopment budget, to HDP or a to-be-formed entity.

BE IT FURTHER RESOLVED, that the Interim Executive Vice President and Chief Operating Officer of the Housing Commission, or designee, is authorized to:

1. Execute any and all documents and to perform such acts as are necessary or appropriate to implement these approvals, including without limitation the execution of the final agreements contemplated in the items approved by this action, upon the advice and consent of the General Counsel of the Housing Commission.

2. Adjust funding terms/conditions as necessary for consistency with requirements of other funding sources or to accommodate market changes that may occur after approval of this action but before the close of escrow, provided, however, that the combined maximum Housing Commission funding amount of \$12,096,409 and the \$19,101,400 maximum estimated total development cost (TDC) may not increase.

3. Allow the substitution of any portion of the proposed funding sources identified above with alternate funding sources, provided that the substituted funds are available within the Housing Authority-approved budget of the Housing Commission and/or are made available from third-party sources upon terms and conditions which are financially beneficial and commercially reasonable for the project, as determined by the Interim Executive Vice President and Chief Operating Officer upon advice of General Counsel, should the operational need arise or should such actions be to the benefit of the Housing Commission and its mission, and provided that the total project Housing Commission loan amount and maximum estimated TDC after substitution does not exceed the amounts approved by this action, and provided further that funding substitutions shall be memorialized in an Information Report at the next scheduled Housing Commission Board Meeting.

BE IT FURTHER RESOLVED, that the proposed development activities set forth in the Report are covered under the Final Environmental Impact Report for the San Diego Downtown Community Plan, Centre City Planned District Ordinance and 10th Amendment to the Redevelopment Plan for the Centre City Redevelopment Project, which was certified by the Redevelopment Agency by Resolution R-04001 and by the San Diego City Council by Resolution R-301265 on March 14, 2006, and the Addenda certified thereafter in 2007 and 2010 (Downtown EIR).


BE IT FURTHER RESOLVED, that this project will be partially funded with federal HOME and MTW funds. A final reservation of HOME and MTW funds shall occur only upon satisfactory completion of environmental review under the National Environmental Policy Act (NEPA) and the City of San Diego's receipt of a release of funds from the U.S. Department of Housing and Urban Development. The release of funds is anticipated to be received on or about September, 2013. The Housing Authority and the developer have agreed that the provision of any HOME and MTW funds to the project is conditioned on the City of San Diego's determination to proceed with, modify, or cancel the project, based on the results of a subsequent environmental review under NEPA.

BE IT FURTHER RESOLVED, that the project will be required to treat the historic building consistently with the U.S. Secretary of the Interior's Standards and in compliance with City of San Diego Land Development Code (Historical Resources Regulations). Additionally, requirements of the adopted Final Mitigation, Monitoring and Reporting Program (MMRP) for the Downtown EIR will be applied at the time of project review and permitting.

BE IT FURTHER RESOLVED, that the predevelopment activities proposed in the Report do not fall within the definition of "project" under the California Environmental Quality Act (CEQA) Guidelines section 15378 since they involve predevelopment fiscal activities which, on their own accord, will not cause a significant environmental impact, and therefore, these activities are not subject to CEQA pursuant to State CEQA Guidelines section 15060(3). This determination is predicated on section 15004 of the Guidelines, which provides direction to lead agencies on the appropriate timing for environmental review. The project for which this design

contract is intended will require preparation of an environmental document in accordance with the State CEQA Guidelines. These activities are further exempt from NEPA because no federal funds are being used or committed pursuant to these predevelopment activities.

APPROVED: JAN I. GOLDSMITH, General Counsel

By 
Leslie FitzGerald
Chief Deputy General Counsel

LAF:nja
05/15/13
Or.Dept: SDHC
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