

SAN DIEGO HOUSING COMMISSION

RESOLUTION NO. HC - 1979

DATE OF FINAL PASSAGE April 20, 2023

A RESOLUTION APPROVING THE EXECUTION OF A PURCHASE AND SALE AGREEMENT (PSA) FOR THREE EXTENDED STAY AMERICA HOTEL PROPERTIES, LOCATED AT 2085-95 HOTEL CIRCLE SOUTH, SAN DIEGO, 92108; 3860 MURPHY CANYON ROAD, SAN DIEGO, 92123; AND 7440-50 MISSION VALLEY ROAD, SAN DIEGO, 92108, IN AN AMOUNT NOT TO EXCEED \$157,875,000; THE EXECUTION OF A COMPENSATION AGREEMENT WITH MARCUS AND MILLICHAP, AUTHORIZING PAYMENT BY THE SAN DIEGO HOUSING COMMISSION OF A FINDER'S FEE TO MARCUS AND MILLICHAP IN AN AMOUNT NOT TO EXCEED \$783,469; THE DUE DILIGENCE BUDGET NOT TO EXCEED \$750,000; AND RELATED ACTIONS

WHEREAS, the San Diego Housing Commission (Housing Commission) has worked to identify sites to potentially create affordable housing units to address the shelter crisis in the City of San Diego, which the San Diego City Council declared February 7, 2022, and which remains in effect;

WHEREAS, executing a Purchase and Sale Agreement (PSA) with respect to the properties is necessary before the Housing Commission can obtain the site control necessary to perform required and necessary due diligence;

WHEREAS, Marcus & Millichap made the Housing Commission aware of the Seller's intention to sell the Properties on January 24, 2022; however, the Housing Commission elected at that time not to proceed with respect to these properties;

WHEREAS, in October and November 2022, the Seller's broker approached the Housing Commission, and given a change in circumstances, the Housing Commission engaged in negotiations; and

WHEREAS, Marcus & Millichap has agreed to waive its rights to receive compensation with respect to any other properties that M&M previously presented to Housing Commission staff, provided that, if the Housing Commission closes on one or more of the Properties described in Housing Commission Report HCR23-055, the Housing Commission will pay Marcus & Millichap a finder's fee equal to one half of the amount Marcus & Millichap would be entitled to receive under the Housing Commission's prior contract with Marcus & Millichap. Thus, the combined seller commissions and finder's fees payable Marcus & Millichap will be less than the amount set forth in the Housing Commission's prior contract with Marcus & Millichap;

WHEREAS, on April 20, 2023, the Board of Commissioners of the San Diego Housing Commission heard and recommended that the Housing Commission execute a PSA between the Housing Commission and ESA P Portfolio, LLC (Seller), with an aggregate purchase price not to exceed \$157,875,000 for the properties located at 2085-95 Hotel Circle South, San Diego, California 92108 (\$65,175,000); 3860 Murphy Canyon Road, San Diego, CA 92123 (\$40,700,000); and 7440-50 Mission Valley Road, San Diego, CA 92108 (\$52,000,000), provided that the Housing Commission may purchase any one or two of the Properties, rather than all of the Properties, for the individual purchase prices set forth in Housing Commission Report HCR23-055; and

WHEREAS, the Housing Commission Board of Commissioners further heard and recommended that the Housing Commission execute a Compensation Agreement with Marcus & Millichap regarding the Housing Commission's payment of a finder's fee to Marcus & Millichap not to exceed \$783,649, payable upon escrow closing of the properties, as more particularly described in Housing Commission Report HCR23-055;

NOW THEREFORE,

BE IT RESOLVED, by the Housing Commission Board of Commissioners that the Housing Commission is hereby authorized to execute a Purchase and Sale Agreement (PSA) between the Housing Commission and ESA P Portfolio, LLC, with an aggregate purchase price not to exceed \$157,875,000 for the properties located at 2085-95 Hotel Circle South, San Diego, California 92108 (\$65,175,000); 3860 Murphy Canyon Road, San Diego, CA 92123 (\$40,700,000); and 7440-50 Mission Valley Road, San Diego, CA 92108 (\$52,000,000); provided that the Housing Commission may purchase any one or two of the Properties, rather than all of the Properties, for the individual purchase prices and on the terms and conditions more particularly described in Housing Commission Report HCR23-055.

BE IT FURTHER RESOLVED by the Housing Commission Board of Commissioners that the Housing Commission is authorized to make an initial refundable Earnest Money Deposit not to exceed \$150,000 as detailed in Housing Commission Report No. HCR23-055, and if the Housing Commission elects to proceed with the purchase of one or more of the Properties after completion of Due Diligence, the Housing Commission is authorized to make an additional, but nonrefundable, Earnest Money Deposit not to exceed \$50,000 per Property, as detailed in Housing Commission Report HCR23-055.

BE IT FURTHER RESOLVED by the Housing Commission Board of Commissioners that the Housing Commission is authorized to commence Due Diligence, and the Due Diligence budget shall not exceed \$750,000, as set forth in Housing Commission Report No. HCR23-055.

BE IT FURTHER RESOLVED by the Housing Commission Board of Commissioners that the Housing Commission's President and Chief Executive Officer, or designee, is authorized to execute a Compensation Agreement between the Housing Commission and Marcus & Millichap regarding the Housing Commission's payment of a finder's fee to Marcus & Millichap not to exceed

\$783,469, payable upon escrow closing of the Properties, as described more particularly in Housing Commission Report No. HCR23-055.

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

1. Execute all documents and instruments that are necessary and/or appropriate to implement these approvals, in a form approved by General Counsel, and to take such actions as are necessary and/or appropriate to implement these approvals upon the advice of General Counsel, provided that a copy of the documents, signed as to form by General Counsel, is submitted to each Housing Commissioner;
2. Substitute approved funding sources with any other available funds as deemed appropriate, contingent upon budget availability.

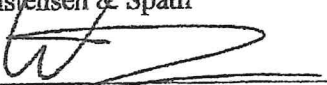
BE IT FURTHER RESOLVED that the activities set forth in Housing Commission Report HCR23-055 are covered under the following:

California Environmental Quality Act.

The proposed activities are categorically exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Section 15301 (Existing Facilities) of the State CEQA Guidelines because the Properties are existing facilities and the proposed activities do not involve expansion of the existing use(s). Federal funds will constitute a portion of the funding for these activities. The parties agree that the provision of any federal funds as the result of this action is conditioned on the City of San Diego's final NEPA review and approval. NEPA approval was obtained from the City of San Diego on March 29, 2023.

Approved as to Form
Christensen & Spath

By



Walter F. Spath III
General Counsel
San Diego Housing Commission

I certify that the foregoing actions in this Resolution were approved by the San Diego Housing Commission Board of Commissioners at its meeting on April 20, 2023.

By



Scott Marshall
Vice President, Communications &
Government Relations

Approved:



Jeff Davis
Interim President & Chief Executive Officer
San Diego Housing Commission

Passed and adopted by the San Diego Housing Commission on April 20, 2023, and finalized on April 27, 2023, pursuant to the provisions of San Diego Municipal Code Section 98.0301(e)(1), by the following vote:

	Yeas	Nays	Excused	Not Present
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"/>
Johanna Hester	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Kellee Hubbard	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Eugene "Mitch" Mitchell	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Melinda K. Vásquez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

AUTHENTICATED BY:

Jeff Davis

Interim 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. 1979 passed by the San Diego Housing Commission on April 20, 2023, and
finalized on April 27, 2023.

By:



Scott Marshall

Secretary of the San Diego Housing Commission