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San Diego Housing Commission (SDHC)
Ramada Inn – Construction Design Phase Expense and Contract with
Sillman for Architecture Services
Presentation to the SDHC Board of Commissioners
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SDHC: Ramada Inn – Design & Permitting Process

Introduction

- **July 8, 2022:** SDHC Board of Commissioners approved the execution of a Purchase and Sale Agreement (PSA) for the property at 3737-3747 Midway Drive, San Diego, CA 92110 (Resolution HC-1954).
- After SDHC Board approval to execute the PSA, SDHC staff engaged with Sillman, an architecture firm, to evaluate the options and requirements to add kitchenettes to the existing units at the property.
 - Contract procured through a competitive process (CS-20-02.3a)
- Due diligence period completed, and SDHC staff removed contingencies on the sale.
 - The sale and acquisition date is subject to the release of the California Department of Housing and Community Development (HCD) Homekey Notice of Funding Availability (NOFA) for the next round of Homekey funds.
 - Current estimate for close of escrow is September 2023, with the option to extend to February 1, 2024, at SDHC's sole discretion.
 - Staff will present the acquisition request to the SDHC Board and the Housing Authority of the City of San Diego for consideration before the close of escrow.



SDHC: Ramada Inn – Design & Permitting Process Property

Ramada Inn 3737-3747 Midway Drive, 92110 Council District 2

- Midway / Sports Arena
- Constructed circa 1959
- 64 units (Hotel Rooms)
- 1 Building – two-story walk-up
- Lot Size: Approximately 36,154 s.f. (.83 Ac)
- Building size: Approximately 21,912 s.f.



SDHC: Ramada Inn – Design & Permitting Process

Homekey Performance Requirements

- **Homekey performance requirements:**
 - All Homekey funds are to be spent within eight months of award.
 - All construction / rehabilitation must be completed within 12 months of award.
 - Projects must achieve full occupancy (allowing for a 10% vacancy) within 90 days of construction completion.
- SDHC must start design *as soon as possible* to be “permit ready” at close of escrow.



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Sole Source Contract

- A shelter crisis exists in the City of San Diego (City Council Resolution R-313888), constituting a state of emergency.
- SDHC may proceed with a sole source agreement when an emergency exists.
- Sillman has provided hourly rates and costs that were in line with prepandemic rates and costs.
 - Fair and reasonable
 - Represent a savings because of the significant increase of costs due to inflation and other economic impacts.
- Execution of an agreement with Sillman will allow SDHC to immediately commence architectural design services to take the necessary actions to address the lengthy permitting process expeditiously.
- A contract and associated budget are necessary to engage with Sillman to design the construction project so that it is “permit-ready” upon close of escrow.
- This will allow for a 12-month construction phase, which will expedite the timing to lease the units to people experiencing homelessness.



SDHC: Ramada Inn – Design & Permitting Process

Key Dates

Milestone	Date
Begin Design / Permit Approval Process*	February 2023
Anticipated Homekey Application	April/May 2023
Anticipated Homekey Award	June/July 2023
Anticipated Closing Date	September 2023
Finalize Design / Pull Permits	September 2023
Last day to close escrow (Per PSA. Includes optional 6-month extension of time at SDHC's sole discretion)	February 1, 2024

**Design process will require approximately seven months to complete.*



SDHC: Ramada Inn – Design & Permitting Process

Staff Recommendations

That the SDHC Board take the following actions:

- 1) Authorize the execution of a sole source contract with Sillman for \$753,770 to provide complete architectural design services to support the acquisition and development of the property located at 3737-3747 Midway Drive, San Diego, CA 92110.
- 2) Authorize SDHC's President and Chief Executive Officer (President & CEO), or designee, to substitute funding sources and/or increase compensation by not more than 20 percent of the total agreement amount for the proposed agreement, if necessary, without further action by the SDHC Board or the Housing Authority, but only if and to the extent that funds are determined to be available for such purposes.
- 3) Authorize SDHC's President & CEO, or designee, to 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.



Questions & Comments

