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HOUSING  
COMMISSION

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# San Diego Housing Commission (SDHC)

## Proposed Agreement to Provide On-Call Real Estate Broker Services

Presentation to the SDHC Board of Commissioners  
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Emily S. Jacobs  
Executive Vice President, Real Estate  
San Diego Housing Commission



# SDHC – On-Call Real Estate Broker Services

## Introduction

- SDHC acquires real estate to create and preserve affordable rental housing for individuals and families with low income and/or experiencing homelessness.
  - 89% increase in units owned/managed by SDHC, including its nonprofit affiliate, since 2008
    - 2008: 2,181 units
    - 2021: 4,120 units
- Housing Authority-approved SDHC Policy for Acquisition and/or Purchase of Real Estate (PO-RED-374.02)



## SDHC – On-Call Real Estate Broker Services Request for Qualifications

- April 15, 2021 – SDHC issued a Request for Qualifications (RFQ):
  - Real estate agents, licensed by the State of California’s Department of Real Estate
  - Provide real estate broker services to SDHC on an “on-call” basis
  - Each selected broker required to:
    - Execute, file and submit to the City Clerk a Statement of Economic Interests Form (Form 700) upon the execution of the brokerage agreement
    - Provide subsequent disclosures of financial and ownership interests that might create a conflict of interest
      - Before the execution of any Letter of Intent (LOI)
      - Before the execution of any Purchase and Sale Agreement (PSA)
      - Before the close of any escrow to purchase any specific parcel of real estate



## SDHC – On-Call Real Estate Broker Services Evaluation and Selection

- SDHC received five responses.
- An Evaluation Committee evaluated, scored and ranked the responses based on:
  - Respondents' Profile
  - Capacity & Readiness
  - Qualifications, Experience & Interest
- The top three respondents were invited for an interview:
  - Two accepted the invitation to negotiate for a real estate brokerage agreement with SDHC.
  - One withdrew from the process.
- Negotiations commenced with two respondents:
  - Marcus & Millichap
  - Colliers International
- During the negotiations, Colliers withdrew due to the volume of work they were undertaking.



## SDHC – On-Call Real Estate Broker Services Broker Agreement

- Staff recommend entering into an agreement with Marcus & Millichap.
  - Excellent qualifications and capabilities
  - Experience participating in complex hotel and apartment acquisitions for other governmental entities
- The proposed agreement does **not** allow the payment of any commission to Marcus & Millichap until separate acquisition actions are approved by the SDHC Board of Commissioners, subject to review and/or approval by the Housing Authority of the City of San Diego (Housing Authority).
- The amount of commission that SDHC would pay to the broker for each individual purchase will be the subject of subsequent staff reports presented to the SDHC Board of Commissioners, subject to review and/or approval by the Housing Authority.
- The proposed action today does not authorize the expenditure of any SDHC funds.



## SDHC – On-Call Real Estate Broker Services Staff Recommendations

### **That the SDHC Board of Commissioners take the following actions:**

- 1) Approve a partial-year contract, ending on June 30, 2022, with Marcus & Millichap for the term of approximately seven months, with four one-year options to renew, to provide real estate broker services to SDHC, in accordance with the terms of the proposed contract, which is attached to the staff report as Attachment 2. The amount of commission to be paid to the broker by SDHC for each individual purchase will be the subject of subsequent staff reports, which would be subject to review and/or approval by the Housing Authority of the City of San Diego (Housing Authority) in accordance with the requirements of San Diego Municipal Code 98.0301(e)(1)-(4). This action does not authorize the expenditure of any SDHC funds.
- 2) Authorize the President & Chief Executive Officer (President & CEO), or designee, to execute all necessary 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 necessary and/or appropriate to implement these approvals.



## Questions & Comments

