

Attachment 1

1. Direct Housing Commission staff to confirm and obtain evidence from the State of California Department of Housing and Community Development (HCD) that the Surplus Land Act does not apply to the proposed contingent amendment of the existing Second Amended and Restated Ground Lease (SARL), where the current affordability of the 500 units does not change in the Third Amended and Restated Lease (TARL).
2. Direct Housing Commission staff to submit the feasibility analyses prepared by London Moeder Advisors (LMA) and Keyser Marston Associates (KMA) together with the proposed LOI to the City of San Diego's Office of the Independent Budget Analyst (IBA) for review and recommendations to the Housing Authority before any final action is taken on the LOI and/or the TARL.
3. Direct staff to provide in the LOI and TARL, terms requiring compliance with the provisions of California State Senate Bill (SB) 330.
4. Direct staff to have feasibility analyses prepared to determine if the compliance with SB 330 will make the proposed project infeasible, based upon an analysis of the income levels of the inhabitants of the current project, which shall be completed before any TARL becomes effective in a method determined by the Housing Commission.
5. Direct staff to include an on-site inclusionary requirement that not less than six units are affordable to and be occupied by households earning at or below 60 percent of the applicable AMI, as set forth in the LOI and TARL.
6. Direct staff to confirm that the Housing Assistance Payment contract with HUD shall remain with the property, as set forth in the LOI and TARL.
7. Direct staff to require a minimum investment of \$350 million, as set forth in the LOI and TARL.
8. Direct staff to meet and negotiate with Lincoln Mariners Associates Limited to finalize an LOI containing the terms directed in this Attachment 1, within a period of 90 days after the approval of the recommendations of the Housing Authority.
9. Direct staff to finalize a draft TARL within 180 days after the approval of the non-binding LOI by the Housing Authority. Further direct staff to bring the drafted TARL to a hearing of the Housing Authority, for approval, thereafter, but not until the Environmental Impact Report (EIR) for the proposed project has become final. Any approval of the proposed project is subject to the approval of a Final EIR, and the approval of the plans submitted to DSD and to the City Council of the City of San Diego. Nothing contained in any and all actions concerning the approval of the proposed TARL by the Housing Authority shall in any way adversely impact the right of the City Council to approve or disapprove or take any other actions with respect to the proposed project. Nothing contained in this matter shall abrogate, in any way, the sole legislative discretion of the City Council or the Housing Authority or the Board of Commissioners of the Housing Commission, in future actions concerning the proposed project, if any. The TARL shall not become effective unless and until all land use permits have been obtained by the developer.
10. Direct that a provision be contained in the LOI and in an amendment to the SARL that provides the obligation to install \$25,000,000 in improvements to the existing project, which is required in the existing SARL, shall be postponed until the Housing Authority acts upon the approval of a proposed TARL, but in no event later than July 1, 2023. If action has not been taken by such date, but the proposed project is still being diligently

processed, the Housing Commission Board or the President and CEO of the Housing Commission, shall take action to extend the deadline further to allow for the action by the Housing Authority on the proposed project. If the Housing Authority does not approve the TARL, the Lessee, by the extended date, shall submit plans for the expenditure of \$25,000,000 for the improvement of the property to the Housing Commission for approval, as required in the Second Amended and Restated Lease, within 90 days after the denial of the proposed project. The Housing Commission shall have 30 days to approve, conditionally approve or deny approval of the plans. Upon approval, the Lessee shall expend all of the \$25,000,000 on improvements to the existing project, funds within one year for the rehabilitation of the property. In the event that through no fault of the lessee, it is unable to complete the rehabilitation within such time from, the Board of Commissioners, or the President and CEO may extend the deadline for good cause shown.

11. Provide direction to staff on staff's recommendation to review the rent structure per Council Policy 700-10 every 10 years to ensure the property is paying fair market rent as determined by a financial analysis.
12. Direct staff to include a disincentive to holdover clause in the LOI, and the TARL, if approved, in accordance with the recent recommendations of Office of the City Auditor.