

SAN DIEGO HOUSING COMMISSION

RESOLUTION NO. HC-_____

ADOPTED ON May 31, 2022

A RESOLUTION TO APPROVE FORWARDING TO THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO PROPOSED ACTION REGARDING A LETTER OF INTENT FOR A THIRD AMENDED AND RESTATED LEASE FOR MARINER'S COVE, PURSUANT TO SAN DIEGO MUNICIPAL CODE 98.0301(E)(2)(A), AND RELATED ACTIONS

WHEREAS, In December of 1982, the Housing Authority of the City of San Diego (Housing Authority) and the current lessee's predecessor entered into a 55-year ground lease for approximately 30.21 acres of land in the Midway area of the City of San Diego, located within Council District 2. Under the terms of the ground lease, the lessee was to construct 500 rental units. One hundred of the units were the subject of a Project- Based Housing Assistance Payment Agreement (HAP Agreement) with the U.S. Department of Housing and Urban Development (HUD), and these units are occupied by households earning not more than 80 percent of San Diego's Area Median Income (AMI), as established by HUD from time to time. Two hundred units were restricted to occupancy by moderate-income households, earning at or below 120 percent of AMI. The remaining two hundred units were to be market- rate rental units. The ground rent payable to the Housing Commission as the administrative agent of the Housing Authority is 6 percent of the gross income of the project and is currently approximately \$500,000 per year; and

WHEREAS, the San Diego Housing Commission (Housing Commission) Board of Commissioners (Board) and the Housing Authority approved a Second Amended and Restated Lease (SARL) for the property known as Mariner's Cove at 4392 West Point Loma Boulevard in City Council District 2 on May 8, 2015, and June 16, 2015, respectively; and

WHEREAS, the executed SARL required the lessee to complete \$25,000,000 in improvements to the property by July 1, 2021. This was extended to July 1, 2022, because of the proposal to potentially demolish all of the units and construct 772 new units on the property; and

WHEREAS, after substantial negotiations, the lessee, Lincoln Mariners Associates Limited, and the Housing Commission agreed to tentative deal points for a non-binding Letter of Intent (LOI) to enter into a Third Amended and Restated Lease (TARL) at a subsequent date even though not all of the deal points have been agreed to and are being submitted to the Housing Authority for direction through Report No. HCR22-088 in Attachment 1 to the report. The execution of the LOI and subsequent TARL is subject to the approval of the Housing Commission Board and the Housing Authority; and

WHEREAS, the lessee is proposing a comprehensive renovation that includes adding 272 new market-rate units to the existing 500 units for a total of 772 units, with the 500 existing units being demolished and reconstructed along with the 272 new units; NOW THEREFORE,

BE IT RESOLVED, by the Housing Commission Board that pursuant to the provisions of San Diego Municipal Code Section 98.0301(e)(2)(A), this matter is forwarded to the Housing Authority for consideration pursuant to San Diego Municipal Code Section 98.0301(e)(2)(A) for direction on the terms of the non-binding Letter of Intent between the Housing Commission, as the administrative agent of the Housing Authority of the City of San Diego, and Lincoln Mariners Associates Limited, as referenced within Report No. HCR22-088.

THIS ACTION WILL BECOME FINAL ON June 7, 2022, subject to the provisions of San Diego Municipal Code Section 98.0301(e)(1). If the action does not become final, this resolution will be replaced by a resolution so indicating.

APPROVED as to form:

By /s/ Charles B. Christensen
Charles B. Christensen
General Counsel

I certify that the foregoing actions in this Resolution were approved by the San Diego Housing Commission Board of Commissioners at its meeting on May 31, 2022.

By: _____
Scott Marshall
Vice President, Communications &
Government Relations

Approved: May 31, 2022

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