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HOUSING
COMMISSION

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San Diego Housing Commission (SDHC)
Lease Approval for Latinos y Latinas en Accion, a 501(c)(3) nonprofit,
at Courtyard Apartments
Presentation to the SDHC Board of Commissioners
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SDHC – Latinos y Latinas en Accion Lease Introduction

- Latinos y Latinas is a 501(c)(3) nonprofit organization.
 - Mission: To educate the community based on their needs, rights and responsibilities
 - Serving the City Heights community since the organization's inception in 2013
- August 1, 2016: SDHC executed a lease agreement with Latinos y Latinas for commercial space at 4389 El Cajon Blvd., in the Courtyard Apartments building.
- The three-year lease term expired July 31, 2019.
- Latinos y Latinas exercised the extension option for an additional three-year term, which expired July 31, 2022.



Courtyard Apartments



SDHC – Latinos y Latinas en Accion Lease Lease Renewal

- Initially, Latinos y Latinas indicated they would vacate the premises at lease expiration on July 31, 2022.
- July 11, 2022: Latinos y Latinas expressed a desire to remain on the premises.
- To prevent a gap in the lease agreement, SDHC and Latinos y Latinas agreed to terms and executed a new one-year lease agreement, starting August 1, 2022, under the approval authority of SDHC's President & CEO.
- The new lease included a three-year option to extend the lease under the original terms, subject to approval of the SDHC Board of Commissioners and Latinos y Latinas' continued compliance with all terms of the lease.
- Rental rate at lease execution is \$1.96 per square foot.
 - An increase of \$0.28 per square foot, or 17%, from the prior rental rate.



SDHC – Latinos y Latinas en Accion Lease Key Lease Terms and Proposed Renewal Option

- A comparable-rent analysis was conducted using Loopnet and Costar. It determined the rent to be fair market value for current market conditions.
- If the three-year option to extend the lease is approved and executed, it would provide for 3% annual increases in rent.

Period	Monthly Rent	Rent/SF
August 1, 2023 to July 31, 2024	\$1,259.00	\$2.02
August 1, 2024 to July 31, 2025	\$1,297.00	\$2.08
August 1, 2025 to July 31, 2026	\$1,336.00	\$2.14

- The tenant shall be responsible for the cost of all Tenant Improvements. All Tenant Improvements must be approved by SDHC.
- The Tenant shall be responsible for a prorated share of Common Area Maintenance expenses to include but not limited to water, trash and electricity.
- The Tenant is responsible for any new signage and must obtain approval from SDHC and the City of San Diego prior to installation.



SDHC – Latinos y Latinas en Accion Lease Fiscal Considerations

- The execution of the new lease effective August 1, 2022 increases rental revenues by \$1,898.05 over the amount approved in the Fiscal Year (FY) 2023 budget.
 - This is due to an increase in the rental rate from \$1.68 to \$1.96 per square foot.
- The new lease with Latinos y Latinas was executed without broker lease services; therefore, no FY23 property expenses were incurred.
- The lease of this commercial space is in line with and complies with SDHC's Disposition Policy.



SDHC – Latinos y Latinas en Accion Lease Staff Recommendations

That the SDHC Board of Commissioners (Board) take the following actions:

- 1) Approve a lease agreement extension option with Latinos y Latinas en Accion (Latinos y Latinas) for a period of three years under the original terms of the lease executed August 1, 2022 to occupy the commercial space located at 4389 El Cajon Blvd., San Diego, CA 92105
- 2) Authorized the President & Chief Executive Officer (President & CEO), or designee, to execute all lease 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, provided that a copy of the documents, signed as to form by General Counsel, is submitted to each Housing Commissioner.



Questions & Comments

