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
October 13, 2022

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Real Estate Division
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.
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.
San Diego Housing Commission
Slide #4

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.

<table>
<thead>
<tr>
<th>Period</th>
<th>Monthly Rent</th>
<th>Rent/SF</th>
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</thead>
<tbody>
<tr>
<td>August 1, 2023 to July 31, 2024</td>
<td>$1,259.00</td>
<td>$2.02</td>
</tr>
<tr>
<td>August 1, 2024 to July 31, 2025</td>
<td>$1,297.00</td>
<td>$2.08</td>
</tr>
<tr>
<td>August 1, 2025 to July 31, 2026</td>
<td>$1,336.00</td>
<td>$2.14</td>
</tr>
</tbody>
</table>

• 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.
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.
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