

NEW PALACE HOTEL TENANT IMPROVEMENTS

Housing Development Partners (HDP)

June 24, 2022

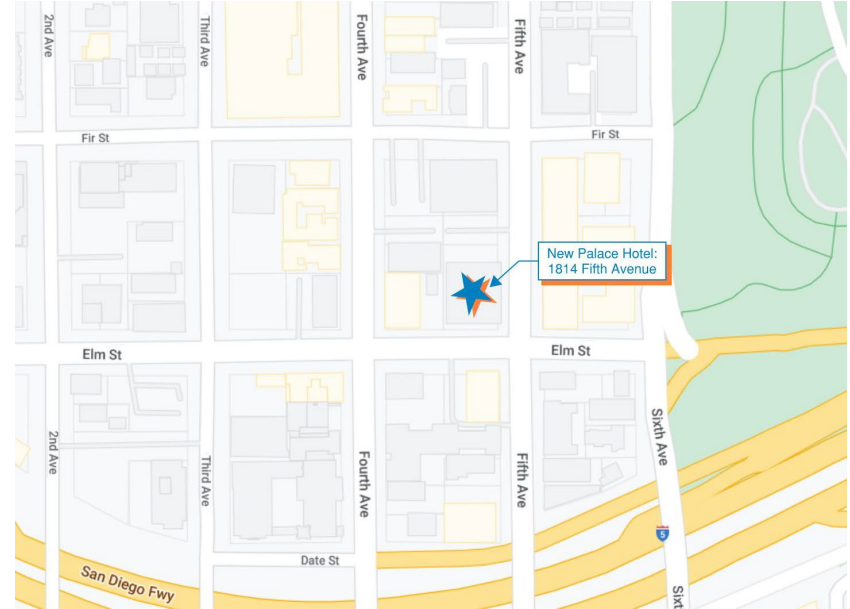
Josh Hoffman
Interim Vice President of Development



New Palace Hotel Tenant Improvements

Introduction

- 1814 Fifth Avenue in Bankers Hill
- Acquired by HDP in 2016
- 79 affordable studio units for seniors who experienced homelessness or are at risk of homelessness and one manager's unit
- Two vacant, unimproved commercial lease spaces



New Palace Hotel Tenant Improvements

Introduction (Continued)

- Award-winning, tax credit-financed renovation of the property completed in 2018.
- Funds were restricted for use on residential spaces.
 - Use on commercial spaces prohibited
- Investor underwriting included rental income from commercial spaces.
- Final equity installments withheld until requirements are satisfied, or a plan to market and improve the spaces is in place.



New Palace Hotel Tenant Improvements

Commercial Spaces

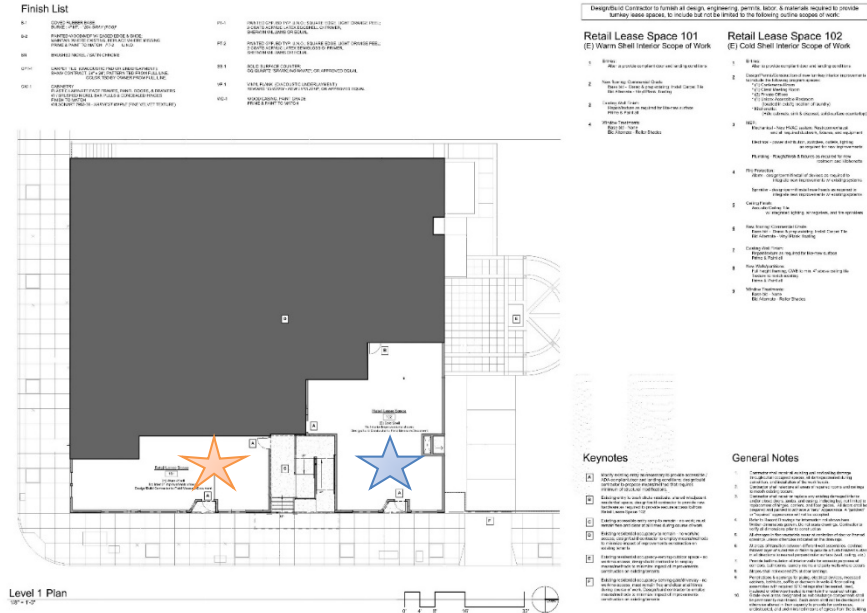
- North Space ★
 - 1,039 square feet
 - Cold Shell; Unimproved
- South Space ★
 - 869 square feet
 - Warm Shell; w/restroom & kitchenette
- No shared access between the two commercial lease spaces.



New Palace Hotel Tenant Improvements

Commercial Spaces (Continued)

- Strom Commercial hired as listing agent in December 2021.
 - Interest in unimproved, as-is spaces has yet to materialize.
- RFP for design/build contractor proposals issued March 2022.
 - Broker recommendations used as basis for scope of work.
 - Two proposals received.
 - LDCO selected.



New Palace Hotel Tenant Improvements

Funding and Timeline

- Project budget consists of:
 - LDCO bid of \$545,746
 - 15% Owner's Contingency
- Project funds from HDP Reserves
- Estimated Project timeline:
 - 1 month Design
 - 4 months City Review *
 - 3 months Construction

SOURCES	
FUNDING FROM HDP RESERVES	\$627,600
TOTAL SOURCES	\$627,600

USES	
DESIGN & CONSTRUCTION COSTS	\$545,746
OWNER'S CONTINGENCY (~15%)	\$81,854
TOTAL SOURCES	\$627,600

*Subject to City Development Services
Department review cycle timing

New Palace Hotel Tenant Improvements

Staff Recommendations

That the HDP Board of Directors take the following actions:

1. Authorize funding of up to \$627,600 from HDP reserves to HDP New Palace LP for the design and construction of the New Palace Hotel lease space tenant improvements.
2. Authorize HDP's Executive Vice President, or designee, to execute all documents and instruments that are necessary and/or appropriate to implement these approvals, in a form approved by HDP's legal counsel, and take such actions as are necessary and/or appropriate to implement these approvals.

New Palace Hotel Tenant Improvements

Staff Recommendations (Continued)

3. Approve the resolution prepared by HDP's legal counsel relating to the action items listed above.
4. Find that the foregoing transactions are just and reasonable as to HDP for purposes of California Corporations Code Section 5234 to the extent they involve the San Diego Housing Commission.

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Questions/Comments