



SAN DIEGO
HOUSING
COMMISSION

MINUTES

SAN DIEGO HOUSING COMMISSION
MINUTES OF THE REGULAR MEETING
JUNE 16, 2017
SMART CORNER
4th FLOOR CONFERENCE ROOM
1122 BROADWAY
SAN DIEGO, CALIFORNIA 92101

ATTENDANCE

Present:

Chair Frank Urtasun
Vice Chair Dorothy Surdi
Commissioner Margaret Davis
Commissioner Stefanie Benvenuto
Commissioner Kellee Hubbard
President & CEO Richard C. Gentry
General Counsel Charles Christensen

Absent:

Commissioner Tim Walsh
Commissioner Ben Moraga

10 CALL TO ORDER

Chair Urtasun called the Regular Meeting to order at 9:02 a.m.

20 NON-AGENDA PUBLIC COMMENT

There were no public comments.

30 COMMISSIONER COMMENTS

There were no Commissioner comments.

40 REPORT BY PRESIDENT & CHIEF EXECUTIVE OFFICER

Hotel Churchill Awards

On June 1, 2017, the San Diego Housing Commission's (Housing Commission) renovation of the historic Hotel Churchill received the prestigious Ruby Award for "Housing Project of the Year" for "Rehabilitation." Vice Chair Dorothy Surdi and Commissioners Maggie Davis and Kellee Hubbard accepted the award from the San Diego Housing Federation. This is one of four awards the Hotel Churchill has received. The Save Our Heritage Organisation presented its Adaptive Reuse Award



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on May 18, 2017, and the Structural Engineers Association of San Diego awarded a Certificate of Merit in Retrofit/Alterations and a People's Choice award to Hotel Churchill. The Structural Engineers Association will present its awards on June 20.

Financial Services Award

On May 23, 2017, the Housing Commission's Financial Services Department received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada (GFOA). This is the ninth consecutive year that the Housing Commission has received this award. The award is for the Fiscal Year 2016 (July 1, 2015 - June 30, 2016) Comprehensive Annual Financial Report. This is the highest form of recognition in the area of governmental accounting and financial reporting.

County Supervisors Affordable Housing News Conference

President & CEO Gentry joined County Supervisors Dianne Jacob and Ron Roberts on June 12, 2017, for a news conference to announce new proposed County initiatives to create affordable housing to address homelessness. If approved, these initiatives would provide \$25 million in County funds to establish an investment pool for affordable housing development; award up to \$500,000 in County District 4 Neighborhood Reinvestment Program funds for proposals that find innovative ways to lower housing costs for seniors and other vulnerable populations; and explore the use of 11 County-owned properties as potential sites for affordable housing development.

Assembly Bill 1637 – Middle-income Housing Developments

Assembly Bill (AB) 1637 has passed the State Assembly unanimously and is pending review by the State Senate Transportation and Housing Committee. AB 1637 would expand the ability of housing authorities throughout the State to provide financing to multifamily rental housing developments, including middle-income rental housing. President & CEO Gentry testified in support of AB 1637 on May 10, 2017, at the hearing of the State Assembly Committee on Housing and Community Development in Sacramento.

Atmosphere Grand Opening

President & CEO Gentry participated in the grand opening of Atmosphere apartments on May 31, 2017, in Cortez Hill, which was also attended by Commissioner Davis. Atmosphere provides 202 new affordable rental apartments – including 51 units for homeless San Diegans. The Housing Commission awarded 51 federal rental housing vouchers for these units as part of the HOUSING FIRST – SAN DIEGO homelessness action plan.

50 APPROVAL OF THE MINUTES

The minutes of the Regular Housing Commission meeting of May 5, 2017, were approved on a motion by Commissioner Davis, seconded by Vice Chair Surdi, and passed by a vote of 5-0.



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CONSENT AGENDA:

Motion by Commissioner Hubbard to approve the items listed below on consent. Seconded by Vice Chair Surdi and passed by a vote of 5-0.

100 HCR17-053 Appointments to San Diego Housing Commission Committees

That the San Diego Housing Commission (Housing Commission) Board of Commissioners confirm the following recommended appointments to Housing Commission Committees, as referenced in this report:

1. **Audit Committee:** Commissioner Margaret Davis; Commissioner Ben Moraga; and Roberta Spoon.
2. **Investment Committee:** Chairman of the Board Frank Urtasun; Commissioner Margaret Davis; and Commissioner Kellee Hubbard.
3. **Real Estate Committee:** Vice Chair of the Board Dorothy Surdi; Commissioner Tim Walsh; and Gary Gramling.
4. **Strategic Plan Committee:** Chairman of the Board Frank Urtasun; Commissioner Stefanie Benvenuto; and Commissioner Ben Moraga.

101 HCR17-052 Appoint Board Members to Housing Development Partners (HDP) and HDP Mason Housing Corporation

That the San Diego Housing Commission (Housing Commission) Board of Commissioners take the following actions:

1. Appoint Housing Commission Vice Chair Dorothy Surdi and Commissioner Ben Moraga as members of the Boards of Directors of Housing Development Partners (HDP) and HDP Mason Housing Corporation; and
2. Appoint Gary Gramling and Roberta Spoon as at-large members of the Boards of Directors of HDP and HDP Mason Housing Corporation.

102 HCR17-047 Fiscal Year 2018 Section 8 Administrative Plan

That the San Diego Housing Commission (Housing Commission) take the following actions:

- 1) Approve the Fiscal Year (FY) 2018 Section 8 Administrative Plan (Attachment 1) and the implementation of new policy therein;
- 2) Recommend that the maximum allowable duration of a Project Based Housing Assistance (PBHA) Payment Agreement be extended from 15 years, as allowed within the current proposed FY 2018 Section 8 Administrative Plan, to 20 years, as now permitted under recently amended law and regulations. Nothing contained in the Section 8 Administrative



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Plan shall preclude the extension of a PBHA Payment Agreement at the end of its initial term, as, and to the extent provided for by applicable law; and

- 3) Authorize the President & Chief Executive Officer, or designee, to execute all 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.

ACTION AGENDA:

103 HCR17-032 Loan Recommendation and Preliminary Bond Authorization for San Ysidro Family Transit-Oriented Development

Deborah N. Ruane, Executive Vice President & Chief Strategy Officer, and Ted Miyahara, Vice President, Housing Finance, Programs & Compliance, Real Estate Division, presented the request for approval.

Motion by Commissioner Davis to take the following staff recommended actions. Seconded by Vice Chair Surdi, and passed by a vote of 5-0.

1. That the San Diego Housing Commission (Housing Commission) approve a Housing Commission residual receipts loan of up to \$9,250,000 to a limited partnership to be formed by Chelsea Investment Corporation (CIC) to facilitate the proposed new construction of San Ysidro Family Transit-Oriented Development (TOD), with 139 new affordable rental housing units for low-income families, to be located at 251-263 and 238-240 Cypress Drive, San Diego, which will remain affordable for 55 years.

The Housing Commission's proposed loan would be contingent upon the developer receiving all necessary third-party funding commitments, including a California Tax Credit Allocation Committee (TCAC) 4 percent tax credits award of approximately \$14,000,000; an approximate \$30,000,000 tax-exempt Multifamily Housing Revenue Bond financed loan; as well as additional funds from other third-party sources as described in this report. Such third-party funding commitments would be subject to the Housing Commission's General Counsel's approval;

2. That the Housing Commission authorize the President and Chief Executive Officer (President & CEO), or designee:
 - a) To execute any and all documents that he deems necessary to effectuate the transaction and implement the project in a form approved by General Counsel, and to take such actions as are necessary, convenient, and/or appropriate to implement the approvals upon advice of General Counsel;



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- b) To adjust financing terms and conditions as necessary for consistency with requirements of other funding sources or to accommodate market changes that may occur, provided that the proposed \$9,250,000 maximum Housing Commission loan amount may not increase;
 - c) To substitute approved funding sources with any other available funds as deemed appropriate, contingent upon budget availability, and further authorize the President & CEO, or designee, to take such actions as are necessary, convenient, and/or appropriate to implement this approval and delegation of authority by the Housing Commission upon advice of General Counsel;
3. That the Housing Commission recommend that the Housing Authority of the City of San Diego (Housing Authority) approve initial steps to issue Housing Authority tax-exempt Multifamily Housing Revenue Bonds for this development, including:
- a) Issue a bond inducement resolution (Declaration of Official Intent) for up to \$30,000,000 in tax-exempt Multifamily Housing Revenue Bonds for new construction of San Ysidro Family TOD;
 - b) Authorize an application (and subsequent applications if necessary) to the California Debt Limit Allocation Committee (CDLAC) for an allocation of authority to issue tax-exempt Multifamily Housing Revenue Bonds in an amount of up to \$30,000,000 for San Ysidro TOD;
 - c) Approve a bond financing team of Straddling Yocca Carlson & Rauth (Stradling) as bond counsel, and Ross Financial as bond financial advisor; and
4. That the Housing Commission recommend that the San Diego City Council hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing, and adopt a resolution approving the Housing Authority's issuance of tax-exempt Multifamily Housing Revenue Bonds in an amount of up to \$30,000,000.

104 HCR17-050 Loan Recommendation for Beacon Apartments

Deborah N. Ruane, Executive Vice President & Chief Strategy Officer, and Ted Miyahara, Vice President, Housing Finance, Programs & Compliance, Real Estate Division, presented the request for approval.

Motion by Commissioner Benvenuto to take the following staff recommended actions. Seconded by Vice Chair Surdi, and passed by a vote of 5-0.

That the San Diego Housing Commission (Housing Commission) take the following actions, as described in this report:

1. Approve a Housing Commission residual receipt loans in an amount not to exceed \$3,200,000 to a to-be formed Limited Partnership consisting of Wakeland, and a tax credit investor to finance the development of the Property.



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2. Authorize the President and Chief Executive Officer (President & CEO) of the Housing Commission, or designee:
 - a) To execute all necessary documents and instruments to effectuate the transaction and implement the project, in a form approved by General Counsel, and to take such actions as are necessary, convenient and/or appropriate to implement the approvals upon advice of General Counsel;
 - b) To adjust financing terms/conditions as necessary for consistency with requirements of other funding sources or to accommodate market changes that may occur, provided that the proposed \$3,200,000 maximum Housing Commission loan amount may not increase; and
 - c) To substitute approved funding sources with any other available funds as deemed appropriate, contingent upon budget availability, and further authorize the President & CEO, or designee, to take such actions as are necessary, convenient and/or appropriate to implement this approval and delegation of authority by the Housing Commission upon advice of General Counsel.

105 HCR17-051 Preliminary Bond Authorization for Luther Tower

Deborah N. Ruane, Executive Vice President & Chief Strategy Officer, and Ted Miyahara, Vice President, Housing Finance, Programs & Compliance, Real Estate Division, presented the request for approval.

Motion by Vice Chair Surdi to take the following staff recommended actions. Seconded by Commissioner Hubbard, and passed by a vote of 5-0.

That the San Diego Housing Commission (Housing Commission) recommend that the Housing Authority of the City of San Diego (Housing Authority) and the San Diego City Council (City Council) take the following actions, as described in this report.

Housing Authority:

1. Approve the following steps to issue Housing Authority tax-exempt Multifamily Housing Revenue Bonds for Luther Tower, a 200-unit senior affordable housing rental development, located in the Downtown community, which will remain affordable for 55 years:
 - 1) Issue a bond inducement resolution (Declaration of Official Intent) for up to \$21,500,000 in Multifamily Housing Revenue Bonds for the development of Luther Tower by Tower Housing Partners, LP;
 - 2) Authorize an application (and subsequent applications, if necessary) to the California Debt Limit Allocation Committee (CDLAC) for an allocation of authority to issue tax-exempt private activity bonds in an amount up to \$21,500,000 for Luther Tower;
 - 3) Approve the financing team of Orrick Herrington Sutcliffe as Bond Counsel and Public Finance Management (PFM) Advisors as Financial Advisor; and



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2. Authorize the Housing Commission President & Chief Executive Officer (President & CEO), or designee, to execute any and all documents that are necessary to effectuate the transaction and implement these approvals in a form approved by General Counsel and Bond Counsel, and to take such actions as are necessary, convenient, and/or appropriate to implement these approvals upon advice of General Counsel and/or the Bond Counsel.

City Council:

Hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing and adopt a resolution approving the issuance of Multifamily Housing Revenue Bonds in an amount up to \$21,500,000.

106 HCR17-017 Final Bond Authorization for Bella Vista Apartments

Ted Miyahara, Vice President, Housing Finance, Programs & Compliance, and Joseph Correia, Senior Real Estate Project Manager, Real Estate Division, presented the request for approval.

Motion by Commissioner Davis to take the following staff recommended actions. Seconded by Vice Chair Surdi, and passed by a vote of 5-0.

That the San Diego Housing Commission (Housing Commission) recommends the Housing Authority of the City of San Diego (Housing Authority) take the following actions:

1. Authorize the issuance of up to \$23,300,000 in tax-exempt Multifamily Housing Revenue Bonds, which are allocated by the State, to facilitate Bella Vista Affordable Communities, L.P., a California limited partnership's acquisition and rehabilitation of Bella Vista Apartments, a 170-unit development, located at 4742 Solola Avenue, San Diego, in the Encanto neighborhood, which will include 170 units that will remain affordable for 55 years.

City Council:

2. Request that the San Diego City Council (City Council) hold a Tax Equity and Fiscal Responsibility Act (TEFRA) hearing, and adopt a resolution approving the issuance of Multifamily Housing Revenue Bonds in an amount up to \$23,300,000.



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107 HCR17-018 Final Bond Authorization for New Palace Hotel

Ted Miyahara, Vice President, Housing Finance, Programs & Compliance, and Joseph Correia, Senior Real Estate Project Manager, Real Estate Division, presented the request for approval.

Motion by Vice Chair Surdi to take the following staff recommended actions. Seconded by Commissioner Benvenuto, and passed by a vote of 5-0.

That the San Diego Housing Commission (Housing Commission) recommend that the Housing Authority of the City of San Diego (Housing Authority) authorize the issuance of up to \$12,000,000 in tax-exempt Multifamily Housing Revenue Bonds, which are allocated by the State, to facilitate California limited partnership HDP New Palace L.P.'s acquisition and rehabilitation of New Palace Hotel, an 80-unit development, located at 1814 5th Avenue, San Diego, which will include 79 units that will remain affordable for 55 years.

108 HCR17-054 Workshop and Discussion: Low-Income Housing Tax Credits

NO ACTION WAS REQUIRED ON THE PART OF THE HOUSING COMMISSION

Deborah N. Ruane, Executive Vice President & Chief Strategy Officer, and Michael Pavco, Senior Vice President, Real Estate Division, presented a workshop on the Low-Income Housing Tax Credits program for funding affordable housing development.

CLOSED SESSION:

The San Diego Housing Commission convened in closed session to consider the following agenda:

- A. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION pursuant to subdivision (c) of section 54954.5 of the Government Code and pursuant to subdivision (d)(1) of section 54956.9:

Two (2) matters:

San Diego Housing Commission vs. APR Construction, et al., Superior Court of California, County of San Diego, Case No. 37-2016-00012455-CU-BC-CTL; and

San Diego Housing Commission vs. APR Construction, et.al., Superior Court of California, County of San Diego, Case No. 37-2016-00011386-CU-BC-CTL

Counsel's Description of General Nature of Closed Session:



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Counsel will discuss the existing litigation, will report on status and will seek direction from the Commission concerning the same.

Closed session items were introduced in open session at 10:14 a.m. and members of the public were given the opportunity to make public comment on the matters before the Housing Commission convened in closed session. There were no public comments made.

By a vote of 5-0, with two absences, the settlement agreement with Lexon was approved.

ADJOURNMENT:

Chair Urtasun adjourned the Regular Meeting at 10:24 a.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Scott Marshall'.

Scott Marshall
Interim Vice President
Communications and Government Relations
San Diego Housing Commission

Approved by,

A handwritten signature in black ink, appearing to read 'Richard C. Gentry'.

Richard C. Gentry
President & Chief Executive Officer
San Diego Housing Commission