



MINUTES

SAN DIEGO HOUSING COMMISSION
MINUTES OF THE REGULAR MEETING
JULY 28, 2017
SMART CORNER
4th FLOOR CONFERENCE ROOM
1122 BROADWAY
SAN DIEGO, CALIFORNIA 92101

ATTENDANCE

Present:

Vice Chair Dorothy Surdi
Commissioner Stefanie Benvenuto
Commissioner Margaret Davis
Commissioner Kellee Hubbard
Commissioner Ben Moraga
Commissioner Tim Walsh
President & CEO Richard C. Gentry
General Counsel Charles Christensen

Absent:

Chair Frank Urtasun

10 CALL TO ORDER

Vice Chair Surdi called the Regular Meeting to order at 9:06 a.m.

20 NON-AGENDA PUBLIC COMMENT

Jeffrey Chesrown spoke about rental assistance.

30 COMMISSIONER COMMENTS

Commissioner Benvenuto commended President & CEO Gentry and San Diego Housing Commission (Housing Commission) staff for their presentation at the City Council's "Housing Action Day" on Monday, July 24. The presentation provided context for the policies the City Council was considering to bring more units to the market and was a great opportunity to show how the Housing Commission is addressing affordable housing.

40 REPORT BY PRESIDENT & CHIEF EXECUTIVE OFFICER

Fairbanks Terrace Grand Opening

Chairman Urtasun was among the speakers at the grand opening ceremony on June 21, 2017, for Fairbanks Terrace, an SDHC partnership development with Chelsea Investment Corporation that



Regular Meeting Minutes of July 28, 2017

provides 82 affordable rental apartments for low-income seniors ages 62 and older in Black Mountain Ranch in the northern part of the City of San Diego.

Talmadge Gateway Grand Opening

On July 27, 2017, Vice Chair Surdi participated in the grand opening of Talmadge Gateway, an SDHC partnership development with Wakeland Housing and Development Corporation and City Heights Community Development Corporation. One of the first two projects that were awarded development funding through HOUSING FIRST – SAN DIEGO, the Housing Commission’s homelessness action plan, Talmadge Gateway provides 59 affordable rental studios for homeless seniors ages 55 and older with ongoing medical needs.

Grand Opening of Cypress Apartments

The grand opening of Cypress Apartments in the East Village on July 24, 2017, celebrated the completion of the first project that was awarded development funding through HOUSING FIRST – SAN DIEGO. President & CEO Gentry participated in the grand opening ceremony. Developed by Affirmed Housing Group, in partnership with the Housing Commission, Cypress Apartments provides 62 affordable rental studios for chronically homeless San Diegans and homeless individuals with disabilities.

HOUSING FIRST – SAN DIEGO: 2018-2020

President & CEO Gentry joined San Diego Mayor Kevin L. Faulconer; San Diego County Supervisor Ron Roberts, the Chairman of the Regional Task Force on the Homeless (RTFH); Councilmembers Chris Ward, Chair of the City Council’s Select Committee on Homelessness and Vice Chair of the RTFH; and Georgette Gómez, Vice Chair of the City Council’s Select Committee on Homelessness, at a news conference on July 5, 2017, to formally launch the new initiatives of the next phase of HOUSING FIRST – SAN DIEGO.

The six programs that make up HOUSING FIRST – SAN DIEGO: 2018-2020 were presented to Housing Commission Board at a workshop on April 7, 2017, and to the City Council’s Select Committee on Homelessness on June 21, 2017. The Landlord Incentives Program builds upon the Housing Our Heroes Initiative, which has helped 831 homeless Veterans secure housing. An additional 350 homeless Veterans are searching for housing with Housing Commission assistance in hand. In addition, the next phase of HOUSING FIRST – SAN DIEGO, includes the Homelessness Prevention and Diversion program, which has assisted 68 households since July 1, 2017.

National Alliance to End Homelessness Presentation

President & CEO Gentry was honored to be among the presenters for a panel discussion on July 19, 2017, at the National Alliance to End Homelessness in Washington, D.C. More than 2,000 delegates attended. Homelessness is an issue throughout the country, especially on the West Coast. San Diego stands to learn from other areas, and they stand to learn from San Diego.



Regular Meeting Minutes of July 28, 2017

50 APPROVAL OF THE MINUTES

General Counsel Christensen verbally corrected a typographical error on the agenda for the July 28, 2017, Regular Housing Commission Meeting, stating that the minutes were for the June 16, 2017, Regular and Special Meetings.

The minutes of the Regular Housing Commission meeting of June 16, 2017, and Special Housing Commission Meeting of June 16, 2017, as amended, were approved on a motion by Commissioner Benvenuto, seconded by Commissioner Davis, and passed by a vote of 5-0. Commissioner Walsh was not present at the June 16, 2017, meetings and abstained from voting on the minutes.

CONSENT AGENDA:

Motion by Commissioner Hubbard to approve the items listed below on consent. Seconded by Commissioner Walsh and passed by a vote of 6-0.

100 HCR17-059 Procurement of Enterprise Management System

That the San Diego Housing Commission (Housing Commission):

1. Authorize the President & Chief Executive Officer (“CEO”), or designee, to execute a one-year Software License and Service Agreement (Purchase Agreement) with Yardi, under a General Services Agreement (GSA) Schedule 70 contract, to renew the Housing Commission’s existing Yardi Enterprise Management Software system and associated implementation services, as well as additional non-Yardi consultants/contractors/temps, in the amount of \$399,000 with four (4) additional one-year extension options, at a cost of \$2,247,000 over the next 5 years.
2. Authorize the President & CEO, or designee, to execute amendments/extensions in one-year increments, as approved as to form by General Counsel, which compensation for amendments/extensions shall be based on the prior year’s cost, plus an escalation percentage cap equal to the Consumer Price Index, and, if necessary, a 20% contingency for cost for an increase in additional licenses, services and/or Housing Commission units’ support, utilizing funds that have been approved through the Housing Commission and Housing Authority annual budget process.
3. Authorize the President & CEO, or designee, in a form approved by General Counsel, to execute all necessary documents to complete this action and implement these approvals and to further authorize the President & CEO, or designee, to take such actions as are necessary and appropriate to implement these approvals by the Housing Commission.



Regular Meeting Minutes of July 28, 2017

101 HCR17-060 Clean & Green Program

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

1. Approve the Housing Rehabilitation Clean & Green Program for established homeowners in the form of a 3 percent interest, deferred-payment loan up to \$25,000; and
2. Approve the First-Time Homebuyer Clean & Green Program in the form of a 3 percent interest, deferred-payment loan up to 8 percent of the purchase price or a maximum of \$25,000.

102 HCR17-063 Rehabilitation, Accessibility Upgrades, and Site Improvements of Via Las Cumbres Affordable Housing

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

1. Authorize the President & Chief Executive Officer (President & CEO), or designee, to enter into a design-build contract, and all necessary contracts arising as a result of this procurement solicitation based on competitively bid solicitations and appropriate procurement methodologies, without further approvals by the Housing Commission Board or the Housing Authority of the City of San Diego, provided that the aggregate amount of the contracts do not exceed the budget listed in Recommendation 2, below;
2. Approve total development plan and ratification of the budget (Attachment 1) in an amount not to exceed \$8,376,500;
3. Authorize the President & CEO, or designee, to substitute the identified contract funding sources with other available funding sources, as long as the total activity budget amount after substitution does not exceed the total approved budget, should the operational need arise or should actions be to the benefit of the Housing Commission and its mission; and
4. Authorize the President & CEO, or designee, to execute all documents and instruments necessary and/or appropriate to implement these approvals, in a form approved by General Counsel, and take such actions as are necessary and/or appropriate to implement these approvals.

ACTION AGENDA:

103 HCR17-057 Authorization to Obtain Loan Secured by Courtyard Apartments

Michael Pavco, Senior Vice President, Real Estate Division, and Jennifer McKinney, Vice President of Property Management & Maintenance, and presented the request for approval.



Regular Meeting Minutes of July 28, 2017

Motion by Commissioner Moraga to take the following staff recommended actions. Seconded by Commissioner Davis, and passed by a vote of 6-0.

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

1. Authorize the Housing Commission to leverage the equity to borrow funds secured by Courtyard Apartments, (37 apartments and 3 commercial spaces) located at 4395 El Cajon Boulevard & 4262 – 4268 El Cajon Boulevard, in an amount not to exceed 80 percent of loan to appraised value, on commercially reasonable terms, with the debt coverage ratio not to be less than 1.15. The loan will be procured by advertised and direct requests for proposals from lenders. The size of the loan is estimated to be approximately \$5,000,000;
2. Authorize the Housing Commission to procure the loan through the advertised and direct requests for proposals from lenders;
3. Authorize the Housing Commission to use the loan funds to conduct construction and rehabilitation work on Housing Commission-owned rental properties;
4. Authorize the Housing Commission to convey the Courtyard Apartments property to an affiliate or to an entity that is otherwise wholly-owned by the Housing Commission to the extent reasonably necessary or advisable in order to obtain the financing secured by the Courtyard Apartments property; and
5. Authorize the President & CEO, the Executive Vice President & Chief of Staff, or their designees, to execute all necessary documents and perform such acts are reasonably necessary to implement these approvals upon the advice of General Counsel.

104 HCR17-045 Final Bond Authorization for Casa Puleta Apartments

Ted Miyahara, Vice President, Housing Finance, Programs & Compliance, and Tina Kessler, Housing Programs Manager, Real Estate Division, presented the request for approval.

Motion by Commissioner Benvenuto to take the following staff recommended actions. Seconded by Commissioner Walsh, and passed by a vote of 6-0.

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:

HOUSING AUTHORITY ACTION:

1. Authorize the issuance of up to \$5,400,000 in tax-exempt Multifamily Housing Revenue Bonds, which are allocated by the State, to facilitate Casa Puleta Apartments



Regular Meeting Minutes of July 28, 2017

LP's acquisition and rehabilitation of Casa Puleta Apartments, a 54-unit multifamily affordable rental housing development, located at 1445 South 45th Street, San Diego, in the Southeastern San Diego neighborhood, which will remain affordable for 55 years;

2. Grant an exemption relating to Section 3.2 of the Housing Commission's Multifamily Housing Revenue Bond Program Policy P.O. 300.301, to authorize the use of the California Tax-Credit Allocation Committee's methodology for calculating rents for the affordable units; and

CITY COUNCIL ACTION:

3. 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 \$5,400,000.

105 HCR17-046 Final Bond Authorization for Luna at Pacific Highlands Ranch (Pacific Highlands Ranch Village)

Ted Miyahara, Vice President, Housing Finance, Programs & Compliance, and Tina Kessler, Housing Programs Manager, Real Estate Division, presented the request for approval.

Motion by Commissioner Davis to take the following staff recommended actions. Seconded by Commissioner Hubbard, and passed by a vote of 6-0.

That the San Diego Housing Commission (Housing Commission) recommend that the Housing Authority of the City of San Diego (Housing Authority) take the following action:

1. Authorize the issuance of up to \$24,000,000 in tax-exempt Multifamily Housing Revenue Bonds, which are allocated by the State, to facilitate Affirmed Housing Group's acquisition and development of Luna at Pacific Highlands Ranch, a 79-unit multifamily affordable rental housing development, located in the Pacific Highlands Ranch community, which will remain affordable for 55 years.

106 HCR17-058 Preliminary Bond Authorization for Civita II Family Apartments

Ted Miyahara, Vice President, Housing Finance, Programs & Compliance, and Tina Kessler, Housing Programs Manager, Real Estate Division, presented the request for approval.

Motion by Commissioner Moraga to take the following staff recommended actions. Seconded by Commissioner Davis, and passed by a vote of 6 -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.



Regular Meeting Minutes of July 28, 2017

HOUSING AUTHORITY ACTION:

1. Approve the following steps to issue Housing Authority tax-exempt Multifamily Housing Revenue Bonds for Civita II Family Apartments, a 203-unit multifamily affordable rental housing development, located in the Mission Valley community, which will remain affordable for 55 years:
 - a. Issue a bond inducement resolution (Declaration of Official Intent) for up to \$62,000,000 in Multifamily Housing Revenue Bonds for the development of Civita II Family Apartments by Civita II 4% CIC, L.P.;
 - 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 private activity bonds in an amount up to \$62,000,000 for Civita II Family Apartments;
 - c. Approve the financing team of Quint and Thimmig LLP as Bond Counsel and Ross Financial as Financial Advisor;
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; and

CITY COUNCIL ACTION:

3. 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 \$62,000,000.

107 HCR17-062 Bella Vista Apartments – Construction Financing Taxable Note

General Counsel Christensen stated for the record that Commissioner Walsh was stepping down from the dais and abstaining from the vote on agenda Item 107 because of the potential appearance of a conflict under the provisions of City Council Policy 004, not because of an actual conflict. Commissioner Walsh did not participate in this matter in any way.

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 Hubbard to take the following staff recommended actions. Seconded by Benvenuto, and passed by a vote of 5-0. Commissioner Walsh abstained.



Regular Meeting Minutes of July 28, 2017

That the San Diego Housing Commission (Housing Commission) recommend that the Housing Authority of the City of San Diego (Housing Authority) take the following action:

1. Authorize the issuance of an up to \$12,700,000 Multifamily Housing Revenue taxable note to facilitate the construction financing by Bella Vista Affordable Communities, L.P., a California limited partnership, for Bella Vista Apartments, a 170-unit affordable rental housing development, located at 4742 Solola Avenue, San Diego, in the Encanto neighborhood, which will remain affordable for 55 years.

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:

Four (4) 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;

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;

Erin Faustino, et al. vs. Central SDHC FHA LLC, U.S. District Court, Southern District of California, Case No. 3:16cv02326-BAS-AGS; and

Quashana Simmons vs. San Diego Housing Commission, et al., Superior Court of California, County of San Diego, Case No. 37-2016-00014888-CU-PO-CTL.

Counsel's Description of General Nature of Closed Session:

Closed session items were introduced in open session at 9:57 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.

The closed session matters were informational only. No actions were taken on any of the matters. At the end of closed session the foregoing announcement was made in open session by General Counsel.

ADJOURNMENT:

Vice Chair Surdi adjourned the Regular Meeting at 9:57 a.m.



SAN DIEGO
HOUSING
COMMISSION

Regular Meeting Minutes of July 28, 2017

Respectfully submitted,

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

Approved by,

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