



SAN DIEGO
HOUSING
COMMISSION

MINUTES

**SAN DIEGO HOUSING COMMISSION
MINUTES OF THE REGULAR MEETING
SEPTEMBER 8, 2017
SMART CORNER
4th FLOOR CONFERENCE ROOM
1122 BROADWAY
SAN DIEGO, CALIFORNIA 92101**

ATTENDANCE

Present:

Chair Frank Urtasun
Commissioner Stefanie Benvenuto
Commissioner Margaret Davis
Commissioner Kellee Hubbard
Commissioner Ben Moraga
Commissioner Tim Walsh
General Counsel Charles Christensen

Absent:

Vice Chair Dorothy Surdi
President & CEO Richard C. Gentry

10 CALL TO ORDER

Chair Urtasun called the Regular Meeting to order at 9:00 a.m.

20 NON-AGENDA PUBLIC COMMENT

Martha Welch spoke about affordable housing and Section 8 Housing Choice Voucher rental assistance.

30 COMMISSIONER COMMENTS

There were no Commissioner comments.

40 REPORT BY PRESIDENT & CHIEF EXECUTIVE OFFICER

Executive Vice President & Chief of Staff Jeff Davis said that President & CEO Gentry was in Washington, D.C., for a meeting with the Congressional Hispanic Caucus to discuss housing needs and the federal budget for the U.S. Department of Housing and Urban Development. U.S. Representative



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Adriano Espaillat of New York, who is the Chair of the Caucus's Transportation, Infrastructure and Housing Task Force, invited Mr. Gentry to participate in this meeting.

Commentary in Support of California State Senate Bills 2 and 3

President & CEO Gentry collaborated with San Diego County Supervisor Ron Roberts and City Councilmember Chris Ward to co-author a commentary in support of California Senate Bills (SB) 2 and 3. Voice of San Diego published this commentary on their website on August 21, 2017. SB 2, the Building Homes and Jobs Act, would generate an ongoing source of funding for the development of affordable housing by establishing a \$75 recording fee on documents in each real estate transaction, excluding home sales. The maximum total fee would be \$225 per parcel. SB 3, the Affordable Housing Bond Act of 2018, would create a \$3 billion statewide housing bond proposal, subject to voter approval in the November 2018 statewide General Election. These bills are currently pending in the State Assembly.

Vista Del Puente Groundbreaking

Chairman Urtasun and President & CEO Gentry joined County Supervisor Ron Roberts, City Councilmember Georgette Gomez, former Councilmember Marti Emerald, and the San Diego Housing Commission's (Housing Commission) development partners for the groundbreaking of Vista del Puente on August 3, 2017. This partnership development in San Diego's Southcrest neighborhood will create 51 new affordable apartments. Nearly 75 percent of the rental units of Vista del Puente will serve formerly homeless households: 26 homeless Veterans; and 12 non-Veteran homeless families. In addition, 13 units will be affordable for families who are not homeless and earn up to 60 percent of San Diego's Area Median Income – currently \$54,540 for a four-person household. These rental apartments will remain affordable for 55 years.

Vista del Puente is also an important part of HOUSING FIRST – SAN DIEGO, the Housing Commission's homelessness action plan. The Housing Commission has awarded 38 Federal housing vouchers to help the formerly homeless residents of Vista del Puente pay their rent. The Housing Commission also invested a \$4 million loan through HOUSING FIRST – SAN DIEGO toward the development of Vista del Puente.

Park & Market Groundbreaking

On August 2, 2017, the groundbreaking ceremony was held for Park & Market, a 34-story high-rise development in Downtown San Diego. Park & Market will set aside 85 of its 426 apartments as affordable housing for low-income families. These 85 units will remain affordable for 55 years for families with income up to 50 percent of San Diego's Area Median Income. On May 5, 2017, the Housing Commission's Board of Commissioners authorized the issuance of \$216.5 million in tax-exempt Multifamily Housing Revenue Bonds toward the development of Park & Market. This is the largest bond issuance in the Housing Commission's 38-year history. The groundbreaking ceremony also highlighted a new satellite campus for the University of California San Diego that will also be located on-site.



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SDHC Procurement Department Award

The Housing Commission's Procurement Department received the 2017 Achievement of Excellence in Procurement Award from the National Procurement Institute. This award honors organizations that demonstrate excellence in innovation, professionalism, productivity, and e-procurement.

50 APPROVAL OF THE MINUTES

The minutes of the Regular Housing Commission meeting of July 28, 2017, were approved on a motion by Commissioner Moraga, seconded by Commissioner Walsh, and passed by a vote of 6-0.

CONSENT AGENDA:

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

100 HCR17-071 Contract for the Fiscal Year 2018 Mental Health Systems (MHS) Serial Inebriate Program

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

1. Authorize the execution of an agreement with Mental Health Systems (MHS) in the amount of \$268,250 in City General Funds to provide Transitional Housing and Services to Serial Inebriates;
2. Authorize the President & Chief Executive Officer (President & CEO), or designee, to execute all necessary 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 necessary and/or appropriate to implement these approvals; and
3. Authorize the President & CEO to substitute funding sources and/or increase compensation by not more than 20 percent of the total agreement amount for the proposed agreement, if necessary, without further action by the Board of Commissioners (Board) of the Housing Commission, but only if and to the extent that funds are determined to be available for such purposes.

101 HCR17-069 Contract for Fiscal Year 2018 People Assisting the Homeless Downtown San Diego Connections Housing Interim Housing Program

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

1. Ratify the execution of an agreement with People Assisting the Homeless (PATH) in the amount of \$717,118 to provide interim housing services to homeless single adults, consisting of the following funding sources: \$276,000 of Community Development Block Grant (CDBG) funds



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allocated by the City of San Diego for the funding of social services in Fiscal Year 2018; \$123,618 of Emergency Solutions Grant (ESG) funds available for the funding of social services in Fiscal Year 2018; \$40,000 provided by the Housing Commission; and \$277,500 allocated by the City of San Diego from its General Fund (GF);

2. Ratify the execution by the Housing Commission President & Chief Executive Officer (President & CEO), or designee, of all documents and instruments necessary and/or appropriate to implement these approvals, in a form approved by General Counsel, and to take such actions necessary and/or appropriate to implement these approvals; and
3. Authorize the President & CEO to substitute funding sources and/or increase compensation by not more than 20 percent of the total agreement amount for the proposed agreement, if necessary, without further action by the Housing Commission Board of Commissioners (Board), but only if and to the extent that funds are determined to be available for such purposes.

ACTION AGENDA:

102 HCR17-077 Approval of Office Lease at 701 B Street, San Diego, CA, 92101

General Counsel Charles Christensen and Michael Pavco, Senior Vice President, 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) take the following actions:

1. Approve an office lease between the Housing Commission and the owner of the building located at 701 B Street, San Diego, CA, 92101, on terms and conditions referenced within this report, on terms and conditions as approved by General Counsel;
2. Authorize the Executive Vice President and Chief of Staff to execute such documents and to perform such acts as are necessary to enter into the recommended lease, upon the advice of General Counsel; and
3. To take such budgetary actions as are necessary to allow for the execution and performance of the lease.



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103 HCR17-068 Quality Inn & West Park Inn - Property Acquisition & Transfer

Michael Pavco, Senior Vice President, Real Estate Division, presented the request for approval.

Martha Welch spoke in opposition.

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

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

1. Authorize the Executive Vice President & Chief of Staff, or designee, to execute any and all documents necessary to allow the Housing Commission to acquire the properties located at 1830 & 1840 Fourth Avenue, San Diego, CA 92101, on terms and conditions described in this report, as approved by General Counsel of the Housing Commission.
2. Ratify the execution of a Purchase and Sale Agreement dated March 9, 2017, with the following sellers: (i) WPI LTD, a California limited partnership (WPI); (ii) ABB/WPI, LLC, a California limited liability company; (iii) WPI15 LLC, a California limited liability company; (iv) Flying Buffalo Investments, LLC, a Wyoming limited liability company; (v) Midland Equity, LLC, a California limited liability company; (vi) JSW82, LLC, a California limited liability company; (vii) Howard First Rollover IRA TD Ameritrade Clearing, Custodian; (viii) Igal Kwart, an individual; and (ix) Sanford A. Lakoff, Trustee of the Sanford A. Lakoff Living Trust, dated September 28, 2007, (collectively the "Sellers").
3. Authorize the Executive Vice President & Chief of Staff, or designee, upon satisfactory completion and evaluation of the property during the due diligence period, to take such actions and perform such acts as are necessary to acquire the respective 0.23-acre Quality Inn and 0.115-acre West Park Inn properties with improvements for a negotiated price not to exceed \$15,190,000. The Sellers shall provide clear fee simple title upon acquisition of the property.
4. Authorize the Executive Vice President & Chief of Staff, or designee, to execute and record an affordability covenant against the property for 65 years, with all of the units remaining affordable at or below 80 percent of the San Diego Area Median Income (AMI).
5. Ratify the funding of the refundable escrow deposit of \$200,000 in accordance with the terms outlined in the Purchase and Sale Agreement, which will be applicable to the purchase price and which deposit will become non-refundable upon the expiration of the due diligence period on October 15, 2017.
6. Authorize the Housing Commission to provide property management services, or procure a new property management company through a competitive Request for Proposal process.



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7. Authorize the purchase of the properties and associated closing costs, utilizing up to \$7,700,000.00 of U.S. Department of Housing and Urban Development (HUD) Moving to Work (MTW) Funds and up to \$8,200,000 in Local Funds.
8. Authorize the Executive Vice President & Chief of Staff, or designee, to substitute approved funding sources for Quality Inn and West Park Inn with locally generated revenue (lease or rental) and/or any other available funds as deemed appropriate, contingent upon budget availability, and further authorize the Executive Vice President & Chief of Staff, or designee, to take such actions as are necessary, convenient and/or appropriate to implement these approvals by the Housing Commission and the Housing Authority of the City of San Diego, if the Housing Authority requests to review these actions, upon the advice of General Counsel.
9. Authorize the Housing Commission to enter into a long term (65 year) Ground Lease Agreement between to-be-formed entity(ies) of which Housing Development Partners (HDP), the Housing Commission's nonprofit affiliate, is the managing member, or designee(s) (Lessee), and the Housing Commission (Lessor) for the transfer of property located at 1830 & 1840 Fourth Avenue, San Diego, CA 92101, on terms and conditions described in this report, as approved by General Counsel of the Housing Commission, provided that the leasehold value to the Housing Commission is fair and reasonable and is a fair market place lease. Approval of this action will permit, but not require, a concurrent closing of acquisition of the fee interest by the Housing Commission and creation of the 65-year ground lease in favor of HDP, or affiliate, at the same time as the Housing Commission acquires the fee interest in the properties from the Sellers.
10. Authorize the Executive Vice President & Chief of Staff, 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 upon the advice of General Counsel.
11. Approve all budgets associated with this potential acquisition. This includes the transfer and/or reallocation of funds between any and all funding use line items within the total approved development/project budget provided the total project/development budget amount after any and all transfers/reallocations does not exceed the previously approved budget total, in any instances when the operational need(s) arise and/or when such actions are to the benefit of the Housing Commission and its mission.

104 HCR17-073 Workshop & Discussion: Addressing the Housing Affordability Crisis: San Diego Housing Production Objectives 2018-2028

NO ACTION WAS REQUIRED ON THE PART OF THE HOUSING COMMISSION

Wendy DeWitt, Director, Business & Program Development, Real Estate Division, and Jenny van der Heyde, Senior Policy Analyst, Real Estate Division, presented a workshop on the report, "Addressing the Housing Affordability Crisis: San Diego Housing Production Objectives 2018-2028."



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This report is being developed to facilitate the creation of housing production goals for the City of San Diego, as recommended in the San Diego Housing Commission's (Housing Commission) report, "Addressing the Housing Affordability Crisis: An Action Plan for San Diego," which initially was released on November 25, 2015.

105 HCR17-065 SDHC Strategic Plan 2016-2020 Workshop

NO ACTION WAS REQUIRED ON THE PART OF THE HOUSING COMMISSION

Jeff Davis, Executive Vice President & Chief of Staff, and Deborah N. Ruane, Executive Vice President & Chief Strategy Officer, presented the first annual update on the Housing Commission Strategic Plan 2016 - 2020.

The Housing Commission developed an agency-wide, four-year Strategic Plan, which was approved by the Housing Commission Board (Board) on September 9, 2016.

ADJOURNMENT:

Chair Urtasun adjourned the Regular Meeting at 10:15 a.m.

Respectfully submitted,

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

Approved by,

Jeff Davis
Executive Vice President &
Chief of Staff
San Diego Housing Commission