



SAN DIEGO
HOUSING
COMMISSION

MINUTES

**SAN DIEGO HOUSING COMMISSION
MINUTES OF THE REGULAR MEETING
NOVEMBER 15, 2019
SMART CORNER
4th FLOOR CONFERENCE ROOM
1122 BROADWAY
SAN DIEGO, CALIFORNIA 92101**

ATTENDANCE

Present:

Chair Stefanie Benvenuto
Commissioner Ryan Clumpner
Commissioner Margaret Davis
Commissioner Johanna Hester
Commissioner Kellee Hubbard
President & CEO Richard C. Gentry
General Counsel Charles Christensen

Absent:

Commissioner Frank Urtasun

10 CALL TO ORDER

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

20 NON-AGENDA PUBLIC COMMENT

Nancy Cuskaden spoke about elders.

30 COMMISSIONER COMMENTS

There were no Commissioner comments.

40 REPORT BY PRESIDENT & CHIEF EXECUTIVE OFFICER

40th Anniversary Celebration

The San Diego Housing Commission (Housing Commission) held a special celebration on November 5, 2019, with civic leaders and community partners to commemorate the Housing Commission's 40th Anniversary this year. California State Senate President pro Tempore Toni Atkins delivered the keynote address. She also presented the Housing Champion Award to San Diego City Council President Georgette Gómez. California State Assembly Majority Whip Todd Gloria and City



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Councilmembers Jennifer Campbell, Chris Ward and Monica Montgomery also participated in this event, which was sponsored by San Diego Gas & Electric.

Fiscal Year 2019 Annual Report Published

The Housing Commission's Fiscal Year 2019 Annual Report was published on the agency's website--- www.sdhc.org—on November 4, 2019. The report highlights the agency's accomplishments during the past fiscal year. It also includes a special section commemorating the Housing Commission's 40th Anniversary. This report also features videos of several of the Housing Commission's program participants sharing their stories—in their own words.

City of San Diego's Fourth Bridge Shelter News Conference

CEO Gentry joined Mayor Kevin L. Faulconer, City Councilmember Chris Ward and Alpha Project President & CEO Bob McElroy on November 5, 2019, at a news conference to announce the City of San Diego's fourth Bridge Shelter. The shelter will provide approximately 130 beds to help individuals and families experiencing homelessness meet their short-term needs as they prepare for longer-term or permanent housing.

2019 Vic Kops Humanitarian Award

The Housing Commission received the Vic Kops Humanitarian Award from the Downtown San Diego Partnership for the Housing Commission's support of the Family Reunification Program. The award also recognized Sharp Healthcare and Bank of America for their support of this program. Chair Benvenuto and CEO Gentry accepted this award at the Downtown Partnership's annual Alonzo Awards on October 10, 2019. The Family Reunification program is one of the most effective homelessness programs, reconnecting San Diegans experiencing homelessness with family or other support systems.

50 APPROVAL OF THE MINUTES

The minutes of the Regular Housing Commission meeting of October 4, 2019, were approved on a motion by Commissioner Hubbard, seconded by Commissioner Davis, and passed by a vote of 5-0.



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CONSENT AGENDA:

Motion by Commissioner Clumpner to approve items 100, 101 and 102 on consent. Seconded by Commissioner Hubbard and passed by a vote of 5-0.

100 HCR19-122 2020 San Diego Housing Commission Meeting Schedule

That the San Diego Housing Commission (Housing Commission) Board approve the 2020 meeting schedule that includes 10 scheduled meetings to be held at the Housing Commission's office building.

101 HCR19-116 2020 Procurement of Workers' Compensation Insurance Coverage

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

- 1) Approve the procurement of workers' compensation insurance coverage for the Housing Commission from the California Housing Workers' Compensation Authority (CHWCA) in an amount not to exceed \$590,000 or 36 percent increase from the 2019 premium, with effective dates of January 1, 2020, to December 31, 2020; and
- 2) Delegate to the President & CEO of the Housing Commission, or designee, authority to approve and enter into contracts for worker's compensation insurance, in subsequent years, without action by the Housing Commission Board of Commissioners (Board), provided that sufficient funds to acquire such insurance have been included in the applicable Housing Authority-approved budget. The Housing Commission Board and the Housing Authority shall be notified of all such contracts in informational reports to be provided to the same, in the first quarter after the contract has been approved by the President & CEO, or designee.

102 HCR19-115 Fiscal Year 2019 Comprehensive Annual Financial Report (CAFR) and Single Audit Reports

Accept the Fiscal Year 2019 (July 1, 2018 – June 30, 2019) Comprehensive Annual Financial Report (CAFR) and Single Audit Reports, specified in the list of attachments on page 3 of this report, as prepared by CohnReznick LLP, licensed certified public accountants.

ACTION AGENDA:

103 HCR19-109 Approval of a forgivable loan to J Street Inn, L.P. to impose affordability restrictions for a 221-unit project located at 222 J Street, San Diego, California, through December 31, 2027

Colin Miller, Vice President, Multifamily Housing Finance, Real Estate Division, presented the request for approval.

Joy Sunyata spoke in favor.



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Motion by Commissioner Hester to take the following staff recommended actions. Seconded by Commissioner Clumpner 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 forgivable loan in an amount not to exceed \$3,023,631 to J Street Inn, L.P., to impose affordability restrictions through December 31, 2027, on 221 units, making the project 100 percent affordable at 50 percent of San Diego's Area Median Income (AMI) and 80 percent of AMI affordability levels, as detailed in this report;
- 2) Authorize the President & Chief Executive Officer of the Housing Commission (President & CEO), or designee to execute such documents and perform such acts as are necessary to implement these approvals, in a form and format as approved by General Counsel of the Housing Commission;
- 3) Authorize the President & CEO, or designee, to substitute approved funding sources with any other available funds as deemed appropriate, contingent on budget availability, when in the best interests of the Housing Commission, provided that such funding sources are available and provided further that the amount of the forgivable loan approved in this action does not increase beyond that approved in these actions, 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.

104 HCR19-117 Rehabilitation of Single-Family Homes and Construction of Accessory Dwelling Units

Colin Miller, Vice President, Multifamily Housing Finance, 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 5-0.

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

- 1) Authorize the expenditure of \$7,500,000 in federal Moving to Work (MTW) funds toward the rehabilitation of 39 Housing Commission-owned single-family homes, which the Housing Commission rents as affordable housing for low-income families;
- 2) Authorize the sale of five Housing Commission-owned single-family homes, upon completion of the rehabilitation of these homes, to the Housing Commission's nonprofit affiliate, Housing Development Partners (HDP), for an amount to be determined by an independent, third-party appraisal, with a seller carryback note from HDP that corresponds to the purchase price of the five single-family home. The seller carryback note will be secured by a first deed of trust, and the grant deed will contain a reverter providing that the property will revert to the Housing Commission upon the default by HDP on the repayment of the seller carryback note or on any of the affordability requirements;

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- 3) Approve a Housing Commission grant of up to \$1,200,000 to HDP to construct an Accessory Dwelling Unit (ADU) on the sites of each of the single-family homes that will be sold to HDP, for a total of five ADUs; and
- 4) Authorize the Housing Commission's Executive Vice President & Chief of Staff (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 General Counsel, and take such actions as are necessary and/or appropriate to implement these approvals.

105 HCR19-119 Approval of Substitution of Casa Colina, LP Limited Partner

Colin Miller, Vice President, Multifamily Housing Finance, Real Estate Division, presented the request for approval.

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

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

- 1) Approve the substitution of HDP Casa Colina Management, LLC, a single-asset corporation of Housing Development Partners (HDP), the Housing Commission's nonprofit affiliate, to replace NEF Assignment Corporation, an affiliate of National Equity Fund, as the limited partner of Casa Colina, LP, with all other corporate elements of Casa Colina, LP remaining the same, contingent upon HDP obtaining approvals for the substitution from Red Capital Mortgage, the California Tax Credit Allocation Committee (CTCAC) and the U.S. Department of Housing and Urban Development (HUD);
- 2) Authorize the Housing Commission's Executive Vice President & Chief of Staff (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 General Counsel, and take such actions as are necessary and/or appropriate to implement these approvals;
- 3) Require Housing Development Partners (HDP) to grant to the Housing Commission a Year-15 option to purchase Casa Colina;
- 4) Require the Housing Commission's approval of the amended and restated Articles of Limited Partnership reflecting the substitution of the limited partner;
- 5) Confirm the Housing Commission's decision to remain as the 0.00 percent special limited partner of Casa Colina, LP.

106 HCR19-118 Preliminary Bond Authorization for Mercado Apartments

Colin Miller, Vice President, Multifamily Housing Finance, Real Estate Division, presented the request for approval.

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

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That the San Diego Housing Commission (Housing Commission) recommend 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 preliminary steps to issue Housing Authority tax-exempt Multifamily Housing Revenue Bonds to facilitate the development of Mercado Apartments, a 144-unit affordable housing development, located in the Barrio Logan Neighborhood, which will include 142 units that will remain affordable for 55 years:
 - a. Issue a bond inducement resolution (Declaration of Official Intent) for up to \$35,000,000 in Multifamily Housing Revenue Bonds for the development of Mercado Apartments by a limited partnership formed by MAAC Housing Corporation, (Mercado 2019 LP);
 - 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 \$35,000,000 for Mercado Apartments; and
 - c. Approve the financing team of Orrick, Herrington and Sutcliffe LLC as Bond Counsel and CSG Advisors 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.

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 \$35,000,000 to facilitate the development of Mercado Apartments.

107 HCR19-120 Preliminary Bond Authorization for Fairbanks Terrace II

Colin Miller, Vice President, Multifamily Housing Finance, Real Estate Division, and Jennifer Kreutter, Director, Multifamily Housing Finance, Real Estate Division, presented the request for approval.

Motion by Commissioner Davis to take the following staff recommended actions. Seconded by Commissioner Hester 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 San Diego City Council (City Council) take the following actions, as described in this report.



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Housing Authority:

- 1) Approve the following preliminary steps to issue Housing Authority tax-exempt Multifamily Housing Revenue Bonds for Fairbanks Terrace II, a proposed 31-unit affordable rental housing development, located at the corner of Templeton Street and Paseo del Sur, San Diego 92127, which will include 30 units that will remain affordable for 55 years:
 - a. Issue a bond inducement resolution (Declaration of Official Intent) for up to \$7,800,000 in Multifamily Housing Revenue Bonds for the development of Fairbanks Terrace II by Fairbanks Terrace II CIC, LP;
 - 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 \$7,800,000 for Fairbanks Terrace II; and
 - c. Approve the financing team of Orrick, Herrington and Sutcliffe LLC as Bond Counsel and CSG Advisors 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.

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 \$7,800,000 to facilitate the development of Fairbanks Terrace II.

108 HCR19-090 Final Bond Authorization for Mariner's Village

Colin Miller, Vice President, Multifamily Housing Finance, Real Estate Division, presented the request for approval.

Motion by Commissioner Davis to take the following staff recommended actions. Seconded by Commissioner Clumpner 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:

Housing Authority:

- 1) Authorize the issuance of up to \$42,000,000 in Multifamily Housing Revenue Notes to facilitate HDP Mariner's Village, LP's comprehensive rehabilitation of Mariner's Village, located at 6847 Potomac Street, San Diego, CA 92139, which will consist of 170 units that will remain affordable for 55 years and two unrestricted managers' units;

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- 2) Authorize the Housing Commission to enter into a long-term (65-year) Ground Lease between Housing Development Partners (HDP), or HDP Mariner's Village, LP of which HDP is the managing member (Designee) and the Housing Commission, as well as a Purchase and Sale Agreement for all of the improvements located on the Property, which is the subject of the Ground Lease, which taken together will result in the transfer of the Mariner's Village, on the terms and conditions described in this report, as approved by General Counsel of the Housing Commission, provided that the leasehold value and the purchase and sale price for the improvements together, are fair and reasonable and represents the fair market value for the acquisition of the ground lease and for the purchase of the improvements located on the property, in accordance with the terms of the Housing Commission's Disposition Policy;
- 3) Authorize the Executive Vice President & Chief of Staff (Executive Vice President), or designee, to approve a deviation from Section 4.4 of the Housing Commission Bond Policy PO300.301, allowing Citibank the ability to transfer the Notes to a trust or custodial arrangement established by Citibank, an affiliate or a governmental entity, the beneficial interest in which will be owned by a qualified institutional buyer or rated in the "BBB" category by a nationally recognized rating agency. Citibank will require the ability to transfer the Notes without obtaining a similar set of representations required at initial purchase and without regard to minimum denominations; and
- 4) Authorize the Executive Vice President, or designee, to execute any and all other documents and instruments that are necessary and/or appropriate to implement the contemplated transaction, in a form approved by General Counsel, and to take such actions as are necessary and/or appropriate to implement the contemplated transaction upon the advice of General Counsel.

City Council:

Hold a Tax Equity Fiscal Responsibility Act (TEFRA) hearing and adopt a resolution approving the final issuance of Multifamily Housing Revenue Bonds for Mariner's Village.

109 HCR19-089 Final Bond Authorization for Keeler Court Apartments

Colin Miller, Vice President, Multifamily Housing Finance, Real Estate Division, and Jennifer Kreutter, Director, Multifamily Housing Finance, Real Estate Division, presented the request for approval.

Motion by Commissioner Hester to take the following staff recommended actions. Seconded by Commissioner Davis 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) take the following actions:

- 1) Authorize the issuance of up to \$25,000,000 in tax-exempt Multifamily Housing Revenue Bonds to facilitate Keeler Court Housing Associates, LP's acquisition and construction of Keeler Court Apartments, a 71-unit new rental housing development, located at 1290-1294 Keeler Court, San Diego, California 92113, in the Southeastern Community Planning Area of

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Council District 9, which will consist of 70 units that will remain affordable for 55 years and one unrestricted manager's unit; and

- 2) The Housing Authority of the City of San Diego approve the exception to Section 1.8 of the Bond Policy as referenced above and as described and justified in this report.

110 HCR19-099 Final Bond Authorization for East Block Family Apartments

Colin Miller, Vice President, Multifamily Housing Finance, Real Estate Division, and J.P. Correia Senior Real Estate Project Manager, Real Estate Division, presented the request for approval.

Motion by Commissioner Clumpner 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) authorize the issuance of up to \$24,000,000 in tax-exempt Multifamily Housing Revenue Bonds to facilitate Fairmount Family CIC L.P.'s new construction of East Block Family Apartments, which will consist of 77 units that will remain affordable for 55 years and one manager's unit, to be located at 4340 44th Street, San Diego, California 92115.

111 HCR19-100 Final Bond Authorization for East Block Senior Apartments

Colin Miller, Vice President, Multifamily Housing Finance, Real Estate Division, and J.P. Correia 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 Commissioner Hester 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 \$22,000,000 in tax-exempt Multifamily Housing Revenue Bonds to facilitate Fairmount Senior Housing CIC L.P.'s new construction of East Block Senior Apartments, which will consist of 115 units that will remain affordable for 55 years and two managers' units, to be located at 4320 44th Street, San Diego, California 92115.

112 HCR19-124 Recommend Approval to Extend the Initial Operating Agreement with Family Health Centers of San Diego to Operate the City of San Diego's Housing Navigation Center from February 1, 2020, to June 30, 2020; and to Exercise the First Six Months of the First Option Year for the Term of July 1, 2020, through December 31, 2020, to Accommodate Procuring and Conducting an Evaluation of the Project by a Third-Party Consultant

Lisa Jones, Senior Vice President, Homeless Housing Innovations, and Casey Nguyen, Director of Housing First Administration, Homeless Housing Innovations, presented the request for approval.



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Motion by Commissioner Davis 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) take the following actions:

Housing Authority:

- 1) Authorize the extension of the initial contract term for the agreement with Family Health Centers of San Diego to operate the City of San Diego's Housing Navigation Center at 1401 Imperial Avenue, San Diego, California 92113, to June 30, 2020, to align the contract term with the Housing Commission's and City of San Diego's Fiscal Year, in accordance with approvals granted by the Housing Authority on November 13, 2018, via Housing Authority Resolution Number HA-1793;
- 2) Authorize the execution of the first option to extend the term of the agreement with Family Health Centers of San Diego to operate the City of San Diego's Housing Navigation Center for a six-month term, from July 1, 2020, through December 31, 2020, in accordance with approvals granted by the Housing Authority on November 13, 2018 via Housing Authority Resolution Number HA-1793, contingent on the City making funds available for such purpose during the City of San Diego Fiscal year 2021 budgeting process and approval; and
- 3) Authorize the President & Chief Executive Officer (President & CEO) of the Housing Commission, or designee, to execute all documents and instruments that are necessary and/or appropriate to implement these approvals, in a form and format approved by General Counsel, and to take such actions necessary and/or appropriate to implement these approvals;
- 4) Authorize the President & CEO to execute an extension of the initial term of the MOU between the Housing Commission and the City for oversight and administration of the Housing Navigation Center to June 30, 2020, and authorize the execution of the first option to extend the term of the MOU for an initial six-month period, from July 1, 2020, through December 31, 2020, to align the term of the MOU with the operating agreement renewal contingent on the City making funds available for such purpose during the City of San Diego Fiscal year 2021 budgeting process and approval; and
- 5) Authorize the President & CEO to substitute funding sources and/or increase funding amounts for services provided under the operating agreement for the operation of the Housing Navigation Center by not more than 10 percent of the original amount allocated for such activities, if necessary, without further action of the Housing Authority, but only if and to the extent that such funds are determined to be available for such purposes.

City Council:

Approve an amendment to the MOU between the City and the Housing Commission for oversight and Administration of the Housing Navigation Center to extend the initial term of the MOU to June 30, 2020, and execute the first option to extend the term of the MOU for an initial six-month period, from July 1, 2020, through December 31, 2020 to coincide with the term of the operating agreement.



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113 HCR19-125 Workshop & Discussion: City of San Diego Community Action Plan on Homelessness

NO ACTION WAS REQUIRED ON THE PART OF THE HOUSING COMMISSION

Lisa Jones, Senior Vice President, Homeless Housing Innovations, and Keely Halsey, Chief of Homelessness Strategies and Housing Liaison, Office of Mayor Kevin L. Faulconer, presented a workshop on the City of San Diego's Community Action Plan on Homelessness.

ADJOURNMENT:

Chair Benvenuto adjourned the Regular Meeting at 11:36 a.m.

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