



SAN DIEGO
HOUSING
COMMISSION

MINUTES

SAN DIEGO HOUSING COMMISSION
MINUTES OF THE REGULAR MEETING
SEPTEMBER 6, 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
Commissioner Tim Walsh

10 CALL TO ORDER

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

20 NON-AGENDA PUBLIC COMMENT

Joy Sunyata spoke about housing.

Joe Taitano, Kathy Blackstock, Dina Pipkins, Homer Howard, Ethel Swenson, Kimberly Simpson, Bonnie Breckinridge, and Becky Vance spoke about Olivewood Gardens Apartments.

Chair Benvenuto referred the above comments to Housing Commission staff.

30 COMMISSIONER COMMENTS

There were no Commissioner comments.



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40 REPORT BY PRESIDENT & CHIEF EXECUTIVE OFFICER

U.S. Department of Housing and Urban Development (HUD) Assistant Secretary Visit

On Thursday, August 22, 2019, U.S. Department of Housing and Urban Development (HUD) Assistant Secretary of Public and Indian Housing Hunter Kurtz visited the Housing Commission. President & CEO Gentry spoke with him about the Housing Commission's innovative programs in affordable housing, rental assistance and addressing homelessness. He then toured the Housing Commission's Hotel Churchill and San Diego Square properties, along with Vice President of Multifamily Housing Finance Colin Miller. Assistant Secretary Kurtz is interested in expanding nationally the types of programs the Housing Commission operates in the City of San Diego.

National Honors for Two San Diego Housing Commission Departments

The Housing Commission's Procurement Department has received an "Achievement of Excellence in Procurement Award" for the third consecutive year from the National Procurement Institute, Inc. This award honors organizations that demonstrate excellence by obtaining a high score based on criteria that measures innovation, professionalism, productivity, e-procurement and leadership.

For the 11th consecutive year, the Housing Commission's Financial Services Department has received the highest recognition from the Government Finance Officers Association of the United States and Canada. The Housing Commission received this "Certificate of Achievement for Excellence in Financial Reporting" for the Fiscal Year 2018 Comprehensive Annual Financial Report. The Financial Services Department also received the Award for Outstanding Achievement in Popular Annual Financial Reporting for the ninth year in a row from the Government Finance Officers Association.

50 APPROVAL OF THE MINUTES

The minutes of the Regular Housing Commission meeting of July 18, 2019, were approved on a motion by Commissioner Hubbard, seconded by Commissioner Davis, and passed by a vote of 5-0.

ACTION AGENDA:

100 HCR19-104 Appointments to San Diego Housing Commission Strategic Plan Committee

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) Board of Commissioners confirm the following recommended appointments to the Housing Commission's Strategic Plan Committee: Chair of the Board Stefanie Benvenuto, Vice Chair of the Board Ryan Clumpner, and Commissioner Johanna Hester.



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101 HCR19-101 Preliminary Bond Authorization for Park Crest Apartments

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) 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 preliminary steps to issue Housing Authority tax-exempt Multifamily Housing Revenue Bonds to facilitate the acquisition and rehabilitation of Park Crest Apartments (Park Crest), a 140-unit apartment complex located in the Mountain View Neighborhood of San Diego, with 139 affordable units that will remain affordable for another 55 years and one manager's unit, located at 4531 Logan Avenue, San Diego, California 92113:
 - a. Issue a bond inducement resolution (Declaration of Official Intent) for up to \$38,000,000 in Multifamily Housing Revenue Bonds for the development of Park Crest by a limited partnership formed by Fairfield Park Crest 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 \$38,000,000 for Park Crest Apartments;
 - c. Approve the financing team of Kutak Rock as Bond Counsel and PMF as Financial Advisor; and
- 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 \$38,000,000 to facilitate the development of Park Crest.



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102 HCR19-103 Loan Modification and Preliminary Bond Authorization for Grant Heights Apartments and Winona 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 Hubbard 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, and 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.

Housing Commission:

Authorize the Housing Commission's President and Chief Executive Officer (President & CEO), or his designee, to take the following actions:

- 1) For the Grant Heights Apartments (Grant Heights), located at 2651-2663 J Street, San Diego:
 - a. Approve the proposed ownership transfer from the current owner/borrower, Urban Housing/Grant Heights LP (UHGH), to a to-be-formed limited partnership;
 - b. Execute any and all necessary documents and instruments to effectuate the transfer to a to-be-formed limited partnership of the covenants and provisions in the Housing Commission and UHGH's existing February 12, 2002 "Acquisition, Rehabilitation and Permanent Financing Agreement" and the related February 12, 2002 "Declaration of Covenants, Conditions and Restrictions," including extending the affordability term, as described herein;
 - c. Adjust financing terms/conditions, as necessary, for consistency with requirements of other funding sources or to accommodate market changes that may occur;
 - d. Approve the to-be-formed limited partnership's assumption of the Housing Commission's existing residual receipt loan, along with a 50 percent pay down of the Housing Commission's outstanding loan amount at escrow closing/bond issuance;
- 2) For the Winona Avenue Apartments (Winona), located at 3845 Winona Avenue, San Diego:
 - a. Approve the development's proposed ownership transfer from the current owner, San Diego Community Housing Corporation (SDCHC), to a to-be-formed new limited partnership;
 - b. Execute any and all necessary documents and instruments to effectuate the transfer to a to-be-formed limited partnership of the covenants and provisions in the Housing Commission and SDCHC's July 16, 1997 "Declaration of Covenants, Conditions and Restrictions," including extending the affordability term, as described herein;
 - c. Adjust financing terms/conditions, as necessary, for consistency with requirements of other funding sources or to accommodate market changes that may occur;

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- 3) Approve combining Grant Heights and Winona, into one project to be called Grant Heights II; and
- 4) Authorize the Housing Commission's President & CEO, or designee, to take such actions as are necessary, convenient and/or appropriate to implement these approvals and delegate authority by the Housing Commission upon advice of the General Counsel:

The proposed approval of these recommendations will be contingent upon the co-developers receiving all necessary third-party funding commitments as described in this report. Such third-party funding commitments will be subject to the Housing Commission's General Counsel's approval.

Housing Authority:

- 5) Approve the following steps to issue Housing Authority tax-exempt Multifamily Housing Revenue Bonds for Grant Heights II:
 - a. Issue a bond inducement resolution (Declaration of Official Intent) for up to \$9,000,000 in Multifamily Housing Revenue Bonds for the acquisition and rehabilitation of Grant Heights II by a to-be-formed limited partnership;
 - 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 Bonds in an amount up to \$9,000,000 for Grant Heights II. Issuance of the bonds will require Housing Authority approval at a later date;
 - c. Approve a bond financing team of Quint & Thimmig L.L.P. as Bond Counsel, and PFM Group as Bond Financial Advisor;
- 6) Authorize the Housing Commission's 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 the General Counsel and the Bond Counsel, and to take such actions as are necessary, convenient and/or appropriate to implement these approvals upon advice of the General Counsel and/or the Bond Counsel; and

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 up to \$9,000,000 for the acquisition and rehabilitation of Grant Heights II.

103 HCR19-064 Preliminary Bond Authorization for Mission Terrace 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 Davis 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) take the following actions and 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:

Housing Commission:

- 1) Authorize the Housing Commission's President and Chief Executive Officer (President & CEO), or designee, to take the following actions.
 - a. Approve the development's proposed ownership transfer from the current owner/borrower, Mission Terrace Associates L.P. (MTA), to Mission Terrace Housing Partners L.P. (MTHP), a new limited partnership formed by San Diego Interfaith Housing Foundation (Interfaith);
 - b. Execute any and all necessary documents and instruments to effectuate the transfer, to MTHP, of the covenants and provisions in the Housing Commission and MTA's existing August 31, 1994 "*Amended Acquisition, Construction, and Permanent Financing Loan Agreement*" (the Loan Agreement) and the related June 30, 1994, "*Declaration of Covenants and Restrictions*" including without limitation, Assignment and Assumption Agreements, and/or Amended, and, potentially a Restated Declaration of Covenants Conditions and Restrictions, and, any and all other agreements deemed necessary by the General Counsel of the Housing Commission;
 - c. Adjust financing terms/conditions, as necessary, for consistency with requirements of other funding sources or to accommodate market changes that may occur;
 - d. Implement Interfaith's desired payoff of the Mission Terrace existing residual receipts loan owed to the Housing Commission;
 - e. Take such actions as are necessary, convenient, and/or appropriate to implement these approvals and delegation of authority by the Housing Commission upon advice of the General Counsel.

The proposed approval of these recommendations will be contingent upon the developer receiving all necessary third-party funding commitments as described in this report. Such third-party funding commitments will be subject to the Housing Commission's General Counsel's approval.

Housing Authority:

- 2) Approve the following steps to issue Housing Authority tax-exempt Multifamily Housing Revenue Bonds or Notes for Mission Terrace:
 - a. Issue a bond inducement resolution (Declaration of Official Intent) for up to \$12,000,000 in tax-exempt Multifamily Housing Revenue Bonds or Notes for the acquisition and rehabilitation of Mission Terrace by MTHP;
 - 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 Bonds in an amount up to \$12,000,000 for Mission Terrace. Issuance of the Bonds or Notes will require Housing Authority approval at a later date;



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- c. Approve the bond financing team of Kutak Rock LLP as Bond Counsel, and PFM Group as Financial Advisor; and
- 3) Authorize the Housing Commission 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 the General Counsel and the Bond Counsel, and to take such actions as are necessary, convenient, and/or appropriate to implement these approvals upon advice of the 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 Housing Authority's issuance of tax-exempt Multifamily Housing Revenue Bonds or Notes in an amount up to \$12,000,000 for the acquisition and rehabilitation of Mission Terrace.

104 HCR19-097 SDHC Strategic Plan 2016 – 2020 Workshop

This item was removed from the agenda.

CLOSED SESSION:

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

- I. Announcement by Counsel of the Matters to be discussed in Closed Session and the basis upon which each will be discussed, as referenced within the Brown Act.
- II. Public Testimony and Comment, if any, concerning any matter on the Closed Session Agenda.
- III. Commissioner comments, if any.
- IV. Commission will convene 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:

Patrice Baker, et. al. vs City of San Diego; et. al. United States District Court for the Southern District of California

Counsel will discuss the litigation and seek direction from the Board on the defense of the case.



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San Diego Tenant Union, and Darlisa McDowell vs. San Diego Housing Commission, San Diego Superior Court Case No. 37-2019-00012582-CU-WM-CTL

Counsel will discuss the litigation and seek direction from the Board on the defense of the case.

This was an informational item. No action was taken.

- B. Public Employee Performance Evaluation pursuant to subdivision (e) of 54954.5 Government Code and Section 54957:

Title: President & Chief Executive Officer

General Counsel Description: Annual Performance Evaluation for President & CEO of the San Diego Housing Commission

V. Announcement of Actions Taken in Closed Session

The President and CEO's performance evaluation was performed in closed session and was unanimously approved by a vote of 5-0 with Commissioner Urtasun and Commissioner Walsh absent.

Closed session items were introduced in open session at 10:03 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.

ADJOURNMENT:

Chair Benvenuto adjourned the Regular Meeting at 11:09 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