City of San Diego, California

HOUSING AUTHORITY MINUTES

SPECIAL MEETING OF THE
HOUSING AUTHORITY OF THE CITY OF SAN DIEGO
TUESDAY, JULY 29 2003, 10:00 A.M.
202 C STREET, 12TH FLOOR
SAN DIEGO, CALIFORNIA

ATTENDANCE

Chair Murphy and Councilmembers Peters, Zucchet, Atkins, Lewis, Maienschein, Frye, Madaffer and Inzunza

CALL TO ORDER

Chair Murphy called the meeting to order at 11:46 a.m.

PUBLIC COMMENT

San Diego Community College District, City College, and East Village representatives expressed their support for the proposed development at Smart Corner.

Mel Shapiro, Mignon Scherer, and Bruce Henderson spoke in opposition to the proposed agreement, and Chris Hartnet of the San Diego Building Trades and Construction Council asked the Council to review costs relating to SB 975, the State's prevailing wage legislation.

ADOPTION AGENDA

ITEM 1 **HAR03-004 – Approval of Purchase and Sale Agreement for the Housing Commission's Proposed Office Development (District 2)**

Recommendation No. 1a: That the Housing Authority approve a PSA (Attachments 1 and 2a and 2b) with Lankford & Associates, Inc., or a Limited Liability Company of which Lankford & Associates, Inc. is the managing member owning not less than 51% of the company, provided that the composition of the Limited Liability Company is approved by the Housing Commission's CEO, or designee and General Counsel, and authorize the CEO to execute a PSA as approved by General Counsel to effectuate the purchase for an acquisition cost not to exceed $23,846,160.

Recommendation No. 1b: That the Housing Authority approve a total development budget of $26,532,510, authorize the CEO to expend up to this amount, and delegate the resolution of all cardinal issues related to the acquisition of the proposed new office facility to the Board of the Housing Commission, so long as initial annual principal and interest costs do not exceed $1,754,000.

Recommendation No. 2: That the Housing Authority accept the Financing Term Sheet provided by US Bank directly to the Housing Commission (Attachment 5), and authorize the CEO, with advice and concurrence of General Counsel and the Commissioners' new office facility advisory ad hoc committee, to seek a firm financing commitment consistent with that term sheet, and authorize execution of all required documents to secure a 2-year forward commitment for financing and 5-year permanent financing in an amount not to exceed $21 million at a fixed interest rate of no greater than 7 percent.

Janice Weinrick, Vice President of Real Estate Operations for the Center City Development Corporation, provided an overview of the project, and representatives from Lankford & Associates, Inc. presented the residential components to the Smart Growth concept. Gerald Trimble, Managing Partner of Keyser Marston, discussed the status of the current office facility and summarized the Housing Commission's lease, buy and sell options.

Elizabeth Morris, Chief Executive Officer of the San Diego Housing Commission, gave a presentation regarding the proposal to purchase the office building. Ms. Morris also conveyed a message from Housing Commission Board Chair Sal Salas noting his appreciation for the opportunity to work with his colleagues at CCDC. The Housing Commission Board recommends approval of the purchase and sale agreement.

In response to questions from Mayor Murphy, Ms. Morris stated the project contains no general fund money and the LEED Silver Standard applies only to the office-building portion of the project. Finally, a Metropolitan Transit Board representative confirmed that MTB will be responsible for building the new trolley station, and the Mayor received clarification on deferred purchase price revenues and the amount of CCDC financing in the project.

Councilmember Zucchet expressed support for the project but is concerned about the Housing Commission's lack of experience in the parking, retail, and commercial real estate aspects of the deal. He agreed with public comment that the Newton facility is a satisfactory office building, and he requested information from Ms. Morris relating to the project's risks and assumptions.

Councilmember Atkins asked questions relating to the marketing of the office and retail space, the amount of in-lieu fees provided from the housing component of the project, and units designated for first-time homebuyers. She noted the current facility at Newton

Avenue does not provide satisfactory working conditions and the proposed project's potential revenue stream may allow the Housing Commission to become a self-sufficient agency.

Councilmember Frye stated her concerns with regard to identifying the mitigation of public service facilities for fire and police protection and the repayment of the debt by the Housing Commission to City. She also questioned the loan interest rate and the agency's alternative plans for payment of the loan.

Councilmember Madaffer stated his opposition to construction of new office space when the City is dealing with fiscal burdens, and he objected to the use of funds that could otherwise be spent on tenant housing matters. He received additional information on the Disposition and Development Agreement and entitlement provisions of the project.

Councilmember Lewis supported the project, particularly as it will provide workforce and entry-level housing and it is within a heavy-access transit corridor.

Mayor Murphy reiterated there is no general fund money in this project and he agreed with Councilmember Atkins' statement that the Housing Commission eventually could become a self-sufficient organization. The Mayor noted the Housing Commission's tenancy makes the project feasible, and it will provide convenient transit access for thousands of City residents.

A MOTION BY ATKINS TO APPROVE RECOMMENDATION NO. 1A AND 1B WAS CARRIED ON A VOTE OF 8-1 WITH MADAFFER VOTING NO.

A MOTION BY ATKINS TO APPROVE RECOMMENDATION NO. 2 WAS CARRIED ON A VOTE OF 7-2 WITH FRYE AND MADAFFER VOTING NO.

ADJOURNMENT

Chair Murphy adjourned the meeting at 4:27 p.m.