

MINUTES

**SAN DIEGO HOUSING COMMISSION
MINUTES OF THE REGULAR MEETING
MARCH 2, 2007, 9:00 A.M.
CITY ADMINISTRATION BUILDING
SAN DIEGO, CALIFORNIA**

ATTENDANCE

Present were Chair Sal Salas and Commissioners Khadija Basir, Jennifer Adams-Brooks, Todd Gloria, Alice Tumminia and Tony Yip. Also present were Chuck Christensen, General Counsel and President and Chief Executive Officer Elizabeth Morris.

10 CALL TO ORDER

Chair Salas called the meeting to order at 9:10 a.m.

20 PUBLIC COMMENT

None

30 COMMISSIONER COMMENTS

None

40 REPORT BY THE PRESIDENT & CHIEF EXECUTIVE OFFICER

Ms. Morris announced that the Federal Budget has been approved and was pleased that the public housing operating fund got a boost, bringing us up from 76% to 82% of the formula amount. She mentioned that HUD recently sent out an email stating that due to a computer glitch, this month's \$10M Voucher deposit was going to be a day or two late. We immediately notified our bank who said they would honor the 12,000 checks that were issued on the first of the month, however, there would be a fee charged for the insufficient funds. Ms. Morris stated that the density bonus ordinance that went before the City Council on Tuesday was postponed to March 27, 2007. She said that the allegation that density bonus projects could build higher than the voter approved 30 foot height limit near the coast was unfounded. Finally, she announced that Affordable Housing Day will be sometime in April 2007.

50 APPROVAL OF THE MINUTES

General Counsel asked that the minutes be trailed to the next meeting.

CONSENT AGENDA

MOTION BY TUMMINIA TO APPROVE THE FOLLOWING ITEMS ON CONSENT:

**100 HCR07-12 Award of Contract for the Improvements at Fulton Street and
Golfcrest Drive (Council Districts 6 & 7)**

Recommendations:

- 1) Recommend that the Housing Authority approve the award of the contract to Hugo Alonso, Inc., dba L.J. Ninteman Construction Services in the amount of \$2,948,000 for improvements to public housing sites at 7526-7580 Fulton Street; 7281, 7289 and 7291 Saranac Street; and 7891, 7895 and 7899 Golfcrest Drive
- 2) Authorize the President & Chief Executive Officer to execute the contract (Attachment 1) and expend up to a ten percent contingency (\$294,800), if necessary, for items not anticipated in the original scope of work; following final approval of the contract award by the Housing Authority.
- 3) Approve an amendment to the FY07 Budget to transfer \$271,050 of Federal Public Housing Funds Reserves to Property Management/Asset Management Extraordinary Maintenance for this contract.

SECONDED BY ADAMS-BROOKS AND CARRIED ON A UNANIMOUS VOTE OF 6-0.

ACTION AGENDA

**101 HCR07-19 Loan increase and HELP loan payoff for Dawson Avenue Senior
Apartments (Council District 7)**

Project Manager Dan Cady gave a staff report.

Chair Salas asked why the gap grew to over \$3 million. Mr. Cady replied they bid the project in 2005 and a lot of site work was added, however, due to decreases in construction costs the project is now out for re-bids.

Chair Salas asked how the institutional lender is chosen. Ms. Sheri Hoffman representing Chelsea stated the project financing packets were sent to US Bank and Bank of America. After reviewing the financing proposals that were submitted to Housing Development Partners (HDP), the proposal that provides the best economic solutions to the project is chosen.

Commissioner Tumminia asked what happens if the tax credit deadlines are missed. Ms. Hoffman stated if tax credits are unsuccessful in March, they would reapply in July or see if the project can be refinanced with bond financing and four percent tax credits which are not as competitive.

MOTION BY YIP TO APPROVE RECOMMENDATIONS: 1) INCREASE A \$2,372,000 HOUSING COMMISSION LOAN TO \$3,335,000 AS PERMANENT FINANCING FOR 87 UNITS (ONE UNRESTRICTED UNIT WOULD BE OCCUPIED BY A RESIDENT MANAGER) OF RENTAL HOUSING FOR VERY LOW-INCOME SENIORS AND DISABLED RESIDENTS (LOAN IS CONTINGENT ON AWARD OF 9% TAX CREDITS); 2) USE UP TO \$2,100,000 OF HOUSING COMMISSION FUNDS TO PAY OFF A SHORT TERM HELP LOAN FROM THE CALIFORNIA HOUSING FINANCE AGENCY AND TAKE ALL ACTIONS NECESSARY TO ALLOCATE HOME PROGRAM FUNDS FOR THIS PAYMENT; 3) IN ACCORDANCE WITH THIS REPORT, CHANGE THE TERMS AND CONDITIONS OF THE LOAN APPROVED ON MARCH 1, 2005; AND 4) AUTHORIZE THE CHIEF EXECUTIVE OFFICER OF THE HOUSING COMMISSION TO EXECUTE THE NECESSARY DOCUMENTS. SECONDED BY GLORIA AND CARRIED ON A UNANIMOUS VOTE OF 6-0.

102 HCR 07-13 Final Bond Authorization and Loan Amendment for Alabama Manor Apartments

Supervising Project Manager Peter Armstrong gave a staff report.

Commissioner Yip asked if the interest rate can be revised after year 15. Mr. Armstrong replied that we can explore revising the interest rate after year 15 when the first position mortgage is refinanced.

Ms. Anne Wilson representing Community Housing Works thanked the Housing Commission staff for all the work they have done to keep this project alive and stated the project has been in escrow for 14 months.

Counsel stated this requirement is subject to clarification by tax counsel and ought not to jeopardize the project.

MOTION BY YIP TO APPROVE RECOMMENDATION: 1) AUTHORIZE THE ISSUANCE OF TAX-EXEMPT MULTIFAMILY HOUSING REVENUE BONDS IN AN AMOUNT NOT TO EXCEED \$6,800,000 FOR THE ACQUISITION, REHABILITATION, AND PRESERVATION OF THE ALABAMA MANOR APARTMENTS BY COMMUNITY HOUSING WORKS (CHW) AND ITS AFFILIATE, ALABAMA MANOR HOUSING ASSOCIATES, A CALIFORNIA LIMITED PARTNERSHIP, LOCATED AT 3822- 3836 ALABAMA STREET. SECONDED BY ADAMS-BROOKS AND CARRIED ON A UNANIMOUS VOTE OF 6-0.

MOTION BY YIP TO APPROVE THE AMENDED RECOMMENDATION: 2) DECREASE IN THE INTEREST RATE FROM 3% TO 0% WITH CONDITIONAL INCREASE OF 3% IN YEAR 17, CONTINGENT UPON TAX CREDIT COUNSEL OPINION THAT THIS WOULD NOT JEOPARDIZE THE PROJECT, AND EXTEND THE PROJECT TERM FROM 55 TO 65

YEARS. SECONDED BY ADAMS-BROOKS AND CARRIED ON A UNANIMOUS VOTE OF 6-0.

103 HCR 07-14 Loan for Riverwalk Apartments (Council District 8)

Project Manager Joe Corriea gave a staff report.

Commissioner Yip asked about the community's participation and was there opposition to the project. Mr. Corriea replied there were community members who thought there was too much affordable housing in south San Diego. Ms. Wendy DeWitt added that the developer has continued to do a lot work with the community. Mr. James Silverwood representing Affirmed Housing Group stated the community meetings have been informative and some concerns have been about the colors of the buildings and about housing low-income people in the area.

Chair Salas asked what the reason is for the \$632,860 drop in subsidy. Mr. Silverwood stated that a commitment from the tax credit investors for a higher investment rate for this project was the reason.

Commissioner Adams-Brooks asked about prevailing wages. Mr. Silverwood stated that the project could be built without State Prevailing Wages; however, if there are HOME Funds in an amount that exceeds 11 units in the project then that would trigger the Davis Bacon Act and State Prevailing Wages. He asked if the wording in Item 20 of the Commitment Letter (attached to the report) can be changed to "either/or." General Counsel stated that the language could be changed to "if required."

Commissioner Gloria stated that he supports the project but his concern is the community's opposition. He appreciates what we're doing to create more affordable housing in the south San Diego area.

MOTION BY YIP TO APPROVE RECOMMENDATIONS: 1) FORWARD TO THE HOUSING AUTHORITY, A RECOMMENDATION TO MAKE A 55-YEAR RESIDUAL RECEIPTS TOTAL LOAN, UP TO \$2,991,557 TO RIVERWALK APARTMENTS LLC, TO FUND THE LAND ACQUISITION AND NEW CONSTRUCTION OF THE RIVERWALK APARTMENTS, AT 1194 HOLLISTER STREET, CONTINGENT UPON THE CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE (TCAC) AWARD OF 9% TAX CREDITS TO THE PROJECT, AS DESCRIBED IN THIS REPORT AND AN AMENDMENT TO THE COMMITMENT LETTER ON THE FOLLOWING TWO ITEMS; A) **ITEM 6 TO REFLECT THAT THE INTEREST RATE WOULD BE THE APPLICABLE FEDERAL RATE OR 3% IF AGREED UPON BY COUNSEL, DEVELOPER AND HOUSING COMMISSION STAFF; AND B) **ITEM 20** "IF REQUIRED" WOULD BE ADDED TO THE PARAGRAPH; AND 2) AUTHORIZE THE PRESIDENT AND CHIEF EXECUTIVE OFFICER TO TAKE ALL ACTIONS NECESSARY TO EFFECTUATE THIS TRANSACTION. TERMS AND CONDITIONS WOULD BE CONTINGENT UPON SATISFACTION OF THE GENERAL COUNSEL. SECONDED BY BASIR AND CARRIED ON A UNANIMOUS VOTE OF 6-0.**

104 HCR07-18 Preliminary Items Pursuant to Issuing Multifamily Housing Revenue Bonds for Villa Nueva Apartments (Council District 8)

Supervising Project Manager Peter Armstrong gave a staff report.

Chair Salas asked what the renovations to the units entail. Mr. Christopher Hilbert representing Steadfast Companies replied they would be replacing the HVAC system, as well as adding new energy efficient windows, cabinets, counter tops, carpeting, and blinds. In addition, major landscaping and irrigation improvements are scheduled to be made.

Chair Salas asked about tenant relocation. Ms. Andrea Skorepa representing Casa Familiar stated that they will be offering financial management classes to the tenants in hopes of turning most of them into homeowners. Mr. Hilbert added that during the due diligence process there are 20-30 families considered over the income limit and there is no forced relocation on this project.

MOTION BY YIP TO APPROVE RECOMMENDATION: **1) A. HOUSING AUTHORITY APPROVE A BOND INDUCEMENT RESOLUTION (A "DECLARATION OF OFFICIAL INTENT") FOR UP TO \$45 MILLION IN MULTIFAMILY HOUSING REVENUE BONDS FOR THE ACQUISITION AND REHABILITATION OF THE VILLA NUEVA APARTMENTS BY STEADFAST VILLA NUEVA L.P., A LIMITED PARTNERSHIP MANAGED BY STEADFAST COMPANIES OR ITS AFFILIATE, ("STEADFAST") AND CASA FAMILIAR ("CASA"); B. HOUSING AUTHORITY APPROVE 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 \$45 MILLION FOR VILLA NUEVA APARTMENTS; AND C. CITY COUNCIL HOLD A PUBLIC HEARING (*KNOWN AS A TEFRA HEARING -TAX EQUITY AND FISCAL RESPONSIBILITY ACT*) AND ADOPT A RESOLUTION APPROVING THE ISSUANCE OF TAX-EXEMPT BONDS IN AN AMOUNT UP TO \$45 MILLION BY THE HOUSING AUTHORITY FOR VILLA NUEVA APARTMENTS LOCATED AT 3604 BEYER BOULEVARD IN THE CITY OF SAN DIEGO. SECONDED BY BASIR AND CARRIED ON A UNANIMOUS VOTE OF 6-0.**

MOTION BY ADAMS-BROOKS TO APPROVE RECOMMENDATION: **2) HOUSING COMMISSION APPROVE A FINANCING TEAM OF QUINT & THIMMIG LLP AS BOND COUNSEL AND PUBLIC FINANCIAL MANAGEMENT AS FINANCIAL ADVISOR TO BEGIN WORK ON THE PROJECT. SECONDED BY YIP AND CARRIED ON A UNANIMOUS VOTE OF 6-0.**

Commissioner Yip asked staff for a status report of projects in the pipeline.

CLOSED SESSION

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

- a. Conference with Legal Counsel-Existing Litigation pursuant to subdivision(c) of 54954.5 Government Code and subdivision (a) of Section 54956.9:

J&J Properties A, LLC v. San Diego Housing Commission, et al.
San Diego Superior Court Case No. GIC 858800

San Diego Housing Commission v. J&J Properties A, LLC
San Diego Superior Court, Case No. GIC 858807

NO ACTION TAKEN

ADJOURNMENT

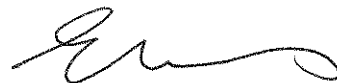
Chair Salas adjourned the regular meeting at 10:53 a.m.

Respectfully submitted,



Angie Risotti
Executive Assistant to the President and CEO

Approved by,



Elizabeth Morris
President and CEO