



SAN DIEGO
HOUSING
COMMISSION

MINUTES

**SAN DIEGO HOUSING COMMISSION
MINUTES OF THE REGULAR MEETING
JUNE 17, 2016
SMART CORNER
4th FLOOR CONFERENCE ROOM
1122 BROADWAY
SAN DIEGO, CALIFORNIA 92101**

ATTENDANCE

Present:

Chair Gary Gramling
Vice Chair Roberta Spoon
Commissioner Ben Moraga
Commissioner Margaret Davis
Commissioner Kellee Hubbard
Commissioner Dorothy Surdi
Commissioner Frank Urtasun
Executive Vice President & COO Jeff Davis
General Counsel Charles Christensen

10 CALL TO ORDER

Chair Gramling called the Regular Meeting to order at 9:10 a.m.

20 NON-AGENDA PUBLIC COMMENT

Mark E. Smith spoke about residing at San Diego Square Senior Apartments.

Martha Welch spoke about housing.

30 COMMISSIONER COMMENTS

There were no Commissioner comments.

40 REPORT BY PRESIDENT & CHIEF EXECUTIVE OFFICER

Jeff Davis, Executive Vice President & Chief Operating Officer (COO) of the San Diego Housing Commission (SDHC), presented a report on behalf of President & Chief Executive Officer (CEO) Richard E. Gentry.



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SDHC Board Chair Receives Prestigious Award, May 16

Chair Gramling was honored on May 16 with the Commissioner of the Year Award from the Pacific Southwest Regional Council of the National Association of Housing and Redevelopment Officials (NAHRO) for his advocacy for creating permanent supportive housing to help homeless San Diegans rebuild their lives. Chair Gramling was also recognized for his efforts to create and preserve affordable housing, which was a major goal of SDHC's Strategic Plan (2014-16).

SDHC Budget Approved by Housing Authority

The Housing Authority of the City of San Diego on June 14 unanimously approved SDHC's Fiscal Year 2016-17 (July 1, 2016 - June 30, 2017) budget of \$368 million. Executive Vice President & COO Davis thanked Vice Chair Roberta Spoon for her support and counsel during the budget approval process and the SDHC Board for its support of the budget.

San Diego Neighborhoods Receive "Promise Zone" designation

The City of San Diego has been selected by the U.S. Department of Housing and Urban Development (HUD) as one of nine new "Promise Zones." This designation gives the City of San Diego the opportunity to obtain additional Federal financial resources to revitalize economically disadvantaged neighborhoods in Barrio Logan, Encanto, and the southeastern part of the city of San Diego. SDHC is a partner in the "Promise Zone," an initiative spearheaded by San Diego Mayor Kevin Faulconer, which has the strong support of U.S. Representatives Scott Peters and Juan Vargas.

Advocating for Affordable Housing

President & CEO Gentry sent a letter to California Governor Jerry Brown in support of the Governor's proposal in the 2016-17 State Budget to streamline affordable housing approvals. President & CEO Gentry stated that the Governor's proposal for "by-right" approvals of multifamily housing developments that meet specific criteria is essential to reduce the cost and increase the production of much-needed affordable housing. President & CEO Gentry also sent a letter to State Assemblymember Lorena Gonzalez, who is a member of the California Budget Conference Committee, stating that her support is essential for the State Budget to invest \$650 million in the upcoming fiscal year to create additional affordable housing.

Launch of "Housing Our Heroes" Rental Listing Service

SDHC has launched the "Housing Our Heroes" rental housing listing service for homeless Veterans, a service for landlords to list their rentals for The 1,000 Homeless Veterans Initiative free of charge. The 1,000 Homeless Veterans Initiative is a program of HOUSING FIRST – SAN DIEGO, SDHC's three-year Homelessness Action Plan (2014-17).

Renovation of Westminster Manor Preserves 150 Apartments for Low-Income Seniors

Commissioner Moraga and President & CEO Gentry participated in the grand reopening of Westminster Manor Apartment Homes on May 18. This renovation provides new kitchens, showers, windows and floors, as well as a larger community room and computer-equipped library. It also preserves 150 affordable apartments for low-income seniors for 55 years. SDHC



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partnered with Chelsea Investment Corporation, Westminster Manor of San Diego Incorporated and Senior Housing Corporation for the acquisition and rehabilitation of Westminster Manor.

Financial Services Department Awarded National Certificate of Achievement

For the eighth consecutive year, SDHC's Financial Services Department received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada (GFOA). The award was for the Fiscal Year 2015 (July 1, 2014 - June 30, 2015) Comprehensive Annual Financial Report.

CONSENT AGENDA:

Motion by Chair Gramling to approve the items listed below on consent. Seconded by Commissioner Hubbard and passed by a vote of 7-0.

100 HCR16-059 Fiscal Year 2017 Procurement of Commercial General Liability Insurance Coverage

That the San Diego Housing Commission (Housing Commission) authorize the President & Chief Executive Officer to purchase Commercial General Liability, Pesticide Liability, Sexual Abuse Liability, Terrorism Liability, and Mold/Fungi/Bacteria Liability Insurance coverage (Commercial Liability and related Liability coverages) for the Housing Commission from Housing Authority Risk Retention Group (HARRG) in an amount not to exceed \$203,898, with effective dates of July 1, 2016, to June 30, 2017.

101 HCR16-052 Amendment to Agreement with Softchoice for Microsoft Licensing

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

- 1) Approve an amendment to the agreement with Softchoice in an amount not to exceed \$110,000 for the final year of the agreement, which expires on April 30, 2017;
- 2) Authorize the President & Chief Executive Officer (President & CEO), or designee, to substitute the funding sources with other available funding sources, so long as the total program/project budget amount after substitution does not exceed the approved total budget, should the operational need arise, or should such actions be to the benefit of the Housing Commission and its mission. Funding substitutions will be memorialized in an Information Report at the next scheduled Housing Commission Board meeting; and
- 3) Authorize the President & CEO, 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.



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102 HCR16-060 Moving to Work Contract Extension Approval

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

- 1) Approve the Housing Commission's Moving to Work Contract Extension under existing terms and conditions with the U.S. Department of Housing and Urban Development (HUD) to 2028, which was approved by U.S. Congress on December 18, 2015; and
- 2) Authorize the President & Chief Executive Officer, or designee, to execute all documents and instruments 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.

103 HCR16-051 Fiscal Year 2017 Section 8 Administrative Plan

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

- 1) Approve the Fiscal Year (FY) 2017 (July 1, 2016 – June 30, 2017) Section 8 Administrative Plan (Attachment 1) and the implementation of new policy therein; and
- 2) Authorize the President & Chief Executive Officer, 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.

The following item was pulled from the Consent Agenda to allow testimony in opposition from a member of the public, Martha Welch. The request was then approved 7-0 as part of the Consent Agenda.

106 HCR16-054 Final Bond Authorization for North Park Seniors Apartments

That the San Diego Housing Commission (Housing Commission) recommend the Housing Authority of the City of San Diego (Housing Authority) authorize the issuance of up to \$15,000,000 in tax-exempt Multifamily Housing Revenue Bonds/note to fund the new construction of North Park Seniors Apartments (North Park Seniors), a 76-unit affordable housing development for seniors, including 8 units for those who are homeless, in an infill affordable rental housing development, to be located at 4200 Texas Street, San Diego, which will remain affordable for 55 years.

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50 APPROVAL OF THE MINUTES

The minutes of the Regular Housing Commission Meeting of May 6, 2016, and the Special Housing Commission Meeting of June 3, 2016, were approved on a motion by Commissioner Hubbard, seconded by Commissioner Davis, and passed by a vote of 7-0.

ACTION AGENDA:

104 HCR16-056 Preliminary Bond Authorization for Park & Market

Ted Miyahara, Director of Housing Finance, Real Estate Division, and Cameron Shariati, Real Estate Manager, Real Estate Division, presented the request for approval.

Housing Commission General Counsel Chuck Christensen stated for the record that Chair Gramling's residence is located more than 500 feet from the location of the Park & Market development, and that Chair Gramling was free to vote on the request for approval.

Motion by Commissioner Urtasun to take the following staff-recommended actions. Seconded by Vice Chair Spoon and passed by a vote of 7-0.

That the San Diego Housing Commission (Housing Commission) recommend the Housing Authority of the City of San Diego (Housing Authority) take the following actions, as described in this report.

- 1) Approve the following steps to issue Housing Authority tax-exempt Multifamily Housing Revenue Bonds for Park & Market, a 427-unit mix-use development, which will include 86 units that will remain affordable for 55 years:
 - a. Issue a bond inducement resolution (Declaration of Official Intent) for up to \$225,000,000 in Multifamily Housing Revenue Bonds for the development of Park & Market by a limited partnership formed by Holland Partners Group, LLC;
 - 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 \$225,000,000 for Park & Market;
 - c. Approve the financing team of Squire Sanders as Bond Counsel and Ross Financial as Financial Advisor; and
 - d. Request that the San Diego City Council (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 \$225,000,000; 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



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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.

105 HCR16-055 Loan Recommendation for Vista Del Puente

Ted Miyahara, Director of Housing Finance, Real Estate Division, and Cameron Shariati, Real Estate Manager, Real Estate Division, presented the request for approval.

Testimony in opposition by Martha Welch.

Motion by Vice Chair Spoon to take the following staff-recommended actions. Seconded by Commissioner Hubbard and passed by a vote of 7-0.

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:

- 3) Approve a residual receipts loan in an amount not to exceed \$3,000,000 to a to-be-formed Limited Partnership consisting of National Community Renaissance of California (NCRC) and Townspeople as Co-General Partner, and a tax credit investor to finance the acquisition and development of Vista del Puente at 3934 Gamma Street and 1510 South 40th Street, San Diego, 92113, which will remain affordable for 55 years.

The Housing Commission proposed loan will be contingent upon the developer receiving all necessary third-party funding commitments, including 9 percent tax credits;

- 4) Authorize the President and Chief Executive Officer (President & CEO) of the Housing Commission, or designee:
 - a. To execute all necessary documents and instruments to effectuate the transaction and implement the project, in a form approved by General Counsel, and to take such actions as are necessary, convenient and/or appropriate to implement the approvals upon advice of General Counsel;
 - b. To adjust financing terms/conditions as necessary for consistency with requirements of other funding sources or to accommodate market changes, not to exceed the maximum Housing Commission loan amount of \$3,000,000; and
 - c. To substitute approved funding sources with any other available funds as deemed appropriate, contingent upon budget availability, 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.



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107 HCR16-061 Workshop & Discussion: Loan Portfolio Asset Management

Ann Kern, Vice President of Real Estate Finance and Program Development, Real Estate Division; Ted Miyahara, Director of Housing Finance, Real Estate Division; and Mi Yeong Lee, Senior Asset Manager, Real Estate Division, presented a workshop to provide an overview of the Housing Commission's Multifamily Loan Portfolio Asset Management program, program outcomes, and next steps.

NO ACTION WAS TAKEN ON THE PART OF THE HOUSING COMMISSION

Closed session items were introduced in open session 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.

CLOSED SESSION

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

A. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION pursuant to subdivision (c) of section 54954.5 of the Government Code and pursuant to subdivision (d)(2) of section 54956.9:

One (1) potential matter.

Counsel's Description of General Nature of Closed Session:

Counsel will discuss potential litigation arising out of property/project identified as the Mountain View Project. This will include a status update for the Board and at time General Counsel will seek further direction on the initiation of litigation.

By a vote of 7-0, instructions were given to Counsel concerning anticipated litigation.

ADJOURNMENT:

Chair Gramling adjourned the Regular Meeting at 10:40 a.m.



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Respectfully submitted,

Maria Velasquez
Senior Vice President
Communications and Government Relations &
Chief Communications Officer
San Diego Housing Commission

Approved by,

Richard C. Gentry
President & Chief Executive Officer
San Diego Housing Commission