

MINUTES

**SAN DIEGO HOUSING COMMISSION
MINUTES OF THE REGULAR MEETING
DECEMBER 18, 2009, 9:00 AM
SMART CORNER
4th FLOOR CONFERENCE ROOM
1122 BROADWAY
SAN DIEGO, CALIFORNIA**

ATTENDANCE

Present were Chair Salas and Commissioners Jennifer Adams-Brooks, Khadija Basir, Gary Gramling, Sam Guillen and Allen Sims. Also present were Chuck Christensen, General Counsel and President & CEO, Richard Gentry. Commissioner Waring was absent.

10 CALL TO ORDER

Chair Salas called the meeting to order at 9:06 am.

20 PUBLIC COMMENT

Jay Powell, City Heights Community Development Corporation gave an update on Commission investment properties. He spoke regarding the Energy Efficiency and Sustainability audits mentioned by Commissioners in prior meetings. Mr. Powell thanked the Commissioners for their suggestions on more energy efficient practices and announced that implementation of these practices had already started to take place.

Maria Velasquez, Vice President, Communications Department, gave a brief overview and introduced the new audio system. She announced the January start date for the live streaming audio system that will be implemented for Housing Commission Board Meetings in January 2010.

San Diego County Treasurer, Dan McAllister spoke in favor of Agenda Item 104, the San Diego County Investment Pool. Mr. McAllister expressed his excitement to be working with SDHC.

CONSENT AGENDA

MOTION BY GRAMLING TO APPROVE THE FOLLOWING ITEMS ON CONSENT:

100 HCR09-123 2010 Housing Commission Meeting Schedule

Recommendation: That the Housing Commission Board approve the 2010 meeting schedule that includes twelve scheduled meetings to be held at the Housing Commission's office building.

102 HCR09-127 Application for Fiscal Year 2011 Community Development Block Grant Funds (Council Districts 2 and 8)

Recommendation: Authorize the President and Chief Executive Officer or designee to apply to the City of San Diego for \$1,500,000 of FY11 CDBG funds for multifamily housing rehabilitation, and execute a contract with the City for the amount allocated to the Housing Commission.

104 HCR09-121 San Diego County Investment Pool

Recommendation: That the Housing Commission adopt a resolution approving the use of the County of San Diego's investment pool as an acceptable investment option.

108 HCR09-122 Townspeople 34th Street Apartments Loan Assignment (Council District 3)

Recommendation: Authorize transferring the proposed Housing Commission financing of the 34th Street Apartments project from Townspeople Corporation, to a single asset entity controlled by Townspeople, and authorize the President and Chief Executive Officer or designee to execute necessary documents as drafted and approved by the General Counsel.

SECONDED BY BASIR AND CARRIED BY A UNANIMOUS VOTE OF 6-0 WITH
WARING ABSENT

CLOSED SESSION

The San Diego Housing Commission convened in closed session.

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

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

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

DIRECTION TO COUNSEL CONCERNING POTENTIAL LITIGATION WITH A
UNANIMOUS VOTE OF 6-0 WITH WARING ABSENT

- b. Conference with Real Property Negotiators-Negotiation with Real Property Negotiator pursuant to subdivision (b) of 54954.5 Government Code and Section 54956.8:

Property: Smart Corner, 1122 Broadway, Second Floor, San Diego, California

NO ACTION WAS TAKEN ON THIS MATTER

- c. Conference with Real Property Negotiators-Negotiation with Real Property Negotiator pursuant to subdivision (b) of 54954.5 Government Code and Section 54956.8:

Property: Sandford Hotel, 1301 5th Avenue, San Diego, California, Parcel No. 553-453-03.

DISCUSSION ONLY NO ACTION TAKEN ON THIS MATTER

- d. Conference with Real Property Negotiator-Negotiation with Real Property Negotiator pursuant to subdivision (b) of 54954.5 Government Code and Section 54956.8:

Property: 2015 Hancock Street, San Diego, CA 92110; APN: 450-613-08-00

DIRECTIONS TO REAL ESTATE NEGOTIATOR BY A UNANIMOUS VOTE OF 6-0
WITH WARING ABSENT

30 REPORT BY THE PRESIDENT & CHIEF EXECUTIVE OFFICER

Mr. Gentry discussed Informational Report number HCR09-126 listed on the agenda, regarding the Rate Lock. He discussed Informational Report number HCR09-129, regarding real estate loans and acquisitions. He highlighted the status of various non-profit partnerships aiding in the development of more affordable housing units.

Mr. Gentry provided an update on the Commission's new transit oriented housing strategy. He stated the meeting hosted at the Commission included members from the City Planning Department and SANDAG, adding that the Mayor's Office was also working on similar strategies and discussed a potential trip to Washington within the next month.

Commissioner Adams-Brooks thanked Mr. Gentry for his participation as one of 3 invited guests at the San Diego Foundation Panel held at the Jacobs Center. Commissioner Adams-Brooks stated she was very proud of his participation and comments during the event.

ACTION AGENDA

MOTION BY ADAMS-BROOKS TO ADD THE FOLLOWING TO THE CONSENT AGENDA

101 HCR09-128 Architectural Services for Design and Construction Monitoring at the Smart Corner (District 2)

Recommendations:

- 1) That the Housing Commission approves the A/E contract to Davis Davis Architects, Inc. in the fixed amount of \$99,500 plus an additional not to exceed \$10,000 to cover for reimbursable expenses for the design and construction monitoring of the second floor tenant improvements at the Smart Corner.
- 2) That the Housing Commission approves a budget revision to transfer funds from building reserves to facilities management contract consultants in the amount of \$109,500 to fund this contract.
- 3) Authorize that the President and Chief Executive Officer or designee be authorized to execute contract documents, in a form approved by General Counsel, and all necessary documents.

SECONDED BY BASIR AND CARRIED BY A UNANIMOUS VOTE OF 6-0 WITH WARING ABSENT

103 HCR09-120 Proposed Fiscal Year 2010 Budget Revision

Carrol Vaughan, Executive Vice President & Chief Operating Officer and Sue Montague, Budget Officer presented staff report.

MOTION BY GUILLEN TO APPROVE THE FOLLOWING RECOMMENDATION: THAT THE HOUSING COMMISSION APPROVE THE REVISION (ATTACHMENTS 1-7) THAT WILL RESULT IN A NEW INCREASE TO THE FISCAL YEAR 2010 BUDGET OF \$32,682,087 BRINGING THE FY10 BUDGET TO \$318,126,975 AND FORWARD THE REVISION TO THE HOUSING AUTHORITY FOR FINAL APPROVAL.

SECONDED BY GRAMLING AND CARRIED BY A UNANIMOUS VOTE OF 6-0 WITH WARING ABSENT.

105 HCR09-109 Fiscal Year 2009 Annual Finance Audit Report

John Pfeiffer, Financial Services presented staff report. Staff from the Reznick Group presented the 2009 Annual Finance Audit.

As members of the Audit Committee, Commissioners Adams-Brooks and Guillen applauded the work of the staff and auditors on the report.

MOTION BY GRAMLING TO APPROVE THE FOLLOWING RECOMMENDATION:
THAT THE HOUSING COMMISSION ACCEPT THE FISCAL YEAR 2009 AUDIT REPORTS PREPARED BY THE REZNICK GROUP, AN INDEPENDENT AUDIT FIRM AND FORWARD THE AUDIT REPORT TO THE CITY'S AUDIT COMMITTEE FOR REVIEW AND ACCEPTANCE PRIOR TO DISTRIBUTING THE REPORT TO THE HOUSING AUTHORITY AND INTERESTED PARTIES.

SECONDED BY SIMS AND CARRIED BY A UNANIMOUS VOTE OF 6-0 WITH WARING ABSENT.

106 HCR09-112 Additional Funding to Keyser Marston Associates, Inc. Contract (Citywide)

Wendy DeWitt and Ann Kern, Real Estate Department, presented staff report.

Commissioner Gramling asked if the increase was only for this contract year or if this request would be an anticipated increase for future contract years as well.

Staff responded stating that the majority of the increase was largely in part due to the finance plan and reiterated that the next year would not include an increase in amount for this size.

MOTION BY GRAMLING TO APPROVE THE FOLLOWING RECOMMENDATIONS: (1) APPROVE AN ADDITIONAL \$100,000 IN FUNDING TO KEYSER MARSTON ASSOCIATES, INC. (KMA), TO ENABLE KMA TO CONTINUE PROVIDING PREVIOUSLY CONTRACTED SERVICES TO THE HOUSING COMMISSION TO ASSIST STAFF IN THE FINANCIAL FEASIBILITY ANALYSIS OF ADDITIONAL AFFORDABLE HOUSING UNITS UNDER THE COMMISSION'S AFFORDABLE HOUSING DEVELOPMENT PROGRAM. (2) APPROVE AMENDING THE FY2010 BUDGET TO ADD \$96,900 FROM THE CANCELLATION OF PRIOR YEAR UNSPENT FUNDING COMMITMENTS TO THE CONTRACT & CONSULTANT LINE ITEM IN THE RENTAL HOUSING DEVELOPMENT ACTIVITY. (3) AUTHORIZE THE PRESIDENT & CHIEF EXECUTIVE OFFICER OR DESIGNEE TO EXECUTE AN AMENDMENT OF THE CURRENT CONTRACT TO ADD ADDITIONAL FUNDING IN THE AMOUNT OF \$100,000.

SECONDED BY GUILLEN AND CARRIED BY A UNANIMOUS VOTE OF 6-0 WITH WARING ABSENT.

107 HCR09-117 Lien Priority Revision - 15th & Commercial Special Needs Housing (Council District 2)

Vice President, Cissy Fisher and Program Analyst Joe Correia presented staff report.

MOTION BY BASIR TO APPROVE THE FOLLOWING RECOMMENDATIONS: (1) APPROVE ALLOWING THE STATE TAX CREDIT ALLOCATION COMMITTEE'S

(TCAC) PROPOSED \$20,000,000 AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 (ARRA) TAX-CREDITS-FOR-CASH EXCHANGE FUNDS TO BE SECURED IN FIRST POSITION PRIORITY (AS REQUIRED BY TCAC REGULATIONS) AHEAD OF THE HOUSING COMMISSION'S PREVIOUSLY APPROVED RESIDUAL RECEIPTS LOAN OF UP TO \$3,500,000, TO 15TH AND COMMERCIAL L.P., TO BE DEVELOPED BY S.V.D.P. MANAGEMENT INC. (2) USE THE FUNDS DISTRIBUTION SCHEDULE DESCRIBED IN THIS REPORT. (3) AUTHORIZE THE PRESIDENT AND CHIEF EXECUTIVE OFFICER, OR HIS DESIGNEE, (a) TO EXECUTE ANY AND ALL DOCUMENTS THAT HE DEEMS NECESSARY TO EFFECTUATE THE TRANSACTION AND IMPLEMENT THE PROJECT; AND (b) TO ADJUST FINANCING TERMS/CONDITIONS AS NECESSARY TO ACCOMMODATE MARKET CHANGES AND/OR TCAC/TREASURY DEPARTMENT REQUIREMENTS THAT MAY OCCUR AFTER APPROVAL OF THIS REPORT BUT BEFORE CLOSE OF ESCROW. SECONDED BY GRAMLING AND CARRIED BY A UNANIMOUS VOTE OF 6-0 WITH WARING ABSENT.

**110 HCR09-113 Time Extension Request for Hotel Churchill
(Council District 2)**

Marco Vakili and Roger Green, Real Estate Department presented staff report.

General Counsel requested that staff recommendations be amended and that staff bring the item back to the Board at a later date.

MOTION BY GUILLEN TO APPROVE THE FOLLOWING RECOMMENDATION AS AMENDED: THAT THE HOUSING COMMISSION APPROVE AN INITIAL 45-DAY TIME EXTENSION REQUEST FROM DECEMBER 31, 2009 TO FEBRUARY 15, 2010 FOR THE PURPOSES OF CLOSING A LOAN.
SECONDED BY GRAMLING AND CARRIED BY A UNANIMOUS VOTE OF 6-0 WITH WARING ABSENT.

111 HCR09-107 Hotel Sandford - Property Acquisition (Council District 2)

Marco Vakili and Roger Green, Real Estate Department presented staff report.

Commissioner Gramling reminded staff of Lead Paint abatement standards being modified April 1, 2010.

Mr. Gentry stated part of the development of this deal represented a new relationship between SDHC and CCDC. He added his appreciation of Jeff Gramm and CCDC staff for the development of the new relationship, making opportunities such as this possible.

MOTION BY GRAMLING TO APPROVE THE FOLLOWING RECOMMENDATIONS: (1) AUTHORIZE THE CHIEF EXECUTIVE OFFICER (CEO) TO EXECUTE ANY AND ALL DOCUMENTS NECESSARY TO ALLOW THE COMMISSION TO ACQUIRE THE PROPERTY, INCLUDING THE DESIGN, REHABILITATION AND MANAGEMENT

SERVICES FOR THE PROPERTY IN ACCORDANCE WITH THE DEVELOPMENT BUDGET OUTLINED IN THIS REPORT AND ON TERMS APPROVED BY GENERAL COUNSEL. FURTHER, THAT THE CEO BE AUTHORIZED TO EXECUTE AN OWNER'S PARTICIPATION AGREEMENT WITH THE REDEVELOPMENT AGENCY, IN A FORM APPROVED BY GENERAL COUNSEL, ON TERMS DISCUSSED IN THIS REPORT. (2) THE RECORDATION OF AN AFFORDABILITY COVENANT AGAINST THE PROPERTY FOR 99 YEARS IN LENGTH, WITH 40 PERCENT OF THE UNITS REMAINING AFFORDABLE AT, OR BELOW, 50 PERCENT OF AREA MEDIAN INCOME. (3) OPTION PAYMENTS TO THE OWNER IN THE APPROXIMATE TOTAL AMOUNT OF \$175, 000 WHICH WILL BE APPLICABLE TO THE PURCHASE PRICE, BUT SHALL BE NON-REFUNDABLE UPON RELEASE.

SECONDED BY ALLEN AND CARRIED BY A UNANIMOUS VOTE OF 6-0 WITH WARING ABSENT.

109 HCR09-119 Arbor Village Apartments – Additional Funding Request
(Council District 4)

Debbie Ruane and Roger Green, Real Estate Department presented staff report.

Commissioner Gramling raised concerns regarding the cost per unit for the rehab loan. Arbor Village Project Manager addressed Commissioner concerns regarding the costs and pointed out that prevailing wages were being paid.

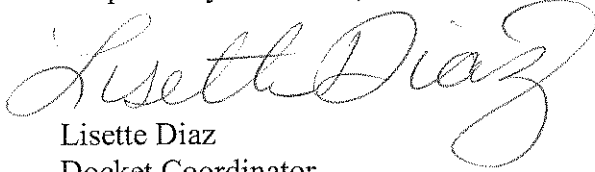
MOTION BY GUILLEN TO APPROVE THE FOLLOWING RECOMMENDATIONS AS AMMENDED TO BE WITHIN A 10 PERCENT VARIENCE BASED ON NUMBERS PROVIDED BY THE PEER REVIEW REPORT. (1) APPROVE AN ADDITIONAL \$1,500,000 IN LOAN PROCEEDS INCREASING THE HOUSING COMMISSION'S TOTAL COMMITMENT TO \$7,900,000 (\$5,460,000 FOR REHAB LOAN AND \$2,440,000 FOR LAND ACQUISITION) TO ASSIST WITH COMPLETING ADDITIONAL REHABILITATION WORK TO THE PROPERTY (3% SIMPLE INTEREST, 50% RESIDUAL RECEIPTS, 65-YEAR AFFORDABILITY RESTRICTIONS) WHICH SHALL BE SECURED BY A LEASEHOLD DEED OF TRUST. (2) AUTHORIZE THE PRESIDENT AND CHIEF EXECUTIVE OFFICER, OR HIS DESIGNEE, TO: (a) EXECUTE ANY AND ALL DOCUMENTS DEEMED NECESSARY TO EFFECTUATE THE TRANSACTION AND IMPLEMENT THE PROJECT; (b) ADJUST FINANCING TERMS/CONDITIONS AS NECESSARY TO ACCOMMODATE MARKET CHANGES THAT MAY OCCUR AFTER APPROVAL OF THIS REPORT BUT BEFORE CLOSE OF ESCROW, PROVIDED THAT \$2,440,000 LAND PURCHASE PRICE AND \$5,460,000 MAXIMUM LOAN AMOUNT MAY NOT INCREASE.

SECONDED BY ADAMS-BROOKS AND CARRIED BY A UNANIMOUS VOTE OF 6-0 WITH WARING ABSENT.

ADJOURNMENT

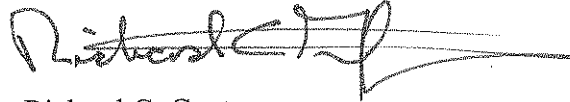
Chair Salas adjourned the Regular Meeting at 11:55 am.

Respectfully submitted,

A handwritten signature in cursive script that reads "Lisette Diaz".

Lisette Diaz
Docket Coordinator

Approved by,

A handwritten signature in cursive script that reads "Richard C. Gentry".

Richard C. Gentry
President and CEO