



SAN DIEGO
HOUSING
COMMISSION

MINUTES

SAN DIEGO HOUSING COMMISSION
MINUTES OF THE SPECIAL MEETING
NOVEMBER 30, 2018
SMART CORNER
4th FLOOR CONFERENCE ROOM
1122 BROADWAY
SAN DIEGO, CALIFORNIA 92101

ATTENDANCE

Present:

Chair Frank Urtasun
Vice Chair Stefanie Benvenuto
Commissioner Ryan Clumpner
Commissioner Margaret Davis
Commissioner Johanna Hester
Commissioner Kellee Hubbard
Commissioner Tim Walsh
President & CEO Richard C. Gentry
General Counsel Walter Spath

10 CALL TO ORDER

Chair Urtasun called the Regular Meeting to order at 9:00 a.m.

20 NON-AGENDA PUBLIC COMMENT

Martha Welch spoke about housing.
Joy Sunyata spoke about the San Diego Housing Commission.

30 COMMISSIONER COMMENTS

There were no Commissioner comments.

40 REPORT BY PRESIDENT & CHIEF EXECUTIVE OFFICER

SDHC Fiscal Year 2018 Annual Report

The San Diego Housing Commission's (Housing Commission) Annual Report for Fiscal Year 2018 was published on the agency's website on November 13, 2018. This is a multimedia report that includes videos and graphics that highlight the positive impact the agency's programs have on the thousands of families the Housing Commission serves. This year's report also includes a retrospective on the Housing Commission's transformation over the last decade from a traditional public housing authority to an organization recognized nationally for its innovation. The multimedia report is posted on the Housing Commission's website, www.sdhc.org



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National Affordable Housing Advisory Council Chairman

President & CEO Gentry was asked to serve as the Chairman in 2019 for a new national affordable housing advisory council. This council will advise Fannie Mae on how to best support the creation and preservation of affordable housing. Representatives from at least 10 public housing agencies throughout the United States will make up the council.

Luna at Pacific Highlands Ranch Grand Opening

On November 28, 2018, Vice Chair Benvenuto and President & CEO Gentry joined City Council President Pro Tem Barbara Bry, Affirmed Housing and additional development partners for the grand opening of the development known as Luna at Pacific Highlands Ranch. This development provides 77 affordable rental apartments for low-income families in the northwestern area of the City of San Diego.

San Ysidro Senior Village Groundbreaking

Chair Urtasun participated in the groundbreaking of the Housing Commission's partnership development known as San Ysidro Senior Village on November 14, 2018. This development, which is part of the Housing Commission's homelessness action plan, HOUSING FIRST – SAN DIEGO, will provide 50 studio apartments with supportive services for seniors experiencing homelessness.

Pacifica at Playa del Sol Groundbreaking

Vice Chair Benvenuto and President & CEO Gentry joined County Supervisor Greg Cox, City Councilmember David Alvarez, Chelsea Investment Corporation, and additional development partners for the groundbreaking of Pacifica at Playa del Sol on October 15, 2018. This development will provide 42 new affordable rental apartments for families with income up to 60 percent of the San Diego Area Median Income. Close to 30 percent of these units will be set aside for families with members who have developmental disabilities.

50 APPROVAL OF THE MINUTES

The minutes of the Regular Housing Commission meeting of October 5, 2018, and Special Housing Commission meeting of October 5, 2018, were approved on a motion by Commissioner Davis, seconded by Commissioner Hester, and passed by a vote of 7-0.

CONSENT AGENDA:

Motion by Commissioner Walsh to approve items 100 and 101 on consent. Seconded by Commissioner Hubbard and passed by a vote of 7-0.

100 HCR18-096 2019 San Diego Housing Commission Meeting Schedule

That the San Diego Housing Commission (Housing Commission) Board approve the 2019 meeting schedule (Attachment 1) that includes 10 scheduled meetings to be held at the Housing Commission's office building.



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101 HCR18-094 2019 Procurement of Workers' Compensation Insurance Coverage

That the San Diego Housing Commission (Housing Commission) approve the procurement of the Housing Commission's required workers' compensation insurance coverage from the California Housing Workers' Compensation Authority (CHWCA) in an amount not to exceed \$434,943—a 23.1 percent increase from the 2018 premium—with effective dates of January 1, 2019, to December 31, 2019.

ACTION AGENDA:

102 HCR18-098 Approval of the Contract between the San Diego Housing Commission and Alpha Project for the Homeless to operate the City of San Diego's Cortez Hill Family Center Interim Housing Program

Jeff Davis, Executive Vice President & Chief of Staff, and Lisa Jones, Senior Vice President, Homeless Housing Innovations Department, presented the request for approval.

Motion by Commissioner Davis to take the following staff recommended actions, as amended to update the total contract funding to \$507,265.60, an increase of \$1.28. Seconded by Commissioner Clumpner and passed by a vote of 7-0.

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

- 1) Approve a 6.5-month agreement, with two one-year options to extend at the Housing Commission's sole discretion, with Alpha Project for the Homeless (Alpha Project) to operate the City of San Diego's Cortez Hill Family Center Interim Housing Program (Center) at 1449 Ninth Avenue, San Diego, California 92101, on terms and conditions as set forth in the agreement (Agreement), as it may be amended upon advice of General Counsel of the Housing Commission;
- 2) Authorize the execution of an agreement with Alpha Project in the amount of \$507,264.32 for a 6.5-month operating period to provide interim housing services to homeless families with children, consisting of the following funding sources: \$103,926 of Community Development Block Grant (CDBG) funds allocated by the City of San Diego for the funding of social services in Fiscal Year 2019; \$165,546 of Emergency Solutions Grant (ESG) funds available for the funding of social services in Fiscal Year 2019; and \$237,793 provided by the City of San Diego Affordable Housing Fund (AHF), allocated by the Housing Commission contingent upon the appropriation of said funds by the City of San Diego;
- 3) Authorize the President & Chief Executive Officer (President & CEO), or designee, to execute all necessary documents and instruments that are necessary and/or appropriate to



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implement these approvals, in a form and format approved by General Counsel, and to take such actions necessary and/or appropriate to implement these approvals; and

- 4) Authorize the President & CEO to substitute funding sources and/or increase compensation by not more than 20 percent of the total agreement amount for the proposed agreement, if necessary, without further action by the Board of Commissioners (Board) of the Housing Commission, but only if and to the extent that funds are determined to be available for such purposes.

103 HCR18-068 Moving To Work (MTW) Grant Recommendation for Quality Inn

Colin Miller, Vice President, Multifamily Housing Finance, and Tina Kessler, Housing Programs Manager, Real Estate Division, presented the request for approval.

Motion by Commissioner Clumpner to take the following staff recommended actions. Seconded by Commissioner Benvenuto and passed by a vote of 7-0.

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

- 1) Approve a Housing Commission grant of up to \$5,602,926 to HDP Quality Inn LLC, a California limited liability company, of which Housing Development Partners (HDP), the Housing Commission's nonprofit affiliate, is the managing member, to facilitate the proposed rehabilitation of Quality Inn, a 92-unit existing development, located at 1840 Fourth Avenue, San Diego 92101, which will include 91 units that will remain affordable for 55 years for transitional aged youth, veterans, seniors, and adults with mental disabilities who are experiencing homelessness.

The Housing Commission's proposed grant will be part of the developer's third-party funding commitments, including a California Mental Health Services Act (MHSA) loan of \$2,704,500; a Home Depot grant of \$400,000; and a bank loan of \$4,912,920 described in this report. Such third-party funding commitments will be subject to the Housing Commission's General Counsel's approval.

- 2) Adjust the terms of the 65-year ground lease from the Housing Commission to HDP Quality Inn, LLC so that the annual ground rent will equal the lesser of: (i) 4.5 percent of HDP Quality Inn, LLC's gross annual income; or (ii) 100 percent of HDP Quality Inn, LLC's cash flow.
- 3) Authorize the Executive Vice President and Chief of Staff (Executive Vice President), or designee:



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- a. To adjust financing terms/conditions as necessary for consistency with requirements of other funding sources or to accommodate market changes that may occur, provided that the proposed \$5,602,926 maximum grant amount may not increase.
- b. To substitute approved funding sources with any other available funds as deemed appropriate, contingent upon budget availability, and further authorize the Executive Vice President, 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.

104 HCR18-071 Building Rehabilitation and Structural Upgrades of Hotel Sandford

Jennifer McKinney, Vice President of Property Management and Maintenance, and Tom Mudd, Director of Development Services, 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 7-0.

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

- 1) Authorize the President & Chief Executive Officer (President & CEO), or designee, to enter into a design-build contract, and all necessary contracts arising as a result of this procurement solicitation based on competitively bid solicitations and appropriate procurement methodologies, without further approvals by the Housing Commission Board of Commissioners (Board) or the Housing Authority of the City of San Diego (Housing Authority), provided that the aggregate amount of the contracts does not exceed the budget listed in Recommendation 2, below;
- 2) Approve total development plan and ratification of the budget (Attachment 1) in an amount not to exceed \$3,820,000;
- 3) Authorize the President & CEO, or designee, to substitute the identified contract funding sources with other available funding sources, as long as the total activity budget amount after substitution does not exceed the total approved budget, should the operational need arise or should actions be to the benefit of the Housing Commission and its mission; and
- 4) Authorize the President & CEO, or designee, to execute all documents and instruments 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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105 HCR18-100 Preliminary Bond Authorization for Mariner's Village

Colin Miller, Vice President, Multifamily Housing Finance, and Tina Kessler, Housing Programs Manager, Real Estate Division, presented the request for approval.

Motion by Commissioner Benvenuto to take the following staff recommended actions. Seconded by Commissioner Hester and passed by a vote of 7-0.

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:

- 1) Authorize the Housing Commission to enter into an Option to Ground Lease Agreement and a long-term (65-year) Ground Lease between Housing Development Partners (HDP), or a to-be-formed entity of which HDP is the managing member (Designee), and the Housing Commission for the transfer of the Mariner's Village, a 172-unit existing development, located at 6847 Potomac Street, San Diego 92139, on the terms and conditions described in this report, as approved by General Counsel of the Housing Commission, provided that the leasehold value to the Housing Commission is fair and reasonable and is a fair market place lease; and
- 2) Authorize the Executive Vice President & Chief of Staff (Executive Vice President), or designee, to execute any and all other documents and instruments that are necessary and/or appropriate to implement the contemplated transaction, in a form approved by General Counsel, and to take such actions as are necessary and/or appropriate to implement the contemplated transaction upon the advice of General Counsel.

Housing Authority:

- 3) Approve the following steps to issue Housing Authority tax-exempt Multifamily Housing Revenue Bonds for Mariner's Village:
 - a. Issue a bond inducement resolution (Declaration of Official Intent) for up to \$42,000,000 in tax-exempt Multifamily Housing Revenue Bonds for the acquisition and rehabilitation of Mariner's Village;
 - 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 of up to \$42,000,000 for Mariner's Village;
 - c. Approve a bond financing team of Squire Patton Boggs as bond counsel, and Ross Financial as bond financial advisor;



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- 4) Authorize the Executive Vice President, 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 Bond Counsel.

City Council:

- 5) 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 of up to \$42,000,000.

106 HCR18-093 Fiscal Year 2018 Comprehensive Annual Financial Report (CAFR) and Single Audit Reports

Tracey McDermott, Senior Vice President & Chief Financial Officer, and Marie Lalas, Controller, Financial Services Department, presented the request for approval.

Motion by Commissioner Hester to take the following staff recommended actions. Seconded by Commissioner Davis and passed by a vote of 7-0.

Accept the Fiscal Year 2018 (July 1, 2017 – June 30, 2018) Comprehensive Annual Financial Report (CAFR) and Single Audit Reports, specified in the list of attachments on page 3 of this report, as prepared by CohnReznick LLP, licensed certified public accountants.

107 HCR18-099 Workshop and Discussion: San Diego Housing Commission Achievement Academy

NO ACTION WAS REQUIRED ON THE PART OF THE HOUSING COMMISSION

Jeff Davis, Executive Vice President & Chief of Staff, and Stephanie Murphy, Vice President, Workforce & Economic Development, presented an informational workshop to provide an overview of the San Diego Housing Commission Achievement Academy's programs and services provided to federal Section 8 Housing Choice Voucher rental assistance participants and public housing residents, along with program outcomes. No action was taken on this item.

ADJOURNMENT:

Chair Urtasun adjourned the Regular Meeting at 10:39 a.m.



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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