



SAN DIEGO
HOUSING
COMMISSION

MINUTES

**SAN DIEGO HOUSING COMMISSION
MINUTES OF THE SPECIAL MEETING
APRIL 20, 2023
SMART CORNER
4TH FLOOR CONFERENCE ROOM
1122 BROADWAY
SAN DIEGO, CA 92101**

ATTENDANCE

Present:

Chair Eugene “Mitch” Mitchell
Vice Chair Ryan Clumpner
Commissioner Stefanie Benvenuto
Commissioner Melinda K. Vásquez
Interim President & CEO Jeff Davis
General Counsel Charles Christensen

Not present:

Commissioner Johanna Hester
Commissioner Kellee Hubbard

10 CALL TO ORDER

Chair Mitchell called the Special Meeting to order at 8:05 a.m.

CLOSED SESSION

The San Diego Housing Commission convened in closed session on Thursday, April 20, 2023, at 8:07 a.m. with the following agenda:

- I. Announcement by Counsel of the Matters to be discussed in Closed Session and the basis upon which each will be discussed, as referenced within the Brown Act.
- II. Public Testimony and Comment, if any, concerning any matter on the Closed Session Agenda.

There were no public comments.
- III. Commissioner comments, if any.

There were no Commissioner comments.
- IV. Commission will convene in closed session to consider the following agenda:



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A. CONFERENCE WITH REAL PROPERTY NEGOTIATORS (§ 54956.8)

Property: ESA Portfolio:

- a. 3860 Murphy Canyon Road, San Diego, CA 92123 (APN No. 421-392-10-00).
- b. 2085-95 Hotel Circle South, San Diego, CA 92108 (APN No. 443-040-38-00).
- c. 7440-50 Mission Valley Rd., San Diego, CA 92108 (APN No. 677-390-34-00).

Agency Negotiation: Jeff Davis, Emily Jacobs, Buddy Bohrer, Charles B. Christensen; Walter Spath III

Negotiating Parties: ESA P Portfolio L.L.C., a Delaware limited liability company (Seller)

Under Negotiation: Instructions to Real Estate Negotiators will concern price and terms of payment.

Informational item only.

B. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION pursuant to subdivision (c) of section 54954.5 of the Government Code and pursuant to subdivision (d)(1) of section 54956.9:

One (1) matter:

San Diego Housing Commission vs. APR Construction, Inc., a California corporation, Eric Scarbrough, an individual; and Does 1 through 20
San Diego Superior Court Case No. 37-2016-00012455-CU-BC-CTL

Counsel will discuss the litigation and seek direction.

The Commission discussed and gave direction to Counsel by a vote of 4-0.

V. Announcement of Actions Taken in Closed Session.

OPEN SESSION

Chair Mitchell reconvened the San Diego Housing Commission Board of Commissioners in Open Session at 8:15 a.m.



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100 HCR23-055 Extended Stay America Portfolio – Purchase and Sale Agreement and Broker Finder’s Fee

Emily Jacobs, Executive Vice President of Real Estate, and Buddy Bohrer, Vice President of Real Estate Finance and Acquisitions, San Diego Housing Commission, presented the request for approval.

Motion by Vice Chair Clumpner to take the staff-recommended actions. Seconded by Commissioner Benvenuto and passed by a vote of 4-0.

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

- 1) Authorize the Housing Commission’s President & CEO, or designee, to execute a Purchase and Sale Agreement (PSA) between the Housing Commission and ESA P. Portfolio, LLC (Seller), with an aggregate purchase price not to exceed \$157,875,000 for the properties located at 2085-95 Hotel Circle South, San Diego, California 92108 (\$65,175,000); 3860 Murphy Canyon Road, San Diego, CA 92123 (\$40,700,000); and 7440-50 Mission Valley Road, San Diego, CA 92108 (\$52,000,000); provided that the Housing Commission may purchase any one or two of the Properties, rather than all of the Properties, for the individual purchase prices set forth herein.
- 2) Authorize an initial refundable Earnest Money Deposit not to exceed \$150,000 as detailed in the staff report, and if the Housing Commission elects to proceed with the purchase of one or more of the Properties after completion of Due Diligence, authorize an additional, but nonrefundable, Earnest Money Deposit not to exceed \$50,000 per Property, as detailed in the staff report.
- 3) Authorize the commencement of Due Diligence and a Due Diligence budget not to exceed \$750,000 as set forth in the staff report.
- 4) Authorize the Housing Commission’s President & CEO, or designee, to execute a Compensation Agreement between the Housing Commission and Marcus & Millichap (M&M), regarding the Housing Commission’s payment of a finder’s fee to M&M not to exceed \$783,469, payable upon escrow closing of the Properties.
- 5) Authorize the Housing Commission’s President & CEO, or designee, to substitute approved funding sources with any other available funds as deemed appropriate, contingent upon budget availability.
- 6) Authorize the Housing Commission’s 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 to take such actions as are necessary and/or appropriate to implement these approvals upon the advice of General Counsel, provided that a copy of the documents, signed as to form by General Counsel, is submitted to each Housing Commissioner.



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101 HCR23-056 Loan Recommendation for Serenade on 43rd

Jennifer Kreutter, Vice President, Multifamily Housing Finance, and Colin Miller, Senior Vice President, Housing Finance and Property Management, San Diego Housing Commission, presented the request for approval.

Motion by Vice Chair Clumpner to take the staff-recommended actions. Seconded by Commissioner Vásquez and passed by a vote of 4-0.

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

- 1) Approve a proposed residual receipts loan in an amount not to exceed \$2,000,000 to Serenade 43, L.P. to facilitate the acquisition, rehabilitation and new construction of Serenade on 43rd at 4034, 4046, 4054 43rd Street in the City Heights neighborhood of San Diego, which will consist of 64 rental housing units that will remain affordable for 55 years for individuals and families with income of 30 percent to 60 percent of San Diego's Area Median Income (AMI) and one unrestricted manager's unit. Designated Project-Based Housing Voucher units (total 32) will serve individuals experiencing homelessness with serious mental illness with income of 30% to 40% of AMI or below.

The Housing Commission's proposed loan will be contingent upon the developer receiving all necessary third-party funding commitments as described in this report. Such third-party funding commitments will be subject to the Housing Commission's General Counsel's approval.

- 2) Authorize the Housing Commission's President and Chief Executive Officer (President & CEO), or designee, to:
 - a. Execute all necessary documents and instruments to effectuate the transaction and implement the project, in a form approved by the General Counsel, and to take such actions as are necessary, convenient, and/or appropriate to implement the approvals upon advice of the General Counsel, provided that a copy of the documents, signed as to form by General Counsel, is submitted to each Housing Commissioner.
 - b. 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 \$2,000,000 maximum Housing Commission loan amount may not increase.
 - c. 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 the General Counsel.



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ADJOURNMENT

Chair Mitchell adjourned the Special Meeting at 8:42.m.

Respectfully submitted,

Scott Marshall

Scott Marshall
Vice President
Communications and Government Relations
San Diego Housing Commission

Approved by,

Jeff Davis

Jeff Davis
Interim President and Chief Executive Officer
San Diego Housing Commission