

HOUSING COMMISSION AGENDA

SAN DIEGO HOUSING COMMISSION
REVISED SPECIAL MEETING AGENDA
JULY 10, 2009, 9:00 A.M.
SMART CORNER
4TH FLOOR CONFERENCE ROOM
1122 BROADWAY
SAN DIEGO, CALIFORNIA

Assistance for the Disabled: Agendas, reports and records are available in alternative formats upon request. Please call the Housing Commission Docket Coordinator at least five days prior to the meeting at **578-7552 (voice) or 398-2440 (TTY)**.

Questions Regarding Agenda Items: For specific questions regarding any item on the Housing Commission agenda, please contact **Bridgit Alexander at 578-7552**. Internet access to agendas and reports is available at <http://sdhc.net/CommissionAgenMinRpts.shtml>.

ITEMS

10 CALL TO ORDER

Commissioners Jennifer Adams-Brooks, Khadija Basir, Gary Gramling, Sam Guillen, Sal Salas, Allen Sims and Jim Waring

20 PUBLIC COMMENT

At this time individuals may address the Commission on any subject in its area of responsibility on any matter not presently pending before the Commission. Communications are limited to three minutes. Pursuant to the Brown Act, the Commission can take no action. Please fill out a **SPEAKER REQUEST FORM** and submit it to the secretary prior to the meeting.

30 COMMISSIONER COMMENTS

40 REPORT BY THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

50 APPROVAL OF THE MINUTES

Approval of the minutes of the April 17, 2009 regular meeting and the May 6, 2009 special meeting.

ADOPTION AGENDA – CONSENT

Members of the public may cause an item to be pulled from the Consent Agenda by submitting a Speaker Request Form prior to the meeting. The item will then be discussed separately and public testimony taken.

100 HCR09-064 California State Association of Counties (CSAC) Excess Insurance Authority and California Public Entity Insurance Authority

Recommendation: That the Housing Commission ratify a sole source contract in an amount not to exceed ONE HUNDRED FORTY THOUSAND DOLLARS AND NO CENTS (\$140,000) with Alliant Insurance Services for the purpose of procuring through CSAC, All Risk Property Insurance including Flood and Earthquake on Real & Personal Property, Rental Income, Transit, EDP, Media & Extra Expense (Sabotage and Terrorism insurance) on all Housing Commission properties, including Smart Corner (at an additional cost of \$25,000) with effective dates of March 31, 2009 to March 31, 2010.

101 HCR09-063 Housing Authority Insurance Group Procurement for Insurance

Recommendation: That the Housing Commission ratify a sole source contract in the amount of \$163,327 (ONE HUNDRED SIXTY THREE THOUSAND, THREE HUNDRED TWENTY SEVEN DOLLARS) with the Housing Authority Insurance Group (HAIG) for the purpose of procuring Commercial Liability, Employment Practices, Public Official's Errors and Omissions, Terrorism and Mold or Other Fungus, insurance effective from July 1, 2009 through June 30, 2010.

102 HCR09-052 San Diego Housing Commission's FY10 Section 8 Administrative Plan

Recommendation: Approve the FY10 Section 8 Administrative plan (Attachment 1) that details the proposed changes to the Section 8 program, including the Moving to Work (MTW) initiatives previously approved by the Housing Commission Board on October 13, 2008.

103 HCR09-051 Riverwalk Apartments Finance Plan (Council District 8)

Recommendations:

1. Approve purchase of the land generally located at 1194 Hollister Street ("Property") for its current fair market appraised value of up to \$2,200,000.
2. Approve lease of the Property to Riverwalk Apartments L.P. (the "L.P.") a tax credit partnership, for 65 years with at an annual rent of 4.5% of gross income, up to 100% of the project's residual receipts.

3. Approve a loan to the L.P., in the amount of \$2,275,145, pursuant to the powers delegated to the Housing Commission by Real Estate Acquisition Policy 300.103, and/or extend the deadline for making the residual receipts loan to the L.P., which was previously approved by the Housing Authority on March 20, 2007, however the amount of the loan shall be reduced to \$2,275,145 (3% simple interest, 50% residual receipts, 55-year affordability restrictions), which shall be secured by a leasehold deed of trust.
4. Approve entry into an option agreement whereby the Housing Commission will have the option to purchase the improvements (“Project”) at the end of the fifteen-year tax credit compliance period, for an amount equal to the greater of fair market value (restricted value of the leasehold) or the sum of exit taxes, forgiveness of all principal and interest on the Housing Commission loan, plus assumption of the first position loan.
5. Find that the total amount to be paid by the Housing Commission for the Property and the improvements (provided the Housing Commission exercises the option to purchase the improvements) is less than the fair market value for the same, as determined by Wayne S. Froboese, MAI, and therefore the acquisition complies with the Housing Commission’s Real Estate Acquisition Policy 300.103.
6. Authorize the President and Chief Executive Officer, or his designee, to:
 - a. execute a resolution in the form attached hereto as Attachment 1.
 - b. execute any and all documents deemed necessary to effectuate the transaction and implement the project;
 - c. 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 the \$2,200,000 land purchase price and \$2,275,145 maximum loan amount may not increase.

This funding commitment is for the 2009 tax credit competition round and may be extended to subsequent tax credits rounds with the written approval of the President and Chief Executive Officer. The L.P., must obtain necessary TCAC 9% low-income housing tax credits. The proposed land purchase, lease and loan would be completed concurrently with the tax credit closing (estimated February 6, 2010). Documentation of the terms and conditions of the lease and loan would be approved by the Housing Commission’s General Counsel.

104 HCR09-034 Vista Grande Apartments Finance Plan (Council District 4)

Recommendations:

1. Approve purchase of the land generally located at 5391 and 5411-25 Santa Margarita Street (“Property”) for its current fair market appraised value of up to \$845,000.
2. Approve lease of the Property to a tax credit limited partnership (the “L.P.”) to be formed by Wakeland Housing & Development Corp., for 65 years with an annual rent of 4.5% of gross income, up to 100% of the project’s residual receipts.
3. Approve a loan to the L.P., in the amount of \$2,967,000 (3% simple interest, 50% residual receipts, 55-year affordability restrictions).
4. Approve entry into an option agreement whereby the Housing Commission will have the option to purchase the improvements (“Project”) at the end of the fifteen-year tax credit compliance period, for an amount equal to the greater of fair market value (restricted value of the leasehold) or the sum of exit taxes, forgiveness of all principal and interest on the Housing Commission loan, plus assumption of the first position loan.
5. Find that the total amount to be paid by the Housing Commission for the Property and the improvements (provided the Housing Commission exercises the option to purchase the improvements) is less than the fair market value for the same, as determined by Wayne S. Froboese, MAI, and therefore the acquisition complies with the Housing Commission’s Real Estate Acquisition Policy 300.103.
6. Authorize the President and Chief Executive Officer, or his designee, to:
 - a. execute a resolution in the form attached hereto as Attachment 7.
 - b. execute any and all documents deemed necessary to effectuate the transaction and implement the project;
 - c. adjust financing terms/conditions as necessary to accommodate market changes that may occur after approval of this report but before close of escrow, provided the \$845,000 land purchase price and \$2,967,000 maximum loan amount may not increase.

This funding commitment is for the 2009 tax credit competition round and may be extended to subsequent tax credits rounds with the written approval of the President and Chief Executive Officer. The L.P., must obtain necessary TCAC 9% low-income housing tax credits. The proposed land purchase, lease and loan would be completed concurrently with the tax credit closing (estimated February, 2010). Documentation of the terms and conditions of the lease and loan would be approved by the Housing Commission’s General Counsel.

105 HCR09-048 Arbor Village Apartments Finance Plan (Council District 4)

Recommendations:

1. Approve purchase of the land generally located at 4914 – 4998 Logan Avenue (“Property”) for its current fair market appraised value of up to \$2,440,000.
2. Approve lease of the Property to LINC-ARBOR Apartments Housing Investors, L.P. (the “L.P.”) a tax credit partnership, for 65 years with an annual rent of 4.5% of gross income, up to 100% of the project’s residual receipts.
3. Approve a loan to the L.P., in the amount of \$3,960,000, pursuant to the powers delegated to the Housing Commission by Real Estate Acquisition Policy 300.103, and/or extend the deadline for making the residual receipts loan to the L.P., which was previously approved by the Housing Authority on September 23, 2008, however the amount of the loan shall be reduced to \$3,960,000 (3% simple interest, 50% residual receipts, 55-year affordability restrictions), which shall be secured by a leasehold deed of trust.
4. Approve entry into an option agreement whereby the Housing Commission will have the option to purchase the improvements (“Project”) at the end of the fifteen-year tax credit compliance period, for an amount equal to the greater of fair market value (restricted value of the leasehold) or the sum of exit taxes, forgiveness of all principal and interest on the Housing Commission loan, plus assumption of the first position loan.
5. Find that the total amount to be paid by the Housing Commission for the Property and the improvements (provided the Housing Commission exercises the option to purchase the improvements) is less than the fair market value for the same, as determined by, Wayne S. Froboese MAI, and therefore the acquisition complies with the Housing Commission’s Real Estate Acquisition Policy 300.103.
6. Authorize the President and Chief Executive Officer, or his designee, to:
 - a. execute a resolution in the form attached hereto as Attachment 1.
 - b. execute any and all documents deemed necessary to effectuate the transaction and implement the project;
 - c. adjust financing terms/conditions as necessary to accommodate market changes that may occur after approval of this report but before close of escrow, provided the \$2,440,000 land purchase price and \$3,960,000 maximum loan amount may not increase.

This funding commitment is for the 2009 tax credit competition round and may be extended to subsequent tax credit rounds with the written approval of

the President and Chief Executive Officer. The L.P., must obtain necessary TCAC 9% low-income housing tax credits. The proposed land purchase, lease and loan would be completed concurrently with the tax credit closing (estimated February 6, 2010). Documentation of the terms and conditions of the lease and loan would be approved by the Housing Commission's General Counsel.

106 HCR09-057 Hacienda Townhomes (Council District 2)

Recommendations:

Approve the following and authorize the President and Chief Executive Officer or designee to execute necessary documents under the advisement of the Housing Commission's General Counsel:

1. Sale or transfer of limited partnership interest in Hacienda Townhomes by FNMA to SDCHC.
2. Amend and restate the Housing Commission Loan Agreement to reflect the change of limited partner under the conditions that; (a) the borrower, Hacienda Townhomes, Ltd., shall work to identify avenues of project revenue increases and expense reductions including but not limited to rent increases; (b) formulate a plan to rehabilitate and reconfigure the common areas of the building to alleviate security and appearance problems; and (c) work with the City, Police Department, and community groups to identify measures that may lessen the impact of crime, traffic, noise and other negative environmental conditions on Hacienda Townhomes.
3. Amend and restate the Housing Commission Loan Agreement to clarify the accumulation and distribution of residual receipts and project reserves, with the amounts at the discretion of the President and Chief Executive Officer or designee.

107 HCR09-066 Authorization to Amend the FY2010 Budget

Recommendation: That the Housing Commission approves revising the San Diego Housing Commission FY2010 Budget to add necessary proceeds from the Interim Revolving Line of Credit for the acquisition of property and/or production of units under the Real Estate Acquisition Policy.

CLOSED SESSION

It is anticipated that the San Diego Housing Commission will convene in closed session on Friday, July 10, 2009, at 9:00 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.

III. Commissioner public comments, if any.

IV. Commission will convene in closed session to consider the following agenda:

- a. Conference with Legal Counsel-Anticipated Litigation pursuant to subdivision (c) of 54954.5 Government Code and subdivision (c) of Section 54956.9(b)(1) and (3)(A):

Number of cases: One (1) or more

Counsel's Description of General Nature of Closed Session:

The Commission will discuss anticipated initiation of litigation against the Commission as a result of potential claim(s) involving potential environmental issues in relation to property formerly owned by the Commission. General Counsel will seek direction on methods of proceeding to defend against and/or avoid potential liability associated with such anticipated litigation.

- b. Conference with Real Property Negotiators - Releasing Deed of Trust by the Commission, in favor of B&C Diving and Christopher Chase, concerning real property located at 2627, 2635, and 2650 Boston Avenue, pursuant to subdivision (b) of 54954.5 Government Code and Section 54956.8:

Property: 2627, 2635, 2650 Boston Avenue, San Diego, CA

Agency Negotiator: Rick Gentry, Carrol Vaughan, Larry Clemens and Ann Kern, San Diego Housing Commission

Negotiating Parties: B&C Diving, Christopher Chase, an individual (Owner)

Under Negotiation: Real Property Negotiator will seek direction from the Commission concerning the price and terms of payment of a potential release of Mr. Chase and B&C Diving from certain obligations, which are presently secured by a Deed of Trust on the property.

- c. Conference with Real Property Negotiators – Acquisition of Vista Verde Apartment Project located at 345 South 33rd Street, San Diego, California pursuant to subdivision (b) of 54954.5 Government Code and Section 54956.8:

Property: 345 South 33rd Street, San Diego, CA

Agency Negotiator: Rick Gentry, Carrol Vaughan, Larry Clemens and Wendy DeWitt, San Diego Housing Commission

Negotiating Parties: 33rd Street Family Housing Partnership (Owner)

Under Negotiation: Real Property Negotiator will seek direction from the Commission concerning the price and terms of payment for a potential purchase of the real property listed above.

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

Property: Chollas Creek, 49th Street and Charles Lewis Way, San Diego, California, Parcel Nos.547-330-64 and 547-330-65

Agency Negotiator: Rick Gentry, Carrol Vaughan and Larry Clemens San Diego Housing Commission

Negotiating Parties: Chollas Creek 31, LLC a California limited liability company and the San Diego Housing Commission

Under Negotiation: Real Property Negotiator(s) will seek direction from the Commission concerning price and terms of payment.

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

Property: 453 13th Street, San Diego, CA 92101; APN: 535-155-01,02,03,08,09, &10

Agency Negotiator: Rick Gentry, Carrol Vaughan, Wendy DeWitt, Debbie Ruane, Marco Vakili and Joe Correia

Negotiating Parties: Owner: Entrada LLC, a Washington limited liability Company; Oliver McMillan: Jim Reynolds and John Shaw (Under Contract with Owner)

Under Negotiation: Price and Terms of Payment. Real Property Negotiator will seek direction from the Board.

V. Announcement of Actions Taken in Closed Session.

VI. Adjournment.

INFORMATIONAL REPORTS

HCR09-014 FY09 1st Half, Semi-Annual Equal Opportunity and Small Contracts Status

HCR09-041 3rd Quarter FY09 Activity Performance