



CITY-COUNTY REINVESTMENT TASK FORCE



**San Diego Reinvestment Task Force
Regular Meeting Minutes of
Thursday, June 20, 2013 at 12:00 PM
202 "C" Street
12th Floor Meeting Room
Downtown, San Diego**

ATTENDANCE

Present were Ron Roberts, Myrtle Cole, Manny Aguilar, Murtaza Baxamusa, Wendell French, Vino Pajanor, and Kathy Patoff. Judy Forrester, Kristy Gregg, Mitch Thompson, and Peter Villegas were absent.

10 CALL TO ORDER

Co-Chair Roberts called the meeting to order at 12:13 p.m.

20 COMMITTEE MEMBER COMMENTS

Mr. Aguilar welcomed Council Member Cole to the Reinvestment Task Force.

30 PUBLIC COMMENT

Derrick Lockett, President of San Diego Chapter of the National Association of Real Estate Brokers (NAREB), provided a non-agenda public comment regarding the CRA position on hedge funds being used to purchase properties in order to suggest the topic as a future item for the Board to discuss. Mr. Lockett recommended that ordinances be put in place in order to be prepared for when this happens in San Diego and that bulk property purchases are made in the low- to moderate-income areas.

Mr. Roberts stated that there was a recent report that covered the subject locally and nationally. Mr. Roberts indicated that San Diego was not quite in sync with the national position, but now had power. Mr. Roberts offered to provide the report information to Mr. Lockett and was open to hear suggestions.

The NAREB suggested a waiting period similar to that of Fannie Mae and Freddie Mac on properties where an investor can purchase that property within a fifteen day grace period. Mr. Lockett proposed matching the fifteen day period or extending the time to thirty days which would help the City and the community to get a homeowner in a property.

30 APPROVAL OF THE MINUTES

MOTION BY CO-CHAIR ROBERTS TO APPROVE THE REINVESTMENT TASK FORCE REGULAR BOARD MEETING MINUTES OF MARCH 14, 2013. SECONDED BY BOARD MEMBER PATOFF AND CARRIED BY A UNANIMOUS VOTE OF 7-0 WITH BOARD MEMBERS FORRESTER, GREGG, THOMPSON, AND VILLEGAS ABSENT.

100 Conversation: Wendy DeWitt –The Concept of an Investment Pool

Ms. Wendy DeWitt, Director of Business and Program Development of the San Diego Housing Commission, introduced the concept of a pooled investment fund consisting of public, private, philanthropic, and foundation investment partners with the goal of creating a local pool of funding for investment in the City of San Diego neighborhoods. She stated that the San Diego Housing Commission (SDHC) had interest in creating a local source for affordable housing development where the funds could also be used for leveraged loans for new market tax credits which could include community facilities, neighborhood retail, fresh foods markets, and child care centers.

Ms. DeWitt informed the Board about a similar fund in San Francisco entitled the Transit-Oriented Affordable Housing (TOAH) Fund, which is dedicated to affordable housing along with community facilities and services that are near transit lines. Partners in the San Francisco TOAH Fund consist of senior leaders, philanthropic partners, originating lenders, a public funder, nonprofit partners, and a regional planning agency. She stressed the highly collaborative nature of such a public-private effort and identified several topics that would need to be addressed in creating a comparable fund in San Diego; such as identifying appropriate partners and originating lenders, loan product structure, a credit committee, and target areas.

Ms. DeWitt asked if there would be an interest in participating in the structuring of an investment pool, particularly with the investment parameters.

Mr. Roberts recalled a similar concept and was interested in visiting the similarities and/or differences of the two models. Ms. DeWitt was unfamiliar with any similar previous concept, but noted that some banks in other cities may be participating in these types of funds, which would be helpful knowledge in creating such a fund locally.

Mr. French requested information on the current amount of the San Francisco TOAH Fund. Ms. DeWitt stated that it was a fifty million dollar fund having a ten year term with a five year origination period.

Ms. Cole asked if the RTF previously oversaw the management of such funds. Mr. French noted that a separate group had been formed for that purpose. Mr. Roberts recalled the name of the fund management group as the Capital Collaborative, which was established by the RTF. Mr. Pajanor stated that after the initial capital was defined, the Capital Collaborative had been set-up separately and ran for a few years until the 2008 economic crisis when the main investor pulled out funding from the pool causing the agency to close. Mr. Pajanor indicated that the funding held by the investors was returned to the funders. Mr. Baxamusa was under the opinion that the agency was being reestablished.

Mr. Roberts indicated that some discussion would be needed regarding the previous investment pool. Ms. DeWitt agreed to research and become familiar with the issue in order to shape a new investment pool and move forward. Mr. Roberts showed interest in continued discussion after further development of the concept in order to establish whether an investment pool would be appropriate for the RTF to consider. Mr. Baxamusa preferred to target one hundred million dollars to ascertain if there would be a larger synergy with different public agencies involved in order to grow it more than it was in the past. Mr. Roberts observed that not many public agencies currently have additional capital for investment purposes.

Mr. French recalled the primary issues being raising the funds and challenges with deploying the capital in an appropriate manner. Ms. DeWitt signified that the key to the San Francisco TOAH fund was to establish a pipeline so projects were ready to make application as the fund was being put in place. She also conveyed that the reason for the five year origination fund structure deadline was to ensure that the monies were not idle and were utilized quickly. Mr. Roberts indicated that further discussion should signify how such an investment pool is used, what would be the RTF's target, and how it would function.

Finally, Ms. Patoff mentioned multiple conversations with multiple entities regarding the direction of the RTF, of an investment pool, and of redevelopment along with the Mayor's objectives and how to keep the county connected with such an effort. She advised that the Board stay in communication as much as possible given that the many different conversations seemed to be headed to the same objective. Ms. DeWitt agreed that collaboration was needed to bring all of the information and ideas together due to the diversity of the funding collaborative partners.

101 Presentation: Jeff Graham – Redevelopment Successor Agency “Civic San Diego”

**Informational item only. No action taken.*

Mr. Jeff Graham, President of Civic San Diego, presented the Affordable Housing Master Plan (“Plan”) for Civic San Diego. The presentation examined the purpose of the Plan, which was to provide a very clear path going forward regarding the best use of the precious few resources that the City of San Diego (“City”) has remaining after the dissolution of redevelopment.

Mr. Graham stated that in January 2013 with approval of the Department of Finance at the State and through the dissolution legislation, the City was allowed to transfer all of the affordable housing assets from the successor agency to the City. The assets were required to be deposited into a Housing Asset Fund for the sole purpose of preserving and producing affordable housing. He listed a few of the assets in the Housing Asset Fund created by the City as follows: encumbered funds, unencumbered bond proceeds, real properties acquired by RDA, notes receivable, ground leases, and affordability restrictions on units.

The Plan is a guiding instrument used to implement best practices while optimizing housing production for targeted populations. The Plan outlines strategies for the use of the housing assets retained by the Successor Housing Entity for the next five years. The Plan includes proposed uses for the real properties and proposed expenditures of the Housing Asset Fund.

Mr. Graham discussed the Plan's guiding principles, recent accomplishments, and outreach platform. He reviewed the four basic components of the Plan, which were Properties, Housing Bond Proceeds, Revenues from Property Sales, and Investment in New Housing Production.

Mr. Graham covered real estate assets targeted by the Plan, properties available for future development, and presented detailed information on the various sites. He spoke on additional pipeline projects and the five year revenue and expenditure projections of the Housing Asset Fund. He reviewed the housing bond proceeds, loan and ground lease payments, other program incomes, and the projected land disposition proceeds. He briefly explained the reasoning for the proposed transaction fees. He continued by discussing the projected administrative costs, anticipated funds available for affordable housing developments, and the proposed affordable housing projects. Included in the proposed projects was a City-wide Notice of Funding Approval (NOFA) objective that partnered with the SDHC.

Mr. Graham shared a map indicating the larger populations of unsheltered homeless, many of which are hidden and unseen. In addition he noted that if actual revenues exceed expectations the proceeds could be invested in the reestablishment of the HELP Program and the Transitional Housing Program for Homeless Seniors. In conclusion he examined the Plan's estimated affordable housing production and noted several pieces of legislation impacting affordable housing growth that Civic San Diego was closely monitoring along with exploring many other potential funding sources.

Mr. Baxamusa disclosed that he is on the Board of Civic San Diego and requested Mr. Graham to describe some details of the recently approved Alpha Project. Mr. Graham explained that the Alpha Square Project was using bond proceeds from some of the non-downtown project areas in order to fund the project. The reason Atmosphere and the Alpha Project were being funded at this time was to qualify for Prop 1C funds. With the Prop 1C funding both the Atmosphere's and Alpha Project's subsidy per unit will be well below the normal subsidy per unit for downtown projects. The City's Affordable Housing requirements will be satisfied through the units provided by Atmosphere and the Alpha Project placing the City in compliance for that project area. Mr. Graham listed the balance of the funding sources for the Alpha Project which Civic San Diego monitors and which the Developer must pursue to reduce the City's loan obligation leaving more funds available to invest in additional projects.

Ms. Cole stressed that although she is an advocate of affordable housing, she is more of an advocate for bringing businesses and jobs into the area and recycling dollars back into the community. Ms. Cole inquired if the affordable housing projects included mixed use which she would prefer in the main corridors. She quoted figures showing loss of dollars from the district due to the lack of local businesses in the community. Mr. Graham agreed with the need for bring businesses and employment into the area; however the current zoning for certain project sites was solely residential. Mr. Graham indicated that the Community Plan Update that was currently in process would change the zoning to allow mixed use. The intent of the Plan was purposely flexible in order to promote mixed use where allowed, currently and in the future.

Mr. Roberts mentioned a recent transit oriented development study showing the luckability factor in achieving that was almost unrelated to transit and had more to do with the available

services in a community thus having a larger effect on driving down vehicle miles traveled than transit did, especially in the case of rail travel. He noted the available community services may provide better opportunities for community building and for resource allocation than a transit oriented site. Mr. Roberts offered to share the study with Mr. Graham. In addition, Mr. Roberts disclosed that he was on the Civic San Diego Oversight Committee.

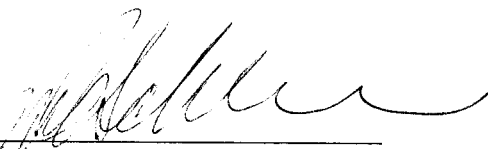
102 Conversation: RTF FY 14-15 Strategic Plan

The RTF Board discussed the selection of a Strategic Plan Sub-Committee. Ms. Schloss indicated that Mr. Villegas was prepared to take the lead and asked whether any other Board Members would care to join him. Mr. French brought attention to the several different committees and groups that discuss some of the same issues discussed by the RTF and would like to discover what they were tasked with doing in order to get an idea of the RTF's direction and avoid competing activities. Mr. French suggested waiting on the formation of a Strategic Plan Sub-Committee. The RTF Board decided to continue the conversation at a later time to allow for further research.

ADJOURNMENT:

Co-Chair Roberts adjourned the meeting at 1:06 p.m.

Respectfully submitted,



Mirta Schloss
Program Director
Reinvestment Task Force