



Good Neighbors

San Diego
Housing Commission

MINUTES

**SAN DIEGO HOUSING COMMISSION
MINUTES OF THE REGULAR MEETING
MAY 6, 2005, 9:00 A.M.
CITY ADMINISTRATION BUILDING
SAN DIEGO, CALIFORNIA**

ATTENDANCE

Present: Commissioners Jennifer Adams-Brooks, Tyler Cramer, Leeandrus Knight, Sal Salas, Howard Silldorf, Alice Tumminia and Tony Yip. Also present were President and Chief Executive Officer Elizabeth Morris and Charles Christensen, General Counsel.

10 CALL TO ORDER

Chair Salas called the meeting to order at 9:10 a.m.

20 PUBLIC COMMENT

None.

30 COMMISSIONER COMMENTS

Commissioner Cramer complimented the Housing Commission for having all 240 employees above the living wage standards and asked staff to prepare a report on the impact of the vendor requirements of the living wage standard. Finally, he asked staff for a preliminary report that eliminates the redundancy between the Housing Commission and Housing Authority. Ms. Vaughan replied she would have a report on the Living Wage Ordinance in June. Ms. Morris stated in response to Commissioner Cramer request she would provide a preliminary report on the strong mayor issues in June.

40 REPORT BY THE PRESIDENT AND CEO

Ms. Morris stated that USD has hosted three forums leading up to the Workforce Housing Conference scheduled for May 17, 2005 and asked if the Board was interested in attending. Finally, Ms. Morris thanked staff for the great job they've done on the FY06 Budget preparation and report.



50 MINUTES

A MOTION BY ADAMS-BROOKS TO APPROVE THE MINUTES OF THE APRIL 8, 2005 REGULAR MEETING. SECONDED BY CRAMER AND CARRIED ON A VOTE OF 4-0 WITH SALAS, SILLDORF AND YIP ABSTAINING.

CONSENT AGENDA

MOTION BY YIP TO APPROVE THE FOLLOWING ITEMS ON CONSENT:

100 HCR05-30 Housing Commission Credit Card Authority

Recommendation: That the Housing Commission authorize the CEO to obtain an Agency credit card with a maximum credit limit of \$5,000 to facilitate procurement of Housing Commission goods and services.

101 HCR05-31 Award of Contract for Kitchen Modernization at 7105-7120 Eastman Street and 7085-7095 Levant Street (Council District 6)

Recommendation: Recommend the Housing Authority approve the award of a contract to Grondin Construction, Inc., for \$478,750 and authorize the President & Chief Executive Officer to execute the contract (Attachment 1) and expend the contingency, if necessary, for items not anticipated in the original scope of work at public housing sites on Eastman and Levant Streets.

102 HCR05-32 Grant Application – HUD Lead Hazard Reduction Demonstration Grant (Citywide)

Recommendation: That the Housing Commission authorize submission of an application for HUD's Lead Hazard Reduction Demonstration Grant, and, if successful, seek Housing Authority approval to authorize the President & CEO to amend the FY06 Housing Commission Budget to reflect the additional funds (up to \$4,000,000, see Attachment), and to execute all required documents.

103 HCR05-33 Linda Vista Redevelopment Area Housing Rehabilitation Program (Council District 6)

Recommendation No. 1: Recommend Housing Authority authorization for the President and Chief Executive Officer to execute the Agreement (See Attachment) with the City Redevelopment Agency to administer the Linda Vista Redevelopment Area Housing Rehabilitation Loan Program.

Recommendation No. 2: Recommend Housing Authority approval to include \$229,000 in the proposed Fiscal Year 2006 Housing Rehabilitation owner-occupied loan budget to incorporate City Redevelopment Agency tax increment housing set-aside funds in the amount of \$178,000; and authorize the Housing Commission to utilize remaining funding of approximately \$51,000 from the Linda Vista Redevelopment Project Area's homebuyer program for Housing Rehabilitation Loans in the Linda Vista Redevelopment Area Housing Rehabilitation Loan Program.

Commissioner Cramer requested for the record that there is no conflict and is entitled to vote on ITEM 103. Mr. Christensen concurred.

SECONDED BY TUMMINIA AND CARRIED ON A UNANIMOUS VOTE OF 7-0.

ACTION AGENDA

104 HCR05-27 The Sale and Leaseback of the Property Located at 1625 Newton Avenue (District 8)

Director of Asset Management, Steve Snyder gave a staff report.

Commissioner Yip asked if FY06 Budget reflects the increase in selling price. Mr. Snyder replied it does not reflect the increase.

Commissioner Cramer commented that the sale agreement did not have an affordable housing provision.

Commissioner Silldorf stated that the sale price is reasonable and is in favor of the transaction.

A MOTION BY TUMMINIA TO APPROVE THE FOLLOWING RECOMMENDATIONS:
1. AUTHORIZE THE HOUSING COMMISSION TO SELL THE OFFICE FACILITY LOCATED AT 1625 NEWTON AVENUE TO CONCORDIA COMMUNITIES, LLC, OR APPROVED AFFILIATE FOR SIX MILLION FIFTY THOUSAND DOLLARS (\$6,050,000) PURSUANT TO THE PURCHASE AND SALE AGREEMENT (ATTACHMENT; 2. AUTHORIZE THE HOUSING COMMISSION TO ENTER INTO A FIFTEEN (15) MONTH LEASEBACK AGREEMENT (INCLUDING OPTIONS TO EXTEND LEASE) WITH CONCORDIA, OR APPROVED AFFILIATE TO CONTINUE TO OCCUPY THE OFFICE FACILITY LOCATED AT 1625 NEWTON AVENUE (ATTACHMENT; 3. AUTHORIZE THE PRESIDENT AND CHIEF EXECUTIVE OFFICER (CEO) TO EXECUTE ALL DOCUMENTS, RECEIVE FUNDS AND MAKE ANY EXPENDITURES NECESSARY TO IMPLEMENT THESE AGREEMENTS, INCLUDING LEASE EXTENSIONS IF NEEDED. SECONDED BY SILLDORF AND CARRIED ON A UNANIMOUS VOTE OF 6-0 WITH CRAMER ABSTAINING.

105 HCR05-34 Proposed Revisions to the First Time Homebuyer Programs (Citywide)

Program Analyst Vickie Monce gave a staff report.

Commissioner Cramer asked what happens if the unit value decreases and there is no appreciation in the Shared Appreciation Program. Ms. Monce stated that the principle would be paid first under either program.

In response to a question by Commissioner Yip, Ms. Monce stated that generally we provide 25 percent of the price and we would only be entitled to 25 percent of any shared appreciation. Ms. Morris added that there are several programs where state law dictates that programs use the shared appreciation structure and more of our second trustee loans are being funded by these programs so she questions whether it makes sense to have two different types of programs.

Commissioner Salas asked that there be a cap on the fee that a broker can earn.

General Counsel stated under the provisions of California Government Code Section 1091.1 Commissioner Silldorf will be abstaining.

A MOTION BY CRAMER TO APPROVE RECOMMENDATION (WITH AN AMENDMENT TO CAP THE BROKER FEES TO 1.5 PERCENT) THAT THE HOUSING COMMISSION RECOMMEND HOUSING AUTHORITY APPROVAL TO MODIFY THE DOWN PAYMENT/CLOSING COST ASSISTANCE GRANT (DP/CCAG) PROGRAM INTO A TWO-TIERED PROGRAM: **A)** FOR HOUSEHOLDS IN THE 100 PERCENT AREA MEDIAN INCOME (AMI) CATEGORY: THE LESSER OF \$10,000 OR FOUR PERCENT OF THE PURCHASE PRICE; AND **B)** FOR HOUSEHOLDS IN THE 80 PERCENT OR BELOW AMI CATEGORY: THE LESSER OF \$15,000 OR SIX PERCENT OF THE PURCHASE PRICE. SECONDED BY YIP AND CARRIED ON A UNANIMOUS VOTE OF 6-0 WITH SILLDORF ABSTAINING.

A MOTION BY CRAMER TO APPROVE RECOMMENDATION THAT THE HOUSING COMMISSION RECOMMEND HOUSING AUTHORITY APPROVAL TO MODIFY THE SECOND TRUST DEED LOANS FUNDED UNDER THE SHARED EQUITY LOAN PROGRAM AND CONDOMINIUM CONVERSION 80 % AMI LOAN PROGRAM FROM 15-YEAR EQUITY SHARING TO 30-YEAR SHARED APPRECIATION PROGRAMS BASED UPON A SHARE OF "NET APPRECIATION." SECONDED BY YIP AND CARRIED ON A UNANIMOUS VOTE OF 6-0 WITH SILLDORF ABSTAINING.

A MOTION BY ADAMS-BROOKS TO APPROVE RECOMMENDATION THAT THE HOUSING COMMISSION RECOMMEND HOUSING AUTHORITY APPROVAL TO EXPAND THE CONDOMINIUM CONVERSION HOME PURCHASE PROGRAMS TO BE APPLICABLE TO ANY ELIGIBLE HOME PURCHASE IN THE CITY. SECONDED BY YIP AND CARRIED ON A VOTE OF 5-1 WITH SILLDORF ABSTAINING AND CRAMER VOTING NO.

106 HCR05-35 Loan Increase and Subordination for Island Village Apartments (Council District 8)

Program Analyst Dan Cady gave a staff report.

Commissioner Cramer asked what percent of the developer fees is given to developer and HDP. Mr. Cady replied that 100 percent of the development fees go to the development partnership, with 20% for HDP. Ms. Morris added that Housing Commission staff involved with the underwriting portion of the project does not participate in decisions regarding any split of the developer fees among the parties. Mr. Michael Gallaso said that his firm sought HDP as a partner.

Commissioner Yip stated that there are more funds available for development loans than applications for the loans HDP serves the purpose of trying to develop projects to help alleviate the housing crisis. He does not think HDP is competing unfairly with any one else.

Commissioner Silldorf stated his support for the staff recommendations.

General Counsel stated under the provisions of California Government Code Section 1091.1 Chair Salas will be abstaining on this item.

It is the opinion of Charles B. Christensen, General Counsel for the Housing Commission, that none of the board members of Housing Development Partners has a financial interest in the development that would legally preclude their participation under the provisions of Government Code Sections 1090 and/or 87100, et.seq., and/or the San Diego Housing Commission's Conflict of Interest Code. This disclosure shall be and is hereby documented in the official records of the San Diego Housing Commission.

Commissioners Salas and Yip and President and Chief Executive Officer of the Housing Commission, Elizabeth C. Morris, are each directors and officers of Housing Development Partners, a California nonprofit public benefit corporation qualified as an Internal Revenue Code Section 501(c)(3) corporation. Neither Commissioner Salas, Commissioner Yip, nor Ms. Morris receives compensation for their service on the Board of Directors of Housing Development Partners. Pursuant to the provisions of Government Code Section 1091.5(a)(7) and (8), Commissioner Salas, Commissioner Yip, and Ms. Morris each have a "non-interest" as described in Government Code Section 1091.5 and are therefore legally entitled to vote and be counted for quorum purposes.

A MOTION BY YIP TO RECOMMEND THE HOUSING AUTHORITY APPROVAL OF THE FOLLOWING ACTIONS: 1. THAT THE HOUSING COMMISSION RECOMMEND INCREASING ITS SECOND POSITION LOAN BY \$800,000, FROM \$3,600,000 TO \$4,400,000, TO PAY FOR CONSTRUCTION COST INCREASES AND INCREASES IN PROJECT RESERVES FOR CONSTRUCTION OF 280 RENT-RESTRICTED UNITS LOCATED AT 1245 MARKET STREET. THE TERMS OF THE HOUSING

COMMISSION LOAN WOULD REMAIN THE SAME WITH THE EXCEPTION OF AN EXTENSION OF THE LOAN PERIOD BY FOUR YEARS. 2. REVISE THE FY2005 RENTAL HOUSING PRODUCTION BUDGET BY ADDING \$100,000 OF INCLUSIONARY FUNDS AS PRESENTED IN ATTACHMENT (4). 3. THAT THE HOUSING COMMISSION RECOMMEND SUBORDINATION OF THE HOUSING COMMISSION'S DEED OF TRUST AND DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS TO SENIOR ENCUMBRANCES INCREASED BY UP TO \$1,150,000. SECONDED BY SILLDORF AND CARRIED ON A VOTE OF 6-0 WITH SALAS ABSTAINING.

107 HCR05-36 Proposed Housing Loan for Sunburst Apartments Council District 2)

Project Manager Carlos C. de Baca gave a staff report.

Commissioner Cramer asked about the service component. Ms. Morris replied that the Center has outreach programs and service programs oriented toward the youth and has found that one of the major gaps in services is a place for the youth to live. The Center has been working to find an appropriate site and partnering very effectively with a non-profit housing developer.

A MOTION BY ADAMS-BROOKS TO RECOMMEND TO THE HOUSING AUTHORITY APPROVAL OF THE FOLLOWING ACTIONS: **A)** APPROVE A 3% PERCENT INTEREST RESIDUAL RECEIPTS LOAN OF UP TO \$934,000 (THAT WILL INCLUDE \$144,000 IN THE EVENT THAT AN AFFORDABLE HOUSING PROGRAM LOAN IS NOT FULLY OR PARTIALLY SECURED) AS OUTLINED IN THIS REPORT; AND, **B)** AUTHORIZE THE CHIEF EXECUTIVE OFFICER OF THE HOUSING COMMISSION, OR DESIGNEE, TO EXECUTE ALL DOCUMENTS NECESSARY TO FACILITATE THE FINANCING. SECONDED BY TUMMINIA AND CARRIED ON A UNANIMOUS VOTE OF 7-0.

108 HCR05-41 Update to Housing Impact Fees on Commercial Development

Policy Advisor Todd Philips gave a staff report.

Mr. Mitch Mitchell, San Diego Regional Chamber of Commerce, endorsed the staff recommendation and suggested reducing the maximum hotel rate. He also asked that Research and Development be charged the manufacturing rate, with broad exemptions where jobs benefit the local economy, and that Enterprise Zone exemptions expire. The following speakers ask that Research and Development be treated favorably: Ms. Monique Rodriguez, Qualcomm; Ms. Katie Hansen, BIOCUM; Ms. Linda Ivor, Gen-Probe Incorporated; and Mr. Mitch Mitchell, Hewlett Packard.

Mr. Russ Gibbons from the City of San Diego Community and Economics Development Department, and Mr. Michael Jenkins, San Diego Redevelopment Agency, suggested that waivers for manufacturing, Research and Development and warehouse distribution facilities be considered on a case-by-case basis.

Mr. Jerry Livingston, National Association of Office and Industries Properties submitted a speakers slip in opposition, saying that he is in support of the recommended fee schedule but the development industry should not be the only revenue source for the Housing Trust Fund.

Commissioner Silldorf described these as impact fees designed to provide low-to-moderate income housing and the people we are trying to serve are not represented. Our clients are people working mainly in retail/office and often lower wage workers and the more jobs we can provide for them the more housing can be provided. He urged caution not to have a disincentive to create jobs because of the impact fees. The higher levels of income are the high tech and life sciences. Those folks are not our clients and are better able to afford these fees.

MOTION BY SILLDORF TO APPROVE RECOMMENDATION TO DIRECT STAFF TO PREPARE AN ORDINANCE AMENDING THE HOUSING IMPACT FEES ON COMMERCIAL DEVELOPMENT (SAN DIEGO MUNICIPAL CODE CHAPTER 9 ARTICLE 8 DIVISION 6), AS FURTHER DESCRIBED IN THE STAFF REPORT, INCLUDING:

1. USE THE MOST RECENT NEXUS STUDY DATA IN PREPARING AMENDMENTS;
2. ADJUST BUILDING TYPE CATEGORIES USED IN THE FEE SCHEDULE AND PROVIDE THAT BUILDINGS BE ASSESSED FOR THE PREDOMINANT USE SO LONG AS THE PRIMARY USE CONSTITUTES AT LEAST 75% OF THE PROPOSED DEVELOPMENT;
3. FOCUS ON LOW INCOME HOUSING NEEDS FOR PEOPLE EARNING LESS THAN 80% OF AREA MEDIAN INCOME;
4. BASE ADJUSTMENTS TO THE FEE SCHEDULE ON MITIGATING 10% OF ACTUAL HOUSING IMPACTS; ADOPT THE FEE SCHEDULE FOR ALL USES AS REFLECTED IN ATTACHMENT 6;
5. CONTINUE TO AUTHORIZE THE HOUSING COMMISSION TO APPROVE VARIANCES FOR APPLICANTS IF THEY MEET THE SPECIFIED FINDINGS.

WITH THE FOLLOWING REVISIONS:

- HOTELS WITH 500+ ROOMS SHOULD BE CAPPED IN YEAR THREE AT \$2.60SF
- CREATE A THIRD TIER FOR HOTELS FOR 150 ROOMS OR LESS AND USE THE FEE FROM OFFICE (\$1.49) AS THE NEW TIER'S FEE.
- REPORT BACK ON:
 - A) WHAT TYPE OF INDEXING MECHANISM IS PREFERABLE
 - B) THE FEASIBILITY OF COMBING ALL R&D FUNCTION IN THE MANUFACTURING RATE
 - C) WHAT CRITERIA SHOULD BE CONSIDERED ON WAIVERS AND EXEMPTIONS FROM THE FEE.

SECONDED BY ADAMS-BROOKS CARRIED ON A UNANIMOUS VOTE OF 7-0.

109 HCR05-42 Proposed Fiscal Year 2006 Budget

MOTION BY YIP TO TABLE THIS ITEM TO THE SPECIAL HOUSING COMMISSION MEETING ON MAY 20, 2005. SECONDED BY ADAMS-BROOKS AND CARRIED ON A UNANIMOUS VOTE OF 7-0.

CLOSED SESSION

The Housing Commission did not convene in closed session.

ADJOURNMENT

Chair Salas adjourned the regular meeting at 11:50 a.m.

Respectfully submitted,

Approved by,

**Signature on File
With Original Document**

Angie Risotti
Executive Assistant to the President and CEO

Elizabeth C. Morris
President and CEO