



Good Neighbors

San Diego
Housing Commission

MINUTES

**SAN DIEGO HOUSING COMMISSION
MINUTES OF THE SPECIAL MEETING
MAY 20, 2005, 9:00 A.M.
CITY ADMINISTRATION BUILDING
SAN DIEGO, CALIFORNIA**

ATTENDANCE

Present: Commissioners Tyler Cramer, Sal Salas, Howard Silldorf, Alice Tumminia and Tony Yip. Commissioners Jennifer Adams-Brooks and Leeandrus Knight were absent. 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 provided his observations on discussions held during the Workforce Housing Conference he recently attended, especially the importance of partnerships between the for-profit development and brokerage communities with government entities.

Ms. Morris noted that Housing Commission staff continues to work closely with the Association of Realtors to address mutual concerns over workforce and employer assisted housing matters.

40 REPORT BY THE PRESIDENT AND CEO

Ms. Morris updated the Board on areas of agreement reached with industry groups on elements of the Housing Impact Fee study – particularly, that Research & Development be included in the Manufacturing category (at \$1.18 per square foot), and that no blanket waivers on impact fees would be given; rather waivers would be considered on a case by case basis. She stated the Committee on Land Use will hear this item at its meeting on May 25, 2005.



CONSENT AGENDA

MOTION TO APPROVE THE FOLLOWING ITEM ON CONSENT:

101 HCR05-44 – Authorization to Lease Offices at 650 Gateway Center Way (District 4)

Recommendation: Authorize the CEO or designee to execute a one year Lease Agreement for office space located at 650 Gateway Center Way, Suites C, D, & E, San Diego, CA 92102 effective June 7, 2005 through June 6, 2006.

THE MOTION WAS SECONDED AND CARRIED ON A UNANIMOUS VOTE OF 5-0 WITH ADAMS-BROOKS AND KNIGHT ABSENT.

ACTION AGENDA

100 HCR05-43 – Award of Contract for the Improvements at Fulton Street, Saranac Street and Golfcrest Drive (Council Districts 6 & 7)

Contracts Analyst Maurcell Gresham provided a staff report.

Commissioner Tumminia noted certain typographical errors within the proposed contract and requested clarification on whether HAR Construction, Inc., was a Disadvantaged or Women Owned business. Mr. Gresham replied it is a Disadvantage Business.

Chair Salas asked about reasons for the low number of responses to the Invitation to Bid, and Commissioners Yip and Silldorf provided brief comments concerning the bid amount and contract language.

MOTION BY SILLDORF TO RECOMMEND THE HOUSING AUTHORITY AWARD THE CONTRACT TO HAR CONSTRUCTION, INC. FOR \$2,341,000 AND AUTHORIZE THE PRESIDENT & CHIEF EXECUTIVE OFFICER TO EXECUTE THE CONTRACT (ATTACHMENT 1) AND EXPEND UP TO A TEN PERCENT (10%) CONTINGENCY, IF NECESSARY, FOR ITEMS NOT ANTICIPATED IN THE ORIGINAL SCOPE OF WORK AT THE PUBLIC HOUSING SITES ON FULTON STREET, SARANAC STREET AND GOLFCREST DRIVE.

SECONDED BY TUMMINIA AND CARRIED ON A UNANIMOUS VOTE OF 5-0 WITH ADAMS-BROOKS AND KNIGHT ABSENT.

102 HCR05-045 – Approval of Memorandum of Understanding with S.E.I.U. Local 535, Personnel Policies Revisions and the Section 457 Deferred Compensation Plan

Prior to discussion of Item 102, General Counsel Christensen read into the record a statement and disclosure regarding labor negotiations and compensation discussions.

Accordingly, it is his opinion that no conflict of interest exists as a result of the limited participation of any staff members in these matters in the preparation of the report implementing the prior directions of this Board and the Ad Hoc Committee. He requested that this information be incorporated into the official records of the Housing Commission. A copy is available at the Office of the San Diego Housing Commission, 1625 Newton Avenue.

Chief Operating Officer and Vice President Carrol Vaughan provided a staff report.

Commissioner Yip confirmed that the one and one and one-half percent salary increases were for Fiscal Years 06 and 07 only and, in response to a question from Commissioner Cramer, Ms. Vaughan replied the overall cost of the incremental increase for FY06 is approximately \$375,000 and slightly higher (est. \$400,000) for FY07.

Commissioner Tumminia inquired if the Qualified Relations Domestic Order covered domestic partners of employees, and Commissioner Cramer and Silldorf received additional information regarding parts of the benefits package dealing with flexible spending credits and the Section 457 Defined Compensation Plan.

MOTION BY SILLDORF TO RECOMMENDATION 1: THAT THE HOUSING AUTHORITY TO ADOPT THE FOLLOWING:

1. REVISIONS TO MOU BETWEEN THE HOUSING COMMISSION AND SERVICE EMPLOYEES INTERNATIONAL UNION, LOCAL 535 (UNION) FOR FY06 AND FY07 INCLUDING AN INCREASE IN FLEX CREDITS; A HOUSING COMMISSION CONTRIBUTION TO EMPLOYEES' 457 ACCOUNTS OF 1% OF SALARY AND UP TO A 1.5% OF SALARY HOUSING COMMISSION MATCH OF EMPLOYEE CONTRIBUTIONS TO 457 ACCOUNTS;
2. REVISIONS TO PERSONNEL POLICIES (PO102.000), INCLUDING THE SAME BENEFIT CHANGES FOR NON-REPRESENTED EMPLOYEES AND EXECUTIVE/MANAGEMENT SERVICE EMPLOYEES AS RECOMMENDED FOR EMPLOYEES REPRESENTED BY THE UNION; AND
3. CONVERSION OF SICK LEAVE HOURS TO ANNUAL LEAVE HOURS FOR TWO LONG TERM EMPLOYEES; AND,

RECOMMENDATION 2: THAT THE HOUSING COMMISSION AUTHORIZES THE PRESIDENT & CEO TO IMPLEMENT CORRESPONDING REVISIONS TO THE SECTION 457 DEFERRED COMPENSATION PLAN DOCUMENT AND SERVICE AGREEMENT.

SECONDED BY TUMMINIA AND CARRIED ON A UNANIMOUS VOTE OF 5-0 WITH ADAMS-BROOKS AND KNIGHT ABSENT.

103 HCR05-46 – Final Authorization to Issue Multifamily Housing Revenue Bonds for Delta Village (Council District 4)

Project Manager Peter Armstrong provided a staff report.

Commissioner Cramer verified he did not have to abstain from this matter – based on the project's potential tax credit investor – and that this item was being forwarded to the Housing Authority for final action.

MOTION BY CRAMER TO RECOMMENDATION NO. 1: THAT THE HOUSING COMMISSION RECOMMEND HOUSING AUTHORITY AUTHORIZATION OF THE ISSUANCE OF TAX-EXEMPT MULTIFAMILY HOUSING REVENUE BONDS IN AN AMOUNT NOT TO EXCEED \$9,000,000 FOR THE ACQUISITION AND REHABILITATION OF 106 UNITS OF MULTI-FAMILY HOUSING LOCATED AT 4316 - 4368 DELTA STREET; AND

RECOMMENDATION NO. 2: THAT THE HOUSING COMMISSION APPROVE A TOTAL DEVELOPMENT COST INCREASE OF \$1.1 MILLION FOR THE PROJECT AND APPROVE COMBINING THE TWO PROPERTIES TO CREATE ONE PROJECT UNDER ONE OWNERSHIP ENTITY, WHICH ARE ESTIMATED TO DELAY COMMENCEMENT OF ANNUAL RESIDUAL RECEIPTS PAYMENTS ON THE \$6.1 MILLION HOUSING COMMISSION LOAN FROM YEAR-3 TO YEAR-12; AND

RECOMMENDATION NO. 3: THAT THE HOUSING COMMISSION APPROVE ELIMINATION OF THE OPTION TO REDUCE THE AMOUNT OF THE HOUSING COMMISSION LOAN ON A DOLLAR-FOR-DOLLAR BASIS TO THE EXTENT THE BOND LOANS EXCEED \$7,480,000 OR THE TAX CREDIT INVESTMENT EXCEEDS \$1,974,813.

SECONDED BY SILLDORF AND CARRIED ON A UNANIMOUS VOTE OF 5-0 WITH ADAMS-BROOKS AND KNIGHT ABSENT.

104 HCR05-47 – Final Authorization to Issue Multifamily Housing Revenue Bonds for Fairbanks Ridge Apartments (Council District 1)

Chair Salas abstained from discussion and voting on this item.

Project Manager Peter Armstrong provided a staff report.

Commissioner Cramer asked Wally Dieckmann of Chelsea Investment Corporation what could be done to incentivize more development of affordable housing. Mr. Dieckmann replied he may be seeking more assistance from the Housing Commission for this project and, overall, he is supportive of the City's requirement to build affordable units in the Future Urbanizing Area.

MOTION BY SILLDORF THAT THE HOUSING COMMISSION RECOMMEND HOUSING AUTHORITY AUTHORIZATION OF THE ISSUANCE OF TAX-EXEMPT MULTIFAMILY HOUSING REVENUE BONDS IN AN AMOUNT NOT TO EXCEED \$30,000,000 FOR THE ACQUISITION AND CONSTRUCTION OF THE 204-UNIT FAIRBANKS RIDGE APARTMENTS BY CHELSEA INVESTMENT CORPORATION AND ITS AFFILIATE, CIC FAIRBANKS, L.P., IN THE NORTH VILLAGE AT BLACK MOUNTAIN RANCH.

SECONDED BY YIP AND CARRIED ON A UNANIMOUS VOTE OF 4-0 WITH SALAS ABSTAINING AND ADAMS-BROOKS AND KNIGHT ABSENT.

105 HCR05-48 – Affordable Housing Fund FY2006 Annual Plan (Citywide)

Senior Program Analyst Ann Kern provided a staff report.

Commissioner Yip asked what constituted the \$501,846 in Reserves proposed in FY06 Affordable Housing Fund revenues. Ms. Fisher remarked most of the amount is set-aside for the administration of future inclusionary housing funds that will be received, and the remainder is for small, local projects that may merit investment.

Commissioner Cramer requested the Annual Plan be posted on the Housing Commission's website, and he discussed ways to increase the supply of affordable housing in the City. Particularly, he suggested removing redundancies between the Housing Commission and Housing Authority, and he proposed the Housing Commission explore establishing its own tax credit syndicate subsidiary. Finally, he remarked that the Housing Commission's in-house expertise and experience could be made available to the external development community for reasonable cost reimbursement.

Ms. Morris stated preliminary work is underway concerning Commissioner Cramer's tax credit syndication proposal, and she remarked technical assistance to for-profit developers could be provided in partnership with Housing Development Partners.

Commissioner Silldorf agreed with Commissioner Cramer that the supply of low and moderate income housing needs to be increased dramatically along with rental housing production revenue.

MOTION BY YIP TO RECOMMEND THE HOUSING COMMISSION: 1) HEAR PUBLIC TESTIMONY ON THE AFFORDABLE HOUSING FUND FY2006 ANNUAL PLAN; AND 2) APPROVE SUBMISSION TO CITY COUNCIL OF THE PROPOSED AHF FY2006 ANNUAL PLAN (ATTACHMENT 1). SECONDED BY SILLDORF AND CARRIED ON A UNANIMOUS VOTE OF 5-0 WITH ADAMS-BROOKS AND KNIGHT ABSENT.

106 HCR05-42 – Proposed Fiscal Year 2006 Budget

Ms. Morris provided an overview of the FY06 Housing Commission budget.

Commissioner Cramer requested the PowerPoint presentation be posted on the Housing Commission website, and Commissioners Silldorf and Salas praised Ms. Morris and her staff for assembling an excellent budget.

Commissioner Yip received information regarding program reserves and carryover appropriations, and brief discussions were held concerning rent levels, the administrative fee provided on Section 8 units, the effects of condominium conversions on the supply of low-income housing units, and the leveraging of Housing Commission assets to acquire more rental housing stock.

MOTION BY SILLDORF TO RECOMMENDATION NO. 1: HOUSING COMMISSION AND HOUSING AUTHORITY ADOPTION OF THE \$221.3 MILLION FY06 PROPOSED ACTIVITY BASED BUDGET (ATTACHMENT 1); AND

RECOMMENDATION NO. 2: RECOMMEND THAT THE HOUSING AUTHORITY CONTINUE TO DELEGATE LIMITED AUTHORITY TO THE HOUSING COMMISSION TO AMEND THE FY06 BUDGET AS DESCRIBED ON PAGE 3 OF THIS REPORT, CONSISTENT WITH THE POLICIES, PROGRAMS AND ACTIVITIES APPROVED BY THE HOUSING AUTHORITY, AS IT HAS IN PAST YEARS; AND

RECOMMENDATION NO. 3: CONTINUE TO DELEGATE LIMITED AUTHORITY TO THE PRESIDENT & CEO TO AMEND THE FY06 BUDGET AS DISCUSSED ON PAGE 3 OF THIS REPORT, CONSISTENT WITH POLICIES, PROGRAMS AND ACTIVITIES APPROVED BY THE HOUSING AUTHORITY.

SECONDED BY YIP AND CARRIED ON A UNANIMOUS VOTE OF 5-0 WITH ADAMS-BROOKS AND KNIGHT ABSENT.

CLOSED SESSION

The Housing Commission did not convene in closed session.

ADJOURNMENT

Chair Salas adjourned the regular meeting at 11:03 a.m.

Respectfully submitted,

Angie Risotti
Executive Assistant to the President and CEO

**Signature on File
With Original Document**

Approved by,

Elizabeth C. Morris
President and CEO

San Diego Housing Commission
General Counsel Chuck Christensen
Disclosure for Approval of Memorandum of Understanding with S.E.I.U. Local 535,
Personnel Policies Revisions and the Section 457 Deferred Compensation Plan
May 20, 2005

Madam Secretary, I request that the following statement and disclosure be incorporated into the minutes concerning Item 102 and be made part of the official record of the San Diego Housing Commission and to the extent necessary the Housing Authority of the City of San Diego:

As the Board report states on Page Two, the Ad Hoc Committee and this Board, on February 4, 2005 directed that the Ad Hoc Committee with the assistance of special and General Counsel re open labor negotiations and report back to the Board with its recommendation. This action is the culmination of that direction.

After the February 4, 2005 Board meeting a meeting was had with the Union negotiators to reopen the compensation discussions. That meeting was to determine the demands of the union was held on March 30, 2005.

The union's demands were received and thereafter in closed session on April 8, 2005 this Board (including the Ad Hoc Committee) gave specific directions, limitations and parameters for negotiations in connection with the re-opener and the other matters referenced within Recommendations 1 and 2 of the report.

It is my opinion that both recommendations, Recommendations 1 and 2, are consistent with and within the directions and parameters previously given to General Counsel in closed session in March of this year by this Board. This report and the recommendations contained therefore implement the prior direction of this Board provided on February 4, 2005 and in closed session on April 8, 2005.

To the extent that employees of the San Diego Housing Commission participated in the preparation of this report in accordance with the prior directions of the Ad Hoc Committee and this Board, it is my opinion that there is no conflict of interest within the meaning of the applicable Government Code Sections, including, but not limited to, Government Code Section 1091.5 (a)(9) (non interest) and/or Government Code Section 1091(b) (13) (remote interest) because the activities of SDHC employees have been limited to implementing the directions and instructions of the Ad Hoc Committee and this Board.

Further, under the Political Reform Act and specifically the regulations found within 2 Cal. Code Regs. 18702.4(a) and (b), "participation in a governmental decision" does not include actions of Commission employees in preparing the report and in implementing the direction of this Board.

Accordingly, it is my opinion that no conflict of interest exists as a result of the limited participation of any staff member in these matters in the preparation of the report implementing the prior directions of this Board and the Ad Hoc Committee.

As to Recommendation No. 3, it is my opinion that the same provisions apply and that no conflict or potential conflict exists.