



Good Neighbors

San Diego
Housing Commission

MINUTES

**SAN DIEGO HOUSING COMMISSION
MINUTES OF THE REGULAR MEETING
MAY 14, 2004, 9:00 A.M.
CITY ADMINISTRATION BUILDING
SAN DIEGO, CALIFORNIA**

ATTENDANCE

Present were Commissioners Adams-Brooks, Cramer, Grinchuk, Tumminia and Yip. Also present were Chief Executive Officer Elizabeth Morris and Charles Christensen, General Counsel. Commissioners Salas and Knight were absent.

10 CALL TO ORDER

Commissioner Grinchuk called the meeting to order at 9:10 a.m.

20 PUBLIC COMMENT

None.

30 COMMISSIONER COMMENTS

Commissioner Adams-Brook commented on what a great experience it was attending her first NAHRO Pacific Southwest Region Conference.

40 REPORT BY THE CHIEF EXECUTIVE OFFICER

Ms. Morris mentioned several housing issues that were discussed at the NAHRO Pacific Southwest Regional conference in May 2004, adding it had a relatively large attendance for regional conferences. Ms. Morris thanked Carlos C. de Baca for providing a tour of our housing sites for conference attendees. Ms. Morris also stated that the legal contract with Christensen Schwerdtfeger & Spath LLP was approved at the May 11, 2004 Housing Authority Meeting.



50 APPROVAL OF THE MINUTES

MOTION BY YIP TO APPROVE APRIL 23, 2004 REGULAR MEETING MINUTES. SECONDED BY TUMMINIA AND CARRIED ON A VOTE OF 3-0 WITH CRAMER AND ADAMS-BROOKS ABSTAINING AND SALAS AND KNIGHT ABSENT.

CONSENT AGENDA

MOTION BY TUMMINIA TO APPROVE THE FOLLOWING ITEM ON CONSENT:

100 HCR04-36 Award of Trash Disposal Services Contract (Citywide)

Recommendation: Approve the award of contract for \$153,221 to EDCO Disposal Corporation for the period of one-year with four additional one-year options, and authorize the Chief Executive Officer to execute the contract.

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

ACTION AGENDA

101 HCR04-39 Proposed Loan To Affirmed Housing Group for New Construction of Fifty Apartment Homes at 2100 Block Coronado Avenue (“Creekside Trails”) (Council District 8)

Financial Specialist Joe Correia provided a staff report.

Mr. James Silverwood representing the Affirmed Housing Group stated he was very pleased to be working with the Housing Commission on this project.

Commissioner Grinchuk stated this project is setting precedence because it's the first time we're helping "for profit" developers acquire land. Ms. Cissy Fisher stated that there are very few "for profit" developers that have come to us.

Commissioner Adams-Brooks asked, if the nine percent tax credits were not obtained, would additional gap financing be required on the part of the Housing Commission. Ms. Fisher stated that there is the possibility it won't get funded as a nine percent project, if so we would repackage it as a bond with a four percent tax credit.

Commissioner Cramer asked if the Housing Commission looked into acquiring the land, then giving an option to the developer to purchase the land, similar to the way the current seller is doing it. Mr. Correia stated that is one of the alternatives. Mr. Christensen added because the Housing Commission is the administrator of HOME funds, there could potentially be a conflict of interest if the Housing Commission were to use these funds to purchase the land. Adding, in order for the Housing Commission to

acquire the property, the Housing Authority would need to take action by removing the Housing Commission from the decision making process.

Commissioner Cramer supports and encourages staff to work with "for profit" developers.

MOTION BY TUMMINIA TO APPROVE HOUSING COMMISSION FUNDING OF A \$1,400,000 LOAN TO AFFIRMED HOUSING GROUP FOR LAND PURCHASE CONTINGENT UPON THE CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE (TCAC) AWARD OF 9% TAX CREDIT, AND THE HOUSING COMMISSION LOAN TO AFFIRMED HOUSNG GROUP OF UP TO AN ADDITIONAL \$430,000 FOR THE CONSTRUCTION OF THE PROPOSED UNITS WITH THE FOLLOWING AMENDMENTS: 1). THE BORROWER BE A BANKRUPTCY REMOTE ENTITY; 2). UP TO AND INCLUDING THE TIME OF CONSTRUCTION FINANCING THAT AFFIRMED HOUSING GROUP GUARANTEE THE OBLIGATION. SECONDED BY YIP AND CARRIED ON A UNANIMOUS VOTE OF 5-0 WITH SALAS AND KNIGHT ABSENT.

102 HCR04-40 Homeownership Assistance for Renters Affected by Condominium Conversion (Citywide)

This item was trailed after item 104 was heard.

103 HCR04-37 Affordable Housing Fund FY2005 Annual Plan (Citywide)

Program Analyst Ann Kern provided a staff report.

Commissioner Grinchuk asked that voting on this Item be done after Item #102 is heard.

Commissioner Cramer asked if there is a status report on measuring how well we are doing. Ms. Fisher replied that the status report is in the Annual Report of the Affordable Housing Fund and Inclusionary Housing Program.

104 HCR04-25 Proposed Fiscal Year 2005 Budget

Finance Manager Ed Mauk provided a staff report.

Commissioner Cramer asked why we are giving financial priority to homebuyers program and are there discretionary funds used for this purpose. Ms. Morris stated the Housing Commission receives state money specifically for first time homebuyer loans. Ms. Fisher added that there is \$100,000 in discretionary funds for the first time homebuyer program.

Commissioner Yip asked if other funds in the budget could be used to help offset the Section 8 deficit. Ms. Morris replied the funds are somewhat flexible, however, we cannot use HOME funds for Section 8 payments.

MOTION BY TUMMINIA TO ADOPT **RECOMMENDATION NO. 1:** RECOMMEND HOUSING AUTHORITY ADOPTION OF THE \$197.2 MILLION PROPOSED FY05 ACTIVITY BASED BUDGET; **RECOMMENDATION NO. 2:** RECOMMEND THAT THE HOUSING AUTHORITY CONTINUE TO DELEGATE LIMITED AUTHORITY TO THE HOUSING COMMISSION TO AMEND THE FY05 BUDGET; AND **RECOMMENDATION NO. 3:** CONTINUE TO DELEGATE LIMITED AUTHORITY TO THE CHIEF EXECUTIVE OFFICER TO AMEND THE FY05 BUDGET. SECONDED BY ADAMS-BROOKS AND CARRIED ON A UNANIMOUS VOTE OF 5-0 WITH SALAS AND KNIGHT ABSENT.

102 HCR04-40 Homeownership Assistance for Renters Affected by Condominium Conversion (Citywide)

Chief Policy Advisor Susan Tinsky provided a staff report.

Mel Shapiro stated a quarterly report would be useful stating how many condo conversions we have and how many of the tenants bought the units. Mr. Shapiro also stated that it would be preferable to use "Deed Restriction" so the owner would be restricted to selling the condo to another purchaser who would have the same restricted income to keep the unit affordable for the life time of the unit. Adding, he does not support the program that is currently being proposed.

Commissioner Cramer asked why there isn't a condition to permitting the condo conversion that we require the owner of the unit to extend the financing to the qualified applicant so that the economic risk and burden then would be on the owner who elects to take the unit out of the rental pool and would not have to use our monies. Ms. Tinsky responded it could be done, however, it would require an amendment to the Condo Conversion Ordinance that was just adopted.

Commissioner Adams-Brooks stated that she is really pleased with the condo conversion buyer assistance concept.

Commissioner Yip asked if there is a waiting list in the Shared Equity Program. Loan Management Supervisor Vickie Monce responded that we currently do not have a waiting list.

MOTION BY CRAMMER TO ADOPT **RECOMMENDATION NO. 1:** TO APPROVE A PLAN TO PROVIDE FINANCIAL ASSISTANCE AND HOMEBUYING EDUCATION TO LOW- AND MODERATE INCOME TENANTS AFFECTED BY CONDOMINIUM CONVERSION. SECONDED BY TUMMINIA AND CARRIED ON A VOTE OF 5-0 WITH SALAS AND KNIGHT ABSENT.

MOTION BY ADAMS-BROOKS TO ADOPT **RECOMMENDATION NO 2:** TO REVISE FY05 HOUSING COMMISSION BUDGET TRANSFERRING \$890,000 IN INCLUSIONARY HOUSING FUNDS FROM RENTAL HOUSING PRODUCTION TO HOMEOWNERSHIP TO PROVIDE LOANS TO TENANTS OF CONDOMINIUM

CONVERSION PROJECTS. SECONDED BY TUMMINIA AND CARRIED ON A VOTE OF 4-1 WITH CRAMMER VOTING NO AND SALAS AND KNIGHT ABSENT.

103 HCR04-37 Affordable Housing Fund FY2005 Annual Plan (Citywide)

MOTION BY YIP TO APPROVE **RECOMMENDATION NO.1**: THAT THE HOUSING COMMISSION HEAR PUBLIC TESTIMONY ON THE AFFORDABLE HOUSING FUND FY2005 ANNUAL PLAN; **RECOMMENDATION NO. 2**: APPROVE SUBMISSION TO CITY COUNCIL OF THE PROPOSED AFFORDABLE HOUSING FUND FY2005 ANNUAL PLAN, INCLUDING THE PROPOSED USE OF INCLUSIONARY HOUSING FUNDS FOR A CONDOMINIUM CONVERSION PURCHASE ASSISTANCE PROGRAM. SECONDED BY TUMMINIA AND CARRIED A VOTE OF 4-1 WITH CRAMER VOTING NO AND SALAS AND KNIGHT ABSENT.

105 HCR04-17 Fiscal Year 2004 Section 8 Program Funding

Commissioner Grinchuk abstained from participation and voting on this matter: He abstained pursuant to the applicable provisions of Government Code Section 87103. The Commissioner's interest, if any, is a remote interest under the applicable provisions of Government Code, including but not limited to, Sections 1091 and 1091.5 (a)(4).

Chief Operating Officer Carrol Vaughan provided a staff report.

Ms. Morris added that there are shortfalls affecting agencies throughout the country. There have been various newspaper articles written to indicate the levels of attention this issue is receiving. A recent bill has been introduced by Barney Frank to clarify that current costs should be used.

Commissioner Adams-Brooks asked where the money for the June 2004 payments comes from and how does the sale of property work. Ms. Vaughan stated we would utilize the reserve funds on hand and would replenish these funds when the sale of property happens.

Commissioner Adams-Brooks asked if the Housing Commission has met with the Section 8 landlords. Ms. Vaughan stated a meeting has been set up next week with San Diego County Apartment Association.

106 HCR04-23 Workshop on the Affordable Housing Development Process

This item is trailed to the next Housing Commission Meeting.

CLOSED SESSION

The Commission convened in closed session with the following agenda:

- a. Conference with Labor Negotiators-Pursuant to Government Code

Section 54957.6:

Agency Representatives: Carrol Vaughan for the San Diego Housing
Commission Employee Organization: Social Services Union, Local 535,
AFL-CIO

INFORMATIONAL ONLY, NO ACTION TAKEN

b. Conference with Legal Counsel-Existing Litigation-Government Code
Section 54956.9 (c)

1. **San Diego Unified School District v. City of San Diego
Housing Authority, et al.**; SDSC No.: GIC 824968-1
2. **San Diego Unified School District v. Housing Authority of
the City of San Diego**, et al.; SDSC No.: GIC 818607-1
3. **San Diego Unified School District v. Housing Authority of
the City of San Diego, et al.**; SDSC No.: GIC 818608-1
4. **San Diego Unified School District v. Housing Authority of
the City of San Diego, et al.**; SDSC No.: GIC 818606-1NT.

INFORMATIONAL ONLY, NO ACTION TAKEN

c. Conference with Legal Counsel-anticipated litigation-initiation of
litigation pursuant to subdivision (c) of Section 54956.9-

One (1) case: San Diego Housing Commission vs. Strongly
Oriented for Action ("SOFA"). Counsel's Description of
General Nature of Closed Session: Commission will be
updated on the status of discussions with SOFA arising out
of the Loan and Grant from the Commission to SOFA.
Counsel will seek additional direction as to whether or not to
initiate litigation against SOFA at this time.

BY A VOTE OF 5-0 INSTRUCTIONS WERE GIVEN TO COUNSEL TO INITIATE
LITIGATION.

d. Real Property Negotiations

Conference with Real Property Negotiator – Pursuant to California Government
Code Section 54954.5(b) and 54956.8:

Property: 1334 7th Avenue, San Diego, California 92101
("the Property") currently owned by the San Diego
Interfaith Housing Foundation proposed to be sold
to Mr. Steve Considine and concerning the release
of restrictions in favor of the Commission
concerning the Property.

Commission Negotiators: Sal Salas, Elizabeth Morris, Carrol Vaughan, and
Cissy Fisher for the San Diego Housing
Commission.

Negotiating Parties: San Diego Interfaith Housing Foundation and/or
Mr. Steve Considine or assignee.

Under Negotiation: Price and Terms of Payment for requested release
of covenants affecting the Property by
Commission.

BY A VOTE OF 5-0 INSTRUCTIONS WERE GIVEN ON PRICE AND TERMS
OF PAYMENT TO THE REAL PROPERTY NEGOTIATOR.

ADJOURNMENT

Chair Salas adjourned the regular meeting at 1:13 p.m.

Respectfully submitted,

Angie Risotti
Executive Assistant to CEO

**Signature on File
With Original Document**

Approved by,

Elizabeth C. Morris
Chief Executive Office