



# MINUTES

**SAN DIEGO HOUSING COMMISSION  
MINUTES OF THE REGULAR MEETING  
APRIL 11, 2003, 9:00 A.M.  
CITY ADMINISTRATION BUILDING  
SAN DIEGO, CALIFORNIA**

## **ATTENDANCE**

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

### **10 CALL TO ORDER**

Chair Salas called the meeting to order at 9:12 a.m.

### **20 PUBLIC COMMENT**

John Kallas, representing Home Start LLC, offered his services to the Board in developing ways to provide housing opportunities for low-income San Diegans.

### **30 COMMISSIONER COMMENTS**

Chair Salas discussed a newspaper article in the *Union Tribune* concerning the lack of high-wage employment and its impact on housing in San Diego.

### **40 REPORT BY THE CHIEF EXECUTIVE OFFICER**

Ms. Morris reported on recent National Housing Conference publications that provide information on regional housing initiatives and the critical housing needs of working families. Commissioner Cramer thanked the CEO and staff for their awareness and understanding of national housing policies.



**50     APPROVAL OF THE MINUTES**

A MOTION BY TUMMINIA TO APPROVE THE MINUTES OF THE MARCH 21, 2003, REGULAR MEETING WAS CARRIED ON A 6-0 VOTE WITH ROBLES ABSENT.

**ACTION AGENDA**

**100    HCR03-028 – Housing Trust Fund FY04-06 Three-Year Program Plan and FY04 Implementation Strategy (Citywide)**

Program Analyst Ann Kern provided a staff report.

Commissioner Cramer noted the decrease in funding for rental housing development (from \$4 million in FY01 to \$200,000 in FY04) in the Housing Trust Fund (HTF) program plan, and he inquired if linkage fees from the proposed inclusionary housing ordinance will be incorporated in the rental development budget. Ms. Fisher stated the HTF budget for rental housing development was reduced primarily because funding for this activity is received from other sources (e.g. the HOME program), and inclusionary *in-lieu* fees would be included in the FY05 rental housing development budget.

Commissioner Cramer asked if the \$55 million in redevelopment bonds will be administered by the HTF and what portion of it would be for rental housing development. Ms. Fisher responded the funds would be administered by the Redevelopment Agency, and the vast majority of the money will be dedicated to rental housing. Lastly, he asked if Proposition 46 funds would be an additional funding source. Ms. Fisher replied the HTF might receive an additional \$2 million from Proposition 46 funds, which must be used only for rental housing development.

Commissioner Yip asked how Proposition 46 matching monies would be budgeted, and he inquired about potential additional revenue sources. Ms. Fisher said it is unclear how the matching funds formula will be calculated since the program is not yet finalized. Ms. Morris remarked that the Finance subcommittee of the Affordable Housing Task Force is currently reviewing both government and private alternative sources of funding for the Housing Trust Fund.

Commissioner Grinchuk received clarification from CEO Morris concerning the differences between the proposed Affordable Housing Fund and the Housing Trust Fund, and Commissioner Adams-Brooks requested a future workshop on the viability of the HTF and the potential for new revenue sources.

Mel Shapiro testified it would be useful to know how the \$700,000 for transitional housing funds will be spent, and he stated Administrative/Legal expenses amount to 14 percent of the total HTF budget, which is above the ordinance-imposed limit of eight percent. Finally, he commented that some of the Housing Commission's reserves should be transferred to the Housing Trust Fund.

Commissioner Grinchuk pointed out that the Transitional Housing Operations Program is defined in more detail on page 12 of the report.

MOTION BY GRINCHUK TO APPROVE SUBMISSION OF THE PROPOSED DRAFT HOUSING TRUST FUND THREE-YEAR PROGRAM PLAN FOR FY04-06 AND FISCAL YEAR 04 IMPLEMENTATION STRATEGY TO THE CITY COUNCIL. SECONDED BY ADAMS-BROOKS AND CARRIED ON A UNANIMOUS VOTE OF 6-0 WITH ROBLES ABSENT.

**101 City of San Diego's FY04 Action Plan for Community Development (Citywide)**

Program Analyst Rob Albrecht and Community Development Administrator Ernie Linares provided a staff report.

Rusty Krumm, Outreach Coordinator with the Access Center of San Diego, expressed support for the Action Plan and endorsed higher disabled accessibility standards in the design and construction of affordable housing.

Upon Commissioner Cramer's request, Ms. Morris provided background information on the HOME program and the process by which carryover funds are committed during the year.

Sylvia Troy, representing the CalHousing Integration Set-Aside Task Force, thanked the Board for renewing the Relocation Fund for low-income renters moving to less concentrated areas.

Commissioner Grinchuk requested more information on Housing Commission compliance with the Americans with Disabilities Act, particularly in rehabilitation projects. Mr. Albrecht remarked he would provide this information under separate cover.

MOTION BY GRINCHUK TO FORWARD FOR LAND USE & HOUSING COMMITTEE APPROVAL THE CITY'S DRAFT FY04 ANNUAL ACTION PLAN FOR COMMUNITY DEVELOPMENT FOR SUBMISSION TO THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT. SECONDED BY TUMMINIA AND CARRIED ON A UNANIMOUS VOTE OF 6-0 WITH ROBLES ABSENT.

**102    HCR03-030 – City of San Diego Inclusionary Housing Program**

Senior Program Analyst Susan Tinsky provided a staff report.

Building Industry Association (BIA) representative Matt Adams commented the BIA is concerned the City will lose interest in adopting an overall, comprehensive housing strategy once an inclusionary housing ordinance is enacted. He recommended an expedited permitting process and a meaningful incentive package that helps produce more units. He stated the BIA supports an ordinance that stays within the framework approved by the City Council in August 2002.

Commissioner Cramer referenced a study completed in 2002 that measured the effectiveness of inclusionary housing policies, and he remarked on ways to increase the number of affordable housing developers. Mr. Adams indicated most developers do not develop affordable housing because it is extremely difficult and it requires some form of government subsidy.

Commissioner Tumminia asked if the ordinance exists now or is it a conceptual idea. Ms. Tinsky replied the broad outline of an inclusionary housing policy was adopted by the City Council in August 2002; the report being discussed today contains the draft ordinance and other documents implementing the program.

In response to a question from Chair Salas, Ms. Tinsky stated two additional documents are being formulated and would be provided soon to the Board: a jobs housing balance study by Keyser Marston and an inclusionary affordable housing procedures and monitoring manual. The manual will guide developers and staffs in the implementation of the Inclusionary Housing program.

Commissioner Cramer repeated his interest in reviewing information that shows the expected gain in affordable units from inclusionary housing policies and a comparison of jurisdictions around the country that have implemented similar programs.

By a vote of 6-0, this item was continued to April 25, 2003.

**103    HCR03-024 – Proposed Fiscal Year 2004 Budget (Citywide) Continued from last meeting**

Chair Salas requested clarification on the differences between Program, Contingency and Agency Reserves. Budget Officer Tim Sturtevant explained that of the \$15.1 million in total reserves proposed for FY04, most (\$9.6 million) are Program Reserves restricted for Section 8 purposes or committed to other specific purposes. Ms. Morris added that about half of these funds are set-aside for major capital expenses and future extraordinary maintenance.

Mr. Sturtevant briefly discussed reserves for Section 8 surplus administrative fees and Contingency Reserves designated for potential litigation and uninsured losses, e.g., lawsuits involving personnel issues, construction defect, etc. CEO Morris noted that Agency Reserves of \$1.8 million are small when compared to the overall \$162.6 million Housing Commission budget, and she said they are well below Taxpayers Association guidelines that recommend reserves of five percent for governmental budgets.

Chair Salas complimented staff for a concise and informative budget document, and Commissioner Yip thanked Mr. Sturtevant and Financial Services Manager Ed Mauk for assisting him with budget-related questions.

**MOTION BY TUMMINIA TO RECOMMENDATION NO. 1:** REVIEW AND RECOMMEND HOUSING AUTHORITY ADOPTION OF THE \$162.6 MILLION FY04 ACTIVITY BASED BUDGET; **RECOMMENDATION NO. 2:** SEEK APPROVAL FROM THE HOUSING AUTHORITY TO CONTINUE TO DELEGATE LIMITED AUTHORITY TO THE HOUSING COMMISSION TO AMEND THE FY04 BUDGET; **RECOMMENDATION NO. 3:** CONTINUE TO DELEGATE AUTHORITY TO THE CHIEF EXECUTIVE OFFICER TO AMEND THE FY04 BUDGET WHEN ADDITIONAL FUNDING RESOURCES ARE AVAILABLE, AND; **RECOMMENDATION NO. 4:** SEEK HOUSING AUTHORITY APPROVAL TO USE SECTION 8 OPERATING RESERVES TO SUPPORT VARIOUS CITY OF SAN DIEGO-RELATED PROJECTS.

SECONDED BY YIP AND CARRIED ON A UNANIMOUS VOTE OF 6-0 WITH ROBLES ABSENT.

## **CLOSED SESSION**

*Commissioner Cramer abstained from this item and left the meeting prior to its discussion.*

The Commission recessed and convened in closed session with the following agenda:

I. Real Property Negotiations

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

Property: A 60,000 square foot block bounded by C Street, 11<sup>th</sup> and 12<sup>th</sup> Avenues, and Broadway

Under Negotiation: Price and Terms

BY A VOTE OF 5-0 WITH ROBLES AND CRAMER ABSENT,  
DIRECTIONS WERE PROVIDED TO REAL PROPERTY NEGOTIATORS  
ON THE PRICE AND TERMS OF SALE.

**ADJOURNMENT**

Chair Salas adjourned the regular meeting at 10:49 a.m.

Respectfully submitted,

Approved by,

**Signature on File with Original Document**

Bill Luksic  
Docket Coordinator

Elizabeth C. Morris  
Chief Executive Officer