



MINUTES

**SAN DIEGO HOUSING COMMISSION
MINUTES OF THE REGULAR MEETING
DECEMBER 13, 2002, 9:00 A.M.
CITY ADMINISTRATION BUILDING
SAN DIEGO, CALIFORNIA**

ATTENDANCE

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

10 CALL TO ORDER

Chair Salas called the meeting to order at 9:06 a.m.

20 PUBLIC COMMENT

Saliem Anegaye recounted the positive impact on her and her family's life as residents of University Canyon.

30 COMMISSIONER COMMENTS

Commissioner Cramer asked how the Affordable Housing Task Force's mission compares to that of the Housing Commission, and he requested clarification on procedures for submitting reports to the City Council that have not been specifically endorsed by the Board of Commissioners.

CEO Morris replied the Task Force representing many interests was created by the City Manager to recommend an overall City housing strategy and it offers an opportunity to explore policy matters. Any recommendations by the Task Force will be brought before the Board of Commissioners for comment, and future reports from the Housing Commission to the City Council will clearly indicate whether the reports have been reviewed by the Board.



General Counsel Christensen discussed the Brown Act in response to a remark from Commissioner Cramer concerning communication among Commissioners.

40 REPORT BY THE CHIEF EXECUTIVE OFFICER

CEO Morris stated the Governor announced his intention to partially ameliorate the large State budget deficit by capturing non-encumbered Redevelopment Agency housing set-aside funds. This has serious potential implications for San Diego and the proposed \$55 million affordable housing financing program that aims to leverage Redevelopment Agency money.

The CEO requested that Item 106, Multifamily Housing Revenue Bonds for New Construction Project to be Located at 9th and Broadway, be returned to staff.

50 APPROVAL OF THE MINUTES

A MOTION TO APPROVE THE MINUTES OF THE NOVEMBER 15, 2002, REGULAR MEETING AND THE NOVEMBER 22, 2002, SPECIAL MEETING WAS CARRIED ON A UNANIMOUS VOTE OF 5-0 WITH GRINCHUK AND ROBLES ABSENT.

CONSENT AGENDA

MOTION BY TUMMINIA TO APPROVE THE FOLLOWING ITEMS ON CONSENT:

100 HCR02-108 – 2003 Housing Commission Meeting Schedule

Recommendation: Approve the 2003 Housing Commission meeting schedule.

101 HCR02-103 – Award of Contract for Removal/Replacement of Wood Fencing at Various Public Housing Sites (Council District 8)

Recommendation: Approve the award of contract to AANCO Fence Co., in the amount of \$124,228 with a ten percent contingency (\$12,422), for removal/replacement of wood fencing and installation of block walls at scattered single-family public housing homes.

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

ACTION AGENDA

103 HCR02-107 – Modification of Lease for 252 16th Street (Council District 8)

Housing Finance and Development Manager Jack Farris provided a staff report.

Chair Salas and Commissioner Cramer suggested tying lease payment increases to the Consumer Price Index (CPI), at a minimum of four and one-half percent with no maximum cap, and assigning termination rights to the Housing Commission after two years.

MOTION BY TUMMINIA TO 1) APPROVE MODIFICATIONS TO THE TERMS AND CONDITIONS OF THE LEASE AGREEMENT FOR 252 16TH STREET, CURRENTLY USED AS A 22-SPACE PARKING LOT; AND 2) DELEGATE ADMINISTRATIVE AUTHORITY TO THE CHIEF EXECUTIVE OFFICER TO APPROVE THE ASSIGNMENT AND ASSUMPTION OF THE LEASE TO A SUBORDINATE PURCHASER.

THE MOTION WAS AMENDED TO INCREASE THE LEASE PAYMENT A MINIMUM OF FOUR AND ONE-HALF PERCENT ANNUALLY WITH NO CAP ON THE CPI AND TO APPROVE A LEASE PERIOD OF TWO YEARS WITH THREE ONE-YEAR EXTENSIONS. SECONDED BY YIP AND CARRIED ON A UNANIMOUS VOTE OF 5-0 WITH GRINCHUK AND ROBLES ABSENT.

104 HCR02-098 – Extension of Trolley Court Loan (Council District 8)

Commissioner Cramer abstained from discussion on this item. A written Notice of Abstention is on file at the Office of the San Diego Housing Commission.

Loan Management Supervisor Vicki Monce provided a staff report.

In response to a question from Commissioner Tummina regarding the number of affordable units in the development, Will Newbern, representing the TOM HOM GROUP, stated each of the units falls within some affordable guideline and nearly all of their tenants earn 60 percent or less of Area Median Income.

MOTION BY YIP TO EXTEND THE TROLLEY COURT LOAN FOR A PERIOD OF 20 YEARS AND MODIFY THE TERMS AND CONDITIONS TO AMORTIZE THE LOAN AT THREE PERCENT INTEREST FOR THE 185-UNIT SINGLE ROOM OCCUPANCY RESIDENTIAL FACILITY LOCATED AT 940 12TH AVENUE.

SECONDED BY ADAMS-BROOKS AND CARRIED ON A UNANIMOUS VOTE OF 4-0 WITH GRINCHUK AND ROBLES ABSENT AND CRAMER ABSTAINING.

105 HCR02-100 – San Diego Capital Collaborative Feasibility Study (Citywide)

Reinvestment Task Force Director Jim Bliesner provided a staff report.

Per a request from Chair Salas, Mr. Bliesner provided information on the success and investor profiles of the Los Angeles, Bay Area, and Sacramento funds, and he agreed with the Chair that the Capital Collaborative could function as a land-banker for development of affordable housing.

Commissioner Yip asked how the proposed rate of return was calculated and whether there have been discussions with potential investors. Mr. Bliesner responded that the rate of return is based on the yield of similar funds nationally, and the experience of the consultant, Economic Innovations, and other fund managers who have generated high rates of return on similar products. He added that discussions have occurred with financial institutions but commitments will be determined partly by investors' cash flows and other economic factors

MOTION BY YIP TO ACCEPT THE FEASIBILITY STUDY ON THE SAN DIEGO CAPITAL COLLABORATIVE, WHICH WILL BE FORMED TO PROVIDE EQUITY CAPITAL FOR FUNDING AFFORDABLE HOUSING PROJECTS. SECONDED BY ADAMS-BROOKS AND CARRIED ON A UNANIMOUS VOTE OF 5-0 WITH GRINCHUK AND ROBLES ABSENT.

102 HCR02-109 – Fiscal Year 2002 Audit Reports

A staff report was provided by Financial Services Manager Ed Mauk.

Commissioner Yip commended staff for their efforts in internal controls and accounting.

MOTION BY YIP TO ACCEPT THE FISCAL YEAR 2002 AUDIT REPORTS PREPARED BY CALDERON, JAHAM & OSBORN. SECONDED BY ADAMS-BROOKS AND CARRIED ON A UNANIMOUS VOTE OF 5-0 WITH GRINCHUK AND ROBLES ABSENT.

107 HCR02-055 – San Diego Housing Commission Business Plan (Citywide)

Chief Operating Officer Carrol Vaughan, Organizational Training and Development Manager C. Terry Whitesides, and consultant Steve Harding presented an overview of the FY2004-2006 Business Plan.

Chair Salas asked for a prioritization of the business plan strategies, and he remarked that the \$80-\$90 million in the fixed assets could be leveraged to increase the housing stock or revenue of the Housing Commission. Ms.

Vaughan stated that since increasing the Housing Commission's revenue is critical, the initial priorities should include property development, the appraisal of Housing Commission-owned properties, and optimizing the efficiency of internal processes.

Chair Salas inquired if the opportunity exists to refinance some of the housing developments. CEO Morris pointed out that most of the properties are debt-free, and an analysis would need to be made to determine how any new debt would be repaid without raising the rents of the families in place.

With respect to property development, Commissioner Cramer noted that governmental agencies, such as the Housing Commission, are not in the position to tolerate much risk. He suggested the Housing Commission might consider using its credibility and experience to be a tax credit syndicator because it entails less risk and is profitable.

Ms. Vaughan said next fiscal year's budget document would contain goals, objectives and measurable outcomes as they relate to the various business plan strategies, and it will incorporate information concerning any of appraised properties and their equity value.

Commissioner Adams-Brooks requested a copy of the Business Plan once it has been reviewed and approved by the Land Use and Housing Committee and Housing Authority.

MOTION BY TUMMINIA TO APPROVE THE FY2004 – 2006 BUSINESS PLAN THAT WILL BE USED TO DEVELOP ANNUAL BUDGET PLANS, GOALS AND OBJECTIVES TO ACHIEVE THE HOUSING COMMISSION'S MISSION. SECONDED BY YIP AND CARRIED ON A UNANIMOUS VOTE OF 5-0 WITH GRINCHUK AND ROBLES ABSENT.

108 HCR02-102 – Proposed Fiscal Year 2003 Budget Revision (Citywide)

Ed Mauk provided a brief staff report. CEO Morris noted that Housing Trust Fund revenue is drastically lower than previous years, but the proposed budget for rental housing production will remain the same.

Commissioner Adams-Brooks thanked staff for drafting a concise and informative report.

MOTION BY TUMMINIA TO APPROVE THE REVISION THAT WILL RESULT IN A NET INCREASE TO THE FISCAL YEAR 2003 BUDGET OF \$11,359,204 AND RECOMMEND FINAL APPROVAL BY THE HOUSING AUTHORITY. SECONDED BY ADAMS-BROOKS AND CARRIED ON A UNANIMOUS VOTE OF 5-0 WITH GRINCHUK AND ROBLES ABSENT.

CLOSED SESSION

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

- I. Conference with Legal Counsel - anticipated (threatened) litigation, pursuant to Government Code Section 54956.9(b)(1) and (b)(3)(D) and 54954.5(c):
 - (a) One Matter – In re the matter of 630 F Street, LLC, vs. San Diego Housing Commission and City of San Diego

DIRECTIONS PROVIDED TO COUNSEL BY A UNANIMOUS VOTE OF 5-0 WITH GRINCHUK AND ROBLES ABSENT.

- II. Real Property Negotiations

Commissioner Cramer left the meeting because of a potential conflict of interest.

- (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, 11th and 12th Avenues.

Under Negotiation: Price and Terms

INFORMATIONAL ONLY. THE BOARD TOOK NO VOTE OR ACTION.

ADJOURNMENT

Chair Salas adjourned the regular meeting at 11:27 a.m.

Respectfully submitted,

Approved by,

Signature on File with Original Document

Bill Luksic
Docket Coordinator

Elizabeth C. Morris
Chief Executive Officer