



MINUTES

**SAN DIEGO HOUSING COMMISSION
MINUTES OF THE REGULAR MEETING
JANUARY 19, 2001, 9:30 AM
CITY ADMINISTRATION BUILDING
202 C STREET, 12TH FLOOR
SAN DIEGO, CALIFORNIA**

ATTENDANCE

Present: Chair Arthur and Commissioners Grinchuk, Oxberry, Robles and Tumminia.
Absent: Commissioners Dick and Steinke. Also present were Chief Executive Officer Elizabeth Morris and Charles Christensen, General Counsel.

10 CALL TO ORDER

Chair Arthur called the meeting to order at 9:40 a.m.

20 PUBLIC COMMENT

None.

30 COMMISSIONER COMMENTS

Commissioner Grinchuk asked to what extent the recent energy crisis is affecting Section 8 residents. Housing Services Director Pat Duplechan responded the Commission has not received any major complaints or concerns. Chief Executive Officer Morris added that a utility allowance is provided as part of the rent calculation and the allowance is adjusted periodically.

The Commission is also tracking legislation aimed at energy conservation, and state-financed rebates may be available for property owners and consumers who install energy-efficient appliances.

Commissioner Tumminia inquired whether the Home Energy Assistance Program is discontinued. Staff will report back to the Commissioner with a response.

40 REPORT BY THE CHIEF EXECUTIVE OFFICER

Chief Executive Officer Morris distributed a copy of an article from *Rental Owner* magazine featuring Commissioner Grinchuk, who was honored as the Industry Achievement Award winner by the San Diego County Apartment Association. Ms. Morris and the Board congratulated Mr. Grinchuk on his accomplishment.

50 APPROVAL OF THE MINUTES

MOTION BY TUMMINIA TO APPROVE THE MINUTES FROM THE NOVEMBER 17 AND DECEMBER 1, 2000 HOUSING COMMISSION MEETINGS. SECONDED BY OXBERRY AND CARRIED ON A VOTE OF 5-0, WITH DICK AND STEINKE ABSENT.

ADOPTION AGENDA – CONSENT

MOTION BY OXBERRY TO APPROVE THE FOLLOWING ITEMS ON CONSENT:

100 HCR01-001 — 2001 Housing Commission Meeting Schedule

Recommendation: Approve the 2001 meeting schedule.

101 HCR01-002 — Fencing at Various Public Housing Sites (Council Districts 3 and 8)

Recommendation: Approve the award of contract in the amount of \$134,600 to Quality Fencing Co. Inc., and authorize the Chief Executive Officer to execute the contract and expend the contingency if necessary, for items not anticipated in the original scope of work.

102 HCR01-007 — Adoption of Resolution Authorizing Bank Accounts and Designating Co-Signatories (Citywide)

Recommendation: Adopt a resolution designating the Chief Executive Officer together with the Chief of Staff, the Director of Operations, the Controller, or the Budget Manager as co-signatories on Housing Commission bank accounts.

103 HCR01-011 – Application for State of California CalHome Program Funding (Citywide)

Recommendation: That the City Council authorize application to the State of California for up to \$1,000,000 in funding from the CalHome Program in support of homeownership.

104 HCR01-005 – Proposed FY01 Budget Revision (Citywide)

Recommendation #1: Approve revisions in the Fiscal Year 2001 budget by an overall increase of \$12,644,946 as outlined in the report.

Recommendation #2: That the Housing Commission recommend Housing Authority approval of a resolution specifying thresholds for Section 8 Operating Reserves consistent with current authorization levels.

105 HCR01-010 – Application for FY2002 Community Development Block Grant Funds (Citywide)

Recommendation: That the Chief Executive Officer apply to the City for 20 percent of CDBG funds for affordable housing, execute a contract with the City for the amount allocated to the Commission, and execute contracts with other agencies receiving CDBG allocations.

107 HCR01-016 – Issuance of Multifamily Housing Revenue Bonds for Projects With Previous Related Actions (Council Districts 1, 4, 6)

Recommendation #1: That the Housing Commission recommend the Housing Authority take intermediate steps to issue tax-exempt and taxable housing revenue bonds to finance the acquisition, rehabilitation, and construction of three projects located in Council Districts 1, 4, and 6 for which the Housing Authority has previously approved Housing Authority loans as well as tax exempt bond financing.

Recommendation #2: That the Housing Commission recommend the Housing Authority approve the issuance of \$1,420,810 in tax-exempt housing revenue bonds to Stratton Apartments.

SECONDED BY TUMMINIA AND CARRIED ON A VOTE OF 5-0, WITH DICK AND STEINKE ABSENT.

ACTION AGENDA

106 HCR01-008 — San Diego Housing Commission Strategic Plan (Citywide)

Carrol Vaughan, Chief of Staff, presented a brief staff report.

Mel Shapiro discussed an item in the attachment to the report regarding preserving existing affordable housing units. He stated the Commission should attempt to prevent the demolition of housing by city agencies, especially school districts, and to encourage the replacement of units that are lost.

CEO Morris agreed that the demolition of housing is a concern, and she discussed meetings held with school board officials and community groups on the issue. In terms of the Strategic Plan's goal of preserving affordable housing, the Commission will continue to lend financial support to developers for acquisition and rehabilitation. The Commission is increasing awareness of affordable housing issues by taking a leadership role in educating and informing the public, and by building alliances within the business, civic and public sectors, as contemplated in the Strategic Plan.

Commissioner Grinchuk commended staff for including in its strategic thinking the need to leverage public housing portfolio equity to increase the number of affordable housing units.

MOTION BY TUMMINIA TO PROVIDE DIRECTION TO THE SAN DIEGO HOUSING COMMISSION ON THE DEVELOPMENT OF THE FY 2002-2004 STRATEGIC PLAN GOALS AND OBJECTIVES. SECONDED BY GRINCHUK AND CARRIED ON A VOTE OF 5-0 WITH DICK AND STEINKE ABSENT.

NOTE: Housing Finance and Development Manager Jack Farris gave an overview of each of the remaining agenda items (108 through 111). Following general discussion, staff reports, and public comments (all below), a single motion approving the recommendations contained in the four reports was considered.

108 HCR01-009 – Loan to Affirmed Housing Group for Construction at 2484 Grove Avenue in the Nestor Community (Council District 8)

Wendy DeWitt, Senior Program Analyst, provided a staff report.

Chair Arthur asked if the project could be completed without nine percent tax credit financing, and he inquired about the physical distance of this project to another one currently before the Commission (Item 110, Loan to Orange Housing Development). James Silverwood, President of Affirmed Housing Group, replied the project could go forward with alternative financing, but the deal is best leveraged by the more favorable tax credits.

CEO Morris discussed the proximity of the other project, but each application for nine-percent tax credit funding would be graded on its own merits.

Motion follows Item 111.

109 HCR01-014 – Issuance of Multifamily Housing Revenue Bonds for New Projects (Council Districts 1, 7, 8)

Jahi Akobundu, Senior Program Analyst, presented a brief staff report on bond inducement resolutions to finance the acquisition, construction and rehabilitation of

Island Village Apartments, Torrey Highlands Apartments, and Pacific Cove Apartments.

Garth Erdossy and Richard Gerwitz, representing East Village Development, L.L.C, responded to a question from Chair Arthur concerning the size and type of units being proposed for construction in the project to be known as Island Village Apartments. Called "living units", the single room occupancy (SRO) apartments will average no more than 250 square feet and will be occupied by working students, individuals employed in the downtown service industries, and first-time jobholders.

Chair Arthur asked whether the project could be divided in a way to include one- and two-bedroom units in addition to those of the single room model. Mr. Gerwitz said their design is partly in response to the Centre City Development Corporation's request to develop lower priced housing in the city. Commissioner Oxberry added SROs serve a real need for individuals working downtown, have vacancy rates near zero, and are a successful product type.

Commissioner Grinchuk expressed concern that the rents in Island Village Apartments will be too high and that the project is inconsistent with the Housing Commission's mandate of financing affordable housing. Messrs. Erdossy and Gerwitz said the rents are restricted according to median income guidelines published by the U.S. Department of Housing and Development, and Commissioner Oxberry believes the rent levels are reasonable for moderate-income, service-oriented employees.

Motion follows Item 111.

110 HCR01-015 — Loan to Orange Housing Development Corporation for New Construction in the Nestor Community (Council District 8)

A brief staff report was presented by Carlos C. de Baca, Senior Program Analyst.

Linda Boone, representing Orange Housing Development Corporation (OHDC), spoke in favor of the project and highlighted her company's accomplishments in the area of affordable housing. Ms. Boone noted this proposal consists entirely of three-bedroom units, and as sole general partner, OHDC will buy out the project when tax credit financing expires.

Motion follows Item 111.

111 HCR01-012 – Loan to Hampstead Partners, Inc. for the Acquisition and Rehabilitation of 4019-4027 Oakcrest Drive (Council District 7)

Norm Root and Chris Foster, representing Hampstead Partners, provided information on plans to reconfigure and rehabilitate the Pacific Cove Apartments.

The units will be remodeled, six new three-bedroom units will be added, and there will be no displacement of existing tenants.

Jim Varnadore of the City Heights Area Planning Committee spoke in opposition to the item. He noted the Planning Committee recommended by a vote of 7-0 not to approve the project unless a community-based non-profit was responsible for the day-to-day management of the development. Mr. Varnadore reminded the Commission the building poses no great social service or police problem, it is good condition, and it is within the area of a proposed school site.

Several Commissioners asked for and received clarification from Mr. Varnadore relating to his Committee's position on the project, and Mr. Root discussed his efforts in making an informed decision with respect to the school board's deliberation on new school sites.

MOTION BY TUMMINIA, SECONDED BY OXBERRY AND CARRIED ON A VOTE OF 5-0 TO RECOMMEND HOUSING AUTHORITY APPROVAL OF:

ITEM 108: TO 1) APPROVE A LOAN IN THE AMOUNT OF \$1,400,000 IN THE CURRENT FISCAL YEAR; 2) COMMIT TO LEND \$1,230,000 DURING THE FOLLOWING FISCAL YEAR CONTINGENT UPON AVAILABLE FUNDS; AND, 3) WAIVE THE NOFA LOAN LIMIT OF \$2,000,000 TO MAKE THIS COMMITMENT FOR THE CONSTRUCTION OF 112 UNITS TO BE LOACATED AT 2484 GROVE AVENUE IN THE NESTOR COMMUNITY.

ITEM 109: TO 1) RECOMMEND THE HOUSING AUTHORITY TAKE INITIAL STEPS TO ISSUE TAX-EMEMPT AND TAXABLE HOUSING REVENUE BONDS TO FINANCE THE ACQUISITION, REHABILITATION AND CONSTRUCTION OF THREE PROJECTS LOCATED IN COUNCIL DISTRICTS 1, 7, AND 8; AND, 2) APPROVE FINANCING TEAMS TO BEGIN WORK ON PREPARING THE PROPOSED BOND ISSUANCES.

ITEM 110: TO APPROVE A LOAN IN THE AMOUNT OF \$1,500,000 TO ORANGE HOUSING DEVELOPMENT CORPORATION FOR THE CONSTRUCTION OF 42 APARTMENT UNITS AT A PROJECT TO BE KNOWN AS OTAY MESA FAMILY VILLAS LOCATED AT 2065 AVENIDA DEL MEXICO IN THE NESTOR COMMUNITY.

ITEM 111: TO APPROVE A 3% RESIDUAL RECEIPTS LOAN IN THE MAXIMUM AMOUNT OF \$2,000,000 FOR THE ACQUISITION AND REHABILITATION OF AN 81-UNIT PROPERTY LOCATED AT 4019-4027 OAKCREST DRIVE.

ADJOURNMENT

The Commission recessed and convened in closed session.

- I Conference with Legal Counsel - existing litigation, pursuant to California Government Code Section 54956.9(a) and 54954.5(c):
 - (a) San Diego Housing Commission and Housing Authority of the City of San Diego vs. Creekside Holdings, A California Limited Partnership; et. al.
San Diego Superior Court Case No.: GIC 752236

NO ACTION WAS TAKEN ON THIS ITEM.

- II Public Employee Performance Evaluation, pursuant to Government Code Section 54957(e):
 - Title: Chief Executive Officer

THIS ITEM WAS CONTINUED TO THE NEXT HOUSING COMMISSION MEETING.

Chair Arthur adjourned the meeting at 11:05 a.m.

Respectfully submitted,

Bill Luksic
Docket Coordinator

**Signature on File
With Original Document**

Approved by,

Elizabeth C. Morris
Chief Executive Officer