



Good Neighbors

San Diego
Housing Commission

REVISED
See italics,
page 4.

MINUTES

**SAN DIEGO HOUSING COMMISSION
MINUTES OF THE REGULAR MEETING
JUNE 22, 2001, 9:00 AM
CITY ADMINISTRATION BUILDING
202 C STREET, 12TH FLOOR
SAN DIEGO, CALIFORNIA**

ATTENDANCE

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

10 CALL TO ORDER

Chair Arthur called the meeting to order at 9:10 a.m.

20 PUBLIC COMMENT

None.

30 COMMISSIONER COMMENTS

None.

40 REPORT BY THE CHIEF EXECUTIVE OFFICER

Ms. Morris stated the Housing Commission recently received four Awards of Merit by the National Association of Housing and Redevelopment Officials for: the Rental Assistance newsletter, Viewpoint; our "welfare-to-work" alliance with Rosy Grier and WORKS Staffing; the agency's pilot Moving to Work program with XO Communications; and Pathway to College, an initiative that helps public housing residents attend college.

She also reported that due to the high activity in the Housing Commission's lending program, the Notice of Funding Availability is closed until this fall when a clearer picture of funding sources and amount of funding will be available. The agency has committed about \$11.5 million to development projects in FY 2001.



NOTE: Item 100, *Action Establishing Chief Executive Officer Compensation*, and Item 107, *Final Authorization to Issue Multifamily Housing Revenue Bonds for Pacific Cove Apartments*, were removed for consideration at a future meeting.

50 APPROVAL OF THE MINUTES

MOTION BY ROBLES TO APPROVE THE MINUTES OF THE JUNE 1, 2001 MEETING. SECONDED BY TUMMINIA AND CARRIED ON A 3-0 VOTE WITH DICK, GRINCHUK AND STEINKE ABSENT. COMMISSIONER OXBERRY ABSTAINED SINCE HE WAS NOT PRESENT AT THE JUNE 1 MEETING.

CONSENT AGENDA

MOTION BY OXBERRY TO APPROVE THE FOLLOWING ITEMS ON CONSENT:

101 HCR01-079 – Award of Contract for Plumbing Repair Services

Recommendation: Approve the award of contract not to exceed \$200,000 to Denny & Son Plumbing, Inc., for plumbing repair services at Housing Commission owned properties, and authorize the Chief Executive Office to execute the contract.

103 HCR01-073 – Housing Trust Fund Transitional Housing Grants (Council Districts 1, 2, 3, 5, 6, 8)

Recommendation: Approve one-year grants of support totaling \$1,000,000, for operating transitional housing programs, and authorize the Chief Executive Officer to execute the contracts.

105 HCR01-075 – Final Authorization to Issue Multifamily Housing Revenue Bonds for Torrey Highlands Apartments (Council District 1)

Recommendation: That the Housing Authority authorize the issuance of multifamily housing revenue bonds in an amount not to exceed \$4,780,000 to a development partnership formed by Chelsea Investment Corporation to finance the construction of Torrey Highlands Apartments, located at the intersection of Route 56 and Camino Ruiz.

SECONDED BY TUMMINIA AND CARRIED ON A UNANIMOUS VOTE OF 4-0 WITH DICK, GRINCHUK AND STEINKE ABSENT.

ACTION AGENDA

102 HCR01-078 – Loan Subordination for the Sara Frances Homotel Located at 943 Tenth Avenue (Council District 2)

Senior Loan Specialist Vicki Monce provided a staff report. Seymour Reichbart, owner of the 158-unit Sara Frances Homotel, was also present.

Commissioner Oxberry asked if policy is being altered to allow this borrower to receive cash from the refinance of a loan in which the agency holds a subordinate position. Ms. Monce stated that, while policy doesn't address taking cash out, it has not been a practice of the Housing Commission. Staff is recommending the transaction because Mr. Reichbart agreed to restrict an additional 27 units to persons earning 35 percent of the Median Area Income.

MOTION BY OXBERRY TO APPROVE THE SUBORDINATION OF TWO DEVELOPMENT LOANS, TOTALING \$556,738, TO A REFINANCE OF THE SARA FRANCES HOMETEL IN RETURN FOR 27 ADDITIONAL RESTRICTED UNITS THAT WILL BE AFFORDABLE TO PERSONS EARNING 35 PERCENT OR LESS OF MEDIAN AREA INCOME.

SECONDED BY TUMMINIA AND CARRIED ON A UNANIMOUS VOTE OF 4-0 WITH DICK, GRINCHUK AND STEINKE ABSENT.

104 HCR01-070 – Predevelopment Loan to Vietnam Veterans of San Diego, Inc. for Renovation and Expansion of Veterans Rehabilitation Center (Council District 2)

Dan Cady, Senior Program Analyst, presented a brief staff report.

Chair Arthur requested additional information on the likelihood the 80-bed transitional housing facility will be developed. CEO Morris and Housing Commission staff noted that the City of San Diego (which owns the land) and the U.S. Department of Veterans Affairs support the Center and its mission to provide supportive services to homeless veterans.

MOTION BY OXBERRY TO APPROVE AN UNSECURED PREDEVELOPMENT LOAN OF UP TO \$82,000 TO PAY PREDEVELOPMENT COSTS ASSOCIATED WITH DEMOLITION, RENOVATION AND NEW CONSTRUCTION OF AN 80-BED SPECIAL PURPOSE HOUSING FACILITY LOCATED AT 4141 PACIFIC HIGHWAY.

SECONDED BY TUMMINIA AND CARRIED ON A UNANIMOUS VOTE OF 4-0 WITH DICK, GRINCHUK AND STEINKE ABSENT.

106 HCR01-081 – Loan to San Diego/Fox Hollow, L.P. for the Construction of Hollywood Palms (Council District 3)

Wendy DeWitt provided a staff report.

In response to questions from Chair Arthur and Commissioner Oxberry, CEO Morris and Ms. DeWitt described the financing plan involved and the collaborative efforts between the development team and community leaders in constructing Hollywood Palms (formerly Fox Hollow).

Commissioner Tumminia asked if the developer has agreed to accept Section 8 vouchers to 23 units in the project. CEO Morris replied the developer has agreed to accept Section 8, and staff is exploring the project-based program. Hollywood Palms would be the first instance of project-basing Section 8 vouchers.

MOTION BY **TUMMINIA** TO APPROVE A LOAN OF UP TO \$2,200,000 TO AFFIRMED HOUSING GROUP AND CITY HEIGHTS COMMUNITY DEVELOPMENT CORPORATION IN THE NAME OF SAN DIEGO/FOX HOLLOW, L.P., FOR THE CONSTRUCTION OF HOLLYWOOD PALMS, A 94-UNIT APARTMENT COMPLEX LOCATED AT 4366 HOME AVENUE; AND

FORWARD FOR HOUSING AUTHORITY APPROVAL THE ISSUANCE OF TAX-EXEMPT HOUSING REVENUE BONDS TO FINANCE THE CONSTRUCTION OF HOLLYWOOD PALM APARTMENTS; AND

AUTHORIZE THE CHIEF EXECUTIVE OFFICER OR DESIGNEE TO ENTER INTO PROJECT-BASED SECTION 8 CONTRACTS IN ACCORDANCE WITH THE APPLICABLE ANNUAL CONTRIBUTIONS CONTRACT WITH HUD.

SECONDED BY OXBERRY AND CARRIED ON A UNANIMOUS VOTE OF 4-0 WITH DICK, GRINCHUK AND STEINKE ABSENT.

108 HCR01-077 – Loan and Final Authorization to Issue Multifamily Housing Revenue Bonds for Island Village Apartments (Council District 8)

Dan Cady provided a staff report.

Michael Galasso and James Barone, representatives of the project development team, discussed their role in providing property management services and advice in marketing, regulatory and logistical issues relating to Island Village Apartments.

Housing Finance and Development Manager Jack Farris provided information on an application to the California Housing Finance Agency for HELP program funds. The loan will reduce the construction interest cost of the project and improve the internal cash flow position of the Housing Commission. He also described the Centre City Development Corporation's contribution of \$500,000 to the project's financing, which is the form of a credit to another future downtown development that Housing Commission and CCDC will fund together.

MOTION BY OXBERRY TO FORWARD TO THE HOUSING AUTHORITY A RECOMMENDATION TO AUTHORIZE THE ISSUANCE OF TAX-EXEMPT HOUSING REVENUE BONDS IN AN AMOUNT NOT TO EXCEED \$11,000,000, AND TAXABLE REVENUE BONDS IN AN AMOUNT NOT TO EXCEED \$1,350,000 TO FINANCE THE ACQUISITION AND CONSTRUCTION OF THE 280-UNIT ISLAND VILLAGE APARTMENTS LOCATED AT 1225 MARKET STREET; AND

APPROVE A THREE PERCENT RESIDUAL RECEIPTS HOUSING COMMISSION LOAN OF \$2,300,000 TO FINANCE THE CONSTRUCTION OF ISLAND VILLAGE APARTMENTS; AND

FORWARD FOR HOUSING AUTHORITY APPROVAL A LOAN APPLICATION TO CALIFORNIA HOUSING FINANCE AGENCY FOR \$1,100,000 IN HELP PROGRAM FUNDS BY AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO TAKE ACTIONS NECESSARY TO FACILITATE PARTICIPATION IN THE HELP PROGRAM.

SECONDED BY ROBLES AND CARRIED ON A UNANIMOUS VOTE OF 4-0 WITH DICK, GRINCHUK AND STEINKE ABSENT.

ADJOURNMENT

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

- I Conference with Legal Counsel - existing litigation, pursuant to California Government Code Section 54956.9(a) and 54954.5(c):
 - (a) Hidden Valley Construction vs. Housing Authority of the City of San Diego, a California public entity; San Diego Housing Commission, a California public entity
San Diego Superior Court Case No. 704467

THE COMMISSION APPROVED A SETTLEMENT BY A VOTE OF 4-0.

- (b) San Diego Housing Commission vs. L.M. Hill, Jr., and Irene A. Hill
San Diego Superior Court Case No. 727112

THE COMMISSION APPROVED A POTENTIAL SETTLEMENT BY A
VOTE OF 4-0.

- (c) San Diego Housing Commission, a public agency; and Housing Authority
of the City of San Diego, a public agency vs. Industrial Indemnity
Company of the Northwest; a Washington corporation; Industrial
Indemnity, an unknown entity; Crum & Forster Corporation, a New Jersey
corporation; Crum & Forster Insurance Risk Management Accounts, an
unknown entity; and Does 1 through 10.
San Diego Superior Court Case No. 680684
Court of Appeal Case Nos. D027060 and D035239

INFORMATIONAL ONLY. NO ACTION WAS TAKEN.

- (d) Madrid vs. San Diego Housing Commission
San Diego Superior Court Case No. GIC 760344

A PROPOSED SETTLEMENT WAS APPROVED BY A VOTE OF 4-0.
FURTHER DIRECTION WAS GIVEN TO COUNSEL CONCERNING
SETTLEMENT.

- (e) San Diego Housing Commission vs. Stephen F. Todd and Marilyn Todd,
et. al.
San Diego Superior Court Case No. 703682

INFORMATION ONLY. NO ACTION WAS TAKEN.

- (f) Small vs. Betsy Morris; San Diego Housing Commission, et. al.
San Diego Superior Court Case No. 724292

INFORMATION ONLY. NO ACTION WAS TAKEN.

II. Conference with Legal Counsel - anticipated litigation, pursuant to Government
Code Section 54956.9(c) and 54954.5(c):

- (a) One matter
San Diego Housing Commission vs. Four Seasons

BY A VOTE OF 4-0, THE COMMISSION AUTHORIZED INSTITUTION OF
LEGAL PROCEEDINGS.

III. Public Employee Performance Evaluation, pursuant to Government Code
Section 54957(e):

Title: Chief Executive Officer

THIS ITEM WAS NOT DISCUSSED.

Chair Arthur adjourned the meeting at 10:33 a.m.

Respectfully submitted,

Bill Luksic
Docket Coordinator

**Signature on File
With Original Document** Approved by,

Elizabeth C. Morris
Chief Executive Officer