



Good Neighbors

San Diego
Housing Commission

MINUTES

**SAN DIEGO HOUSING COMMISSION
MINUTES OF THE REGULAR & SPECIAL MEETINGS
JULY 20, 2001, 9:00 AM
CITY ADMINISTRATION BUILDING
202 C STREET, 12TH FLOOR
SAN DIEGO, CALIFORNIA**

ATTENDANCE

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

10 CALL TO ORDER

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

20 PUBLIC COMMENT

Al Pavich and David Siegler, representing the Vietnam Veterans of San Diego, thanked the Commissioners for previously approving a predevelopment loan for the renovation and expansion of the Veterans Rehabilitation Center on Pacific Highway. Board members viewed architectural renderings of the project and asked general questions about building construction and design features.

30 COMMISSIONER COMMENTS

None.

40 REPORT BY THE CHIEF EXECUTIVE OFFICER

Ms. Morris reported the Housing Commission received a family medical health grant in conjunction with the Logan Heights Community Clinic that will provide health services to public housing residents at three sites. She remarked that more partnerships are needed with community-based service organizations in light of reduced federal spending on housing programs.

Ms. Morris reviewed the Housing Commission's lending activity in fiscal year 2001 and provided figures on the total number of affordable housing units



created by new construction projects, acquisition and rehabilitation of existing units, and preservation of previously affordable housing. Almost \$11.5 million was committed to fund approximately \$120 million in development costs that produced 1,102 units. She also noted that \$11.4 million in fiscal year 2002 funds are reserved for housing projects currently waiting tax credit financing. The large amount of Housing Commission financing commitments is an indication of the productivity of the non-profit and for-profit affordable housing developers in San Diego, and it points to the need to discuss overall housing policy issues at a future Board meeting.

In response to a question from Commissioner Dick regarding the total number of affordable units (1,102) assisted with Housing Commission funds, Ms. Morris replied that approximately 420 units are new construction, and the remaining units are older HUD-funded sites or are part of acquisition/rehabilitation efforts. Commissioner Dick observed fiscal year 2002 figures illustrate that it costs more to build new units – and it involves more of an investment by the Housing Commission – than it does to acquire and rehabilitate existing units.

Finally, the Chief Executive Officer and Housing Development and Finance Manager Jack Farris discussed a change in the financing package for Island Village Apartments, a project approved by the Housing Commission on June 22, 2001. The restructuring includes an interim, short-term issuance of \$11 million in tax-exempt Notes to allow the project's construction and permanent lenders sufficient time to complete their underwriting.

Commissioners Dick and Oxberry noted there are duplicative costs involved in issuing bonds for interim and permanent financing, and Mr. Farris remarked the project developer and the seller of the land will bear the burden of the additional transactional fees. Commissioner Oxberry asked whether the interim bonds will be rated, and he discussed the aspect of negative arbitrage contained within the financing structure. Mr. Farris responded that an institution with an "AA" or better credit rating would hold the interim Notes, and that the borrower would be required to fund costs of any negative arbitrage.

50 APPROVAL OF THE MINUTES

COMMISSIONER TUMMINIA NOTED AN ERROR RELATING TO WHICH MEMBER MOVED AND SECONDED ITEM 106 OF THE MEETING OF JUNE 22, 2001. CORRECTED MINUTES WILL BE FILED IN THE OFFICE OF THE SAN DIEGO HOUSING COMMISSION.

MOTION BY OXBERRY TO APPROVE THE MINUTES OF THE JUNE 22, 2001 MEETING. SECONDED BY TUMMINIA AND CARRIED ON A UNANIMOUS VOTE OF 5-0 WITH GRINCHUK AND ROBLES ABSENT.

CONSENT AGENDA

MOTION BY DICK TO APPROVE THE FOLLOWING ITEMS ON CONSENT:

100 HCR01-085 – Contract for Concrete/Site Improvements at One Public Housing Site (Council District 3)

Recommendation: Approve the award of a contract to Arcco Construction Company for concrete/site improvements at 4637-4643 ½ Hamilton Street in the amount of \$136,456.

101 HCR01-086 – Application to the U.S. Department of Education for a Community Technology Program Grant (Council Districts 1, 3, 4, 5, 6, 8)

Recommendation: Ratify submission of an application for funding to the U.S. Department of Education under the Community Technology Centers Program in order to support and strengthen existing Learning Opportunity Centers.

102 HCR01-060 – Records Management Policy

Recommendation: Approve a Records Management Policy to improve efficiency and facilitate compliance with records retention regulations.

103 HCR01-082 – Appointment of Loan Committee Members (Citywide)

Recommendation: Confirm the nomination of J. Fred Oliver and Robert J. Gaglione, and reappoint Robert Griswold and Linda Lopez, to serve two-year terms on the Loan Committee.

104 HCR01-084 – Continued Support for the City-County Reinvestment Task Force (Citywide)

Recommendation: Authorize the Chief Executive Officer to execute a contract that provides up to \$102,484 for activities related to administration of the City-County Reinvestment Task Force during fiscal year 2002.

105 HCR01-033 – Action Establishing Chief Executive Officer Compensation

Recommendation #1: Establish the compensation package for the Chief Executive Officer retroactive to August 1, 2000, to coincide with the anniversary date of contract.

Recommendation #2: Set the compensation package for the CEO beginning August 1, 2001, to be effective following the regular annual performance evaluation.

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

ACTION AGENDA

107 HCR01-049 – Loan to Housing Development Partners for the Mason Hotel (Council District 3)

Senior Project Manager Cissy Fisher provided a staff report.

Commissioner Oxberry asked if the unoccupied commercial lease space in the building would be actively marketed for retail purposes. Ms. Fisher responded the proposed new owner, Housing Development Partners, would consider the many possibilities offered by the space. She added that rehabilitation plans include installation of a large kitchen to provide the special-needs tenants with a communal meeting area.

Ms. Fisher agreed with Commissioner Dick's suggestion that the Housing Commission should look favorably at proposals submitted by commercial tenants who incorporate the entire building for a single retail purpose.

MOTION BY DICK TO: 1) FORWARD FOR HOUSING AUTHORITY APPROVAL THE RECOMMENDATION TO FACILITATE ACQUISITION OF THE MASON HOTEL, LOCATED AT 1345 FIFTH AVENUE, BY HOUSING DEVELOPMENT PARTNERS OF SAN DIEGO, TO OPERATE AS SPECIAL PURPOSE HOUSING FOR EXTREMELY LOW INCOME INDIVIDUALS; AND,

2) APPROVE AND RECOMMEND HOUSING AUTHORITY APPROVAL TO AMEND THE HOUSING COMMISSION'S FISCAL YEAR 2002 BUDGET, ADDING \$470,000 OF COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS FOR SPECIAL PURPOSE HOUSING, \$230,000 OF WHICH WOULD BE COMMITTED TO THE MASON HOTEL.

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

The Commission adjourned the Regular Meeting and convened a Special Meeting to hear the following item:

106 HCR01-088 (Revised) – FY2002 Budget Revision and Modified Temporary Agency Contract With IUA/Works Staffing (Citywide)

Director of Operations Steve Mikelman and Bobbie Christensen, Acting Rental Assistance Program Director, provided a staff report. They were joined by Tim Sturtevant and Craig Velte.

Commissioner Oxberry noted the U.S. Department of Housing and Urban Development no longer reimburses housing authorities to lease new units, and he asked whether the Housing Commission could appeal to HUD for additional funding. CEO Morris replied this issue is a concern of national housing officials, but HUD is not likely to provide the administrative fees even in hard-to-serve rental markets such as San Diego.

Ms. Christensen responded to several questions from Commission Oxberry relating to the number of temporary employees and length of time they will be working on the Section 8 lease-up push. She added that the Housing Commission is proposing the permanent addition of a housing inspector to expedite the inspection process, and the San Diego Apartment Association and a landlord advisory group support the agency's efforts.

With respect to the request for increasing the temporary employment services contract by \$500,000, Commissioners Steinke and Dick requested information on what percent of the increase would be used to assist the Section 8 lease-up push and what percent would be used for general agency needs. Housing Commission staff responded that a majority of the additional temporary agency contract funds would be devoted to leasing the new Section 8 vouchers. The request to modify the temporary agency contract is partly in response to current market conditions and the need to hire qualified temporary workers who are capable of assisting in the lease-up push.

Commissioner Dick suggested that the Board approve the budget revision request, but that staff return to the next meeting with detailed information on the Housing Commission's temporary agency budget, the IUA/Works contract modification, and how the proposed contract increase of \$500,000 relates to the Section 8 lease-up push.

MOTION BY DICK TO: 1) FORWARD FOR HOUSING AUTHORITY APPROVAL A BUDGET REVISION TOTALING \$937,649, NEEDED TO ABSORB THE 2,364 ADDITIONAL SECTION 8 VOUCHERS ISSUED BY HUD TO THE HOUSING COMMISSION IN THE PAST TEN MONTHS; AND

2) POSTPONE CONSIDERATION UNTIL THE NEXT HOUSING COMMISSION MEEETING THE RECOMMENDATION TO INCREASE THE MAXIMUM

COMPENSATION INCLUDED IN THE IUA/WORKS STAFFING CONTRACT BY
\$500,000.

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

The Commission adjourned the Special Meeting and reconvened the Regular Meeting.

ADJOURNMENT

The Commission did not convene in closed session.

Chair Arthur adjourned the meeting at 10:50 a.m.

Respectfully submitted,

Bill Luksic
Docket Coordinator

**Signature on File
With Original Document**

Approved by,

Elizabeth C. Morris
Chief Executive Officer