



# MINUTES

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

## **ATTENDANCE**

Present: Chair Arthur and Commissioners Grinchuk, Robles, Steinke, and Tumminia. Also present were Chief Executive Officer Elizabeth Morris and Sean Schwerdtfeger, General Counsel's Office. Commissioners Dick and Salas were absent.

## **10 CALL TO ORDER**

Chair Arthur called the meeting to order at 9:10 a.m. A brief announcement was made concerning the date and time of a memorial service for Harvey Mandel.

## **20 PUBLIC COMMENT**

Mel Shapiro asked whether a written report would be prepared to address Commissioner Steinke's September 21 comments relating to the Section 8 waiting list. Chief Executive Officer Morris responded a report would be provided if requested by the Board.

## **30 COMMISSIONER COMMENTS**

None.

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

Ms. Morris reported that Resident Services received two grants totaling approximately \$750,000 for programs relating to senior residents. She remarked that progress was reported at the national conference of NAHRO on a new federal housing production program, and it might be included as part of an economic stimulus package. She noted that City Hall security will be heightened, and the CEO reminded the Commissioners of the upcoming joint meeting with



the Planning Commission. Finally, Ms. Morris requested that Item 100, *Authorization to Apply for a Public Housing Authority Evaluation from Standard & Poor's*, be returned to staff for future action.

**50 APPROVAL OF THE MINUTES**

MOTION BY TUMMINIA TO APPROVE THE MINUTES OF THE SEPTEMBER 21, 2001 REGULAR MEETING. SECONDED BY GRINCHUK AND CARRIED ON A UNANIMOUS VOTE OF 5-0 WITH DICK AND SALAS ABSENT.

**CONSENT AGENDA**

MOTION BY TUMMINIA TO APPROVE THE FOLLOWING ITEMS ON CONSENT:

**102 HCR01-112 – Coronado Terrace Request for Subordination to Construction Loan (Council District 8)**

**Recommendation:** Approve a request to subordinate the Housing Commission's loan to a construction loan in the amount of \$2,000,000, until completion of rehabilitation work, at Coronado Terrace Apartments.

**103 HCR01-108 – Final Authorization to Issue Multifamily Housing Revenue Bonds for Parkside Apartments (formerly Park Haven) (Council District 4)**

**Recommendation:** Forward for Housing Authority authorization a recommendation to take final steps to issue up to \$1,800,000 in multifamily housing revenue bonds to Southern California Housing Development Corporation for Parkside Apartments located at 4010-4050 Park Haven Court.

**104 HCR01-107 – Final Authorization to Issue Multifamily Housing Revenue Bonds for Summit Crest Apartments (Council District 4)**

**Recommendation:** Forward for Housing Authority authorization a recommendation to take final steps to issue up to \$3,060,000 in tax-exempt and \$340,000 in taxable housing revenue bonds to Southwest Affordable Housing, LLC for Summit Crest Apartments, a 70-unit property located at 4328-4490 Mayberry Street.

**105 HCR01-110 – Loan and Final Authorization to Issue Multifamily Housing Revenue Bonds for Logan Square Apartments (Council District 4)**

**Recommendation:** Recommend Housing Authority approval of a loan of up to \$1,000,000 and to take final steps to issue up to \$10,500,000 in tax-exempt housing revenue bonds to Logan Square Housing Partners L.P., for the

acquisition and rehabilitation of a 170-unit property located at 4742 Solola Avenue.

**106 HCR01-115 – Loan and Final Authorization to Issue Multifamily Housing Revenue Bonds for Harbor View Apartments (Council District 4)**

**Recommendation:** Recommend Housing Authority approval of a loan of up to \$900,000 and to take final steps to issue up to \$4,400,000 in multifamily housing revenue bonds to Harbor View Housing Partners L.P., for the acquisition and rehabilitation of a 60-unit property located at 404 North 47<sup>th</sup> Street.

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

**ACTION AGENDA**

**107 HCR01-104 – Sale of 252 16<sup>th</sup> Street (Council District 8) – Supplemental**

Director of Operations Steve Mikelman and Vicki Monce provided a staff report.

Chair Arthur recognized staff's desire to move forward with the sale of this property, and Commissioner Grinchuk commended staff for their efforts.

Commissioner Steinke reiterated the concern expressed previously that the acquisition would be used for land speculation purposes and not as a parking lot for tenants. Director Mikelman noted sale of the property would include the condition that the land will continue to be used for parking.

MOTION BY STEINKE TO FORWARD FOR HOUSING AUTHORITY AUTHORIZATION THE ACCEPTANCE OF AN OFFER BY WILLIAM G. AYYAD TO PURCHASE THE VACANT LOT LOCATED AT 252 16<sup>TH</sup> STREET. SECONDED BY GRINCHUK AND CARRIED ON A UNANIMOUS VOTE OF 5-0 WITH DICK AND SALAS ABSENT.

**108 HCR01-106 – Determination of Housing Commission Priorities for the FY02 Rental Housing Loan Program (Citywide)**

CEO Morris introduced this report by noting the Housing Commission is currently developing 1,500 affordable units with as much as \$19.5 million in Commission funds, and no funds are currently available for the upcoming NOFA round. The report before the Board raises two important issues: where to get additional funding and what are the priorities for the fiscal year 2002 rental housing program. Her remarks were followed by a brief staff report from Housing Finance and Development Manager Jack Farris and Cissy Fisher.

Robert Laing, representing Barratt American Incorporated, favors the objectives of the Housing Commission's rental housing production program, but commented on arcane rules and uncertainty that increase the costs of developing affordable housing. James Schmid of Chelsea Investment Corporation thanked Housing Commission staff for their assistance in the recent nine-percent tax credit round. He believes lower tax credit pricing will negatively affect projects within the Future Urbanizing Area, and he is strongly supportive of staff's recommendation for including inclusionary projects as a high priority in the NOFA process. David Ricker, Project Manager of Community Housing of North County, expressed support for the proposed recommendations.

CEO Morris suggested the discussion should be structured around two issues: first, forward committing FY03 funds and Board support for pursuing new revenue sources – such as, the city's real estate transfer tax, an increase in the CDBG allocation, and tax increments from the Redevelopment Agency. Second, assuming new funding becomes available, what kinds of rental projects should be financed.

Chair Arthur and Commissioners Steinke and Grinchuk agreed that fewer dollars are available for an increasingly costly housing market, and they were hopeful but not optimistic that new revenue could be obtained from the sources noted above. The Chair called upon Mr. Schmid who remarked that Affordable Housing Program funds of the Federal Home Loan Bank are a potential source of funding, and a streamlined development permitting process and restructuring of impact fees would reduce the cost of construction.

With input from board members, Messrs. Laing and Ricker, and other public speakers, such as Wade Hollins of McMillan Development and Jim Silverwood from Affirmed Housing, a general discussion followed concerning the role and responsibility of private builders and the city to reduce the cost of developing affordable housing. Suggestions included increasing the density along transportation corridors, additional subsidies to fill the financing gap, a uniform application process, and the issuance of multi million dollar-housing bonds. Mr. Silverwood added he supported the proposed priorities guidelines relating to unit size, the preservation of affordability restrictions, and emphasis on energy conservation, but that he was opposed to using Housing Commission funds for inclusionary housing.

Chair Arthur asked if there was risk in borrowing next year's money. CEO Morris and Mr. Farris replied the nature of the risk lies not with the inability to pay future commitments, but that the Housing Commission will be a similar predicament next year.

Commissioner Robles remarked a higher-skilled job force could make the wages necessary to afford housing, and he advocated increased training for lower-

income individuals. Commissioner Steinke observed it would be helpful to be able to identify the demands of the market when assessing how many units of each size are to be built.

**MOTION BY STEINKE TO RECOMMENDATION 1:** MAXIMIZE AVAILABLE DEVELOPMENT RESOURCES BY CAPITALIZING ON AVAILABLE "OUTSIDE" FUNDING SOURCES SUCH AS TAX CREDIT ALLOCATION PROGRAMS; COMMITTING FUTURE FISCAL YEAR FUNDS FOR PERMANENT LOANS WITH A CAP OF \$1 MILLION PER PROJECT, AND; BORROWING BELOW MARKET RATE FUNDS WHERE FEASIBLE, AND;

**RECOMMENDATION #2:** IN THE FY02 RENTAL HOUSING PROJECT SELECTION PROCESS, EMPHASIZE FAMILY SIZED UNITS; FAVOR PROJECTS WITH INCLUSIONARY REQUIREMENTS OR NON-PERMANENT AFFORDABILITY RESTRICTIONS; REQUIRE SIGNIFICANT LEVERAGE WITH OTHER FUNDING SOURCES, AND; ENCOURAGE PROJECTS PROMOTING ENERGY CONSERVATION MEASURES.

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

**109 HCR01-113 – Workshop Regarding Balanced Communities Housing Program (Citywide)**

Susan Tinsky provided an overview of this item, which will be discussed in greater detail at the joint Housing Commission – Planning Commission meeting on October 18. CEO Morris added the report is a conceptual document that will be adjusted and refined as the review process continues.

Mel Shapiro questioned figures in the report relating to rents adjusted for area median income compared to market rate rents, and he remarked that some census tracts include individuals with earnings well below area median income. Robert Pinnegar, representing the San Diego Apartment Association, stated the program's incentives should be more fully developed, and that his organization can make an informed decision on the proposal when the parking study is included.

Shuf Swift said the inclusionary program and the broad representation on the working group encouraged him, and he urged the Board to remember how great the need is for affordable housing in San Diego.

Commissioner Steinke stated Mr. Shapiro's comments should be given consideration, and some mandatory construction features are inaccurately characterized as incentives. He stressed also that the report should offer more recommendations with respect to expediting permit processing and a concrete

proposal for affordable for-sale homes. Finally, he suggested the section dealing with in-lieu fees requires more analysis.

Commissioner Grinchuk said the inclusionary requirements are inconsistent with the needs of older, inner-city neighborhoods with decaying infrastructure, and he objects to the notion of a developer providing off-site development because it could concentrate low-income housing in one area.

THIS WAS A DISCUSSION ITEM ONLY AND NO VOTE WAS TAKEN.

**101 HCR01-116 – Second Amendment to the Contract with Keyser Marston Associates for Services Related to the Development of an Inclusionary Housing Program (Citywide)**

No staff report was presented and no discussion took place.

MOTION BY STEINKE TO APPROVE AN INCREASE IN THE MAXIMUM COMPENSATION DUE UNDER THE CONTRACT WITH KEYSER MARSTON ASSOCIATES BY \$10,000 FROM THE CURRENT LEVEL OF \$48,675 TO A NOT-TO-EXCEED AMOUNT OF \$58,675, AND EXTEND THE CONTRACT PERIOD THROUGH JANUARY 31, 2002.

SECONDED BY ROBLES AND CARRIED ON A UNANIMOUS VOTE OF 5-0 WITH DICK AND SALAS 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):

Williams & Sons Masonry, Inc. v. Baronet & Co., Inc., et al.  
San Diego Superior Court Case No. 680684

DIRECTIONS WERE GIVEN TO COUNSEL BY A UNANIMOUS VOTE OF 5-0, WITH DICK AND SALAS ABSENT.

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

DIRECTIONS WERE GIVEN TO COUNSEL BY A UNANIMOUS VOTE OF 5-0, WITH DICK AND SALAS ABSENT.

III Real Property Negotiations

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

Property: 252 16<sup>th</sup> Street, San Diego, CA

Negotiating Parties: Steve Mikelman and Vicki Monce for the San Diego Housing Commission and Mr. William Ayyad

Under Negotiation: Price and terms

THIS ITEM WAS NOT DISCUSSED.

Chair Arthur adjourned the meeting at 11:40 a.m.

Respectfully submitted,

Bill Luksic  
Docket Coordinator

**Signature on File  
With Original Document**

Approved by,

Elizabeth C. Morris  
Chief Executive Officer