



MINUTES

**SAN DIEGO HOUSING COMMISSION
MINUTES OF THE REGULAR MEETING
[AMENDED ON MARCH 17, 2000]
FEBRUARY 25, 2000
CITY ADMINISTRATION BUILDING
202 C STREET, 12TH FLOOR
SAN DIEGO, CALIFORNIA**

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

Absent: Commissioner Hills.

CLOSED SESSION

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

Property: 650 Gateway Center Way, Suite D, San Diego, CA 92102
1625 Newton Avenue, San Diego, CA 92113
9541 Ridgehaven Court, San Diego, CA 92123

Negotiating Parties: Elizabeth Morris, Steve Mikelman, Steve Snyder and Pat Duplechan for the San Diego Housing Commission

Under Negotiation: Terms and Price

INFORMATIONAL ONLY. NO ACTION OR VOTE WAS TAKEN.

10 CALL TO ORDER

Chair Arthur called the meeting to order at 10:05 A.M.

20 PUBLIC COMMENT

None.

30 COMMISSIONER COMMENTS

None.

40 REPORT BY THE CHIEF EXECUTIVE OFFICER

The deadline for submitting bond applications to the State was this week, and the City of San Diego has applications for five projects totaling 1,184 units and \$63.3 million worth of bond activity.

50 APPROVAL OF THE MINUTES

MOTION BY TUMMINIA TO APPROVE THE MINUTES OF FEBRUARY 4, 2000.

SECOND BY STEINKE.

MOTION CARRIED ON A UNANIMOUS VOTE OF 5-0, WITH HILLS BEING ABSENT AND DICK ABSTAINING.

ADOPTION AGENDA - CONSENT

MOTION BY DICK TO APPROVE THE FOLLOWING ITEMS ON CONSENT:

100 HCR00-022 - Authorization to Renew Lease of Offices at Gateway Center (Council District 4)

Recommendation: Recommend Housing Authority approval of a two-year lease of Gateway Office facilities (approximately 5,514 square feet) located at 650 Gateway Center Way, effective June 7, 2000 through June 6, 2002.

101 HCR00-027 - Contingent Loan to Bridge Housing Corporation–Southern California for the New Construction of Torrey Del Mar Apartments (Council District 1)

Recommendation No. 1: It is recommended that the Housing Commission approve a contingent three percent residual receipts loan up to the maximum amount of \$245,000 to the Bridge Housing Corporation-Southern California (BRIDGE-SC) to construct a new 112-unit affordable housing project in the Torrey Highlands, Subarea IV Planned Urbanized Area.

Recommendation No. 2: It is recommended that the Housing Commission approve a subordination and that the Chief Executive Officer be authorized to execute subordination documents as approved by General Counsel.

102 THIS ITEM HAS BEEN PULLED

105 HCR00-023 – Fiscal Year 1999 Audit Reports

Recommendation: It is recommended that the Housing Commission accept the Reports on Audited Component Unit Financial Statements and Other Information, the Single Audit Reports, the project audits of the two State of California projects and the University Canyon project, the cost certifications of three Comprehensive Grants and four Development funds, and the Report to Management prepared by the accounting firm of Calderon, Jaham & Osborn.

SECOND BY STEINKE.

MOTION CARRIED ON A UNANIMOUS VOTE OF 6-0, WITH HILLS BEING ABSENT.

Ms. Morris commented on Item 101, stating that this action is a significant step for the City. It is the first of the affordable housing projects in the future urbanizing area in the north section of the City, with several others to follow. This represents the beginning of some very fine affordable housing developments. Although Item 101 was approved on the Consent Agenda, Chair Arthur requested information regarding the stipulations of the contingency loan that is the subject of the report. Ms. Morris stated there are two aspects to the contingency. First, Bridge Housing is applying to the Federal Home Loan Bank for an affordable housing program (AHP) loan. The contingency loan would only be funded in the event they do not receive the full AHP loan. Ms. Pat Getzel, Housing Finance Program Manager, explained the other contingency involves continually rising interest-sensitive costs that could create a funding gap, at which point the contingency loan would engage and Bridge would further defer the developer fee. She added that this contingency offer will only exist until August 2000.

ACTION AGENDA

103 HCR00-0021 – TEFRA Hearing and Proposed Bond Issuance for Island Gardens Apartments (Council District 4)

The staff report was presented by Mr. Jack Farris, Financial Specialist in the Housing Finance Department. Commissioner Dick asked if there was any doubt that the Housing Commission loan on this property would not be paid off as part of the transaction. Mr. Farris stated that the \$6.4 million sales price more than covers the \$4.2 million first position loan, tax liability, and our approximately \$540,000 debt. In response to Commissioner Oxberry, Mr. Farris stated that the

23 basis points fee was an up-front cost, not an annual fee. Commissioner Dick asked if Avalon Communities (the developer) requested that the Commission consider a refinance or a stand-still on the money owed to the Commission. Mr. Farris stated there was such a request, but the Commission denied it in that the sales price is sufficient enough to pay off the Commission's debt. Commissioner Dick stated his support for this measure is conditional upon the Housing Commission not agreeing to a stand-still or refinancing of the \$540,000 debt.

MOTION BY DICK TO RECOMMEND THAT THE CITY COUNCIL HOLD A PUBLIC HEARING AND APPROVE THE PROPOSED ISSUANCE OF BONDS FOR THE PROJECT LOCATED AT 3545 ISLAND AVENUE BY CSCDA ON BEHALF OF THE CITY OF SAN DIEGO.

SECOND BY TUMMINIA.

MOTION CARRIED ON A UNANIMOUS VOTE OF 4-0, WITH HILLS BEING ABSENT, AND ARTHUR AND STEINKE ABSTAINING.

Per direction given at the March 17, 2000, meeting of the Board of Commissioners, the minutes are amended as follows:

Chair Arthur chose to abstain, even though not obligated to, because he had been approached by several local nonprofit organizations in the past few months who were interested in the acquisition and rehabilitation of Island Gardens. Avalon Communities, LLC, will be developing the project. Even though Avalon was not one of the organizations to contact Chair Arthur, he chose to abstain "in the abundance of caution" to avoid the possible perception of a conflict of interest.

Commissioner Steinke chose to abstain, even though not obligated to do so, because his firm represents an entity that has business dealings with Avalon Communities, the entity that is going to develop the Island Gardens project, but said business dealings are unrelated to this matter. Commissioner Steinke chose to do so to avoid the possible perception of any impropriety or perceived conflict of interest. Neither Commissioner Steinke nor the entity he represents has any financial interest in Avalon or any of its projects.

103 104 HCR00-026 – NeighborhoodWORKS Contract Revisions (Council Districts 3, 4 & 8)

The staff report was presented by Ms. Patti Zatarian, Assistant Program Manager for Resident Services. She summarized the difficulties experienced nationally with the implementation of the Department of Labor's first time legislation for the Welfare to Work program, primarily due to the narrow definition of eligibility

requirements. In San Diego, there exists a particularly difficult problem in obtaining referrals from the welfare department and various career centers to the community-based organizations (CBO's) providing Welfare to Work services. As a result, the Chicano Federation, Union of Pan-Asian Communities (UPAC), and the San Diego Urban League, have not met their required enrollment of placement in unsubsidized employment and retention levels.

In order for the Housing Commission to meet its obligation to the San Diego Workforce Partnership, it is recommended that the funding for the three non-performing contracts be reduced and moved to Comprehensive Training Services, one of the few CBO's in California that has succeeded in fulfilling a Welfare to Work contract.

Chair Arthur requested further background information as to why the three CBO's whose contracts are being reduced were not successful, while two others, Neighborhood House and Occupational Training Services, were. Adding to the question, Commissioner Steinke requested clarification as to how success of these contracts was defined and measured. Ms. Zatarian stated that success is defined as a certain number of "hardest to serve" individuals (adhering to strict legislated criteria) enrolled in the Welfare to Work program, with a percentage of those then placed in unsubsidized employment at a full-time level, and then a smaller percentage who are able to retain that employment for six months with an average 10% increase in their earnings over the six-month period. She elaborated that, although the five contracted agencies may have different initial enrollment goals, they all must achieve the same percentages of enrollees placed in full-time employment and enrollees retaining that employment.

In response to Chair Arthur's initial question regarding why these three CBO's did not succeed, Ms. Zatarian referenced the legislation and national regulations requiring the Department of Health and Human Services in San Diego County to identify and refer to Welfare to Work providers the hardest to serve clients. For a variety of reasons, this has not happened in San Diego. When this process failed, two of the current CBO's holding contracts with the Housing Commission had a sufficient infrastructure and service delivery system to perform outreach to the community in order to "reverse refer" the target clientele to the Welfare to Work collaborative. The other three were unable to perform this function and attain their program goals. Ms. Zatarian emphasized that the three CBO's who are the subject of this report are not to be construed as organizations that set certain performance goals and failed. On the contrary, they are three CBO's who committed to multiple Welfare to Work projects, who may have successfully implemented some of them, and who were hindered by the constantly changing implementation of this fledgling program.

Commissioner Oxberry asked for funding source clarification, to which Ms. Zatarian responded that these programs are paid for by Department of Labor Welfare to Work funding, channeled through the San Diego Workforce Partnership functioning as the Private Industry Council. Any application for funding of future Welfare to Work programs involving the Housing Commission would be brought to the Board for approval.

Commissioner Grinchuk requested clarification as to why Neighborhood House and OTS were successful in achieving their program goals. Ms. Zatarian commented that it was primarily due to the fact that they have fewer Welfare to Work contracts and that they were also successful in community outreach and in performing some of the functions that should have fallen to the County. Ms. Morris elaborated that this was an example of new program implementation and the ability of associated CBO's to shift their focus as the regulations of Welfare to Work changed.

Commissioner Steinke questioned the individual decrease in contract funding in relation to their performance levels. Ms. Zatarian and Ms. Morris explained that the five contracts provide for different scopes of services, and service delivery to some of the target clientele is more difficult and expensive than others, particularly in a contract such as that of UPAC's, where their expertise lies in serving non-English speaking immigrants who are starting home-based businesses as their Welfare to Work strategy. Commissioner Steinke expressed that this type of information would be helpful as part of the report in order to provide an accurate portrayal of the populations being served by each CBO, a sentiment supported by Commissioner Dick.

Commissioner Dick also spoke about his perceptions regarding the relatively high cost of maintaining approximately 148 clients in jobs for six months, at a time when the area unemployment rate is extremely low. He expressed an interest in long-range statistics that indicated the number of service recipients who were able to end their need for housing assistance as a result of successful welfare-to-work service.

Commissioner Grinchuk stated his belief that there does not appear to be sufficient return on the investment in this program as it is currently performing. His criticism was directed at CBO's that may have written proposals that were unrealistic and unattainable. Ms. Morris responded by saying that it was important to view the San Diego collaboration in a broader context, in that it is one of the more successful programs nationally. She expressed that the policy discussion is a global one; what was the original legislation attempting to achieve, what are the experiences of other service providers across the country, and how can all providers find the best, most expeditious delivery system.

MOTION BY TUMMINIA THAT THE HOUSING COMMISSION RECOMMEND HOUSING AUTHORITY APPROVAL TO RESTRUCTURE THE NEIGHBORHOOD WORKS PROGRAM TO: 1) AMEND CONTRACTS OF THREE OF THE FIVE COLLABORATIVE PARTNERS (CHICANO FEDERATION, UPAC AND SD URBAN LEAGUE) TO DECREASE FUNDING AND SERVICE LEVELS (ATTACHMENT 1 OF STAFF REPORT) AND 2) AUTHORIZE THE CHIEF EXECUTIVE OFFICER TO EXECUTE A NEW CONTRACT WITH COMPREHENSIVE TRAINING SYSTEMS, UTILIZING THE DEOBLIGATED FUNDS TO MEET ORIGINAL SERVICE LEVELS (ATTACHMENT 2 OF STAFF REPORT).

SECOND BY GRINCHUK.

MOTION CARRIED ON A UNANIMOUS VOTE OF 6-0, WITH HILLS BEING ABSENT.

106 HCR00-025 – City of San Diego’s FY2001 – FY2005 Consolidated Plan (Citywide)

Commissioners Dick and Steinke departed the meeting prior to presentation of this item. The staff report was presented by Ms. Nancy Williams and Mr. Rudy Cervantes of the Programs and Policy Department, and Mr. Ernie Linares of the City of San Diego’s Economic Development and Community Services Department. After a brief summary of the plan, Mr. Mel Shapiro offered his suggestions as amendments to the Plan as presented, including numbering the pages, relocating the chart showing housing assistance needs, comparing goals as a percentage of the needs, and more information regarding units converted to market rate or losses to affordable housing.

Commissioner Oxberry agreed with Mr. Shapiro’s observation that a loss report would be helpful, and Mr. Cervantes spoke about the Commission’s preservation program to deal with units that are at-risk of conversion to market rate.

Commissioner Grinchuk asked Ms. Morris to elaborate on the role of the Centre City Development Corporation (CCDC) in the preservation and development of affordable housing. Citing the redevelopment of Cortez Hill, he inquired as to the status of affordable units to be developed on the site. Redevelopment law requires that 15% of all new or rehabilitated dwellings within the overall redevelopment area (not per project) be affordable to low- or moderate-income families. Ms. Morris responded that those statistics will be obtained from CCDC and forwarded to Commissioner Grinchuk. She also commented that CCDC has been asked by the Land Use and Housing Committee to discuss the use of their tax increment funds, and this information will also be made available to the Commissioners upon its presentation to the Committee.

Commissioner Grinchuk posed a follow-up question as to CCDC's involvement in locating a permanent homeless shelter, and the likelihood of that shelter being located at the Harborview Hospital (not located in a redevelopment area). Ms. Williams responded that the Community Services Department went before the Land Use and Housing Committee last week with a proposal for a permanent shelter, with no site specified in the proposal. The Committee asked them to return to them on March 15, 2000, with more information on site selection, to potentially include Harborview Hospital.

MOTION BY OXBERRY TO AUTHORIZE DISTRIBUTION OF THE FY01-05 CONSOLIDATED PLAN FOR A 30-DAY PUBLIC COMMENT PERIOD, EXTENDING FROM FEBRUARY 28, TO MARCH 28, 2000.

SECOND BY ARTHUR.

MOTION CARRIED ON A UNANIMOUS VOTE OF 4-0, WITH DICK, HILLS, AND STEINKE BEING ABSENT.

CLOSED SESSION

I. Conference with Legal Counsel – anticipated litigation pursuant to Government Code Section 54956.9(a) and 54954.5(c):

a. Melvin Shapiro v. City of San Diego and San Diego Housing Commission
Court of Appeal Case No. D031673

NOT DISCUSSED. NO ACTION OR VOTE WAS TAKEN.

b. 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 No. D027060

NOT DISCUSSED. NO ACTION OR VOTE WAS TAKEN.

c. Rosa Carrion (Erding) v. Department of Housing (SDHC)
San Diego Superior Court Case No. GIC 741598

NOT DISCUSSED. NO ACTION OR VOTE WAS TAKEN.

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

a. More than one (1) matter.

NOT DISCUSSED. NO ACTION OR VOTE WAS TAKEN.

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

Title: Chief Executive Officer

NOT DISCUSSED. NO ACTION OR VOTE WAS TAKEN.

IV. Conference with Labor negotiator – pursuant to California Government Code Section 54957.6:

Agency Negotiators: Steve Mikelman, Pat Duplechan and Kadee Gonzalez for the San Diego Housing Commission

Employee Organization: Social Services Union, Local 535, SEIU, AFL-CIO

INFORMATIONAL ONLY. NO ACTION OR VOTE WAS TAKEN.

ADJOURNMENT

Chair Arthur adjourned the meeting at 11:20 A.M.

Respectfully submitted,

Approved by,

Lori J. Helms
Secretary to the Chief Executive Officer

Elizabeth C. Morris
Chief Executive Officer

Signature on File
With Original Document