



MINUTES

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

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

Absent: Chair Arthur and Commissioners Dick and Hills.

CLOSED SESSION

Public Testimony, if any, regarding matter III.

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

Property: Skyline/Woodman
(vacant property owned by SDHC)

Negotiating Parties: Neal Arthur, Elizabeth Morris, and Pat Getzel for the San Diego Housing Commission; Carter Reese No. 10 LLC for prospective purchaser

Under Negotiation: Terms

NOT DISCUSSED. NO ACTION OR VOTE WAS TAKEN.

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

Title: Chief Executive Officer

NOT DISCUSSED. NO ACTION OR VOTE WAS TAKEN.

- V. Conference with Labor Negotiator – pursuant to California Government Code Section 54957.6:

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

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

NOT DISCUSSED. NO ACTION OR VOTE WAS TAKEN.

10 CALL TO ORDER

Acting Chair Tumminia called the meeting to order at 9:55 A.M.

20 PUBLIC COMMENT

None.

30 COMMISSIONER COMMENTS

None.

40 REPORT BY THE CHIEF EXECUTIVE OFFICER

None.

50 APPROVAL OF THE MINUTES

General Counsel Christensen recommended an amendment be made to the minutes of the meeting of February 25, 2000. With the consent of the Board, the minutes will be amended in order to detail the reasons for abstention from voting by Chair Arthur and Commissioner Steinke for item 103.

MOTION BY GRINCHUK TO APPROVE THE MINUTES OF FEBRUARY 25, 2000, AND TO INCORPORATE THE AMENDMENT OFFERED BY GENERAL COUNSEL INTO THOSE MINUTES.

SECOND BY OXBERRY.

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

ADOPTION AGENDA - CONSENT

MOTION BY OXBERRY TO APPROVE THE FOLLOWING ITEMS ON CONSENT:

100 HCR00-031 - Amendment Extending Barrio Station Agreement (Council District 8)

Recommendation: It is recommended that the Housing Commission authorize the Chief Executive Officer to extend the Barrio Station Agreement for three months while a formal solicitation process is conducted.

101 HCR00-030 - Five Year and Agency Plans

Recommendation: That the Housing Commission recommend Housing Authority approval of the Agency Plans and authorize the CEO to transmit the Plans to HUD.

103 HCR00-029 – FY2001 Budget Workshop – Discussion of Rehabilitation Program Priorities (Citywide)

Recommendation: To discuss the multifaceted approach currently used by Housing Rehabilitation staff to preserve decent, safe and affordable housing.

SECOND BY GRINCHUK.

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

ACTION AGENDA

102 HCR00-033 – Disposition of Skyline/Woodman Property (Council District 4)

The staff report was given by Ms. Carrol Vaughan, Director of Housing Policy and Finance. Commissioner Oxberry questioned what action has taken place on the part of the developer (Carter Reese) since the authorization of the DDA execution in October of 1999. Ms. Morris replied that they have been diligently pursuing their design documents, financing, and other construction documentation, and have removed other contingencies that might have been in place. What remains are contingencies that require city action, primarily involving the request to waive the payment of the assessment district fee for the improvements to the intersection near the property. This item was meant to be presented to the Committee on Land Use and Housing, but was not heard due to their lack of a quorum. It will instead go directly to the City Council in April.

Commissioner Oxberry then asked about the status of a small parcel of land across the street from this property that previously had erosion problems. Ms. Morris stated that the parcel is part of the purchase agreement, but the development contingencies do not apply to that land. He also inquired as to how many units are being proposed for development, to which Ms. Morris and Ms. Vaughan replied there will be 26 detached single-family homes.

Commissioner Steinke asked for more information regarding the request for a waiver of the assessment fee and how that could be accommodated by the City Council. Mr. Christensen responded that the grounds upon which the developer is making this request concerns the overall benefit to the district, rather than only

benefiting the developer and the property. This matter was presented to the City Attorney's office by the developer. They saw no legal objection to this request and support the issue being forwarded to the City Council.

Acting Chair Tumminia requested clarification on the extensions being requested. Ms. Vaughan replied that the Commission is requesting a 45-day extension in order for this item to move through the City Council, but in the event it is delayed, there is a request for an additional extension through the end of June as a contingency.

MOTION BY OXBERRY TO AUTHORIZE THE CHIEF EXECUTIVE OFFICER TO GRANT A REASONABLE EXTENSION OF THE CONTINGENCY PERIOD FOR THE PURPOSES SET FORTH IN THE STAFF REPORT.

SECOND BY STEINKE.

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

104 HCR00-032 – Resident Services Program Direction (Citywide)

The staff report was presented by Ms. Patti Zatarian-Menard, Assistant Program Manager for Resident Services, and Ms. Patricia Duplechan, Director of Housing Services. Commissioner Oxberry asked about the source of funds that comprised the active escrow accounts listed as "Outcomes" in the staff report. The funds are Housing and Urban Development money that comes to the Housing Commission in the form of Section 8 housing assistance payment costs and operating subsidy. Ms. Morris added that these escrow accounts are created for families who are involved in an active family self-sufficiency plan. When asked by Commissioner Oxberry how the money in each family's escrow account could be used, Ms. Zatarian-Menard responded that upon the successful completion of the family self-sufficiency program, the family can use the money at their discretion. In reference to average increases of earned income, Commissioner Oxberry asked what income level was used as a baseline for monitoring an income increase. According to Ms. Zatarian-Menard, over 65% of the families participating in the program are welfare recipients who have no earned income when they join the program. The intent, as described by Ms. Morris, is that not only does the family's earned income increase, it increases to the point where welfare assistance is no longer a requirement.

Commissioner Oxberry also asked for clarification regarding the relationship between the proposed non-profit and the Commission. Ms. Morris explained that the non-profit Board of Directors would be comprised of Commissioners, Housing Commission staff, specialists in the community, and possibly residents. It would

be similar to the composition of the Housing Development Partners (HDP) board. Regarding the composition of the staff, Ms. Zatarian-Menard said the ratio of current Housing Commission staff to newly-hired staff and the manner in which staff are transferred to the non-profit would be determined when the business plan is created. The location of the proposed non-profit will also be determined by the business plan. Commissioner Oxberry also asked for more information regarding potential political opposition to the creation of this non-profit, i.e. did it relate to other non-profits that would be seeking grant funding from the Housing Commission to perform this type of work? Ms. Zatarian-Menard agreed with his observation as a possible area of opposition, with another possibility being that our community-based partners might perceive this non-profit as direct competition.

In response to Commissioner Grinchuk's question about the role and composition of the HDP board and staff, Ms. Morris commented that a memorandum of understanding exists between the Commission and the HDP, whereby the Commission is reimbursed for its services. The difference between the two, she emphasized, is that while the HDP focuses on traditional housing development financing sources, the resident services non-profit would seek out foundations and other sources that are traditionally reticent in funding government entities. Mr. Paul Turner of Senia Development Services evaluated the feasibility of establishing a non-profit corporation to assume responsibility for administering resident services programs, including resource development. In his first phase analysis, he felt it important to have an entity that is not so closely aligned with a government agency since that relationship would be detrimental to funding opportunities.

Commissioner Grinchuk questioned whether this model has been successfully used by other housing authorities, to which Ms. Duplechan replied that the County of Los Angeles Housing Authority currently has a Community Development Commission Foundation that is similar in structure to the proposed Housing Commission non-profit. This foundation is two years into their five-year plan, and after speaking with their director recently, Ms. Duplechan was told they have experienced marginal success in obtaining grants from local corporations, banks, universities, and other sources. The foundation director attributed their limited success to the perception that the foundation was too closely tied to the County of Los Angeles Housing Authority. In an effort to overcome this perception, the foundation has altered their marketing strategy and made some changes to the composition of its board. Ms. Morris explained that the Commission has a "head start" related to the perception of the non-profit's role and function, in that there already exist strong relationship building efforts with potential funding sources.

Commissioner Steinke asked how the Commission's current budget compares to the operating pro forma included in the staff report. Ms. Duplechan stated that the goal for the non-profit corporation budget is that over a period of time, the corporation will develop sufficient private financial support to preclude the need for Commission funds to operate the corporation. Commissioner Oxberry asked what source of funds are currently being used to operate the Resident Services department, to which Ms. Morris replied that they are primarily derived from the Section 8 and Public Housing operating budgets, with the balance coming from local funds such as bond administrative fees.

Commissioner Steinke asked for further information regarding the correlation of resources for the non-profit as depicted in the staff report and in the operation pro forma attachment to the report. Ms. Zatarian-Menard indicated the Public Grants portion of revenues are reflected as Public Housing Drug Elimination Program funds, ROSS funds, "other" HUD and federal grants, and state and local funds. Ms. Morris elaborated that the purpose of the pie chart was to show that over time, the section indicated as "Private Grants" will grow, as the "Public Housing, Section 8" portion will shrink; showing that the non-profit becomes more reliant on private foundation funding sources rather than the public resources of the Commission. She also pointed out that the difference between the two budget depictions is that the pie chart reflects the total resources for Resident Services and the pro forma depicts only the administrative and staffing costs. Commissioner Steinke then asked, given the scenario by Mr. Turner of potential political resistance to establishing the Resident Services non-profit corporation, why create another entity that would act in competition with existing non-profits? Ms. Zatarian-Menard emphasized that the resistance may lie in other non-profits being fearful that the newly created non-profit would choose to operate as a direct service provider, rather than continuing its role as a subcontractor for those services. What is missing in this community, as Ms. Morris pointed out, is a service provider whose primary focus is the residents of public housing and section 8 properties. This has been the goal of the Resident Services department and one of the reasons there are a great deal of collaborations and in-kind contributions in place. Ms. Zatarian-Menard observed that the one-year phase-in of the Resident Services non-profit would allay the fears of the other non-profits in the community, as they would see the continued role of subcontracting performed by the Resident Services non-profit.

Commissioner Grinchuk asked about measures to be taken for monitoring and evaluating the progress of the non-profit. He recommended a panel be convened (consisting of at least one Commissioner) after six months to review the initial status of the program, and then at regular intervals thereafter, to continually monitor and objectively evaluate overall progress towards goals as stated in the non-profit's business plan.

Commissioner Steinke expressed concern over acting on this item today, and requested that it be continued to the next available meeting for a more thorough review by the full Board. Acting Chair Tumminia asked if there were any time constraints that would affect this matter by delaying to a later meeting of the full Board, to which Ms. Zatarian-Menard responded that there are not.

MOTION BY GRINCHUK TO CONTINUE THIS MATTER TO THE NEXT AVAILABLE MEETING OF THE BOARD OF COMMISSIONERS FOR FURTHER DISCUSSION.

SECOND BY OXBERRY.

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

ADJOURNMENT

Acting Chair Tumminia adjourned the meeting at 10:50 A.M.

Respectfully submitted,

*Signature on File
With Original Document*

Approved by,

Lori J. Helms
Secretary to the Chief Executive Officer

Elizabeth C. Morris
Chief Executive Officer