



# MINUTES

**SAN DIEGO HOUSING COMMISSION  
MINUTES OF THE REGULAR MEETING  
MAY 19, 2000  
CITY ADMINISTRATION BUILDING  
202 C STREET, 12TH FLOOR  
SAN DIEGO, CALIFORNIA**

Attendance: Present: Commissioners Arthur, Grinchuk, Hills, Oxberry, Steinke and Tumminia. Also present were: Carrol Vaughan, Director of Housing Policy & Finance; and Charles Christensen, General Counsel.

Absent: Commissioner Dick.

**10 CALL TO ORDER**

Chair Arthur called the meeting to order at 9:10 A.M.

**20 PUBLIC COMMENT**

**30 COMMISSIONER COMMENTS**

**40 REPORT BY THE CHIEF EXECUTIVE OFFICER**

Director of Housing Finance & Development, Carrol Vaughan, announced that the San Diego Housing Commission has been nominated for three Regional Awards of Merit by the Pacific Southwest NAHRO Conference; one for the Community Relations department's efforts and two for the Resident Services department's efforts. Additionally, the nationwide Journal of Housing magazine will be featuring two projects, Parker Kier and Vista Verde, in the Good Works section of their next issue. Thirdly, the local HUD office has nominated the Parker Kier building for a national "Best Practices" award.

**50 APPROVAL OF THE MINUTES**

MOTION BY TUMMINIA TO APPROVE THE MINUTES OF MARCH 31, 2000 AND APRIL 21, 2000, WITH THE FOLLOWING CHANGES TO THE APRIL 21, 2000 MINUTES: ITEM 101 SHOULD STATE THAT 45% OF CALIFORNIANS LIVE IN RENTAL HOUSING; THE CORRECT VOTE ON THE CONSENT

AGENDA AND ON ACTION AGENDA ITEM 100 WAS 5-0, WITH COMMISSIONERS DICK AND OXBERRY BEING ABSENT.

SECOND BY HILLS.

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

### **ADOPTION AGENDA - CONSENT**

MOTION BY GRINCHUK TO APPROVE THE FOLLOWING ITEMS ON CONSENT:

**101 HCR00-048 — Issuance of Housing Revenue Bonds (Council Districts 1, 4, 6 and 8)**

**Recommendation No. 1:** That the Housing Authority authorize the issuance of taxable and tax-exempt revenue bonds in amounts not to exceed the amounts stated below to finance the acquisition and rehabilitation of the following five projects. The Executive Director of the Housing Authority is authorized to execute all documents relevant to the financings.

- 1) \$29.5 million in tax-exempt and \$3 million in taxable bonds for the 504-unit Penasquitos Gardens (to be renamed Canyon Rim Apartments) located at 10931 Gerana Street (Council District 1);
- 2) \$17.6 million in tax-exempt and \$2.5 million in taxable bonds for the 312-unit Mount Aguilar Apartments (to be renamed Stratton Apartments) located at 5765 Mount Alifan Drive (Council District 6);
- 3) \$10.3 million in tax exempt and \$2.7 million in taxable bonds for the 240-unit Vista La Rosa Apartments (presently known as Second Imperial Apartments) located at 2002 Rimbey Avenue (Council District 8);
- 4) \$3.4 million in tax exempt and \$420,000 in taxable bonds for the 70-unit Summit Crest Apartments (formerly known as Mayberry Apartments) located at 4328-4490 Mayberry Street (Council District 4); and,
- 5) \$3.2 million in tax exempt and \$1.1 million in taxable bonds for the 100-unit Regency Centre Apartments located at 4765 Home Avenue (Council District 4).

**Recommendation No. 2:** That the Housing Commission recommend that: The Housing Authority approve a new bond inducement resolution and an application to the State for an additional allocation of bond issuing authority of \$2.95 million for Penasquitos Gardens and \$2.5 million for Mount Aguilar Apartments; and 2) that the City Council hold a public hearing ("TEFRA" hearing)

and adopt a resolution approving the issuance of bonds for the Penasquitos Gardens and Mount Aguilar Apartments by the Housing Authority.

**Recommendation No. 3:** That the Housing Commission recommend that the City Council hold a public hearing ("TEFRA" hearing) and adopt a resolution reapproving the issuance of bonds for the Summit Crest Apartments by the Housing Authority.

**Recommendation No. 4:** That the Housing Commission approve the underwriting firm of Kinsell, Newcomb & De Dios, Inc. to work on preparing the Summit Crest bond issuance.

**103 HCR00-056 — Renewal of Employee Group Benefits Plan**

**Recommendation:** That the Housing Authority authorize the Chief Executive Officer to execute agreements to: (1) renew a Kaiser modified plan and replace Health Net medical plan with PacifiCare group medical plan; (2) replace Safeguard group dental prepaid plan and Delta Dental PPO/Indemnity plan with PacifiCare prepaid and PPO/Indemnity dental plans; (3) renew Universal Permanent Life option through Reliastar; (4) renew Reliastar Voluntary Portable Term Life/AD&D plan, and renew the following core benefits: (5) Reliance Standard LTD plan; and (6) Reliance Standard Basic Term Life and AD&D plan.

**106 HCR00-057 — Increase in Development Loan for Vista Verde (Council District 8)**

**Recommendation:** That the Housing Commission recommend Housing Authority approval of an increase of \$200,000 to the \$1,200,370 existing loan. It is further recommended that the Chief Executive Officer be authorized to execute all related documents prepared and/or approved by General Counsel.

**107 HCR00-052 — Action Establishing Chief Executive Officer Compensation (Citywide)**

**Recommendation:** That the Housing Commission set the compensation package for the Chief Executive Officer (CEO) of the Housing Commission as set forth in staff's report, retroactive to July 1, 1999.

SECOND BY TUMMINIA.

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

## **ACTION AGENDA**

COMMISSIONER OXBERRY ARRIVED TO PARTICIPATE IN THE ACTION AGENDA.

### **100 HCR00-050 — Housing Trust Fund Transitional Housing Grants (City Council Districts 2, 3, 6 and 8)**

Pursuant to the provisions of California Government Code Section 1091.5a(7)-(8), legal counsel noted that there is a non-interest in sub-item “c,” The Salvation Army, by the Chief Executive Officer.

Cissy Fisher presented the staff report.

Rebecca Evans, Executive Director of Operations of San Diego Youth and Community Services (“SDYCS”), asked for consideration of new circumstances. Even with the relief of mortgage costs previously approved and provided by the Housing Commission, they still have about a \$40,000 deficit in their transitional living program. SDYCS has added additional units to their program. Other funding sources do not like to pay for operating costs. She requested some of the Housing Commission’s unallocated discretionary funds.

Chair Arthur stated that SDYCS is a commendable program that may be serving needs not met by other programs. He asked staff if the Housing Commission has the ability to help SDYCS, or would it be better to suggest that they collaborate with the administration from Wing Street and come back to the Commission. Ms. Evans said she would like to know the Housing Commission’s intent before the start of their next fiscal year, which begins on July 1.

Commissioner Steinke asked whether all of the entities will be receiving less than what they requested. Ms. Fisher informed him that only the Ecumenical Council and SDYCS are receiving less than what they requested.

Chair Arthur suggested approving the recommendation, and looking elsewhere within Housing Commission funds for additional funding for SDYCS.

Ms. Fisher discussed and responded that staff would meet with SDYCS to discuss the possibility of locating additional funds.

Commissioner Oxberry asked if the \$743,500 HTF funds were specifically allocated for transitional housing. Ms. Fisher responded that by ordinance, at least 10% of HTF funds must be spent on transitional housing. The transitional housing obligation also takes into account special purpose housing, which is

primarily permanent housing. The 10% may be spent on either operations or real estate.

MOTION BY ARTHUR TO APPROVE ONE-YEAR GRANTS OF SUPPORT TO THE FOLLOWING PROGRAMS THAT RECEIVED FUNDING IN PRIOR YEARS:

- a. CENTER FOR COMMUNITY SOLUTIONS IN THE AMOUNT OF \$32,000 AS PARTIAL FUNDING OF OCCUPANCY AND ADMINISTRATIVE EXPENSE OF NEXT STEP, A TRANSITIONAL PROGRAM, WHICH PROVIDES 12 BEDS IN THE PACIFIC BEACH AREA;
- b. ECUMENICAL COUNCIL OF SAN DIEGO IN THE AMOUNT OF \$22,000 AS PARTIAL FUNDING OF OCCUPANCY AND ADMINISTRATIVE EXPENSES OF EL NIDO, AN ELEVEN-UNIT RESIDENCE FOR FAMILIES FLEEING DOMESTIC VIOLENCE;
- c. THE SALVATION ARMY IN THE AMOUNT OF \$105,000 AS PARTIAL FUNDING OF OCCUPANCY AND ADMINISTRATIVE EXPENSES FOR THE STEPS PROGRAM, A 50-BED PROGRAM FOR MEN IN THE DOWNTOWN AREA;
- d. ST. VINCENT DE PAUL VILLAGE, INC. IN THE AMOUNT OF \$162,500 AS PARTIAL FUNDING OF OCCUPANCY AND ADMINISTRATIVE EXPENSES OF THE STEP PROGRAM, A 38-BED PROGRAM FOR WOMEN IN THE DOWNTOWN AREA;
- e. ST. VINCENT DE PAUL VILLAGE, INC. IN THE AMOUNT OF \$300,000 AS PARTIAL FUNDING OF OCCUPANCY AND ADMINISTRATIVE EXPENSES FOR THE FAMILY LIVING CENTER, A 110-BED PROGRAM FOR FAMILIES IN THE DOWNTOWN AREA;
- f. SAN DIEGO YOUTH & COMMUNITY SERVICES IN THE AMOUNT OF \$22,000 AS PARTIAL FUNDING OF OCCUPANCY AND ADMINISTRATIVE EXPENSES OF TAKE WING, A 52-BED APARTMENT COMPLEX FOR HOMELESS YOUTH; AND
- g. YWCA OF SAN DIEGO COUNTY IN THE AMOUNT OF \$100,000 AS PARTIAL FUNDING OF OCCUPANCY AND ADMINISTRATIVE EXPENSES FOR PASSAGES, A 49-BED PROGRAM FOR WOMEN IN THE DOWNTOWN AREA.

SECOND BY HILLS.

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

**102 THIS ITEM WAS PULLED BY STAFF.**

**104 HCR00-024 - Rehabilitation of La Jolla Marine Apartments  
(Council District 1)**

Pat Getzel, Manager of Housing Finance, noted that staff requested that this item be pulled for discussion in order to add information based on recommendations

made by the Loan Committee subsequent to the distribution of the board report. Mary Manaster presented the staff report.

Chair Arthur asked what steps the nonprofit Strongly Oriented for Action (hereinafter referred to as "SOFA") board has taken to assure the Loan Committee that SOFA would prevent deterioration of the property from recurring. Ms. Manaster responded that SOFA's board is committed to following the Loan Committee's suggestions, such as having someone with real estate experience on the Board. They have expressed interest in having community members who are not affiliated with the owner serve on the board. The Housing Commission will now (if recommendation is approved) be doing annual monitoring. Also, the property will have professional management, at the insistence of the Housing Commission and HUD.

Chair Arthur inquired what other affordable housing was available in La Jolla. Ms. Manaster believes this is the only affordable 3- and 4-bedroom housing complex in La Jolla.

Commissioner Grinchuk said it appears that SOFA is being rewarded for 21 years of mismanagement. He thinks their board needs someone with property management experience rather than real estate experience.

Chair Arthur asked Wilmer Cooks of Hallmark Management Associates to describe their involvement in the project and their management experience. Mr. Cooks stated that Hallmark has been in the low-income property management business for about 30 years. They have managed construction projects, Section 8 projects and mod rehab projects. Through the Housing Commission they have managed a couple of mod rehabs. They manage about four properties financed by California Housing Finance Agency, including actual certification of family eligibility. The major problem was that, prior to last year, SOFA took the attitude that the property could be managed with a "mom and pop" approach rather than professional management.

Chair Arthur also asked what Hallmark's relationship is with SOFA. Mr. Cooks responded that Hallmark's contract with SOFA runs another two years. He sees that SOFA has taken measures to change the way they handle the property. They have reconstituted their board in order to monitor the property manager. He believes the Housing Commission should look forward and focus on the changes which have been made rather than backward on past mistakes.

Chair Arthur noted that staff informed him that the SOFA board cannot change property management without the Housing Commission's consent.

Ms. Manaster responded to Commissioner Grinchuk's concerns. The City's lease is with SOFA and the HUD rental subsidy is with SOFA, so the Housing Commission needs to respond to SOFA at this time. The Section 8 rental assistance allows the site to remain at 50% affordability. A lot of affordability would be lost if they lose the Section 8 subsidy.

Commissioner Grinchuk commented that they might lose the whole project anyway. They are talking about only eight units, which have been run into the ground. He thinks SOFA's board needs to be reconstituted entirely.

Commissioner Tumminia asked about the condition of the roofs. Ms. Manaster stated that the roofs were replaced in 1996.

Commissioner Oxberry asked what funds had been put into the project. Ms. Manaster informed him that the Housing Commission has not put any money into the site. She indicated that not all of the proposed money would come from the Housing Commission. \$115,000 of the CDBG funds are specifically allocated to the project and under City contract. \$216,000 of the Commission funds would be CDBG funds allocated to the Commission. The remainder would be a loan of funds from the HOME program.

Commissioner Oxberry maintained that the Housing Commission should use its funds to get the most for its money, such as leverage for production of housing. He does not believe \$400,000 should be used to rehab eight mismanaged units.

Commissioner Hills expressed her agreement with Commissioner Oxberry's comments. She would like to see a greater number of affordable units in La Jolla.

Chair Arthur asked how much of the \$400,000 is the Housing Commission's discretionary money. Ms. Getzel responded that Attachment 2-1 to the staff report contains a project development summary, which details the sources of funds. Chair Arthur asked if the \$216,000 comes out of the Housing Commission's budget. Ms. Getzel and Ms. Manaster confirmed that it does. Chair Arthur asked if the Commissioners have authority to designate where the money goes. Ms. Getzel confirmed that they do.

Chair Arthur asked what would happen to the property if the Housing Commission walked away from the project at this point. Mr. Cooks responded that HUD is very anxious to know if the City will provide monies to rehabilitate the property. Rehabilitation is a condition of their continued rental assistance, which will be terminated quickly if the Housing Commission does not move forward with approval of the monies.

Chair Arthur asked what would happen to the residents if they were removed from the property. Ms. Manaster replied that HUD would provide vouchers to them. Ms. Getzel added that since the property is city-owned, there could be other scenarios. It's possible the City could take back the land.

Mr. Cooks' final point is that more money is not being spent on this property in comparison to other properties. \$14,000 per bedroom is well within the range of what the Commission is spending on other properties. When this project is completed, it will be in "like-new" condition.

Ms. Getzel added that the comparisons do include monies from other sources.

Chair Arthur stated that since SOFA has taken steps to address management problems he feels the Commission should support this project. Three- and four-bedroom units are in short supply. The Commission should also take care not to create low-income housing density in another part of the city and should not walk away from the opportunity to have low-income units in La Jolla.

Commissioner Steinke inquired about the cost for a soils engineer report. The Technical Services Manager, Steve Snyder, responded that there are cracked slabs and drainage problems that were investigated.

Commissioner Tumminia asked if current repairs could be limited to only necessary items, and other items, such as furnishing new kitchen appliances, be postponed. Mr. Cooks responded that some of the appliances are hazardous and nearly nonfunctional and need to be replaced immediately.

MOTION BY TUMMINIA TO 1) SUPPLEMENT APPROXIMATELY \$115,000 OF COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS, WHICH THE CITY PREVIOUSLY APPROPRIATED FOR LIMITED REHABILITATION OF THIS COMPLEX, WITH A GRANT OF CDBG FUNDS AND LOAN OF HOUSING COMMISSION FUNDS, TOTALING \$285,000, THAT WILL MAKE COMPREHENSIVE REHABILITATION POSSIBLE, AND 2) SEEK CITY COUNCIL APPROVAL TO SUBORDINATE THE CITY'S CLAIM TO RESIDUAL RECEIPTS FROM LA JOLLA MARINE APARTMENTS TO THE HOUSING COMMISSION FOR REPAYMENT OF THE HOUSING COMMISSION LOAN AFTER CURRENT DEBT ON THE PROPERTY HAS BEEN REPAID.

SECOND BY CHAIR ARTHUR.

AFTER A VOTE OF 3-3, THE ITEM WILL BE MOVED TO THE HOUSING AUTHORITY WITHOUT A RECOMMENDATION.

**105 HCR00-051 — Coastal Zone Affordable Housing Replacement Regulations - Revisions to In-Lieu Fees (Council Districts 1, 2, 6 and 8)**

Programs & Policy Manager Nancy Williams presented the staff report.

Mr. Lee Bates, Senior Program Analyst, explained the staff's process in updating the fee.

Commissioner Grinchuk requested an explanation of the financials. Mr. Bates walked through the figures on a proforma for a studio unit.

MOTION BY GRINCHUK THAT THE HOUSING COMMISSION APPROVE STAFF'S PROPOSED IN-LIEU FEE SCHEDULE FOR DEVELOPERS SEEKING TO MEET THEIR REPLACEMENT UNIT OBLIGATION THROUGH THE IN-LIEU FEE OPTION, AS LISTED IN ATTACHMENT 3 TO THE STAFF REPORT.

SECOND BY TUMMINIA.

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

Chair Arthur announced Housing Finance Program Manager Pat Getzel's pending departure from the Housing Commission, and commended her for her contributions to the Housing Commission.

**ADJOURNMENT**

The Commission recessed and convened in closed session.

**CLOSED SESSION**

- I. Conference with Legal Counsel - existing litigation, pursuant to California Government Code Section 54956.9(a) and 54954.5(c):
  - (a) Hidden Valley Construction v. 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

INFORMATIONAL ONLY.

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

Agency Negotiator: Steve Mikelman for the San Diego Housing Commission

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

INFORMATIONAL ONLY.

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

Title: Chief Executive Officer

THIS ITEM NOT DISCUSSED. HEARD IN OPEN SESSION.

IV. Adjournment of Closed Session.

V. Announcement of action taken in Closed Session.

Chair Arthur adjourned the meeting at 11:15 A.M.

Respectfully submitted,

Approved by,

Rob Albrecht  
Docket Coordinator

Carrol M. Vaughan  
Director of Housing Policy & Finance

*Signature on File  
With Original Document*