



REPORT

DATE: For the Agenda of December 13, 2002 **Item 107**

REPORT NO.: HCR02-055

SUBJECT: San Diego Housing Commission Business Plan (Citywide)

SUMMARY

Issue: Should the Housing Commission review and approve the FY2004 – 2006 Business Plan that includes several innovative approaches to developing affordable housing and becoming less reliant on Federal funding and programs?

Recommendation: Approve the FY2004 – 2006 Business Plan that will be used to develop annual budget plans, goals and objectives to achieve the Housing Commission's mission.

Previous Related Action: In September 2001, the Housing Commission approved the San Diego Housing Commission Three-Year Strategic Plan FY 2003 – 2005.

Future Related Actions: If approved by the Housing Commission, the Business Plan will be presented to the Land Use and Housing Committee and the Housing Authority in January 2003.

BACKGROUND

In September 2001, the Board of Commissioners approved the San Diego Housing Commission's Three-Year Strategic Plan FY 2003 – 2005 as a first step in making the Housing Commission a more effective and business-like organization. The proposed goals and objectives of the Strategic Plan were shared with key Housing Commission stakeholders, including political leaders, council staff, community leaders, public housing residents, Section 8 participants, landlords and social service agencies. Input from these stakeholders was reviewed and included in the final plan approved by the Housing Commission and the Housing Authority.



The development of a business plan, incorporating the goals and objectives of the Strategic Plan, is the next logical step in this process.

In February 2002, an informal solicitation was conducted to select a qualified consultant to develop the business plan in conjunction with Agency staff. Two proposals were received within the established deadline. A Business Plan Committee comprised of staff from various departments within the Agency was established. The Committee interviewed and recommended their selection of a consultant. Based on their past experience with housing and other public agencies, Rosenow Spevacek Group, Inc. (RSG) of Orange County was awarded a contract valued at \$14,750 on March 15, 2002 to complete Phase 1 of the planning process of the Business Plan. A contract for \$13,000 for Phase 2 services to develop the Business Plan was subsequently awarded to the same firm.

RSG reviewed various Agency documents (FY03 Agency Budget, City Consolidated Plan, San Diego Housing Commission Three-Year Strategic Plan, and the City's Housing Element). In addition, RSG met with the Business Plan Committee and Housing Commission managers, and conducted focus groups to gather additional data to complete the proposed business plan.

DISCUSSION

Business plans are traditionally utilized by for-profit businesses to provide a blueprint for growing the business and to seek additional capital. The Housing Commission has chosen to use this instrument to assist in achieving the approved organizational long-range goals and to decrease the Housing Commission's dependency on Federal subsidy and housing programs through development and/or enhancement of alternative financial resources.

The primary goals of this plan are to provide specific strategies to be accomplished or begun during FY 2004 – 2006 and a framework for addressing the Housing Commission's funding issues.

Some of the proposed strategies include:

1. Develop and own multifamily rental housing using four distinct development approaches;
2. Explore the leveraging of equity in Housing Commission-owned real estate;
3. Examine the feasibility of providing contract monitoring services to other housing providers, including HUD;
4. Create and implement a mixed income re-use plan for the University Canyon Development;
5. Create and implement a homeownership program for Section 8 clients;
6. Conduct an efficiency study of the Housing Commission's operations departments to include Board & Executive functions, Communications & Operations Development,

For the Agenda of December 13, 2002

HCR02-055

Page 3 of 3

Financial Services, Human Resources, Information Systems, and Organizational Development & Training.

There will be a staff presentation for discussion of the Business Plan and all the proposed strategies at today's meeting.

Should the Housing Commission and Housing Authority approve this plan, staff will develop implementation plans through the annual budget development preparation process that will include specific activities and measurable outcomes.

ALTERNATIVES

Direct staff to revise the plan based on the Board of Commissioners input, or reject the use of the business plan concept.

Respectfully submitted,

Approved by,

**Signature on File
with Original Document**

Carrol M. Vaughan
Chief Operating Officer

Elizabeth C. Morris
Chief Executive Officer

Attachment: Proposed FY2004 – 2006 Business Plan