



Good Neighbors

San Diego  
Housing Commission

# MINUTES

**SAN DIEGO HOUSING COMMISSION  
MINUTES OF THE REGULAR MEETING  
APRIL 23, 1999  
CITY ADMINISTRATION BUILDING  
202 C STREET, 12TH FLOOR  
SAN DIEGO, CALIFORNIA**

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

**10 CALL TO ORDER**

Chair Neal Arthur called the meeting to order at 1:11 with four board members present.

**20 PUBLIC COMMENT**

Mel Shapiro asked if there were any rules for excused absences by Commissioners.

**30 COMMISSIONER COMMENTS**

Commissioner Hills asked staff to update Commissioners on the progress on the Skyline/Woodman property. She referred to report HCR99-022 from the March 26 meeting.

**40 REPORT BY THE CHIEF EXECUTIVE OFFICER**

Ms. Morris informed the Commissioners that after a regional recruitment, the position of Director of Operations has been filled with the selection of Steven Mikelman. Mr. Mikelman has been with the Housing Commission for fifteen years and has worked in Rehab, Programs & Policy, and Loan Management. He has a particular interest in

process improvement activities. Chair Arthur extended his congratulations to Mr. Mikelman and said he was looking forward to working with him.

**50     APPROVAL OF THE MINUTES**

There were no minutes for approval at this meeting. The minutes from the April 9 meeting will be brought to the May 7 meeting.

**ADOPTION AGENDA - CONSENT**

MOTION BY COMMISSIONER OXBERRY TO APPROVE ITEM 100 ON CONSENT. MOTION SECONDED BY COMMISSIONER HILLS AND CARRIED ON UNANIMOUS VOTE OF 4-0, WITH COMMISSIONERS GRINCHUK, STEINKE AND DICK BEING ABSENT.

**100    HCR99-046 — SEDC/Housing Commission First-Time Homebuyer Program (Council District 4)**

**Recommendation:** It is recommended that the Housing Commission recommend Housing Authority approval to authorize the Chief Executive Officer to execute a contract with Southeastern Economic Development Corporation (SEDC) in the amount of \$1,255,244 to continue funding for the SEDC first-time homebuyer programs.

**ADOPTION AGENDA - ACTION AGENDA**

**102    HCR99-043 — Amendment to Affordable Housing Density Bonus Program (Citywide)**

Lee Bates presented this report. Mr. Bates introduced Myles Pomeroy of the City Planning and Development Review Department who was available to answer questions.

**Commissioner David Dick arrived at 1:20 p.m.**

Mr. Bates described the proposed amendment to the City's Affordable Housing Density Bonus Program. The amendment responds to a lawsuit and out of court settlement requiring City Council consideration by June 1, 1999 of a draft ordinance to implement 1990 Density Bonus Program changes mandated by State law. In response to the settlement, City staff requested Housing Commission staff assistance in preparation of the draft ordinance. Planning Commission Report P99-035 was heard by the Planning Commission on March 25, 1999. This item will be docketed for City Council consideration.

The State Government Code requires all local jurisdictions to offer a Density Bonus for Affordable Housing. The bonus provides for a 25 percent increase in the maximum density permitted by the underlying zone in exchange for the developer providing 20 percent of the units affordable to low- or moderate-income households.

In 1981, City Council adopted the existing Density Bonus Ordinance to implement State law and the Housing Commission administered the program.

In 1990, state law was amended to require localities to offer a second incentive or concession in addition to the 25 percent bonus. In return for this provision, the affordability requirements associated with the lower income units became more restrictive at 50 percent and 60 percent of median area income and the term of restrictions increases from ten years to thirty years if the developer seeks the second incentive.

Pages 3 and 4 of the Planning Commission report (Exhibit 1 of staff's report) describe in more detail the amendment provisions concerning the second incentive and the affordability restrictions.

MOTION MADE BY COMMISSIONER TUMMINIA TO ADOPT STAFF'S RECOMMENDATION TO URGE CITY COUNCIL ADOPTION OF THE PROPOSED DENSITY BONUS AMENDMENT. MOTION SECONDED BY COMMISSIONER OXBERRY AND CARRIED ON UNANIMOUS VOTE OF 5-0 WITH COMMISSIONERS GRINCHUK AND STEINKE BEING ABSENT.

**101 HCR99-042 — Loan to Bayview Community Development Corporation for Acquisition of 550-554 Stork Street (Council District 4)**

**Chair Arthur excused himself for Item 101 and Commissioner Dick chaired the meeting for this item.**

Pat Getzel, Housing Finance Program Manager, introduced Carlos C. de Baca, Associate Project Manager, who presented this report

Mr. C. de Baca pointed out that Bayview CDC is a nonprofit corporation which has been in operation since 1995. Stork Street would be Bayview CDC's second multifamily housing development project.

Mr. C. de Baca disclosed that Neal Arthur is employed part time by Bayview in their affordable housing department. In addition, Vikki Opeodu of the Housing Commission staff is a nonpaid volunteer on the Board of Directors of Bayview CDC. Both of these disclosures were made at Loan Committee and will also be made at Housing Authority if this item moves forward for approval.

Staff's preliminary review indicates that all of the families currently in residence at the Stork Street property qualify under the proposed affordability restrictions and no relocation costs are anticipated.

Bayview CDC presented this project to the Southeast Development Committee, the local community planning group, on March 8 and they unanimously approved the project based on the completion of proposed roof design and site improvements. Bayview will be augmenting their initial multifamily housing experience by using a contractor with whom they have worked previously in the rehab of five single family homes in their project areas. Bayview CDC has limited property management experience but they will be hiring an experienced property manager for Stork Street. Housing Commission has required that an on-site manager be employed at Stork Street.

David Dick acknowledged the presence of Isabel St. Germain and Cristina Sanchez who were available to answer questions.

Commissioner Tumminia asked about the statement in the report: If a private lender agrees to loan more than \$250,000 then the Housing Commission loan would be reduced by a like amount. Mr. C. de Baca explained that if a private lender agrees to increase the amount they're willing to loan, the Housing Commission loan would be reduced by that amount.

Commissioner Dick asked why this came to Housing Commission rather than being approved at Loan Committee. It was explained that Housing Authority approval is required for loans over \$250,000.

MOTION BY OXBERRY TO APPROVE RECOMMENDATION TO LOAN BAYVIEW CDC \$412,200 TO ACQUIRE AND REHAB THE PROPERTY AT 550-554 STORK STREET. SECOND BY HILLS. MOTION CARRIED ON A VOTE OF 4-0, WITH NEAL ARTHUR ABSTAINING AND COMMISSIONERS GRINCHUK AND STEINKE BEING ABSENT.

**NEAL ARTHUR RESUMED AS CHAIR.**

**103 HCR99-044 — Housing Trust Fund Fiscal Year 00 Implementation (Citywide)**

Commissioner Tumminia asked staff if this was the third hearing required by the Municipal Code and if all three hearings had been properly noticed. Cissy Fisher responded that it was the third hearing with notice being given by the publication of the meeting agenda.

MOTION BY COMMISSIONER OXBERRY TO APPROVE THE HOUSING TRUST FUND FISCAL YEAR 2000 IMPLEMENTATION STRATEGY MODEL PROGRAMS AND FORWARD DRAFT TO CITY COUNCIL FOR APPROVAL. SECONDED BY

COMMISSIONER DICK, THE MOTION PASSED 5-0, WITH COMMISSIONERS GRINCHUK AND STEINKE BEING ABSENT.

**104 HCR99-040 — Proposed Fiscal Year 2000 Budget (Citywide)**

Elizabeth Morris gave an overview of the FY2000 budget. She and Tim Sturtevant (Budget Manager) responded to questions from Commissioners.

Chair Arthur asked how much of the budget could be used at the discretion of the agency. The response is about \$20 to \$25 million.

Chair Arthur recognized Mel Shapiro who wanted to speak about the budget.

Mr. Shapiro suggested a change on page 2-2 under "Categorical Revenue Sources" and "Noncategorical Revenue Sources. He noted that, of the \$25,000,000, the amount used for rental assistance is \$419,000, or about 1-1/2 percent of the discretionary funds. Mr. Shapiro recommended that it be increased. He pointed out the high need for rental assistance by very low-income families and the small number served with discretionary funds. He said this kind of budget allocation is the reason why San Diego has such a low standing compared to the rest of the United States.

COMMISSIONER TUMMINIA MADE A MOTION TO DELAY ACTION ON THE BUDGET UNTIL THE MAY 7 MEETING. SECOND BY COMMISSIONER OXBERRY. MOTION PASSED 5-0, WITH COMMISSIONERS GRINCHUK AND STEINKE BEING ABSENT.

Ms. Morris said staff scheduled the budget review so as to afford the Commissioners two opportunities to consider the budget prior to approval.

Chair Arthur asked staff to bring to next meeting some options for spending discretionary money.

Ms. Morris pointed out the bulk of the Noncategorical funds (discretionary money) is spent by the Housing Policy and Finance activity group. The majority of the funds go into the rental housing and home ownership and rehab activities. It is among these options that there is the greatest discretion.

Commissioner Dick wanted to know if there are any realistic or meaningful alternatives. Can you take the \$8,500,000 out of housing production and move it into rental assistance? Housing production includes loans and grants to community nonprofits to purchase and rehab apartment buildings like the 15-unit complex on today's agenda. Of the \$2,000,000 spent on Operations, is there another way that these dollars can be spent? Are those funds necessary to support the other activities above it? Ms. Morris agrees.

Commissioner Dick asked if we have a higher burden of administrative expense and non-service related expense where we are spending noncategorical revenues than where we are spending categorical revenues.

Chair Arthur asked if there were programs that come with insufficient cash to administer and don't support themselves.

Mr. Sturtevant said there were some programs where we receive little or no administrative funds, yet we put out housing program dollars to the community. S+C received 3 or 4 percent administrative fee which doesn't cover the administrative activity of the program.

Chair Arthur asked why we do it? Ms. Morris responded that it was because we feel that it is a very valuable program that helps homeless people with disabilities and leverages service dollars.

Chair Arthur asked staff to bring more information to the next meeting.

### **CLOSED SESSION**

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

- (a) More than (1) matter.

NO ACTION TAKEN.

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

Agency Negotiator: Elizabeth C. Morris and/or Pat Duplechan for the San Diego Housing Commission.

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

DIRECTION GIVEN TO COUNSEL BY A VOTE OF 5-0, WITH COMMISSIONERS GRINCHUK AND STEINKE BEING ABSENT.

- III. Adjournment of Closed Session.
- IV. Announcement of action taken in Closed Session.

**ADJOURNMENT**

Chair Arthur adjourned the meeting at 2:52 p.m.

Respectfully submitted,

Approved by,

Helen Morris  
Executive Secretary

Elizabeth C. Morris  
Chief Executive Officer

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