



Good Neighbors

San Diego
Housing Commission

MINUTES

**SAN DIEGO HOUSING COMMISSION
MINUTES OF THE REGULAR MEETING
NOVEMBER 19, 1999
CITY ADMINISTRATION BUILDING
202 C STREET, 12TH FLOOR
SAN DIEGO, CALIFORNIA**

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

Absent: Commissioners Steinke and Tumminia.

10 CALL TO ORDER

Chairman Arthur called the meeting to order at 9:15 a.m.

20 PUBLIC COMMENT

None

30 COMMISSIONER COMMENTS

Commissioner Hills wished to thank the Chair for permission to attend the NAHRO conference in Philadelphia in October, as it was an extremely educational experience for her as a Commissioner.

40 REPORT BY THE CHIEF EXECUTIVE OFFICER

Chief Executive Officer Morris reported that on November 18, 1999, at the national meeting of the Association of Local Housing Finance Agencies (ALHFA), she was pleased to accept an award on behalf of the Housing Commission for the work on the Parker Kier Building (formerly known as the Del Mar Apartments). Her presentation on the project was extremely well received, with a number of positive comments regarding the uniqueness of the partnership with mental health providers, the blending of different funding sources to preserve an older building, and the provision of much-needed housing for people with mental illnesses.

50 APPROVAL OF THE MINUTES

MOTION BY OXBERRY TO APPROVE THE MINUTES OF OCTOBER 22, 1999.

SECOND BY DICK.

MOTION CARRIED ON UNANIMOUS VOTE OF 5-0, WITH STEINKE AND TUMMINIA BEING ABSENT.

ADOPTION AGENDA - CONSENT

MOTION BY GRINCHUCK TO APPROVE THE FOLLOWING ITEMS ON CONSENT:

100 HCR99-130 C Contract for Security Guard Services (Citywide)

Recommendation No. 1: Authorize termination of the security guard contract with Action Security and Investigations, Inc., effective November 1, 1999.

Recommendation No. 2: Authorize award of contracts, effective November 1, 1999, through October 31, 2000, with options to renew for two (2) additional one-year periods for Justice Security Patrol and United Security K-9. Contract option would allow Chief Executive Officer to choose one of the firms to provide services to all sites based on first year performance.

101 HCR99-107C Rehabilitation Loan for Rental Property at 3955 Park Blvd. (Council District 3)

Recommendation: That the Housing Commission approve the Loan Committee's recommendation to provide a \$215,000 second trust deed loan to Grace Lutheran Developments, Inc., a California nonprofit corporation, to rehabilitate the 168-unit senior housing property located at 3955 Park Blvd.

102 HCR99-122 – Contract for Roofing at Via Las Cumbres (Council District 5)

Recommendation No. 1: That the Housing Commission recommend that the City Council approve the use of \$130,020 of Low Income Housing Capital Outlay (LIHCO) funds for the installation of roofing at the Section 8 New Construction project located at 2052-2095 Via Las Cumbres.

Recommendation No. 2: That the Housing Commission approve the award of contract for \$118,200 with a ten percent (10%) contingency to Roejack Roofing, Inc., and authorize the Chief Executive Officer to execute the contract and expend the contingency if necessary.

104 HCR99-125 B Amendments to Bond Documents for Carmel del Mar and La Jolla Pointe Apartments (Council District 1)

Recommendation: It is recommended that the Housing Commission support the amendments to the bond documents by recommending that:

- 1) The Housing Authority approve the amendments to facilitate the substitution of Fannie Mae credit enhancement for Carmel del Mar Apartments (the project was financed through the issuance of Housing Authority multifamily Housing Revenue Bonds).
- 2) The City Council approve amendments to facilitate the substitution of Fannie Mae credit enhancement for La Jolla Pointe Apartments (the project was financed through the issuance of City of San Diego multifamily Revenue Bonds).

105 HCR99-131 – Additional Funding for the 1999/2000 Winter Shelter Program for the Homeless (Citywide)

Recommendation: That the Housing Authority approve a MOU between the Chief Executive Officer of the Housing Commission and the City of San Diego providing for a total FY00 Housing Commission contribution to the City of \$360,000 for its 1999/2000 Winter Shelter Program. This recommendation is contingent on the approval of Item 108 on today's agenda, FY00 Housing Commission Budget Revision, which provides for the additional \$60,000 sought for this purpose.

108 HCR99-132 – FY2000 Housing Commission Budget Revision (Citywide)

Recommendation: Recommend that the Housing Authority approve the following revisions in the Fiscal Year 2000 (FY00) Budget :

- 1) Additions/Deletions of new revenue sources netting \$1,474,749; and
- 2) Net Additions of carryover funds totaling \$10,127,281, including \$6.7 million of funds within the budget and will not change the total budget.

SECOND BY HILLS.

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

ACTION AGENDA

103 HCR99-130 – Application to HUD Resident Opportunities and Self-Sufficiency Program (ROSS) (Council Districts 1, 3, 4, 5, 6, and 8)

Staff report was presented by Director of Housing Services, Pat Duplechan.

Commissioner Hills requested further clarification on the funding of the ROSS program being applied for, i.e., confirming that it was \$250,000 over three years, and that the Public Housing Service Coordinator position stated in the report is a position that will be paid for under the funding of this program. Ms. Duplechan explained the Coordinator position will exist for the three-year term of the project, as long as it is funded, to help coordinate the extent of the programs put together under the grant.

Commissioner Dick asked if the Housing Service Coordinator position would be a “new-hire”, or would it be a position the Housing Commission would attempt to staff internally without adding employees. Ms. Duplechan responded that the hope is for this temporary position to be staffed by a resident, and not become a permanent Housing Commission employee. Commissioner Dick also asked if the \$55,985 stated in the report would cover the salary, benefits and administrative costs for this position for one year or for the duration of the grant, to which Ms. Duplechan responded that it would cover the three-year term of the project.

MOTION BY HILLS TO RECOMMEND THAT THE HOUSING AUTHORITY AUTHORIZE THE CHIEF EXECUTIVE OFFICER TO SUBMIT AN APPLICATION TO HUD FOR THE ROSS PROGRAM RSDM FUNDING CATEGORY AND TO EXECUTE ALL DOCUMENTS NECESSARY TO RECEIVE THE FUNDING AND IMPLEMENT THE PROGRAM. IT IS FURTHER RECOMMENDED THAT THE HOUSING AUTHORITY AUTHORIZE THE CHIEF EXECUTIVE OFFICER TO SUBMIT AN APPLICATION TO HUD FOR THE ROSS PROGRAM SERVICE COORDINATOR RENEWAL FUNDING CATEGORY.

SECOND BY OXBERRY.

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

106 HCR99-128– Selection Preferences for the Section 8, Public Housing and University Canyon Waiting Lists (Citywide)

Staff report was presented by Director of Housing Services, Pat Duplechan. As requested by the Board, this report was revised to explain it in further detail.

Ms. Duplechan referred to the Board's prior concerns regarding veteran preferences and explained how the State statute is applied. Following the prioritization of the three applicant categories, veterans within each category will be served before the non-veterans.

Chief Executive Officer Morris reiterated the point that this proposal will not change the way veteran preference is applied. The only changes proposed involve combining two categories into one. Currently it requires a great deal of administrative time and effort, on the part of both the applicant and Housing Commission staff, to maintain the distinctions between the resident working families and those who are not. Because the vast majority of people on the waiting list are those already working or looking for work, this screening effort has resulted in very minimal reductions in the waiting list.

Commissioner Oxberry reiterated his concern that, because of the veteran preference, the Housing Commission waiting list would essentially become a military housing waiting list. Commissioner Dick reminded the Board that there is no change to the application of veteran preference involved in the staff recommendation. Chief Executive Officer Morris and Ms. Duplechan responded to Commissioner Oxberry's concerns by remarking on the very low number of military families currently on the waiting list.

Commissioner Dick concluded the discussion on active duty veterans by reminding the Board that the Commission is not proposing, and is precluded from making, a change in the statute on the application of veteran preference. The issue at hand is the grouping together, as a matter of category preference, the very small number of families who are not working with those who are working or actively looking for work into one category, to eliminate the administrative burden and unproductive screening process currently in place.

Two matters of verbiage in the report were discussed. Commissioner Oxberry asked for clarification whether a person must live and work in San Diego. Ms.

Duplechan responded that an applicant may live outside San Diego, but they must work within the City to be considered for the first or second category priority. Commissioner Grinchuk requested more information on the definition of the term "family." Staff member Craig Velte responded with the Commission's definition of family as two or more people, regardless of gender.

MOTION BY DICK TO STREAMLINE THE HOUSING COMMISSION'S SELECTION PREFERENCES FOR THE SECTION 8, PUBLIC HOUSING AND UNIVERSITY CANYON WAITING LISTS AND THAT THE HOUSING COMMISSION RECOMMEND THAT THE HOUSING AUTHORITY ADOPT AS POLICY.

SECOND BY OXBERRY.

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

107 HCR99-123 – Revision of Public Housing Occupancy & Grievance Policies, Lease, and Maintenance Charges (Citywide)

Staff report was presented by Director of Housing Services, Ms. Pat Duplechan. Chair Arthur requested a brief summary of the changes to be implemented. Most of the significant items reflected in this report are from the waiting list selection preference issue and a recent discussion regarding the variety of aspects under the Quality Housing and Work Responsibility Act of 1998 that will require changes in Housing Commission Policies.

MOTION BY ARTHUR THAT THE HOUSING COMMISSION RECOMMEND THAT THE HOUSING AUTHORITY ADOPT THE PROPOSED REVISIONS TO THE PUBLIC HOUSING OCCUPANCY PLAN, LEASE AGREEMENT AND GRIEVANCE PROCEDURE TO COMPLY WITH THE QUALITY HOUSING AND WORK RESPONSIBILITY ACT OF 1998 AND AUTHORIZE THE CHIEF EXECUTIVE OFFICER TO FORWARD THE REVISED OCCUPANCY PLAN TO THE LOS ANGELES AREA HUD OFFICE.

SECOND BY DICK.

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

109 HCR99-127 – Mixed Income Development Program Discussion (Citywide)

Staff report was presented by Director of Housing Policy and Finance, Ms. Carrol Vaughan. Upon completion of the staff report, Chair Arthur recognized two members of the public, Mr. Mel Shapiro and Mr. Robert Pinnegar, who submitted speaker request forms in opposition of this item.

Mr. Shapiro, who previously spoke in opposition of the Maya Apartments project, spoke in opposition of this concept for similar reasons. He believes that financial and other incentives could be used by the private sector at less cost; that public development discourages private development, and that proceeds from such housing would not produce more or lower cost housing. Lastly, he suggested Housing Authority discussion of this proposal.

Mr. Pinnegar addressed the Commission as a representative of the San Diego County Apartment Association, opposing the proposal. While the Association has a history of supporting the Commission in its function of increasing housing options to those in need of assistance, it firmly believes the Commission should not own or operate mixed income rental housing due to unfair competition. Mr. Pinnegar elaborated using the example of Class A properties (those with extensive amenities and consequently higher rents) vs. Class B properties (similar to those which the Commission is proposing to develop). He stated that if the Commission proceeds with the development of Class B properties, they will be competing with an older housing stock that has no way to compete with newer properties in a similar classification. Chair Arthur questioned why the Association would oppose increasing the housing unit inventory in San Diego, when all parties are in agreement that there is an intense need for additional housing. Mr. Pinnegar stated that it is the policy of the Association to oppose governmental involvement in market rate housing.

Commissioner Dick spoke about his original opposition to the Maya Apartments, and his continued uncertainty about Commission involvement in mixed income development. His concerns do not, however, involve Mr. Pinnegar's argument about competition; stating that competition is the essence of the market place, and if a need exists, it will be filled (regardless of who is competing to fill it). His concerns involve governmental regulation of that market, and the disparity between the costs involved to develop a Class B property and the rent rate the market will bear for a Class B unit. As a result, there is an abject shortage of housing in the very part of the market that needs it the most. While Commissioner Dick is not prepared to support this policy change today, he does not agree that the development of affordable housing should be left solely to the

private market. He recommended that the Commission spend more time in the discussion phase of this policy change, and in a collaborative setting, explore alternatives and bring in other interested parties, to include area non-profits and large employers. While Chair Arthur agreed with Commissioner Dick's appeal for collaborative consensus, he felt the need for appropriate housing was so compelling that the Commission should not remove itself from the solution purely due to concerns over competition.

Commissioner Oxberry spoke of his belief that the Commission should be viewed not as a creator of mixed income development, but as a catalyst or facilitator for this kind of development due to our unique resources. He agreed with Commissioner Dick that a seminar-type forum should be held in order to focus on the production and delivery of needed housing.

Commissioner Grinchuck agreed with the statements of Commissioners Dick and Oxberry, in that a collaborative effort should be undertaken to address the demand for affordable housing.

Chief Executive Officer Morris addressed the Board regarding how today's discussion of this policy shift differs from previous discussions held by the Board. The nature of that change is the growing imbalance between supply and demand of affordable housing in San Diego, and the dangers posed by this ever-increasing imbalance. She emphasized that this issue is being discussed in many arenas. It is her belief that the Commission must do everything possible to encourage public, private and nonprofit development of housing, and that increasing the supply of affordable housing by any means necessary is the situation in which San Diego now finds itself.

Effectively using the Commission's arsenal of tools is critical, according to Chief Executive Officer Morris. Part of that arsenal is the 1,400 units of debt-free public housing held by the Commission. An option available to the Commission would be to borrow against those units. In doing so, those funds could be used to supplement San Diego's shrinking inventory by building additional mixed income housing units, and in the process expanding public housing opportunities to those most in need. From a strategic view of operating Commission-run housing into the future, and from the view of bringing every tool the Commission has to bear on the current need to expand the supply of affordable housing, Chief Executive Officer Morris recommended that no one possible action by the Commission be excluded. Collaboration with industry groups, other nonprofits, bankers and area employers has been ongoing and will continue to address the housing shortfall issue.

MOTION BY DICK TO TABLE THE MATTER, AND DIRECT STAFF TO MOVE FORWARD WITH CONVENING A STRATEGIC COLLABORATIVE DIALOGUE ON THIS SUBJECT WITH ALL INTERESTED ORGANIZATIONS, WITH REVIEW OF THOSE INVITED TO ATTEND BY THE BOARD OF COMMISSIONERS.

SECOND BY ARTHUR.

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

Chair Arthur called for the board to adjourn the regular meeting and convene 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) 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

DIRECTION GIVEN TO COUNSEL BY A VOTE OF 5-0.

(b) Roel Construction Co., Inc. v. Urban Council Development (SDHC) et al.

San Diego Superior Court Case No. GIC 732281

DIRECTION GIVEN TO COUNSEL BY A VOTE OF 5-0.

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

- (a) More than (1) matter.

NO DISCUSSION OCCURRED. NO ACTION WAS TAKEN.

ADJOURNMENT

Chair Arthur adjourned the meeting at 11:10 A.M.

Respectfully submitted,

Approved by,

Lori J. Helms
Secretary to the CEO

Elizabeth C. Morris
Chief Executive Officer