



MINUTES

**SAN DIEGO HOUSING COMMISSION
MINUTES OF THE REGULAR MEETING
APRIL 27, 1998
CITY ADMINISTRATION BUILDING
202 C STREET, 12TH FLOOR
SAN DIEGO, CALIFORNIA**

Attendance: Present: Chairman Arthur, Commissioners Dick, Macias, Oxberry, and Tumminia. Also present were: Ms. Elizabeth C. Morris, Executive Director, and Charles Christensen, General Counsel. Absent: Commissioner Nottley.

10 CALL TO ORDER

Chair Arthur called the meeting to order at 9:07 a.m.

20 PUBLIC COMMENT

Mr. Mel Shapiro requested that the Program Progress Status Report be placed on the Housing Commission agenda to allow the Commission to discuss accomplishments and shortcomings in specific programs. Mr. Shapiro also commented that he believes the 2nd Quarter report includes duplicate counting. Mr. Shapiro requested that this report be reviewed to correct the duplicate counting. Mr. Shapiro also reiterated his previous request to restore the Program Progress Report to its previous format.

30 COMMISSIONER COMMENTS

40 REPORT BY THE EXECUTIVE DIRECTOR

50 APPROVAL OF THE MINUTES

MOTION MADE BY COMMISSIONER DICK TO APPROVE THE MINUTES OF APRIL 13, 1998. MOTION SECONDED BY COMMISSIONER TUMMINIA AND CARRIED ON A VOTE OF 5-0, WITH COMMISSIONER NOTTLEY BEING ABSENT.

ADOPTION AGENDA - CONSENT

MOTION WAS MADE BY COMMISSIONER MACIAS TO APPROVE THE FOLLOWING ITEMS ON CONSENT:

101 HCR98-044 - Award of Contract for Employee Group Benefits Consulting and Brokerage Services (Citywide)

IT IS RECOMMENDED THAT THE HOUSING COMMISSION APPROVE AN AWARD OF SEPARATE CONTRACTS FOR ADMINISTRATION, BROKERAGE AND CONSULTING SERVICES TO: 1) BARNEY & BARNEY FOR EMPLOYEE GROUP BENEFITS, AT AN AMOUNT NOT TO EXCEED \$48,000, AND 2) WATSON WYATT WORLDWIDE, IN AN AMOUNT NOT TO EXCEED \$62,000, FOR EMPLOYEE PENSION AND 457 DEFERRED COMPENSATION PROGRAMS, FOR A TWO-YEAR TERM WITH THREE ONE-YEAR OPTIONS TO RENEW AS DESCRIBED IN THE STAFF REPORT.

102 HCR98-050 - Renewal of Liability Insurance

IT IS RECOMMENDED THAT THE HOUSING COMMISSION (1) AUTHORIZE CONTINUED PARTICIPATION IN THE HOUSING AUTHORITY RISK RETENTION GROUP (HARRG); AND (2) AUTHORIZE THE ANNUAL PREMIUM PAYMENT OF UP TO \$110,500 FOR GENERAL LIABILITY, PUBLIC OFFICIALS' ERRORS AND OMISSIONS, AND WRONGFUL EMPLOYMENT PRACTICES LIABILITY INSURANCE.

MOTION SECONDED BY COMMISSIONER TUMMINIA AND CARRIED ON A VOTE OF 5-0, WITH COMMISSIONER NOTTLEY BEING ABSENT.

ADOPTION AGENDA - ACTION AGENDA

100 HCR98-046 - Revision to the Housing Commission Mobile Home Mediation/Communication Policy (Citywide)

Commissioner Tumminia indicated that she had a quick question on this item and did not need a staff report. Ms. Tumminia inquired as to the cost of mediation services (noted on page 2 of the staff report) provided by the Mediation Center. Programs and Policy Manager Nancy Williams responded that this expense is part of the Programs and Policy section's budget and she estimated the budgeted cost to be approximately \$3,000 per year.

MOTION MADE BY COMMISSIONER MACIAS TO RECOMMEND TO THE HOUSING AUTHORITY, APPROVAL OF REVISIONS TO THE HOUSING COMMISSION MOBILE HOME MEDIATION/COMMUNICATION POLICY, TO CLARIFY THAT THE MOBILE HOME COMMUNITY ISSUES COMMITTEE (MHCIC) IS SOLELY AN ADVISORY COMMITTEE.

MOTION SECONDED BY COMMISSIONER TUMMINIA AND CARRIED ON UNANIMOUS VOTE OF 5-0, WITH COMMISSIONER NOTTLEY BEING ABSENT.

103 HCR98-049 - Award of Contract for Trash Disposal Services

Commissioner Tumminia inquired as to the "Resident Employment Opportunities" (noted on page 16 of the staff report) and whether or not employment opportunities for the physically challenged would be available as part of this contract. Ms. Morris responded that this particular contract did not have such a stipulation. However, that there are other contracts (e.g., temporary services) which afford such opportunities for employment.

Commissioner Macias inquired as to the number of public housing residents who had actually been hired. Ms. Morris responded that staff would research this question and contact Commissioner Macias with a response.

MOTION MADE BY COMMISSIONER MACIAS TO RECOMMEND AWARD OF A TWO-YEAR CONTRACT, EFFECTIVE JUNE 1, 1998 THROUGH MAY 31, 2000, WITH A ONE-YEAR OPTION TO RENEW, AT THE COMMISSION'S DISCRETION, TO WASTE MANAGEMENT.

MOTION SECONDED BY COMMISSIONER TUMMINIA, AND CARRIED ON UNANIMOUS VOTE OF 5-0, WITH COMMISSIONER NOTTLEY BEING ABSENT.

104 HCR98-054 - Award of Contract to Business Information Technology, Inc. (BIT) for Financial Software Implementation Services (Citywide)

Commissioner Tumminia inquired as to the COMP GRANT funding source listed for this item and whether or not this complies with the COMP GRANT PROGRAM restrictions.

Ms. Morris explained that there had been an extensive review process to clearly specify the scope of services so as to ensure the contract amount falls within the Commission's means; Comp Grant does fund "management improvements."

MOTION MADE BY COMMISSIONER MACIAS TO AUTHORIZE THE EXECUTIVE DIRECTOR TO NEGOTIATE A CONTRACT WITH BIT FOR PEOPLESOFT PUBLIC SECTOR FINANCIAL SOFTWARE CONSULTING SERVICES, WITH THE CONCURRENCE OF GENERAL COUNSEL.

MOTION SECONDED BY COMMISSIONER OXBERRY AND CARRIED ON UNANIMOUS VOTE OF 5-0, WITH COMMISSIONER NOTTLEY BEING ABSENT.

105 HCR98-030 - Proposed Modification of Expediting Plan for Multifamily Rental Housing Proposals (Citywide)

Staff report was presented by Housing Finance Manager Pat Getzel, with Senior Program Analyst Cissy Fisher on hand for questions.

Chair Arthur inquired as to how much response there has been from the Nonprofit community to utilize this program. Ms. Getzel responded that, to date, four projects have been financed through this particular NOFA and four additional projects are presently under consideration. Chair Arthur also inquired if this program moves quickly enough for the CHDO developers to allow them to respond to the current "hot" real estate market. Ms. Getzel noted that this program does not address all of those needs. However, the NOFA process is quicker than a Request for Proposal (RFP) process and, raising the ceiling would make more projects eligible for this treatment. Ms. Getzel further indicated that there are other mechanisms and criteria which are being explored to expedite acquisition of affordable housing.

Commissioner Oxberry inquired regarding the amount of time saved in this process. Ms. Getzel responded that this process will save a minimum of approximately 6-8 weeks and potentially 6 months, as opposed to the Request for Proposal process.

MOTION MADE BY COMMISSIONER MACIAS TO INCREASE THE PROJECT FUNDING CEILING IN THE NOTICE OF FUNDING AVAILABILITY (NOFA) FOR THE SOLICITATION OF MULTIFAMILY RENTAL HOUSING PROPOSALS FROM CHDO HOUSING DEVELOPERS FROM \$500,000 TO \$1,000,000 PER PROJECT.

MOTION SECONDED BY COMMISSIONER OXBERRY AND CARRIED ON UNANIMOUS VOTE OF 5-0, WITH COMMISSIONER NOTTLEY BEING ABSENT.

Chairman Arthur realized that he had neglected to call Pam Johannsen of the Chicano Federation, who had submitted a request to speak and would do so at this time.

Ms. Johannsen spoke to the constraints of \$1 million ceiling and requested that the funding ceiling be increased to \$3 million.

Mr. Greg Akili, Executive Director of the Nonprofit Federation, requested that no cap be placed on this program at all. Mr. Akili maintained this would encourage nonprofit developers to seek projects and increase the affordability housing stock.

MOTION MADE BY CHAIRMAN ARTHUR TO RECONSIDER THE VOTE ON THIS ISSUE. MOTION SECONDED BY COMMISSIONER MACIAS, BUT FAILED ON VOTE OF 2-3, WITH COMMISSIONER NOTTLEY BEING ABSENT.

ORIGINAL MOTION SUSTAINED.

106 HCR98-048 - Loan to Chicano Federation for the Acquisition and Rehabilitation of 3051 Hawthorn Street (Council District 3)

Ms. Morris reported to the Board that, subsequent to the drafting of the staff report, a study was completed which found no lead-based paint. Therefore, Recommendation No. 3 (of the staff report), which includes a revocable grant for lead based paint removal is no longer applicable.

Staff report presented by Pat Getzel, with Senior Program Analyst Cissy Fisher and Senior Program Analyst Dan Cady on hand for questions.

Commissioner Dick inquired if the 119% loan-to-value on this project was acceptable pursuant to Commission policies. Ms. Morris responded that if a project is over a 100% loan-to-value it has to be approved by the Commission. Ms. Morris also indicated that this particular loan-to-value is fairly typical for the part of the City in which this project is located.

Commissioner Dick requested clarification on the process the Chicano Federation would go through to verify income. Ms. Johannsen responded that each individual household income is certified through third party verification of income from employers. After their analysis is complete, it is submitted to the Housing Commission Loan Management team.

Ms. Morris pointed out that as these projects are underwritten the Commission is asking for as much rehab as the borrowers, in many cases. It is the Commission's goal to ensure that the property is set up for long term management and that we are not creating a situation, which will require the infusion of capital at a later date - cash which may not be there at that point in time. Particular attention is paid to the ability to repay the 1st Trust Deed.

Commissioner Dick inquired as to the "as is" appraised value of the property. Ms. Getzel responded that the "as is" value is \$455,000. The "after rehab" value will be \$500,000.

MOTION MADE BY DICK TO RECOMMEND:

- 1. HOUSING AUTHORITY APPROVAL OF A 3-PERCENT RESIDUAL RECEIPTS SECOND TRUST DEED IN THE MAXIMUM AMOUNT OF \$412,916 FOR CHICANO FEDERATION.**
- 2. HOUSING COMMISSION APPROVAL OF SUBORDINATION TO A FEDERAL HOME LOAN BANK AFFORDABLE HOUSING (AHP) SUBSIDY. THE COMMISSION LOAN AMOUNT WOULD BE REDUCED IN AN AMOUNT EQUAL TO THE AHP SUBSIDY.**

MOTION SECONDED BY COMMISSIONER MACIAS AND CARRIED ON UNANIMOUS VOTE OF 5-0, WITH COMMISSIONER NOTTLEY BEING ABSENT.

Commissioner Dick requested that in the future for proposals of this type that the appraiser provide both a true "as is" and an "after rehab" value and that both numbers be noted in the staff report.

107 HCR98-039 - Housing Trust Fund Fiscal Year 99 Implementation Strategy (Citywide) - CONTINUED FROM APRIL 13, 1998 HOUSING COMMISSION MEETING

Staff report presented by Pat Getzel and Cissy Fisher.

Mr. Greg Akili spoke in support of the Housing Trust Fund and its strategy, and urged the Board to make their decisions today with the future of the Trust Fund in mind. Mr. Akili expressed concern about the amount that will be available in next year's Housing Trust Fund.

Due to the fact that he is employed by a nonprofit, Chairman Arthur abstained from discussion and vote on this item.

MOTION MADE BY COMMISSIONER DICK TO FORWARD THE DRAFTS TO CITY COUNCIL WITH A RECOMMENDATION FOR APPROVAL.

MOTION SECONDED BY COMMISSIONER OXBERRY AND CARRIED ON UNANIMOUS VOTE OF 4-0, WITH CHAIRMAN ARTHUR ABSTAINING, AND WITH COMMISSIONER NOTTLEY BEING ABSENT.

108 HCR98-052 - Proposed Fiscal Year 1999 Budget

Staff report presented by Executive Director Morris in the form of a Powerpoint presentation, with Financial Manager Tim Sturtevant and Budget Supervisor Sue Montague on hand for questions.

Commissioner Macias inquired as to the allocation of time and resources to resident services activities and how collaboration takes place with other nonprofits in this area. Ms. Macias expressed a concern regarding duplication of effort and resources. Ms. Morris responded that the activities in this area are highly collaborative. She noted that the most recent grant applications have been made in collaboration with City Heights CDC, Casa Familiar and others. Ms. Morris also commented that particular attention and focus is paid to how the Commission can work with other entities to work together in providing similar services.

Mel Shapiro raised the following objections to the proposed FY99 Budget: 1) depiction of actual achievements of previous year's objectives is lacking; 2) reports on the three consultants contracted during 1998 have not yet been presented to the Board; 3) favored a return to the previous format of comparing budgeted and actual expenses; 4) reinforced the Select Committee's recommendations regarding salary increases; 5) requested the budget reflect what income groups are benefitted; 6) requested explanation regarding references to funds obligated for unspecified vendors in continuing appropriations; 7) requested an analysis of the cost and success of the self-sufficiency program; and 8) questioned the prioritization of income groups being served by the Commission's objectives.

Commissioner Dick noted Mr. Shapiro's comments. Commissioner Dick requested an explanation as to how the "40,000 San Diegans" number of beneficiaries cited in the Budget is derived. Ms. Morris responded that this number refers to "people" served. Ms. Morris pointed out that the two largest numbers in the on page 1-1 of the Budget (Section 8 rental assistance and public housing) refer to households not individuals served. Ms. Morris reported that this number is a conservative estimate and that the Commission will actually will be helping more people. This number does not include all the lending or rehabilitation activities.

Commissioner Dick commented that it would be helpful to include, as part of the Budget document, actuals from prior years to compare to current year's numbers. Commissioner Dick further commented that it is difficult to extrapolate from the Budget document how well the Commission has succeeded in meeting its goals and objectives.

Ms. Morris responded that at the end of Fiscal Year 1998, it is the intent of the staff to produce a report describing each of the individual activities that make up of the overall production of the Commission. In that process, progress that was made toward achieving each of its many Budget objectives will be reported.

Commissioner Dick reiterated that the Commission should continue to strive for ways to encourage single family homeownership through programs which the Commission is responsible for administering. Commissioner Dick also commented that the current balance of funding allocation is reasonable, given the limited pot of overall funding which is available.

Commissioner Dick inquired as to success of the Family Self Sufficiency Program to date. Ms. Morris responded that the Commission is investigating a variety of methods to measure the effectiveness of programs of this nature. Ms. Morris noted that the greatest impact of the program may not be known until the next generation, when the children of the families whose parents have participated in this program come of age and how this program has affected their lives in a positive way.

Commissioner Oxberry requested an explanation as to the correlation of the salaries and benefits to direct services and/or operations. Ms. Morris responded that the allocation of time of many positions is split between many different activities. However, Ms. Morris noted that the majority of staff time is spent on direct services activities, which are not considered to be overhead from an auditor's perspective.

Commissioner Macias suggested an annual meeting to review and assess the Commission's goals and accomplishments, including a report on the level of success of the Family Self-Sufficiency Program. Commissioner Dick supported this suggestion and it was suggested this meeting be scheduled on or before September 30, 1998.

Chairman Arthur expressed his confidence in staff's ability to prepare and direct the budget, and stated his concern that the Board members play a more active role in the advocacy of affordable housing issues throughout the year.

THIS ITEM WAS PROVIDED FOR REVIEW AND DISCUSSION, TO RETURN ON MAY 4, 1998 FOR FURTHER CONSIDERATION. NO ACTION WAS TAKEN AT THIS TIME.

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. San Diego Housing Authority
San Diego Superior Court Case No.: 704467

INFORMATION ONLY. NO ACTION TAKEN

(b) San Diego Housing Commission, a public agency vs. Ward Richard Hanigan, Trustee of the Central Avenue UDT 2/6/90; Central Avenue Trust UDT 2/6/90, and Does 1 through 20, inclusive
San Diego Superior Court Case No.: 709699

DIRECTION WAS GIVEN TO COUNSEL BY A UNANIMOUS VOTE OF 5-0, WITH NOTTLEY BEING ABSENT.

(c) Melvin Shapiro v. City of San Diego; San Diego Housing Commission
San Diego Superior Court Case No.: 714981

INFORMATIONAL ONLY. NO ACTION TAKEN.

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

(a) More than (1) matter.

DIRECTION GIVEN TO COUNSEL ON 2 MATTERS BY A UNANIMOUS VOTE OF 5-0, WITH NOTTLEY BEING ABSENT.

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

Agency Negotiator: Elizabeth Morris and/or Ron Novello for the San Diego Housing Commission

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

**DIRECTION WAS GIVEN TO LABOR NEGOTIATORS TO CONTINUE
NEGOTIATIONS BY A VOTE OF 5-0, WITH NOTTLEY BEING
ABSENT.**

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

ADJOURNMENT

Chair Arthur adjourned the meeting at 11:45 a.m.

Respectfully submitted,

Approved by,

Rob Albrecht
Administrative Assistant

Elizabeth C. Morris
Executive Director

ECM:ra

**Signature Available With
Original Document**