



Good Neighbors

San Diego Housing Commission

AGENDA

AGENDA 406

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**SAN DIEGO HOUSING COMMISSION
AGENDA FOR THE REGULAR MEETING
CITY ADMINISTRATION BUILDING
JUNE 22, 1998
202 C STREET, 12TH FLOOR
SAN DIEGO, CALIFORNIA**

ITEMS

10 CALL TO ORDER

(Arthur, Dick, Grinchuk, Hills, Oxberry, Steinke, and Tumminia)

20 PUBLIC COMMENT

At this time individual(s) may address the Commission on any subject in its area of responsibility on any matter not presently pending before the Commission. Communications are limited to three minutes. Pursuant to the Brown Act, no action can be taken by the Commission. Please fill out a SPEAKER REQUEST FORM and submit it to the secretary prior to the meeting.



30 COMMISSIONER COMMENTS

40 REPORT BY THE EXECUTIVE DIRECTOR

50 APPROVAL OF THE MINUTES

Minutes of the Special Meeting of May 4, 1998.

Minutes of the Meeting of May 18, 1998.

Minutes of the Meeting of June 1, 1998.

ADOPTION AGENDA - CONSENT

Members of the public may cause an item to be pulled from the Consent Agenda by submitting a Speaker Request Form prior to the meeting. The item will then be discussed separately and public testimony taken.

100 HCR98-080 — Section 8 Application for Persons with Disabilities (Citywide)

Recommendation No 1: It is recommended that the Housing Commission submit an application to HUD for 100 units of Section 8 Vouchers under the Mainstream Program for persons with disabilities and authorize the Executive Director to execute all documents necessary to receive funding if awarded.

Recommendation No. 2: It is recommended that if this application is approved, the Board authorize a revision to the FY99 budget to include the award of funds and the hiring of an Administrative Clerk II (salary plus benefits) and associated equipment at an estimated cost of \$32,605 in the first year.

Fiscal Impact: None with this action. However, if awarded the full 100 units, the Commission would receive approximately \$544,800 annually for rent to owners and \$63,000 in administrative fees (over a five year period).

Previous Related Action(s): The Housing Commission's June 2, 1997 application was not funded.

101 HCR98-063 — HOPWA Supportive Services Contracts to Support Housing Programs Assisting People with HIV/AIDS (Countywide)

Recommendation: It is recommended that the Housing Commission accept and approve the two multiyear contracts with Townspeople, Inc. and Community Housing of North County, Inc. and the HOPWA Supportive Services funding for four S+C sponsors. It is further recommended that future year agreements be : 1) subject to the availability of funding and 2) specify that the Executive Director may, if necessary, increase the maximum contract compensation by an amount not to exceed ten percent

(10%) of the aggregate contract amount without further action by the Housing Commission.

Fiscal Impact: Residential Services Coordinator three-year contracts would result in a total expenditure of \$69,200 of HOPWA funds for contract year one, with a three-year aggregate of \$229,040. The \$175,000 HOPWA supportive services funds recommended for S+C sponsors would result in approximately \$35,000 annual funding, which would be disbursed to four sponsor agencies within the five-year S+C grant term. HOPWA supportive services funds would be disbursed by the Executive Director of the Housing Commission to 1997 S+C sponsors and such disbursement will be stipulated in the sponsor contract.

Previous Related Action(s): On July 28, 1997, the Housing Commission authorized the Executive Director to: 1) submit an application to HUD for approximately \$1.9 million to renew the 1992 Shelter Plus Care (S+C) Program commitment; and 2) recommended Housing Authority approval to implement all program actions.

102 HCR98-083 — Proposed Transfer of HOPWA Administration Functions from the San Diego Housing Commission and County Office of AIDS Coordination to the County Department of Housing and Community Development (Countywide)

Recommendation: It is recommended that the Commission take the following actions regarding the proposed October 1, 1998 transfer of HOPWA Program Administration functions from the San Diego Housing Commission and County Office of AIDS Coordination to the County Department of Housing and Community Development:

1) Recommend City Council approval of a contract transferring delegation of HOPWA Program administration functions to the County of San Diego; modifying and rescinding certain prior delegations for the San Diego Housing Commission; and authorizing the County, the City, and the San Diego Housing Commission to enter into an agreement to transition HOPWA Program administration functions to the County in accordance with the terms listed within.

2) Authorize the Executive Director to execute the aforementioned contract, as approved by the San Diego Housing Commission's General Counsel.

3) Authorize the Executive Director to perform such actions as are necessary to implement a transition of the HOPWA Program administration functions to the County by the effective date of September 1, 1998.

Fiscal Impact: HUD allocates approximately \$2 million in HOPWA funds each year to the City through the San Diego Housing Commission. The proposed transfer of HOPWA administration functions from the County includes the transfer of responsibilities relative to the receipt and allocation of HOPWA Program funds. Accordingly, transfer of the HOPWA Program to the County will precipitate reductions in the Housing Commission's FY99 budget under both the revenue and expenditure categories.

Previous Related Action(s): See draft resolution (attachment 1 of the staff report)

103 HCR98-079 — Issuance of Housing Revenue Bonds for President John Adams Manor Apartments (Council District 4)

Recommendation: It is recommended that the Housing Commission recommend that the Housing Authority authorize issuance of up to \$10,370,000 of tax-exempt revenue bonds to finance the acquisition and rehabilitation of the 300-unit President John Adams Manor Apartments project located at 5471 Bayview Heights Place by John Adams Limited Partnership.

Fiscal Impact: The issuance and sale of the bonds will not financially obligate the City, the Housing Authority or the Housing Commission because security for the repayment of the bonds will be limited to specific private revenue sources. All costs of the financing, including compensation for staff efforts in preparing the bonds will be borne by the developer. The Housing Commission's origination fee as well as the annual administrative fee under the financing will be up to \$23,851 (0.23 percent of the bond amount).

Previous Related Action(s): On February 23, 1998, the Housing Commission approved the financing team of Litten Financial and Kosmont & Associates, Inc. (MBE - 20 percent), bond counsel; and Miller & Schroeder, bond underwriter. A bond inducement resolution, a TEFRA resolution and an application for the allocation of bond issuing authority for the project was recommended by the Housing Commission on February 23, 1998 (Report No. HCR98-027) and approved by the Housing Authority and City Council on March 17, 1998 (R-00941 and R-289858).

104 HCR98-082 — Proposed Amendments to the Las Flores Apartments and Summeret Village Apartments Multifamily Housing Revenue Bonds. (Council Districts 1 and 5)

Recommendation: It is recommended that the Housing Commission recommend that the City Council approve amendments to the existing bond

documents in order to extend the term of affordability requirements for both projects as well as enhancing the affordability at Summerset Village Apartments for:

- 1) The \$27,235,000 City of San Diego Multifamily Housing Refunding Revenue Bonds 1991 Issue A (Las Flores Apartments) located at 7039 Charmant (District 1); and,**
- 2) The \$33,800,000 City of San Diego Variable Rate Demand Multifamily Housing Revenue Bonds Issue E of 1985 (Lusk/Mira Mesa Apartments — the project is now known as Summerset Village Apartments) located at 11102 Caminito Alvarez (District 5).**

Fiscal Impact: All costs of the transaction will be borne by the project owner. The Housing Commission currently receives annual administrative fees of \$104,890, 0.23 percent of the original principal amount of the Las Flores Apartments and 0.125 percent of the original principal amount of the Summerset Village Apartments. Under the new amendments, the administrative fee for Summerset will be increased to 0.23 percent for a combined fee for both issues of \$140,380.

Previous Related Action(s): The City Council approved the original issuance of bonds for Las Flores Apartments on November 13, 1984 (O-16325), the issuance of refunding of bonds on March 25, 1991 (O-17625) and the substitution of a letter of credit on January 8, 1996 (O-18250). The City Council approved the original issuance of bonds for Summerset Village Apartments on March 18, 1985 (O-16393).

105 HCR98-084 — Financial Assistance to Chicano Federation for the Acquisition and Rehabilitation of Trojan Apartments (Council District 7)

Recommendation: It is recommended that the Housing Commission recommend:

- 1) The Housing Authority take the initial steps toward issuance of an approximately \$1,100,000 tax-exempt note by approving a bond inducement resolution for the project;**
- 2) City Council hold a public hearing ("TEFRA" hearing) and approve a resolution authorizing issuance of the tax-exempt note for the project by the Housing Authority, subject to proper authorization of such issuance by the Housing Authority at a future date;**
- 3) The purchase of the tax-exempt note by Washington Mutual and**

waive the minimum bond rating requirement for sophisticated institutional investors.

4) Housing Authority approval of Orrick, Herrington & Sutcliffe and Gilmore and Williams (MBE - 20 percent) as bond counsel for the proposed tax-exempt financing; and

5) Housing Authority approval of a loan of up to \$984,817 to Chicano Federation for the acquisition and rehabilitation of the Trojan Apartments. Loan would be a three-percent residual receipts loan secured by a second trust deed.

Fiscal Impact: Approval of Recommendation 4 would result in the expenditure of up to \$409,867 in HOME funds and \$574,950 in Housing Trust Funds. Approval of the bond resolutions does not commit the Housing Authority to issue the note. Should the issuance of the tax-exempt note for the project be authorized in the future under a separate action by the Housing Authority, the note would not financially obligate the City, the Housing Authority or the Housing Commission because security for the repayment of the note will be limited to specific private revenue sources identified under the financing. All costs of the financing, including compensation for staff work in preparing and administering the note will be borne by the developer.

106 HCR98-081 — Palm Vista Apartments (Council District 8)

Recommendation No. 1: It is recommended that the Housing Commission recommend to the Housing Authority the sale of the 60-unit Palm Vista Apartments located at 2885 Palm Avenue to the San Diego Interfaith Housing Foundation for \$3.8 million.

Recommendation No. 2: It is recommended that the Housing Commission recommend Housing Authority approval of a loan of \$2,079,740 to the San Diego Interfaith Housing Foundation for the acquisition and rehabilitation of Palm Vista Apartments. It is recommended that the loan be a second trust deed loan with an interest rate of 3 percent simple, a 55-year term, and payments equal to 50 percent of residual project operating receipts.

Fiscal Impact: The total development costs for the project are estimated at \$4.2 million. The approximately \$2.1 million HOME loan would be comprised of two components. The first component would be the \$230,000 in delinquencies the Housing Commission paid in the foreclosure process to Beal Bank, the holder of the first position note. The second component

of the Housing Commission loan, approximately \$1.85 million, would be used to fund acquisition and rehabilitation costs for the project. A conventional loan of approximately \$2.1 million would fund the remaining estimated \$1.5 million in costs associated with the acquisition and rehabilitation, plus reimburse the Housing Commission its original \$579,000 investment of local funds in the project. Revenues from operations, after the permanent financing is in place, are expected to cover all expenses and debt service and create an annual cash flow of approximately \$23,000 in year one of ownership.

Previous Related Action(s): On May 5, 1998, the Loan Committee recommended approval of San Diego Interfaith Housing Foundation for the acquisition, rehabilitation and management of the Housing Commission owned 60-unit Palm Vista Apartments with the further recommendation that the Housing Commission staff provide a loan package for the Loan Committee's consideration at the next available Loan Committee meeting. At its June 2, 1998 meeting, the Loan Committee recommended approval of a loan to San Diego Interfaith Housing Foundation, as described in the staff report.

107 HCR98-057 — Loan Management Process Review and Improvement (Citywide)

Recommendation: It is recommended that the Housing Commission accept the Loan Management Process and Improvement report, which includes recommended improvements to the first-time homebuyer loan application approval process and the loan servicing process. Upon acceptance by the Housing Commission, this item will be provided for informational purposes to the Land Use & Housing Committee and the Select Committee on Government Efficiency and Fiscal Reform.

Fiscal Impact: None with this action; however, already implemented improvements, and those recommended for implementation, are expected to result in a more cost-efficient delivery of loan services, allowing growing demands to be met by existing staffing.

CLOSED SESSION

It is anticipated that the San Diego Housing Commission will recess on Monday, June 22, 1998, into Closed Session with the following agenda:

- 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 v. HCA Wintergreen, Ltd., a California limited partnership; Gene Hanken, an individual; Al Assad, Jr., an individual; Charles Cono, an individual; and Does 1 through 20, inclusive**
San Diego Superior Court Case No. 717599
 - b. **Hidden Valley Construction v. San Diego Housing Authority**
San Diego Superior Court Case No. 704467
- II. **Conference with Legal Counsel - anticipated litigation pursuant to Government Code Section 54956.9(c) and 54954.5(c):**
- (a) **More than (1) matter.**
- 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**
- IV. **Adjournment of Closed Session.**
- V. **Announcement of action taken in Closed Session.**

ADJOURNMENT