



# MINUTES

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

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

**10 CALL TO ORDER**

Chair Arthur called the meeting to order at 9:05 a.m.

**20 PUBLIC COMMENT**

Mr. Mel Shapiro referred to a recent article in the San Diego Union Tribune which reported a HUD survey showing San Diego with the highest percentage of low-income renters in need of affordable housing. Mr. Shapiro expressed his hope that the Commission would try to improve this rating.

**30 COMMISSIONER COMMENTS**

Chair Arthur expressed his regret at having to miss the meeting of June 1, and welcomed Commissioner Steinke to the Board.

**40 REPORT BY THE EXECUTIVE DIRECTOR**

Ms. Morris reported the close of escrow on the Fay Avenue property, making \$2 million in Housing Trust funds available for use next fiscal year. She commended staff, in particular Steve Mikelman and Lee Bate, for their diligence.

Ms. Morris also reported that National Association of Housing and Redevelopment Officials [NAHRO] has given the Housing Commission six new awards of merit: *Outstanding Planning*: for Knox Glen and the Commission's work with the community

in the development of that project; *Project Design/New Design*: for the scattered site public housing in the Fulton, Saranac, and Golfcrest sites; *Enduring Design*: for the Mariner's Cove project, done in partnership with Lincoln Properties ten years ago; *Program Innovation/ Community Revitalization*: for the Commission's support of the San Diego City-County Reinvestment Task Force; two awards for *Program Innovation: Resident and Client Services*: 1) for Resident Services' achievements in helping our female residents learn about, train for and obtain nontraditional, skilled labor jobs that pay "livable" wages, and 2) for our creative partnering with "temp" agency AppleOne Employment Services to provide public housing residents with training and job recruitment. Four of these six awards will go on for consideration in the national competition.

Ms. Morris also reported that on Friday evening, June 19, Channel 10 ran a story in its 5:30 p.m. news broadcast on the successful integration of public housing in Carmel Valley and the contribution to the community.

Chairman Arthur commended staff for closing the Fay Avenue deal, and for making the Commission an award-winning agency.

## **50 APPROVAL OF THE MINUTES**

MOTION MADE BY COMMISSIONER TUMMINIA TO APPROVE THE MINUTES OF MAY 4, MAY 18, JUNE 1, 1998, WITH ONE CORRECTION TO BE MADE ON THE MINUTES OF JUNE 1 TO REFLECT THAT CHAIR TUMMINIA, NOT CHAIR ARTHUR, ADJOURNED THE MEETING OF JUNE 1.

MOTION SECONDED BY COMMISSIONER HILLS, AND CARRIED ON A UNANIMOUS VOTE OF 6-0, WITH COMMISSIONER DICK BEING ABSENT.

## **ADOPTION AGENDA - CONSENT**

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

### **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.

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.

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.

104 HCR98-082 — Proposed Amendments to the Las Flores Apartments and Summerset 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).

MOTION SECONDED BY COMMISSIONER GRINCHUK AND CARRIED ON UNANIMOUS VOTE OF 6-0 ON ITEMS 100, 102, AND 104, AND A UNANIMOUS VOTE OF 5-0 ON ITEM 103, WITH COMMISSIONER OXBERRY ABSTAINING, AND COMMISSIONER DICK BEING ABSENT.

#### **ADOPTION AGENDA - ACTION AGENDA**

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

Staff report was presented by Program Manager Nancy Williams, with Senior Project Analyst Terri Jacinto on hand for questions.

Ms. Williams recommended that the Commission approve the allocation of \$404,000 HOPWA funds to support a) two Residential Services coordination contracts, funding staff to help residents maintain their housing and to guide them toward supportive services, and to manage a partial-rent subsidy program to assist people with AIDS; and b) supportive services in partnership with Shelter Plus Care sponsors to provide rental subsidies for homeless persons with mental illness, drug/alcohol problems, or HIV/AIDS.

Commissioner Grinchuk asked for assurance that the quality of management of the units is sufficient and that the Commission is not supporting organizations that permit drugs in their housing units. Ms. Williams responded that these organizations are working toward the goal of a crime-free environment, and that the residential care coordinator position would work with residents to safeguard against crime and alcohol/drug abuse, and any other undesirable behaviors.

Jim Pucchetti, Townspeople, stated that in an effort to address these problems, a “consumer” resident manager had been placed in the Wilson Avenue units and

since the hiring of this individual and the eviction of residents not able to be brought in line, there had not been a single incident, registered disturbance or police call, or any subsequent evictions. He assured the Board that there is a zero-tolerance policy and the need now is for a professional resident services coordinator to liaison with the resident manager, the organization's management and staff, and provider agencies to make the effort complete and successful.

Pattie Christensen of Community Housing of North County spoke of the problems of bringing homeless individuals into permanent supportive shelter and managing their needs. Ms. Christensen affirmed the need for a coordinator to stabilize the situation.

Commissioner Steinke commended the efforts of these organizations and spoke in favor of the Housing Commission's support of their programs.

MOTION MADE BY COMMISSIONER TUMMINIA TO 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.

MOTION SECONDED BY COMMISSIONER OXBERRY AND CARRIED ON A UNANIMOUS VOTE OF 6-0, WITH COMMISSIONER DICK BEING ABSENT.

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

Staff report was presented by Housing Finance and Development Manager Pat Getzel, with Jack Farris, Financial Specialist, on hand for questions.

Ms. Getzel explained that the Chicano Federation's request for financial assistance came in under the Housing Commission's Notice of Funding Availability [NOFA] process which allows nonprofits to propose acquisition/rehabilitation projects seeking loans from the Commission of no more than \$1 million.

Approval to assist the Chicano Federation in the acquisition and rehabilitation of the Trojan Apartments with \$409,867 in HOME funds and \$574,950 in Housing

Trust Funds, would make 9 studios, 15 one-bedroom, and 28 two-bedroom units affordable to households with incomes at or below 48% of area median income.

Pam Johanssen, Vice President of Housing & Community Development for the Chicano Federation, with the assistance of Property Manager Flora Rivera, made a brief presentation to the new commissioners of the housing projects of their organization, all of which had been done with participation of the Housing Commission.

Ms. Johanssen then discussed issues that had arisen since the submittal of their proposal regarding the timing of escrow for the Trojan. The proposed schedule for bond issuance and Housing Authority approval would not be completed in time for the escrow closing date, and Ms. Johanssen asked the Commission to consider changing the financing recommendation by extending the \$1 million ceiling on the NOFA amount by \$100,000, making funds available to the Chicano Federation in time to close escrow.

Pat Getzel confirmed Ms. Johanssen's summary and stated that the \$1 million cap on funding had been a policy decision by the board, but that in fact, staff had no problem with the request to raise it under these circumstances.

Chairman Arthur deferred to staff's expertise in the evaluation and, commending the Chicano Federation on their strength and outstanding record, expressed his desire to accommodate Ms. Johanssen's request.

Commissioner Grinchuk questioned the mixed votes of the Community Planning Group on this project. Ms. Johanssen stated that some of the Community Planning Group had concern with the concentration of low-income people in the area.

**MOTION MADE BY CHAIRMAN ARTHUR TO WAIVE THE \$1 MILLION CEILING, AND TO RECOMMEND HOUSING AUTHORITY APPROVAL OF A LOAN OF UP TO \$1,114,817 TO CHICANO FEDERATION FOR THE ACQUISITION AND REHABILITATION OF THE TROJAN APARTMENTS, IN ORDER TO ENABLE THE CHICANO FEDERATION TO CLOSE ESCROW IN AUGUST. THE LOAN WOULD BE A THREE-PERCENT RESIDUAL RECEIPTS LOAN SECURED BY A SECOND TRUST DEED.**

**MOTION SECONDED BY COMMISSIONER GRINCHUK AND CARRIED ON A UNANIMOUS VOTE OF 6-0, WITH COMMISSIONER DICK BEING ABSENT.**

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

Staff report was presented by Pat Getzel, with Jack Farris on hand, seeking approval for the sale of the Palm Vista Apartments, nine 2-story multi-family buildings at 2885 Palm Avenue, and for a loan from the Housing Commission for this acquisition and rehabilitation. Following the issuance of a Request for Proposals, five proposals were received. A subcommittee of the Housing Commission's Loan Committee recommended the proposal from the San Diego Interfaith Housing Foundation ("Interfaith"). The selection was unanimously endorsed by the Otay Mesa Nestor Community Group

Interfaith's proposal is to acquire, rehabilitate, and manage the 60-unit complex, with 20% of the units affordable to families earning 50% of median income, 30% at 65%, 25% at 70%, and 25% affordable at market level, with the assistance of a loan from the Housing Commission.

Matt Jumper, President Interfaith summarized the activities of his organization.

Chair Arthur asked staff to justify the recommendation.

Ms. Getzel spoke to the credibility of the process, the competitiveness of the proposals received, and the development and management experience of Interfaith. Mr. Farris emphasized the simplicity and feasibility of Interfaith's financing plan, and the deepness of the proposed affordability.

Chair Arthur commended Mr. Jumper and the San Diego Interfaith Housing Foundation for its continuing efforts.

MOTION MADE BY COMMISSIONER TUMMINIA TO:

- 1) 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.
- 2) 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.

MOTION SECONDED BY COMMISSIONER HILLS AND CARRIED ON UNANIMOUS VOTE OF 6-0, WITH COMMISSIONER DICK BEING ABSENT.

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

Staff report was presented by Loan Manager Steve Mikelman. The purpose of this report was informational, generated by a FY97 Select Committee of Government Efficiency and Reform review and subsequent Board recommendation to undertake a competition analysis of the program to maximize efficiency.

Mr. Mikelman opened his report with a commendation of his staff for their commitment to maintaining the integrity of the loan servicing process.

Focus groups, staff analysis, and input from consultant David Rosen and Associates were considered in developing recommendations to streamline processing of shared equity loans. Staff's report contains a list of twenty recommendations, eleven of which have already been implemented administratively, including the purchase of a new computer software package.

Mr. Mel Shapiro criticized the general format of the report which did not contain "Previous Related Actions", and did not attach the previous report that authorized the consultant's study. Mr. Shapiro did not feel that the complete scope of the study was well represented by this report.

Mr. Mikelman agreed that his report does not represent the consultant's study, which will encompass other aspects of the loan process, as that will be forthcoming. This report only brings the Board up to date on processing of shared equity loans.

Mr. Shapiro asked for a timeframe on the delivery of the consultant's report; his request was supported by Commissioner Oxberry. Mr. Mikelman responded that the consultants were wrapping up their review and draft of their report, portions of which are being shared with staff and nonprofits for accuracy; it should be ready shortly to be brought to the Board.

Commissioner Steinke questioned the number of loans affected by a recommended change in the loan committee's approval review. Mr. Mikelman explained that the number of loans affected may appear small, but that the amount of time being saved by the change in process was nevertheless substantial.

Ms. Morris stated that the Board's acceptance of this report did not constitute any actual change in policy at this point. Further analysis is required on a few items which would be brought back to the Board for future approval.

Chairman Arthur commented that the FY97 and FY98 figures for homeownership spoke well of the Housing Commission's efforts to provide loans and assist San Diego's homeowners.

MOTION MADE BY COMMISSIONER STEINKE TO ACCEPT THE LOAN MANAGEMENT PROCESS IMPROVEMENT REPORT, AND FURTHER, TO PROVIDE THIS REPORT FOR INFORMATIONAL PURPOSES TO THE LAND USE & HOUSING COMMITTEE AND THE SELECT COMMITTEE ON GOVERNMENT EFFICIENCY AND FISCAL REFORM.

MOTION SECONDED BY COMMISSIONER TUMMINIA AND CARRIED ON UNANIMOUS VOTE OF 6-0, WITH COMMISSIONER DICK BEING ABSENT.

### **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 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

COUNSEL ANNOUNCED THAT JUDGMENT WAS ENTERED IN FAVOR OF THE COMMISSION ON JUNE 15, 1998 AND A GOOD FAITH DETERMINATION WAS GRANTED IN FAVOR OF THE COMMISSION. COPIES OF THE JUDGMENT AND ORDER ARE AVAILABLE IN THE OFFICES OF COMMUNITY RELATIONS AT THE COMMISSION AT THE REQUEST OF THE PUBLIC.

- b. Hidden Valley Construction v. San Diego Housing Authority  
San Diego Superior Court Case No. 704467

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.

NO ACTION TAKEN.

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

COMMISSION GAVE INSTRUCTIONS TO AGENCY NEGOTIATOR BY A  
VOTE OF 6-0, WITH COMMISSIONER DICK BEING ABSENT.

**ADJOURNMENT**

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

Respectfully submitted,

Margaret H. Hill  
Executive Secretary

**Signature Available with  
Original Document**

Approved by,

Elizabeth C. Morris  
Executive Director