



Good Neighbors

San Diego
Housing Commission

MINUTES

**SAN DIEGO HOUSING COMMISSION
MINUTES OF THE REGULAR MEETING
JULY 6, 1998
CITY ADMINISTRATION BUILDING
202 C STREET, 12TH FLOOR
SAN DIEGO, CALIFORNIA**

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

10 CALL TO ORDER

Chair Arthur called the meeting to order at 9:06 a.m.

20 PUBLIC COMMENT

Mr. Mel Shapiro expressed his disappointment that the Consultant Contract for the Rental Assistance program authorized by the Board in September, 1997, was not yet available to the public.

30 COMMISSIONER COMMENTS

Commissioner Grinchuk thanked General Counsel Chuck Christensen for his expeditious response to an inquiry made by the Commissioner concerning potential conflict of interest.

40 REPORT BY THE EXECUTIVE DIRECTOR

None.

50 APPROVAL OF THE MINUTES

MOTION MADE BY COMMISSIONER GRINCHUK TO APPROVE THE MINUTES OF JUNE 22, 1998. MOTION SECONDED BY COMMISSIONER TUMMINIA AND

CARRIED ON A UNANIMOUS VOTE OF 4-0, WITH COMMISSIONERS DICK, OXBERRY, AND STEINKE BEING ABSENT.

ADOPTION AGENDA - CONSENT

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

100 HCR98-087 — Award of Contract for Plumbing Repair Services (Citywide)

Recommendation: That the Housing Commission approve the award of a contract, in an amount not to exceed \$200,000, to Denny & Son Plumbing, Inc. for the period of one year, with the option to renew for two additional one-year periods, and authorize the Executive Director to execute the contract.

101 HCR98-076 — Application for Funding to the U.S. Department of Housing and Urban Development for Supportive Housing Program (SHP) and Shelter Plus Care (S+C) Funding under HUD's 1998 Continuum of Care SuperNOFA Process (Citywide)

Recommendation: It is recommended that the Executive Director:

1. Submit an application to HUD for approximately \$4.0 million to renew the 1995 SHP commitment for approximately 450 homeless beds provided by the Solutions IV and the Women's and Children's Transitional Living Continuum (TLC) projects;
2. Submit an application to HUD for approximately \$200,000 in rental assistance under the S+C program;
3. Authorize the Executive Director to take actions necessary to transfer grantee status from the Housing Commission to St. Vincent de Paul and Episcopal Community Services for the SHP program; and
4. Recommend Housing Authority approval of actions needed to accept funds, revise budget, and enter contracts for S+C funds and, if granteeship status is denied, SHP funds.

MOTION SECONDED BY COMMISSIONER HILLS AND CARRIED ON A UNANIMOUS VOTE OF 4-0, WITH COMMISSIONERS DICK, OXBERRY, AND STEINKE BEING ABSENT.

ADOPTION AGENDA - ACTION AGENDA

102 HCR98-085 — Proposed Acquisition and Rehabilitation of 3536 43rd Street by City Heights Community Development Corporation (Council District 3)

Finance and Development Project Manager Dave Schuh presented staff's request for funding approval to assist the City Heights Community Development Corporation (CDC) in the acquisition and rehabilitation of a 6-unit complex at 3536 43rd Street, with the intention of converting the property to affordable units available to people at 40-44% of median income.

Mr. Schuh disclosed staff's concern about the unique nature of the ownership - a limited liability company (L.L.C.) formed by the City Heights CDC for the purpose of owning and operating this property - and the potential exposure to the Commission in the event of a problem with the project. To offset the risk, the note would be guaranteed by the City Heights CDC. The loan to value ratio of 123% is also a concern, but staff feels these issues are overshadowed by the conservative underwriting and value of this revitalization effort to the community.

Les Pierres Streater, President of the City Heights Community Development Corporation, spoke on behalf of his organization and in support of this project.

Chairman Arthur expressed his concerns about the unusual structure of the deal and the potential risks, and inquired into the status of the other projects the Housing Commission is funding for the City Heights CDC.

Mr. Schuh reported that the City Heights CDC's loan portfolio had been reviewed and found to be in compliance and performing, and recounted the circumstances of the purchase of this particular property that led to the creation of the L.L.C.

Ms. Morris reminded the Board that a quarterly loan status report is prepared to ensure that all properties are performing according to the terms of their agreements, that affordability is monitored, and that the recent contracting with David Rosen and Associates is to help refine these loan review processes.

Based on his appreciation for the unusual circumstances in this case and the proven record of the City Heights CDC, Mr. Arthur stated that he was prepared to vote in favor of staff's recommendation, but made it clear that he would not like to set a precedent for this type of transaction in the future.

Mr. Jay Powell, Executive Director of the City Heights CDC, agreed that the nature of this deal was not something he intended to repeat.

Commissioner Grinchuk expressed his concern about the loan to value ratio, and asked that in the future staff's report include a more detailed representation of the response from an area's planning committee. He also asked to see the proposed management plans, especially for properties of 16 or fewer units.

Commissioner Tumminia expressed discomfort with the structure of the deal, and Mr. Christensen assured the Board that though it would be preferable to loan to the City Heights CDC directly, with their guarantee of the note, he felt secure about the Housing Commission's position, and with the legal and financial structure that had been created.

MOTION MADE BY COMMISSIONER TUMMINIA TO APPROVE AN AMORTIZED LOAN OF \$122,000 AND A RESIDUAL RECEIPTS LOAN OF \$166,448 TO WESTVIEW HOME APARTMENTS, L.L.C. FOR THE ACQUISITION AND REHABILITATION OF A SIX UNIT APARTMENT HOUSE AT 3536 43RD STREET, AND FURTHER, THAT THE EXECUTIVE DIRECTOR BE AUTHORIZED TO EXECUTE ANY AND ALL NECESSARY DOCUMENTS SUBJECT TO APPROVAL OF GENERAL COUNSEL.

MOTION SECONDED BY COMMISSIONER HILLS AND CARRIED ON A UNANIMOUS VOTE OF 4-0, WITH COMMISSIONERS DICK, OXBERRY, AND STEINKE 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) Melvin Shapiro v. San Diego Housing Commission
San Diego Superior Court Case No.:
714975

INSTRUCTIONS WERE GIVEN TO COUNSEL BY A VOTE OF 4-0, WITH COMMISSIONERS DICK, OXBERRY, AND STEINKE BEING ABSENT.

- II. Conference with Legal Counsel - anticipated litigation pursuant to Government Code Section 54956.9(c) and 54954.5(c):
 - (a) More than (1) matter.

INSTRUCTIONS WERE GIVEN TO COUNSEL BY A VOTE OF 4-0, WITH COMMISSIONERS DICK, OXBERRY, AND STEINKE 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

INSTRUCTIONS GIVEN TO LABOR NEGOTIATORS BY VOTE OF 4-0, WITH
COMMISSIONERS DICK, OXBERRY, AND STEINKE BEING ABSENT.

IV. Adjournment of Closed Session.

ADJOURNMENT

Chair Arthur adjourned the meeting at 10:15 a.m.

Respectfully submitted,

Margaret H. Hill
Executive Secretary

**Signature Available with
Original Document**

Approved by,

Elizabeth C. Morris
Executive Director