



Good Neighbors

San Diego
Housing Commission

- 1625 Newton Avenue
- San Diego, California 92113-1038
- 619/231 9400
- FAX: 619/544 9193

MINUTES

**SAN DIEGO HOUSING COMMISSION
MINUTES OF THE REGULAR MEETING
AUGUST 10, 1998
CITY ADMINISTRATION BUILDING
202 C STREET, 12TH FLOOR
SAN DIEGO, CALIFORNIA**

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

10 CALL TO ORDER

Chair Arthur called the meeting to order at 9:17 a.m.

20 PUBLIC COMMENT

Mr. Mel Shapiro reminded the Commission of several items of what he termed "unfinished business": 1) the request by Commissioner Dick on May 4 to review results of the objectives of the previous year's budgets; 2) Commissioners Steinke and Tumminia's June 1 request for a report regarding the Family Self Sufficiency program; 3) the Loan Management review.

30 COMMISSIONER COMMENTS

Commissioner Grinchuk asked the Executive Director to respond to Mr. Shapiro's remarks.

Ms. Morris stated that 1) the Annual Report is in preparation for the September 21 Housing Commission agenda, as previously discussed; 2) the question regarding Self Sufficiency was addressed in the form of a memo to the Board; Mr. Shapiro could be given a copy of that memo; and 3) the Loan Management review was scheduled to appear on the August 31 agenda.

40 REPORT BY THE EXECUTIVE DIRECTOR

Ms. Morris introduced the Commission's new Deputy Director Pat Duplechan, previously Director of Housing for the Sacramento Housing and Redevelopment Authority, and Los Angeles County Community Development Commission. As Deputy Executive Director for Housing Services, Ms. Duplechan will be responsible for Section 8, Housing Management, Resident Services, and Maintenance of Housing Commission properties.

Chairman Arthur welcomed Ms. Duplechan on behalf of the Board.

50 APPROVAL OF THE MINUTES

Minutes of July 6, 1998. Commissioner Dick stated that as he was not present at that meeting, he would abstain from voting

Commissioner Oxberry pointed out a typographical error in the Public Comment summary of of Mr. Shapiro's comments. Mr. Dick questioned the wording regarding the "Consultant Contract for the Rental Assistance program" in the same item. Ms. Morris clarified that it was the Quadel consultant's *report*, not *contract* that was discussed, and requested that the minutes be corrected.

MOTION MADE BY COMMISSIONER TUMMINIA TO APPROVE THE MINUTES OF JULY 6, 1998, WITH MODIFICATIONS AS DISCUSSED. MOTION SECONDED BY COMMISSIONER GRINCHUK AND CARRIED ON A VOTE OF 5-0, WITH COMMISSIONER STEINKE BEING ABSENT, AND WITH COMMISSIONER DICK ABSTAINING.

ADOPTION AGENDA - CONSENT

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

101 HCR98-091 — Request by California Western School of Law for a Variance from Payment of the City's Housing Impact Fee (COUNCIL DISTRICT 3)

Recommendation: It is recommended that the Housing Commission grant a request from California Western School of Law, located at 225 Cedar Street, for a Low Employee Variance from payment of the City's Housing Impact Fee of \$27,420.80.

103 HCR98-092 — Amendment to the Agreement with ElderHelp of San Diego for Shared Housing Services (CITYWIDE)

Recommendation: It is recommended that the Housing Commission authorize the Executive Director to execute an amendment to the agreement with ElderHelp of San Diego, which changes the rate of pay per shared housing match from \$630 to \$756.

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

ADOPTION AGENDA - ACTION AGENDA

100 HCR98-098 — Moving to Work Demonstration Program (CITYWIDE)

No staff report was given. Commissioner Tumminia questioned the five-year time period of the program and requested it be described more clearly in the report.

MOTION MADE BY COMMISSIONER TUMMINIA TO 1) AMEND THE HOUSING COMMISSION'S MOVING TO WORK DEMONSTRATION (MTW) PROGRAM TO MAKE REGULATORY AND POLICY CHANGES IN THE PLAN PREVIOUSLY SUBMITTED TO HUD, 2) AUTHORIZE THE EXECUTIVE DIRECTOR TO EXECUTE AN MOU WITH HUD IN ORDER TO IMPLEMENT THE MTW PROGRAM, AND 3) AUTHORIZE THE EXECUTIVE DIRECTOR TO CONVERT TWO PUBLIC HOUSING UNITS LOCATED AT 4283 JUNIPER STREET TO NON-DWELLING USE TO PROVIDE MTW PARTICIPANTS WITH AN EMPLOYMENT OPPORTUNITY CENTER.

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

102 HCR98-095 — Funding Recommendations for First-Time Homebuyer Programs (CITY COUNCIL DISTRICTS 3, 4, 7, 8)

General Counsel Christensen stated that due to a remote interest in this matter, Chairman Arthur would abstain from discussion.

Senior Program Analyst Cissy Fisher presented the staff report on the \$200,000 First-Time Homebuyer Request for Proposals. Ms. Fisher stated that this is an annual event in the Housing Trust Fund program plan. The RFP invites parties

willing to administer a program for homeownership affordable to homebuyers earning at or less than 100% of area median income. The Proposal Review Committee considered five proposals and noted that any of these proposals could be accommodated through the Commission's current programs, so did not recommend funding any new programs. The Committee did recommend reservations of funds under two existing programs run by the Commission rather than allocation of funds to outside service providers.

Ms. Morris emphasized that this recommendation offers the partnering nonprofits the opportunity to focus on getting houses acquired, rehabilitated, and sold with the assistance of the Commission, without creating additional programs or administrative burdens in the community.

Commissioner Oxberry questioned the charging or paying of administrative fees. Deputy Director Paula Burrier-Lund and Ms. Fisher clarified that the recommendation was that only internal Commission programs would be used and the fee charged to the buyer would be the Commission fee; there would be no administrative fees going out to the nonprofits.

Commissioner Oxberry also questioned the six- and nine-month time periods allotted to access the loans. Mr. Oxberry suggested a three-month commitment, with three-month extensions. Ms. Morris pointed out that the time allotted is to allow the new homebuyers time to go through this unfamiliar and complicated process.

Ellen Brown from the Neighborhood House Association discussed the procedures for the homebuyers including in-depth counseling and instruction to understand the entire homebuying process. Ms. Brown's organization has a schedule of workshops in place to facilitate their program.

Commissioner Oxberry stressed the need to move the funds out as quickly as possible and reiterated his three-month option suggestion.

Mr. Robert Ito explained that a new construction project would not be able to access funds for the homebuyer in three months, as it would still be in the construction phase.

Upon further discussion, Commissioner Oxberry suggested that the Downpayment Assistance program buyers be reviewed in three months, and that new construction or rehab applicants be reviewed in nine months. Commissioner Dick spoke in support of the three-month deadline with extensions for the downpayment program.

MOTION MADE BY COMMISSIONER OXBERRY TO ACCEPT THE PROPOSAL REVIEW COMMITTEE'S RECOMMENDATION AMENDED AS FOLLOWS:

1. RESERVE \$25,000 IN THE HOUSING COMMISSION DOWNPAYMENT ASSISTANCE PROGRAM FOR ELIGIBLE HOMEBUYER FAMILIES REFERRED BY NEIGHBORHOOD HOUSE ASSOCIATION (RESERVATION TO LAPSE NOVEMBER 30, 1998);
2. RESERVE \$75,000 IN THE HOUSING COMMISSION SHARED EQUITY SILENT SECOND TRUST DEED PROGRAM FOR ELIGIBLE FAMILIES PURCHASING HOMES IN SAN DIEGO COMMUNITY HOUSING CORPORATION'S (SDCHC) FRANKLIN PROJECT DEVELOPMENT (RESERVATION TO LAPSE JUNE 30, 1999); AND
3. RESERVE \$100,000 IN THE HOUSING COMMISSION SHARED EQUITY SILENT SECOND TRUST DEED PROGRAM FOR ELIGIBLE FAMILIES REFERRED BY EITHER BAYVIEW COMMUNITY DEVELOPMENT CORPORATION (BAYVIEW CDC) OR URBAN HOUSING CORPORATION (RESERVATION TO LAPSE JUNE 30, 1999).

MOTION SECONDED BY COMMISSIONER TUMMINIA AND CARRIED ON UNANIMOUS VOTE OF 5-0, WITH COMMISSIONER STEINKE BEING ABSENT, AND CHAIR ARTHUR ABSTAINING.

104 HCR98-094 -- Appointments to the Board of Directors of Housing Development Partners of San Diego (CITYWIDE)

Pat Getzel delivered the staff report, presenting the Chair's recommendation to appoint himself and Commissioner Steinke to serve as Commission-Directors on the Board of Housing Development Partners (formerly known as the San Diego Housing Development Corporation), filling two current vacancies created by the resignations of Commissioner Dick and former Commissioner Akili. Two of the members of the this board are to be selected from the Housing Commissioners, as nominated by the Chair of the Housing Commission.

MOTION MADE BY COMMISSIONER OXBERRY TO APPOINT COMMISSIONERS ARTHUR AND STEINKE TO FILL THE COMMISSIONER-DIRECTOR POSITIONS ON THE BOARD OF HOUSING DEVELOPMENT PARTNERS.

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

105 HCR98-089 -- Issuance of Housing Revenue Bonds for Bridgeport Properties (COUNCIL DISTRICTS 3, 5 & 7)

Pat Getzel presented the staff report, seeking authorization from the Housing Authority for housing revenue bond issuance to finance the acquisition and rehabilitation of the Bridgeport Properties project by the Bridgeport Properties Limited Partnership.

The Housing Commission's multifamily bond program provides below-market financing for affordable housing developers; the bond itself does not constitute a debt or liability to the Housing Authority or to the City. The project consists of 461 units in 53 scattered site developments. The proposed financing would result in the reconfiguration of units increasing the number of affordable units to 421 - 10% affordable at 50% area median income, and the rest at 60% of area median income. Affordability would be enforced through the bond and tax credit regulatory agreements.

At the request of Chair Arthur, Mr. Richard Juarez from MAAC Project, one of the co-partners, described MAAC's role in the project. In conjunction with City Heights CDC, MAAC would be supplying two staff positions to assist with tenant activities and linking tenants with existing social support and employment services. In addition to the rehab on the projects, there would be a comprehensive management firm focussing on tenant issues. The efforts of this partnership have proven to be very successful in the Mercado Apartments and Park Villa Apartments. Tenant associations are created and assisted in providing such services and activities as organized youth sports, community college classes, computer resource centers. As with past projects of MAAC/City Heights CDC, the objective in this undertaking is to create a community, not just to provide housing. The developer in these projects would be Bridgeport Properties, a limited partnership with co-general partners of MAAC and Geogh & Geogh.

Commissioner Grinchuk inquired into the size of the communities. Ms. Getzel responded that the largest is 44 units, the others are all under 16 units in size. Mr. Grinchuk noted that California law requires a resident manager for 16 units and above. Mr. Farris confirmed that the one site with 44 units would require a resident manager and that a centralized maintenance/management office would be established, as described in the report.

Commissioner Oxberry asked for clarification on the guarantee of the loan. Mr. Farris responded that it was a Ginnie Mae guarantee on the entire bond package.

MOTION MADE BY COMMISSIONER TUMMINIA TO RECOMMEND THAT THE HOUSING AUTHORITY AUTHORIZE ISSUANCE OF UP TO \$22,000,000 OF TAX-EXEMPT REVENUE BONDS AND UP TO AN ADDITIONAL \$500,000 IN TAXABLE BONDS TO FINANCE THE ACQUISITION AND REHABILITATION OF THE 461-UNIT BRIDGEPORT PROPERTIES PROJECT LOCATED AT FIFTY-THREE SCATTERED SITES BY BRIDGEPORT PROPERTIES LIMITED PARTNERSHIP, CONTINGENT UPON RECEIPT OF THE FHA FINAL COMMITMENT FOR INSURANCE OF THE BONDS. THE EXECUTIVE DIRECTOR IS AUTHORIZED TO EXECUTE ALL DOCUMENTS RELEVANT TO THE FINANCING.

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

106 Acceptance of Final Report of Quadel Consulting Corporation, "Study of SDHC's Rental Assistance Program" (CITYWIDE)

Ms. Morris introduced this item with a restatement of the Housing Commission's goal and commitment to being a leader in the field of affordable housing, and appreciation for the assistance provided by this nationally recognized consulting firm. The Section 8 Program is complex, rules for the program are in a state of change, administrative fees from HUD are reduced, and a new rating program of housing agencies is in the making. These circumstances make it critical for the programs to be run with utmost efficiency and cost effectiveness, and make this study timely as well as necessary. Ms. Morris introduced Mr. Gene Rizer from the Quadel Consulting Corporation ("Quadel"), who has led a team of consultants in reviewing and analyzing the Housing Commission's Rental Assistance Program.

Mr. Rizer thanked the staff of the Housing Commission and the Housing Authority for their cooperation and apparently true desire to improve their processes. Mr. Rizer confirmed that this is a "new time" for HUD and for housing programs. Funding is much tighter, and housing reserves are being reappropriated by Congress for other concerns. Many high-performing housing authorities are seeking assistance with their programs and Quadel has served such agencies in the past two years.

Mr. Rizor stated that after extensive review of the San Diego Housing Commission's Rental Assistance Program, Quadel found the program to be in compliance. The accompanying report was prepared and areas for improvement could be summarized as follows: 1) Organizational: too few managers supervising too many people; 2) Policies and Procedures: recommend simplifying preference system and consider closing the waiting list to reduce number of families on list, length of waiting time, and administrative costs, and increase success rate; recommend simplifying and minimizing the interim recertification process

Chairman Arthur sought clarification on the issue of closing the waiting list. Mr. Rizor explained that his recommendation to close the waiting list, allowing it to reduce in size, and opening it briefly would reduce the time a family spends on the waiting list, keep the list more current, requiring less staff time in processing the list, and make the process more successful. People would know that once they got on the list, they could expect to receive assistance.

Ms. Morris pointed out that most of the recommendations in the report are administrative in nature and can be easily implemented, but that some issues, like the waiting list, involve serious policy discussions. Expectation would be that this item would be brought back to the Commission at a later date for further discussion after the Commissioners have had a chance to review the consultant's recommendations.

Mr. Arthur expressed his concern that though the administrative processes of the Housing Commission may be streamlined, the problems of providing housing for the residents of San Diego will need to be solved county-wide.

Ms. Morris also pointed out that the Quadel study of the waiting list was done before a recent purge of the waiting list which cut the number of families on the waiting list by more than half.

Commissioner Dick discussed the effectiveness of periodic purges to remove applicants who are no longer in need of or interested in receiving assistance, as opposed to actually closing the waiting list. His concern was to avoid the increased frustration for families who might then have to wait to be placed on the waiting list. He also expressed interest in simplifying the preference system.

Mr. Rizor agreed that a large part of the intake process is verifying an applicant's qualification for the preference they have claimed. As the federal requirement for preference structure has been virtually eliminated, housing authorities without state restrictions can design their own preference systems. Some have no preferences.

Ms. Morris added that the Housing Commission put together a task force over a year ago to study the preference system. The task force recommended preferences be given to seniors, disabled, working families and families in work programs, and the State of California mandates preference be given to veterans. Ms. Morris agreed that though this system has achieved philosophical objectives, it might benefit from administrative simplification.

Mr. Rizer summarized the various recommendations to increase process efficiency, and efficacy and accountability of staff, including: balance of workload, enhancement of computer systems, tightening of interview/inspection procedures, increased education efforts to applicants, integration of owner rent certification and lease approval processes, and an improved telephone system. Mr. Rizer stated that the Housing Commission's efforts to verify the accuracy of owner certification surpass the efforts of any other housing authority in his experience.

Mr. Rizer stated that he did have an observation of the Housing Commission that he has never made of any other housing authority - that the financial review and controls process is overly meticulous, and suggested more review on a sampling basis, holding the Section 8 department more accountable for the accuracy of their own work.

Mr. Rizer also cited the customer service area as being too service oriented in its practice of writing checks every week. He suggested a monthly main check run, with a mid-month minor run.

In conclusion, Mr. Rizer recommended improvements in the Commission's relationships with landlords, suggesting more rapport, and the possibility of a landlord advisory committee to be involved in policies and procedures, and to act as liaison between the agency and the landlords.

Ms. Morris expressed her appreciation for the recommendations and noted that some of the suggestions were already implemented during the course of the study. Ms. Morris suggested this item be brought back to the meeting of September 21 for further discussion.

Commissioner Dick concurred and asked that the staff report be presented to the Board at that time. Commissioner Dick also suggested the possibility of using unspent funds that had been set aside for possible additional expenses in the course of this study to contract Quadel's assistance in improving the agency's phone system.

MOTION MADE BY COMMISSIONER HILLS TO RECEIVE THE REPORT OF THE QUADEL CONSULTING CORPORATION, "STUDY OF SDHC'S RENTAL ASSISTANCE PROGRAM" AND TO BRING THIS ITEM BACK TO THE MEETING OF SEPTEMBER 21 FOR FURTHER DISCUSSION.

MOTION SECONDED BY COMMISSIONER GRINCHUK AND CARRIED ON UNANIMOUS VOTE OF 6-0, WITH COMMISSIONER 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
 - (b) San Diego Housing Commission, a public agency vs. Park Haven Apartments No. 1, a California general partnership; Parkhaven Apartments No. 2, a California general partnership; Park Haven Apartments No. 3, a California general partnership; Park Hae Apartments No. 1 Ltd., a California limited partnership; John B. Walsh, an individual, Elden E. Vanover, an individual; Joe Rosa, an individual; Diedrick & Vanover, a general partnership; Trabajadores de la Raza, Inc., dba Casa Familiar, a California nonprofit public benefit corporation; and Does 1-50, inclusive
San Diego Superior Court Case No.: 712827
 - (c) Hidden Valley Construction v. San Diego Housing Authority
San Diego Superior Court Case No. 704467
 - (d) Jesse Helton v. San Diego Housing Commission
San Diego Superior Court Case No. 692760
 - (e) Remi Bereola v. San Diego Housing Commission
San Diego Municipal Court Case No. 602377

INFORMATIONAL ONLY. NO ACTION TAKEN ON THESE ITEMS.

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

NO ACTION TAKEN.

- III. Conference with Real Property Negotiator - Pursuant to California Government Code Section 54954.5(b) and 54956.8:

Property: Skyline/Woodman (vacant property owned by SDHC)

Negotiating Parties: Elizabeth Morris and Steve Snyder for the San Diego Housing Commission; and William Jones for Woodman Estates, LLC, whose co-developers are Patrick Property Services and Citylink Investment Corporation, for prospective purchaser.

Under Negotiation: Terms and Price

INSTRUCTIONS GIVEN TO NEGOTIATING PARTIES BY A VOTE OF 6-0, WITH COMMISSIONER STEINKE BEING ABSENT.

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

ADJOURNMENT

Chair Arthur adjourned the meeting at 11:53 a.m.

Respectfully submitted,

Margaret H. Hill
Executive Secretary

**Singature Available with
Original Documnet**

Approved by,

Elizabeth C. Morris
Executive Director