



Good Neighbors

San Diego  
Housing Commission

# MINUTES

**SAN DIEGO HOUSING COMMISSION  
MINUTES OF THE REGULAR MEETING  
AUGUST 31, 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. Paula Burrier-Lund, Deputy Executive Director, and Charles Christensen, General Counsel. Absent: Ms. Elizabeth Morris, Executive Director, and Commissioner Dick.

**10 CALL TO ORDER**

Chair Arthur called the meeting to order at 9:10 a.m. with a quorum of four Commissioners. Commissioner Hills arrived at 9:15, Commissioner Oxberry at 9:20.

**20 PUBLIC COMMENT**

None.

**30 COMMISSIONER COMMENTS**

Commissioner Steinke expressed his wish for more time to review docket materials and asked if they could be delivered earlier in the week prior to each meeting. Chairman Arthur sympathized with staff's efforts to respond to requests from the Board with all the process involved in the preparation of reports, but asked for renewed efforts to streamline this process and deliver the docket in a more timely fashion.

**40 REPORT BY THE EXECUTIVE DIRECTOR**

None.

**50     APPROVAL OF THE MINUTES**

Commissioner Steinke pointed out that the Minutes for August 10 show him as being both absent and in attendance at this meeting; Mr. Steinke was not present and stated that he would abstain from voting on the minutes for that reason.

Commissioner Hills arrived, providing quorum for vote on this item.

MOTION MADE BY COMMISSIONER GRINCHUK TO APPROVE THE MINUTES OF AUGUST 10, 1998, WITH THE CORRECTION REGARDING MR. STEINKE'S ABSENCE . MOTION SECONDED BY COMMISSIONER TUMMINIA AND CARRIED ON A VOTE OF 4-0 WITH COMMISSIONER STEINKE ABSTAINING, AND COMMISSIONER DICK BEING ABSENT.

**ADOPTION AGENDA - CONSENT**

Ms. Burrier-Lund requested that Item 101 (**HCR98-100 - Revision to Conflict of Interest Code Policy**) be pulled and continued to the next meeting.

Commissioner Oxberry arrived.

Commissioner Steinke asked whether the amendments were triggered by state law, or whether they include opportunities for local policy direction, and requested that his questions be addressed when the item is brought back.

MOTION MADE BY COMMISSIONER STEINKE TO CONTINUE ITEM 101.

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

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

**100     HCR98-107 - Comprehensive Grant Annual Statement/Performance and Evaluation Report ( Citywide)**

Recommendation: That the Housing Commission approve and authorize submission to the U.S. Department of Housing and Urban Development (HUD) of the Annual Statement/Performance and Evaluation Report as required by HUD.

**102 HCR98-109 - Pension Plan**

Recommendation: That the Housing Commission approve and recommend Housing Authority adoption of the amended San Diego Housing Commission Pension Plan Document to: 1) delete definitions of "Highly Compensated Employee" and "Non-Highly Compensated Employee" to comply with the Tax Payer Relief Act of 1997, 2) delete provisions for after-tax voluntary contribution testing and non-compliance limits for "Highly Compensated Employees" no longer applicable, 3) incorporate the provisions of the Uniformed Services Employment and Reemployment Rights Act of 1994, 4) modify the definition of "Earnings", 5) modify the definition of "Compensation", 6) add language to eliminate combined plan contributions and benefit limits, and 7) modify Plan to permit payment of small benefits, up to \$5,000 due a terminated participant.

**103 HCR98-116 - FY98 Public Housing Management Assessment Program (Citywide)**

Recommendation: That the Housing Commission approve resolution and authorize the Chairperson to execute a Public Housing Assessment Certification and submit the Certificate to the HUD-Los Angeles office by August 31, 1998.

**104 HCR98-104 - Bond Issuance for Lancaster Manor Apartments (District 8)**

Recommendation: That the Housing Commission recommend that the City Council hold a public hearing ("TEFRA" hearing) and approve the proposed issuance of up to \$16 million of tax-exempt mortgage revenue bonds by the California Statewide Communities Development Authority (CSCDA), a statewide joint powers authority, to finance the acquisition and rehabilitation of the 248-unit Lancaster Manor Apartments located at 1551 Saturn Boulevard by Steadfast LMA, LLC.

**106 HCR98-108 - Award of Construction Contract for Roofing and Various Other Improvements at 7777 Belden Street (District 5)**

Recommendation: That the Housing Commission recommend the Housing Authority approve the award of contract in the amount of \$336,482 with a ten percent contingency (\$33,648) to address potential change orders for items not anticipated and identified in the original scope of work, to Stricker Roofing, Inc. dba Stricker Organization, and authorize the Executive Director to execute the contract and expend the contingency.

**107 HCR98-111 - Authorization to Renew Lease of Maintenance Facility (District 2)**

Recommendation: That the Housing Commission authorize the Executive Director to execute a five-year lease renewal effective February 1, 1999 for 13,500 square feet of centrally located office/warehouse space within approved budget authority.

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

**ADOPTION AGENDA - ACTION AGENDA**

**105 Using Remaining HUD Public Housing Development Funds for Modernization Activities at Various Public Housing Sites (Citywide)**

No oral report was required; the item was pulled by Commissioner Tumminia who asked if there were restrictions on subsequent allocation of the funds to be recaptured. Project Manager Wendy DeWitt responded that regulations require that the surplus funds be used for modernization or minor improvements on the sites of the projects for which they were originally approved.

MOTION MADE BY COMMISSIONER TUMMINIA TO RECOMMEND THAT THE HOUSING AUTHORITY ADOPT A RESOLUTION IN SUPPORT OF USING REMAINING PUBLIC HOUSING DEVELOPMENT FUNDS TO MAKE IMPROVEMENTS TO SCATTERED PUBLIC HOUSING SITES AND AMEND THE HOUSING COMMISSION'S FY99 BUDGET TO INCORPORATE THESE FUNDS.

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

**108 HCR98-077 - Occupancy Restrictions for Selected Affordable Housing Developments Financed Through Use of Tax Credits (Citywide)**

Staff report was presented by Loan Manager Steve Mikelman. Mr. Mikelman addressed the difficulties that arise by combining sources of public funds in the development of affordable housing. Developers and operators of affordable housing developments face multiple regulations regarding income limitations on existing tenants. Earlier this year, Housing Commission staff received reports from nonprofits regarding the negative consequences and impact of these limitations on both tenants and project stability.

Staff recommended that for developments financed through both Housing Trust Fund moneys and low-income housing tax credits, guidelines issued by the Tax Credit Allocation Committee be adopted. Acceptance of this recommendation would 1) decrease losses in specified affordable housing developments due to forced vacancies; 2) increase the presence of positive role models; 3) provide added time for families to reach self-sufficiency; and 4) direct staff to report back to the Board in two years the impact of this change in practice.

Mr. Rich Juarez of the MAAC Project, spoke in favor of staff's recommendation and stated that it is the goal of his organization, like the Housing Commission, to provide support systems and promote self-sufficiency. He further stated his belief that turnover in tenancy is a natural occurrence and should not be forced by premature evictions.

Chairman Arthur spoke in support of this measure as an opportunity to promote policy change from a prohibitive restriction to supportive regulation.

MOTION MADE BY COMMISSIONER OXBERRY TO ACCEPT STAFF'S RECOMMENDATION TO ADOPT A PRACTICE THAT UTILIZES STATE TAX CREDIT ALLOCATION COMMITTEE (TCAC) GUIDELINES WHICH MAINTAIN RESTRICTED RENTS BUT ALLOW HOUSEHOLD INCOMES TO RISE UP TO 140 PERCENT OF INITIAL INCOME RESTRICTIONS, AND TO DIRECT STAFF RETURN TO THE BOARD IN NO MORE THAN TWO YEARS TO REPORT ON THE IMPACT OF THE RECOMMENDED CHANGE IN PRACTICE.

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

**109 HCR98-078 - Report from David Paul Rosen & Associates (DRA) Regarding Lending Practices and Portfolio Management Practices (Citywide)**

Mr. Steve Mikelman stated that it was staff's recommendation for the Board to receive and discuss the written report and presentation by DRA, and authorize the Executive Director to proceed as described in Attachment 2 of staff's report. Mr. Mikelman introduced Mr. Greg Chin who delivered DRA's presentation.

Mr. Chin stated that DRA reviewed the single-family shared-equity loan program, and the multifamily underwriting processes, asset management processes, residual receipts formats and corresponding loan document language. Mr. Chin summarized DRA's observations and recommendations for process improvements and increased market competitiveness, and fielded questions

from the Board. Mr. Chin also stated that he found the Loan Management and Project Management staff to be knowledgeable and experienced professionals.

In discussion of DRA's recommendation that the Commission's policies reflect its partnerships with nonprofits and assist nonprofit developers, Commissioner Oxberry expressed his reluctance to make any distinction in code of conduct between for-profit and nonprofit organizations.

On behalf of the City Heights CDC and the Nonprofit Federation, Ms. Carol Black spoke in favor of staff's recommendation and expressed the desire of the nonprofits to remain involved in the Housing Commission's implementation of recommendations, and to coordinate with the Commission's asset management system.

Chairman Arthur directed staff to comply with Ms. Black's request.

MOTION MADE BY COMMISSIONER GRINCHUK TO RECEIVE DAVID ROSEN AND ASSOCIATES' REPORT AND PRESENTATION, AND TO AUTHORIZE THE EXECUTIVE DIRECTOR TO PROCEED AS DESCRIBED IN ATTACHMENT 2 OF THE STAFF REPORT.

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

**110 HCR98-071 - Loan to HOPE CDC for the Acquisition and Rehabilitation of 303 47th Street (District 4)**

Staff report was presented by Housing Finance Manager Pat Getzel, with Project Manager Wendy DeWitt on hand for questions. Staff recommended the approval of an amortizing loan to HOPE CDC in the amount of \$135,000 secured by a first trust deed and a residual receipts loan in the amount of \$90,082, for the acquisition and rehabilitation of 303 47th Street, with the following conditions: that HOPE CDC amend its bylaws to require a quorum of four directors to conduct official business, and that audited financial statements be required as a condition of funding.

Linda Goodwill, Executive Director of HOPE CDC, and Frances K. Jackson, Secretary and Member of the Board of HOPE CDC, both spoke in behalf of their organization, taking issue with the conditions imposed by staff's recommendation, and their possible impact on the cost and timing of the project.

Mr. Hal Brown, Associate Dean of the College of Business Administration at San Diego State University and responsible for the development of the Community Development Program, and acting as advisor to the executive director of HOPE CDC, voiced support for HOPE CDC and requested that a review by certified accountants arranged by the university be accepted in place of a full audit.

Chairman Arthur welcomed the assistance of Dean Brown and SDSU to the efforts of HOPE CDC, but expressed his continued concerns about the current strength and credibility of the organization. Mr. Arthur opposed approval of the loan at this time, but recommended that staff continue to work with HOPE CDC to ensure business together in the future.

MOTION MADE BY CHAIRMAN ARTHUR FOR STAFF TO WORK WITH HOPE CDC AND MR. HAL BROWN TO RECTIFY OUTSTANDING ISSUES AND BRING THIS ITEM BACK TO THE BOARD FOR FUTURE DETERMINATION.

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

Commissioner Grinchuk opened discussion regarding the Commission's procedures and policy regarding requirements for audited financials for nonprofits. Ms. Getzel stated that audited financial statements are usually required by time of funding, but that there are times when Loan Management accepts alternative statements for small projects or nonprofits. Chairman Arthur stated his wish that it be the policy of the Commission to require audited statements. Commissioner Oxberry added that it appeared to be the will of the Board for a consistent policy, and that exceptions be clearly articulated to the Board before consideration.

**111 HCR98-Implementation of Classification and Compensation Plan, Memorandum of Understanding, and Personnel Policies**

Staff report was presented by Mr. Ron Novello. Mr. Novello outlined the evolution of the Classification and Compensation study from the consultant's recommendation to the current recommended plan for implementation. The staff report includes revisions to the MOU and Personnel Policies, and economic adjustments incurred by these changes.

Mr. Novello called attention to the consultant's finding that the salaries of the Housing Commission were lower than average, and a 2% agency-wide salary raise will be implemented to bring salaries up to average. This change and the others included in the recommendations will raise the annual budget by

approximately \$350,000 in FY99, and \$550-600,000/year after the three-year phase-in.

With the assistance of the Union and employee feedback, plans were drawn for promotions, salary increases, and reward for performance policy. Mr. Novello thanked the union representatives and the team of Commission employees for their cooperative efforts in these negotiations.

Mr. Mel Shapiro spoke in opposition to the recommendation and criticized the apparent Housing Commission policy of executives deciding their own salaries. Mr. Shapiro went on to express his opinion that the Commission's below-average salaries are well-deserved, wishing to hold the staff of the San Diego Housing Commission accountable for a low affordability rating given to San Diego in a HUD study of the country's housing affordability issues.

Chairman Arthur countered that if management has been setting their own salaries, it was not very clever of them to set them so low.

Mr. Novello clarified that although current management salaries are in the lower ranges, management will not be included in the automatic 2% raise. Management salary increases are set by the executive director upon review of performance.

Mr. Stuart Koscivar, Senior Field Representative for Local 535 of the Service Employees International Union (SEIU), spoke in support of the staff recommendation and expressed his appreciation to the Commission management, especially Elizabeth Morris and Ron Novello, for the sensitivity and care given to the negotiation process.

Commissioner Steinke sought clarification on issues regarding salary raises and budget adjustments. Mr. Novello explained that the average employee will receive a 2% raise in October, and as the new plan is implemented, classification and various performance distinctions will determine future individual increases throughout the year. The Commission will experience an overall budget increase of under five percent. Commissioner Steinke called attention to the fact that though 75% of the employees will receive increases, 25% will not, as these salaries were not found to be below-average.

Commissioner Grinchuk requested distribution of the HUD report referred to by Mr. Shapiro. Ms. Burrier-Lund stated that she believes the article was a study entitled "Worst Case Housing Needs," which showed that San Diego has a serious housing affordability problem. Commissioner Oxberry added that

historically, San Diego has always had this problem, due to lower income levels, higher housing costs, and its high desirability. The report reflected the affordability problems of our city, not the performance of this agency.

Commissioner Steinke requested that in the future when testimony is given by the public to the Board, documentation be requested to support the conclusions that are presented. Chairman Arthur agreed to follow this practice.

MOTION MADE BY COMMISSIONER OXBERRY TO 1) APPROVE THE PROPOSED IMPLEMENTATION OF THE CLASSIFICATION AND COMPENSATION PLAN PREPARED BY COMMISSION STAFF IN CONSULTATION WITH EMPLOYEES AND THEIR BARGAINING REPRESENTATIVES; 2) APPROVE A REVISION TO THE UNION-NEGOTIATED MEMORANDUM OF UNDERSTANDING (MOU) WITH SERVICE EMPLOYEES INTERNATIONAL UNION, LOCAL 535, AND SALARY AND BENEFIT CHANGES IMPACTING REPRESENTED EMPLOYEES EFFECTIVE OCTOBER 1, 1998, AND CLASSIFICATION AND COMPENSATION STUDY IMPLEMENTATION REVISIONS EFFECTIVE JANUARY 1, 1999; AND 3) APPROVE SALARY AND BENEFIT CHANGES FOR NONREPRESENTED EMPLOYEES CONSISTENT WITH THE PROPOSED MEMORANDUM OF UNDERSTANDING FOR REPRESENTED EMPLOYEES AND REVISE PERSONNEL POLICIES CONSISTENT WITH THE PROPOSED CLASSIFICATION AND COMPENSATION IMPLEMENTATION REPORT.

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

### **CLOSED SESSION**

- I. 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 Pat Getzel for the San Diego Housing Commission; and William Jones for Woodman Estates, LLC, whose co-developers are Patrick Property Services and Citylink

Corporation, for prospective purchaser.

Under Negotiation:            Terms and Price

THE CHAIR WAS GIVEN INSTRUCTIONS AND NEGOTIATING PARAMETERS BY A VOTE OF 6-0, WITH COMMISSIONER DICK BEING ABSENT.

Commissioner Oxberry left the meeting.

- II. 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

NO ACTION WAS TAKEN

- (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 Haven 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

COUNSEL WAS GIVEN INSTRUCTION BY A VOTE OF 5-0, WITH COMMISSIONERS OXBERRY AND DICK BEING ABSENT.

San Diego Superior Court Case No.: 712827

- (c) Remi Bereola v. San Diego Housing Commission  
San Diego Municipal Court Case No. 602377
- (d) Marivel Miranda v. San Diego Housing Commission  
San Diego Superior Court Case No. 722682

INFORMATIONAL ITEMS ONLY. NO ACTION TAKEN.

- (e) Camille London Reems v. San Diego Housing Commission  
San Diego Superior Court Case No.: 719138

COUNSEL GIVEN INSTRUCTIONS BY A VOTE OF 5-0, WITH  
COMMISSIONERS OXBERRY AND DICK BEING ABSENT.

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

- (a) More than (1) matter.

COUNSEL WAS GIVEN INSTRUCTIONS CONCERNING INITIATION OF  
LITIGATION IF AND WHEN THE COMMISSION'S NOTE IS SOLD OUT  
WITH A SOLD-OUT JUNIOR, BY A VOTE OF 5-0, WITH  
COMMISSIONERS OXBERRY AND DICK BEING ABSENT.

- IV. Adjournment of Closed Session.

- V. Announcement of action taken in Closed Session.

### ADJOURNMENT

Chair Arthur adjourned the meeting at 12:15 p.m.

Respectfully submitted,

Approved by,

Margaret H. Hill  
Executive Secretary

Paula Burrier-Lund  
Deputy Executive Director

**Signature Available with  
Original Document**