



# SAN DIEGO HOUSING COMMISSION

# MINUTES

REVISED

SAN DIEGO HOUSING COMMISSION  
MINUTES OF THE REGULAR MEETING  
JANUARY 13, 1997  
202 C STREET, COUNCIL CHAMBERS  
SAN DIEGO, CALIFORNIA

Attendance: Present: Chairman, Arthur, Executive Director, Elizabeth C. Morris; Commissioners: Akili, Macias, Nottley, Oxberry, Dick, and Tumminia. Also present was Charles Christensen, General Counsel.

10 CALL TO ORDER

Chair Arthur called the meeting to order at 9:20 a.m.

CLOSED SESSION

Mr. Christensen announced that pursuant to Government Code, Section 54956.8(a) and 54954.5(b) the Housing Commission would meet in Closed Session to discuss the following item. Mr. Christensen noted that the remaining items on the Closed Session would be discussed after the adjournment of the Open Session.

III. Conference with Real Property Negotiator - pursuant to California Government Code Section 54956.8:

a. Property: 7143, 7159 and 7161 Fay Avenue  
La Jolla, California 92037

Negotiating Parties: Lee Bates, Steve Mikelman and Elizabeth Morris for the San Diego Housing Commission; Samuel D. Hanson and Howard Pechet.

Under Negotiation: Price and Terms

No action was taken on this item.

b. Property: 7143, 7159 and 7161 Fay Avenue  
La Jolla, California 92037

Negotiating Parties: Lee Bates, Steve Mikelman and Elizabeth Morris for the San Diego Housing Commission; Thomas Ray Armstrong Construction, Inc., a California corporation, Michael E. Turk and Thomas Ray Armstrong.

Under Negotiation: Price and Terms

**No action was taken on this item.**

- c.     Property:                     7143, 7159 and 7161 Fay Avenue  
  La Jolla, California 92037**
- Negotiating Parties:     Lee Bates, Steve Mikelman and Elizabeth Morris for  
  the San Diego Housing Commission; Doug and  
  Patricia Holmes**
- Under Negotiation:     Price and Terms**

**No action was taken on this item.**

**20     PUBLIC COMMENT**

**Mr. Mel Shapiro inquired about Housing Commission Information Report (HCR97-016) regarding Town and Country Apartments and commented on changes in financing which were effected after the Housing Commission Board had already approved the initial financing package.**

**Mr. Dick requested a report from staff regarding changes to which Mr. Shapiro was referring with regard to this project.**

**Mr. Christensen outlined the changes in terms which were related to the bridge financing which was to come from Mercy Housing. Prior to closing, Counsel conferred with Housing Commission staff members regarding the proposed changes. Cross default provisions were put in first amendment to the loan agreement which protected the interests of the Housing Commission to allow the Housing Commission to foreclose if terms of agreement are not met. These changes put the Housing Commission in a more secure position than previously. The ultimate appraisal value ended up being higher and senior financing is lower than originally.**

**Commissioner Dick directed staff to return to the next Housing Commission meeting with a report explaining Commission policies regarding substantive changes in loan terms subsequent to approval by Housing Commission Board.**

**30     COMMISSIONER COMMENTS**

**Chair Arthur reported that he had recently visited the Housing Commission's El Camino Townhomes public housing units in Carmel Valley where he spoke with the residents and other members of the surrounding community. Residents have**

**assimilated into and been accepted by the community. In addition, the Learning Opportunity Center in the complex has garnered the attention of the local school district for its excellent programs and innovative approach to learning.**

**Ms. Morris reported that:**

- 1. The principal of the school had arranged for teachers to be available on site after school to provide homework assistance. And, in fact, has declared this center an ancillary facility of the Del Mar school district. Teachers will provide services on a rotating basis.**
- 2. In addition to providing the computer software for the Center, the Del Mar Kiwanis Club has chosen the Center as its fundraising beneficiary.**

**Mr. Akili expressed his delight at the success of the El Camino Townhomes. He commented that this project can be used as an model to ameliorate some of the fears and false notions which arise when a development such as this is proposed.**

**40 REPORT BY THE EXECUTIVE DIRECTOR**

**Ms. Morris reported that staff was still waiting for information on the Sara Frances Hometel and would bring this report back to the Commission on February 3, provided information is received from owner.**

**50 APPROVAL OF THE MINUTES**

**MOTION BY TUMMINIA TO APPROVE MINUTES OF THE MEETING OF DECEMBER 9, 1996.**

**SECOND BY MACIAS.**

**MOTION CARRIED UNANIMOUSLY ON A 7-0 VOTE.**

**ADOPTION AGENDA - CONSENT**

**MACIAS MADE A MOTION TO APPROVE THE FOLLOWING ITEMS ON CONSENT.**

**MOTION SECONDED BY AKILI.**

**MOTION UNANIMOUSLY CARRIED ON A VOTE OF 7-0.**

**100 HCR97-001- Review and Approval of Revised Public Housing Lease (Citywide)**

**Recommendation:** The Housing Commission approve the proposed Public Housing Lease (Attachment 2 to report) to conform to recent changes in programmatic rules to clarify existing language.

**103 HCR97-010 - Methods for Distributing Housing Trust Fund Monies (Citywide)**

**Recommendation:** That the Housing Commission recommend a method for distribution of Housing Trust Fund Monies for the various programs in the current Housing Trust Fund implementation Strategy and Three-year Plan based on recommendations outlined in staff report covering same.

**Mr. Frank Arrington of San Diego Funding commented that this is an excellent program. Mr. Arrington addressed the Board and requested that there be future consideration to increase amount of downpayment assistance grants.**

**Ms. Morris responded that some of the funds will be made available for RFP and through that process additional downpayment assistant grants may be available.**

**104 HCR97-012 - Application for FY98 Community Development Block Grant (CDBG) Funds**

**Recommendation:** That the Housing Commission authorize the Executive Director to apply to the City for 20 percent of the City's FY98 Community Development Block Grant (CDBG) funds and to execute a contract with the City for the amount allocated to the Commission and any additional amount which the Commission may be asked to administer on the City's behalf.

**106 HCR97-007 - Offer to Purchase 3979 Boston Avenue (Council District 8)**

**Recommendation:** That the Housing Commission recommend Housing Authority authorization:

- 1. To accept the offer of \$52,000 submitted by Tracy L. Wolfe.**
- 2. To make a counter offer of \$51,000 to Pascual Talaro and, if accepted, hold as back-up in the event the primary offer does not result in purchase of the subject property.**
- 3. For the Executive Director to execute all documents necessary to complete the sale.**

**107 HCR97-006 - Offer to Purchase 2904 Clay Avenue (Council District 8)**

**Recommendation:** That the Housing Commission recommend that the Housing Authority accept the offer by Jesus and Lucia Herrera of \$88,000 to purchase the property located at 2904 Clay Avenue,

- a) Provide a shared equity loan of \$16,720 to facilitate the aforementioned purchase; and
- b) Authorize the Executive Director to execute the documents necessary to complete the transaction.

**110 HCR97-009 - Palm Vista Apartments (Council District 8)**

**Recommendation:** That the Housing Commission approve actions to be taken by the Executive Director as authorized by Housing Commission in Closed Session to expend up to \$100,000 to cure the first trust deed default by making a Housing Commission third trust deed loan on the property. It is further recommended that the Housing Commission's budget be amended to reimburse the foreclosure account with HOME funds currently budgeted under the Housing Development Site Acquisition line item.

**112 HCR97-005 - Approve Program Plan for Section 8 Counseling (Regional Opportunity Counseling Program).**

**Recommendation 1:** Approve and recommend that the Housing Authority adopt the tentative program plan (Attachment 1 of report) to implement the Section 8 Housing Counseling grant under the Rental Voucher and Certificate Program.

**Recommendation 2:** Approve and recommend that the Housing Authority adopt the five-year budget for the Section 8 Housing Counseling program (Attachment 2 of the report) and amend the agency budget to incorporate the funds for this program.

**ADOPTION AGENDA - ACTION AGENDA**

**101 HCR97-003 - San Diego Housing Commission 1997 Meeting Schedule (Citywide)**

Chair Arthur inquired of fellow Board members whether Housing Commission meetings should continue to be held on Mondays. All agreed that meetings would continue to be held on Mondays and that, once the City Council sets the Legislative Calendar for the balance of 1997, the Housing Commission will also set

a calendar specifying exact dates of meetings for calendar 1997.

**DICK MADE A MOTION TO ADOPT THIS ITEM.**

**SECOND BY MACIAS.**

**MOTION UNANIMOUSLY CARRIED ON A VOTE OF 7-0.**

**102 HCR97-004 - Housing Trust Fund Capacity Building Program: Project-Based Financial Assistance for Nonprofit Developers**

Deputy Director, Paula Burrier-Lund presented the staff report on this item.

Housing Commission staff distributed to the Board a letter to Ms. Morris dated January 9, 1997 from Ann Wilson, Senior Program Director for Local Initiatives Support Corporation (hereinafter referred to as LISC) regarding this issue.

In summary, Ms. Wilson, on behalf of LISC, indicated that she opposes the current proposal outlined in the staff report, but would strongly support it if the following conditions were met:

- The proposed Predevelopment Project Support Grants be a set amount rather than a percent of the Housing Commission's Predevelopment Loan.
- Eligibility for a grant be independent of an application for Housing Commission predevelopment financing.
- Project Support Grants be increased to approximately \$20,000 per project.

The above-referenced letter was also made available for the public.

Mr. Jay Powell, Executive Director of the City Heights Community Development Corporation agreed with recommendation in report with the proviso that the amount of grant be approved pursuant to the terms of a letter from Local Initiatives Support Corporation which was distributed at the meeting. Mr. Powell commented that smaller developments offer a benefit to the community which cannot be underestimated.

Ms. Bethany Porter-Sanchez, Executive Director of the Nonprofit Federation for Housing and Community Development, indicated that although she supports the recommendations outlined in the staff report, she commented that tying the grant amount to the predevelopment loan could prove to be problematic. Ms. Porter-

**Sanchez also recommended that this item be discussed and approved taking into account those recommendations made by LISC.**

**Robert Ito of San Diego Community Housing Corporation concurred with the prior speakers and indicated that, in his opinion, the policy as outlined would unnecessarily discriminate against smaller projects.**

**Mr. David Billings of San Diego Interfaith Housing also spoke in support, but echoed the same concerns expressed by the previous speakers.**

**Sheila Shanahan, representative of LISC, expressed support for this proposal and reiterated the concerns expressed in the letter from LISC referred to herein.**

**After the completion of public testimony and much discussion among Board members, Chair Arthur requested that staff consider concerns expressed by the public and the Housing Commission Board, and return with this report at a future meeting.**

**MOTION WAS MADE BY DICK THAT THIS ITEM BE CONTINUED.**

**MOTION WAS SECONDED BY NOTTLEY.**

**MOTION CARRIED UNANIMOUSLY ON A VOTE OF 7-0.**

**105 HCR97-011 - Revision to Housing Commission's FY97 Budget (Council District 3)**

**Prior to beginning discussion of this item, Ms. Morris reported that Deputy Directors Robert Norris and Carrol Vaughan will be leaving the Housing Commission. Both of these individuals have accepted unsolicited offers of employment. They will be sorely missed.**

**Mr. Dave Schuh presented the staff report on this item.**

**Mr. Mel Shapiro spoke in favor of recommendation. Mr. Shapiro recommended that income derived from Plaza Arizona be dedicated to rental assistance to individuals on waiting list as opposed to going into reserves. Mr. Shapiro indicated that his comments also apply to Item #108 on the agenda.**

**Ms. Morris responded that monies would be placed in Reserves. Housing activities will be examined further once the FY98 budget process is underway, at which point decisions will be made as to allocation of funds.**

**Ms. Nottley expressed a concern as to the large number of people that have fallen out of escrow and requested particulars as to why the rate is so high.**

**Mr. Schuh responded that criteria under which a buyer must qualify are very stringent:**

- 1. Buyer must be under 50 percent of Median Area Income.**
- 2. Buyer must meet normal underwriting procedures to qualify.**

**Ms. Morris commented that the prescreening process has improved through this process and praised Housing Commission staff member, Meredith Bryant for her efforts on behalf of the North Park Community and the Housing Commission in providing excellent customer service and oversight for this development through the sale process.**

**AKILI MOTIONED THAT HOUSING COMMISSION RECOMMEND THAT HOUSING AUTHORITY ACCEPT THE RECOMMENDATIONS OUTLINED IN STAFF REPORT.**

**MOTION SECONDED BY OXBERRY.**

**MOTION UNANIMOUSLY APPROVED BY A VOTE OF 7-0.**

**108 HCR97-013 - Transfer of Ownership of Public Housing To Nonprofit for Tax Credit Purposes (Council Districts 6 and 7)**

**Prior to discussion, Mr. Christensen began with the disclosure that Commissioner Dick, Ms. Morris and Commissioner Akili are each directors and officers of San Diego Housing Development Corporation. None of these individuals receive any compensation nor do they have any financial interest in the action being heard by the Commission within the meaning of Government Code Sections 1090 et seq. or Government Code Sections 87100 et seq. or under the provisions of the San Diego Housing Commission Conflict of Interest Code promulgated pursuant to Government Code 87100 et seq. and, therefore, are allowed to vote on this matter.**

**Ms. Wendy Dewitt presented staff report on this item.**

**Ms. Morris reported that this proposal provides an affordability which is difficult to surpass.**

**Mr. Dick inquired as to depth of affordability and the issue of competitiveness in Tax Credit process.**

**Ms. DeWitt responded that the State's allocation plan is currently under review and that Mr. Dick's question could not be answered at this time.**

**Ms. Tumminia commented that the per unit cost seems to be very high and requested explanation from staff.**

**Ms. DeWitt responded that the Housing Commission "hard" construction costs are in line with private developers. Ms. DeWitt then briefly outlined some factors which result in increasing costs above the private sector:**

- 1. Land costs are higher because land is developed by the Commission at a lower density.**
- 2. HUD processing.**
- 3. Same permit fees as private developers.**
- 4. Quality of construction is higher resulting in higher per unit cost.**
- 5. Units are handicapped equipped.**

**Ms. Morris described the costs as reasonable for the type of housing in question: three and four bedroom town homes built at low density.**

**MOTION WAS MADE BY OXBERRY THAT HOUSING COMMISSION RECOMMEND THAT HOUSING AUTHORITY SUPPORT PROPOSAL AS OUTLINED IN STAFF REPORT.**

**MOTION SECONDED BY DICK.**

**MOTION UNANIMOUSLY CARRIED ON A VOTE OF 7-0.**

**109 HCR97-002 - Selection Preferences for the Section 8, Public Housing and University Canyon Waiting Lists (Citywide)**

**Mr. Shapiro voiced his opposition to the proposal on the grounds that it, in his opinion, appears to delete preferences for families with minor children.**

**Mr. Robert Norris presented the staff report on this item.**

**Mr. Dick commented that criteria for qualification, as outlined in the report, appear to be too broad. Mr. Dick requested clarification on how this new alternative will move applicants "up and off" the waiting list and into housing.**

**Ms. Tumminia, who is also a member of the Waiting List Task Force, reported that when formulating the current recommendations, one of the main goals was to**

consider the expected impact of Welfare Reform on the Waiting List. Preference was given to those individuals living or working in San Diego. Individuals will be served on a "first-come/first-served" basis. The focus and concentration was to encourage and promote self-sufficiency by giving preference to those who are working.

Ms. Farrington explained that the proposed system is not based on the Federal Preference system, as is the current system. Ms. Farrington indicated that the Waiting List Task Force took into account the impact of Welfare Reform and the expected emphasis on working and job training. This was built into their analysis and is reflected in their recommendations to adopt Alternative 1.

Mr. Dick expressed concern about preference given to individuals in an academic job training environment and indicated that he would like to see a time limit placed on this preference.

Ms. Nottley commented that not all individuals have the same kind of educational beginnings or preparedness to go to work. Ms. Nottley commented that the current proposal was developed in the spirit of Welfare Reform and appears to have taken into account this consideration.

After much discussion, Ms. Farrington recommended that the Board adopt the current proposal so that staff could proceed with this process and offered that staff could return to the Commission with a report which would specifically address how implementation of job training preference will be carried out.

**AXBERRY MADE A MOTION TO RECOMMEND THAT HOUSING AUTHORITY ADOPT CURRENT PROPOSAL WITH THE PROVISIO THAT STAFF RETURN TO THE COMMISSION WITH A REPORT WHICH ADDRESSES THE IMPLEMENTATION OF JOB TRAINING/WORKING PREFERENCE, AS OUTLINED BY MS. FARRINGTON.**

**MOTION SECONDED BY MACIAS.**

**MOTION UNANIMOUSLY CARRIED ON A VOTE OF 7-0.**

111 **HCR97-008 - Offer to Purchase 7143, 7159 and 7161 Fay Avenue (Council District 1)**

Mr. Steve Mikelman presented staff report on this item.

Mr. Gunter Hirsch, agent for Samuel Hanson, addressed the Board. Mr. Hirsch indicated that he submitted a Letter of Intent on behalf of his client to which the

**Housing Commission made a counter offer. A subsequent offer was then submitted. Mr. Hirsch commented that his client is sensitive to the need "understands the wishes of the La Jolla people and so far wants to develop the property with no more than 8-12 homes and is therefore best suited for this deal".**  
~~affordable housing and best suited for this deal.~~

**Thomas Armstrong, addressed the Board and indicated that he and his partner, Michael Turk, submitted all required documentation and complied with all deadlines. Mr. Armstrong commented on he and his partner's commitment to the community in developing affordable housing. Mr. Armstrong questioned the timing of the offer by Douglas and Patricia Holmes.**

**Mr. Douglas Holmes addressed the Board regarding his offer and the timing of same. Mr. Holmes indicated that he made an offer for property in good faith and complied with direction given to him by Housing Commission agent, Mr. Elrod. Mr. Holmes commented that he does not need financing and is prepared to pay cash.**

**Chair Arthur requested staff response regarding issue of timing of offers.**

**Mr. Mikelman explained that staff's intent to was secure best offer possible, that the property continues to be listed for sale, and that the December 23, 1996 deadline was purely an administrative deadline to provide staff with enough time to prepare the report for presentation to the Housing Commission.**

**Mr. Christensen reported that all of the potential buyers were informed that all offers were subject to ultimate approval by the Housing Authority.**

**Mr. Dick commented that deadlines imposed were administrative in nature. Mr. Dick further commented that, as custodians and trustees of public funds, the Housing Commission is obligated to recommend an offer to the Housing Authority which honors this responsibility. Mr. Dick reiterated that only the Housing Authority is authorized to accept an offer for purchase of said property.**

**OXBERRY MADE A MOTION THAT HOUSING COMMISSION RECOMMEND TO HOUSING AUTHORITY TO ACCEPT THE OFFER OF DOUGLAS AND PATRICIA HOLMES.**

**MOTION SECONDED BY DICK.**

**MOTION CARRIED UNANIMOUSLY ON A 7-0 VOTE.**

**113 HCR97-014 - FY98 Budget Issues Report**

**Executive Director Elizabeth Morris presented staff report on this item.**

**Chair Arthur requested that given the lateness of the hour, staff return with report to February 3, 1997 meeting.**

**Ms. Morris indicated that staff had been directed by City Council and the Select Committee to develop an activity based budget and expressed the need for staff to be able to proceed with this directive. Ms. Morris requested that the Commission adopt the activity based portion of this report so that staff can move forward in this process.**

**CHAIR ARTHUR DIRECTED TO STAFF TO PROCEED AS OUTLINED WITH THE ACTIVITY BASED PORTION AND RETURN TO THE COMMISSION WITH THE BALANCE OF THE REPORT ON FEBRUARY 3, 1997.**

**NO VOTE WAS TAKEN.**

**CLOSED SESSION**

**Mr. Christensen announced that pursuant to Government Code, Section 54956.8(a) and 54954.5(b) that the Housing Commission would meet in Closed Session to discuss the following issues.**

- I. Conference with Legal Counsel - existing litigation, pursuant to California Government Code Section 54956.9(a):**
  - a. Beal Bank, S.S.B., a Texas banking corporation v. Palm Vista Apartments, a California limited partnership; Daniel H. Appel, general partner; and Does 1 through 100, inclusive  
San Diego Superior Court Case No. 702683**

**This item was taken as an information item. No action was taken.**

- b. City of San Diego v. Vargas  
San Diego Superior Court Case No.: 706359**

**This item was taken as an information item. No action was taken.**

- c. San Diego Housing Commission v. Francois Sulic  
San Diego Superior Court Case No. 706292**

**This item was taken as an information item. No action was taken.**

**II. Conference with Legal Counsel - anticipated litigation, pursuant to California Government Code Section 54956.9 (b) and/or (c):**

**1. One (1) matter.**

**Motion was made by Akili to give direction to Counsel to seek resolution of this matter.**

**Motion seconded by Macias.**

**MOTION CARRIED UNANIMOUSLY ON A VOTE OF 5-0, WITH OXBERRY AND DICK BEING ABSENT.**

**ADJOURNMENT**

Chair Arthur adjourned the meeting at 12:45 p.m.

Respectfully submitted,

Approved by,

Rob Albrecht  
Administrative Assistant

Elizabeth C. Morris  
Executive Director

ECM:ra

**Signature Available with  
Original Document**