



SAN DIEGO HOUSING COMMISSION
MINUTES

**SAN DIEGO HOUSING COMMISSION
MINUTES OF THE REGULAR MEETING
FEBRUARY 3, 1997
202 C STREET, COUNCIL CHAMBERS
SAN DIEGO, CALIFORNIA**

Attendance: Present: Chairman Arthur, Commissioners Akili, Nottley and Tumminia. Also present were: Ms. Elizabeth C. Morris, Executive Director and Don Detisch, General Counsel. Absent: Commissioners Dick, Oxberry and Macias.

10 CALL TO ORDER

Chair Arthur called the meeting to order at 9:15 a.m. Mr. Arthur announced that Item 102 would be heard first to accommodate those who were present for this item rather than beginning with Closed Session.

20 PUBLIC COMMENT

Chair Arthur called for public comment.

Mr. Mel Shapiro inquired about the recent overpayment of "vast sums" of rents to Section 8 landlords and asked why the Commission has not attempted to collect back these monies or a portion thereof. Mr. Shapiro questioned rents at Creekside and Parkhaven.

Mr. Shapiro further commented that an independent audit should be performed, back rents be collected and this item be put on the Housing Commission agenda for discussion.

Executive Director Elizabeth Morris reported that the amount of monies involved do not amount to "vast sums" as Mr. Shapiro had indicated and, in reality, are only a fraction of a percent of the total rents paid to landlords under the Section 8 Program. Ms. Morris stated that there are no rents being paid on units for which rent reasonable information was not provided.

Mr. Akili indicated that he would support a public hearing on this issue to allow for an open discussion and input from the public.

Chair Arthur agreed with Mr. Akili and commented that despite the fact that there has been no wrongdoing and that the problem was discovered and taken care of by staff, this does not seem to have impacted the public's perception.

Mr. Akili stated that he would submit a series of recommendations to staff regarding this issue.

Chair Arthur directed staff to work with Mr. Akili in order to accommodate the request for a public hearing.

30 COMMISSIONER COMMENTS

40 REPORT BY THE EXECUTIVE DIRECTOR

Ms. Morris reported that Housing Commission staff member, Ron Friedman had passed away on January 31, 1997 following a protracted heart illness. Mr. Friedman was a member of the Commission's Development team. Ms. Morris noted that Mr. Friedman had contributed greatly to the Commission and the community.

50 APPROVAL OF THE MINUTES

Mr. Gunter Hirsch requested a correction to the Minutes of the meeting of January 13, 1997 regarding his comments at that meeting.

The request was noted and Chair Arthur directed staff to review the tape and make any corrections needed, and provide Mr. Hirsch with a revised copy of the Minutes.

MOTION BY AKILI TO APPROVE MINUTES OF THE MEETING OF JANUARY 13, 1997.

SECOND BY NOTTLEY.

MOTION CARRIED UNANIMOUSLY ON A 4-0 VOTE WITH DICK, MACIAS, AND OXBERRY BEING ABSENT.

ADOPTION AGENDA - CONSENT

100 (HCR97-022) Subordination of Loan to City Heights Community Development Corporation for the Acquisition and Rehabilitation of 3429 43rd Street (Council District 3)

Recommendation: The Housing Commission 1) approve the subordination of a previously approved loan to City Heights Community Development Corporation

(City Heights CDC) so that City Heights CDC can accept an Affordable Housing Program subsidy of \$24,000; and 2) authorize the Executive Director to execute subordination documents as approved by General Counsel reflecting terms and conditions outlined in this report.

AKILI MADE A MOTION TO APPROVE THIS ITEM ON CONSENT.

MOTION SECONDED BY NOTTLEY

MOTION UNANIMOUSLY CARRIED ON A VOTE OF 4-0, WITH DICK, MACIAS, AND OXBERRY BEING ABSENT.

ADOPTION AGENDA - ACTION AGENDA

102 (HCR97-017) Selection of Development Team for Skyline Drive and Woodman Street Site (Council District 4)

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

Chair Arthur requested that public comment be taken first due to the number of speakers wishing to address the Commission on this item.

Mr. Lindsay Quackenbush of CityLink addressed the Commission and requested a continuance of this item in order to have more time to review the staff report and its attachments in more detail. Mr. Quackenbush commented that CityLink has assembled the team best suited to the needs of the project and the community.

Chair Arthur inquired as to the impact, if any, a continuance would have on this project.

Mr. Schuh responded that it would not have an adverse effect.

Mr. Phillip Brown of Carter Reese & Associates commented that he also supports a continuance of this item. Mr. Brown, also a resident homeowner in the community to be served by this development, stated that the local community is concerned about the potential negative impact on local housing values which might result by bringing an 100% low income project into community.

Mr. Abdur Rakim-Hameed of the Black Contractors Association requested that the Commission not accept the recommendation outlined in staff report. Mr. Hameed distributed a letter offering support to CityLink Investment Corporation. Mr. Hameed would like to see 100% participation of the local community and stated that he is concerned about monies leaving the community.

Chair Arthur called for a response from staff.

Mr. Dave Schuh responded that the sole purpose of bringing this report forward is

to select a development team for SKYLINE WOODMAN, not approve a development plan.

Mr. Akili commented that all the proposals are similar and very good. Mr. Akili indicated that are many intangible factors to be considered, factors which have a larger "rippling" effect on the local community. Mr. Akili stated he was prepared to recommend Woodman Estates.

Chair Arthur called for a response from the Catellus Group regarding what provisions would be taken to ensure that local labor is employed and that training is offered.

Mr. Steve Kupps, president of Catellus Residential Group, addressed these concerns and cited the following projects, which he has been instrumental in developing, as examples of his historical commitment to the community:

1. Member of Mercado Project team.
2. Developed Barrio Logan Elementary Institute. Presently there are 24 kids participating in this after school program.
3. Worked to ensure the involvement of YOUTHBUILD on projects he was part of developing in Oakland and Emeryville, California.

Mr. Scott Orrantia, president of Cuatro Corporation, commented that Cuatro is committed to meeting the needs of the community and is actively seeking local community involvement. Mr. Orrantia indicated that he has met with the Equal Opportunity Officer of the San Diego Housing Commission to ensure the local community is involved on all levels. Mr. Orrantia has guaranteed that the Black Contractors Association and the Latino Builders Association will be involved.

After discussion, Chair Arthur reiterated that the Commission is sensitive to the community involved and called for a motion to continue this item.

NOTTLEY MADE A MOTION TO CONTINUE THIS ITEM TO THE FIRST COMMISSION MEETING IN MARCH TO ALLOW TIME FOR A FACT FINDING MEETING TO TAKE PLACE IN THE COMMUNITY.

MOTION WAS SECONDED BY TUMMINIA.

MOTION WAS CARRIED UNANIMOUSLY ON A VOTE OF 4-0, WITH DICK, MACIAS, AND OXBERRY BEING ABSENT.

CLOSED SESSION

Mr. Detisch announced that pursuant to Government Code, Section 54956.9(a) and 54954.5(b), the Housing Commission would meet in Closed Session to discuss the following item. Mr. Detisch noted that the remaining items on the Closed Session would be discussed after the adjournment of the Open Session.

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 vs. 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 ONLY. NO ACTION WAS TAKEN.

ADOPTION AGENDA - ACTION AGENDA - CONTINUED

101 (HCR97-020) Palm Vista Apartments (District 8)

Mr. Jack Farris presented the staff report on this item.

Mr. Mel Shapiro commented that the staff report does not include the following:

- 1. Rents**
- 2. Income**
- 3. Expenses**
- 4. Pro Forma**
- 5. Number of apartments that would be at restricted rent**

Mr. Shapiro stated that report is not clear and requested a continuance of this item.

Chair Arthur directed staff to provide Mr. Shapiro with the requested information.

MOTION WAS MADE BY AKILI TO ACCEPT RECOMMENDATIONS IN THE STAFF REPORT.

MOTION WAS SECONDED BY NOTTLEY.

MOTION WAS UNANIMOUSLY CARRIED ON A VOTE OF 4-0, WITH DICK, MACIAS, AND OXBERRY BEING ABSENT.

103 (HCR97-019) FY98 Budget Issues

Executive Director Elizabeth Morris presented the staff report on this item and requested that the Commission provide staff with direction regarding the Development and Resident Services portion of the staff report.

Mr. Dave Schuh addressed the Development section of the budget. Mr. Schuh indicated that the issue at hand is whether to utilize the resources to act as a catalyst for external development or act as a developer, as the San Diego Housing Development Corporation (hereinafter referred to as "SDHDC") has done.

Bethany Porter-Sanchez, Executive Director of the Nonprofit Federation for Housing and Community Development agreed that the Housing Commission should utilize resources to act as a catalyst for outside development. However, Ms. Porter-Sanchez noted that she was speaking without input from the members of the Nonprofit Federation and reserved the right to comment further at a later date. Ms. Porter-Sanchez requested clarification regarding the role of the SDHDC. She commented that it appears that the SDHDC might possess an unfair competitive advantage over other nonprofits due its direct link to the Housing Commission. Ms. Porter-Sanchez suggested that the SDHDC might act in joint venture with other nonprofits with less experience.

Mr. Shapiro made the following points:

- 1. Report does not address the concerns raised by the Select Committee regarding reduction of overhead so additional monies may be utilized for rent subsidies.**
- 2. Definition of "affordable housing" should be included in any report wherein the term is used.**
- 3. Budget should state amount of money to be spent on each income level (e.g., very very low, very low, etc.).**
- 4. Can reserves budgeted for Family Self-Sufficiency be used for housing programs?**
- 5. Status of Competition Program.**

Mr. Akili asked if it was possible to achieve the 2% desired decrease in administrative costs and still have Reserves to cover such costs in the future.

Ms. Morris commented that the 2% reduction is the goal, but noted that the percentage of administrative costs is based on an analysis of functions performed. Some activities require more administrative involvement, some less. Ms. Morris stated that there are three types of Reserves: 1) Reserves for future years' programs; 2) Reserves for the administration of these future years' programs; and 3) Reserves for prudent contingencies, such as litigation or claims.

Ms. Morris reported that staff is working with an auditor to determine which costs are administrative in nature and which are programmatic.

Mr. Akili commented that he agreed that the Development Section should act as a catalyst for outside development, but asked how much this would contribute to providing housing for the very very low and very low income population.

Ms. Morris commented that the answer to this question is more of a policy call and requires a financial analysis on a project-by-project basis. Ms. Morris indicated that it is possible to develop projects for this population. However, the lower the rent to provide deep affordability, the less conventional debt a project can support, requiring more public subsidy.

Mr. Akili commented that he would like to see language in the Budget document which indicates that the Commission has purposefully decided to create a level of affordability for the very very low and very low income.

Mr. Akili requested a response from staff regarding the grants received for the Resident Services section and what impact they have on the Commission budget as a whole.

Ms. Pat Zamora responded that the grants received provide funding for various positions. In addition, the San Diego Housing Commission has received national recognition for the various programs developed by Resident Services. Ms. Zamora commented that a Housing Authority is rated by the quantity and quality of its programs. Ms. Zamora commented that with the new Welfare Reform legislation, the role of Resident Services will become even more critical in assisting individuals to make the transition from welfare to self-sufficiency.

Ms. Nottley stated that she would like to see more partnering with nonprofits and inquired if any of the ancillary services provided by Resident Services are subcontracted out to nonprofits.

Ms. Zamora reported that a number of the services are, such as:

- SDSU Foundation oversees some of the educational centers.**
- Triple Crown - Youth Gang Diversion Program.**
- Casa Familiar manages the Fitness Centers.**
- Contracts with Police Officers for Public Housing.**

Chair Arthur stated that he is comfortable with the role of the San Diego Housing Development Corporation.

STAFF WAS DIRECTED TO PROCEED FORWARD WITH THE ACTIVITY BASED BUDGET PROCESS. NO VOTE WAS TAKEN.

CLOSED SESSION

Mr. Detisch announced that pursuant to Government Code, Section 54956.9 (a) and 54954.5 (b) that the Housing Commission would meet in Closed Session to discuss the following issues.

I.

- b. Eastrich Multiple Investor Fund, L.P., a Delaware limited partnership vs. Westwood- Walsh Partnership, a California general partnership; Westwood Villas Development, a California limited partnership; John B. Walsh; Resolution Trust Corporation as Conservator or Receiver for Heartland Savings and Loan Association, a California corporation; San Diego Housing Commission, a public agency; Thomas F. Carter; Max A. Stewart; David**

Arris and Janet Arris, husband and wife; Billy Ray Kreder; Robert McCabe and Pauline McCabe, husband and wife; Robert Rehm and Ethel Rehm, husband and wife; Walsh-Westwood No. 1 Ltd., a California limited partnership; Trabajadores De La Raza, Inc., a California public benefit corporation; and Does 3-30 inclusive
San Diego Superior Court Case No. 676248

MOTION WAS MADE BY NOTTLEY TO GIVE DIRECTION TO GENERAL COUNSEL CONCERNING POTENTIAL SOLUTION OF THIS MATTER.

MOTION WAS SECONDED BY TUMMINIA

MOTION CARRIED UNANIMOUSLY ON A VOTE OF 4-0, WITH DICK, MACIAS AND OXBERRY BEING ABSENT.

- c. San Diego Housing Commission; a public agency vs. Sinh Pham, an individual; Nhan Thi Nguyen, an individual; My Tan Nguyen, an individual
San Diego Superior Court Case No. 699783

THIS ITEM WAS TAKEN AS AN INFORMATION ITEM ONLY. NO VOTE WAS TAKEN.

- d. Joe Rino v. San Diego Housing Commission
San Diego Superior Court Case No. 688881

THIS ITEM WAS TAKEN AS AN INFORMATION ITEM ONLY. NO VOTE WAS TAKEN.

- e. San Diego Housing Commission v. 2106 K Street, Venture, a general partnership, et al.
San Diego Superior Court Case No. 707519

THIS ITEM WAS TAKEN AS AN INFORMATION ITEM ONLY. NO VOTE WAS TAKEN.

- II. Conference with Legal Counsel - anticipated litigation. Initiation of litigation pursuant to California Government Code Section 54956.9(c):

1. One (1) matter

NO ACTION WAS TAKEN ON THIS ITEM.

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

Property: 1504 Oro Vista Road
San Diego, CA 92154
A.P.N. 634-070-58

Negotiating Parties: Elizabeth Morris, and Dave Schuh for the San Diego Housing Commission; Cobalt Properties, Inc., Owner of option to acquire property.

Under Negotiation: Price and Terms

BY UNANIMOUS ACTION OF THE BOARD, WITH DICK, MACIAS AND OXBERRY BEING ABSENT, DIRECTION WAS GIVEN TO STAFF CONCERNING NEGOTIATION.

IV. Conference with Real Property Negotiator - Pursuant to California Government Code Section 54954.5(B):

Property: 1551 Saturn Boulevard
San Diego, CA 92154
A.P.N. 634-091-10 & 15

Negotiating Parties: Elizabeth Morris and Wendy DeWitt for the San Diego Housing Commission; Henry Meyer, general partner of the ownership entity Lancaster Associates, Inc.

Under Negotiation: Price and Terms

BY UNANIMOUS ACTION OF THE BOARD, WITH DICK, MACIAS AND OXBERRY BEING ABSENT, DIRECTION WAS GIVEN TO STAFF CONCERNING NEGOTIATION.

V. Conference with Real Property Negotiator - Pursuant to California Government Code Section 54954.5(B):

Property: 9054 Grammercy Drive
San Diego, CA 92123

Negotiating Parties: Elizabeth Morris, Dave Schuh and Wendy DeWitt for the San Diego Housing Commission; Frank Hameetman, Owner

Under Negotiation: Price and Terms

BY UNANIMOUS ACTION OF THE BOARD, WITH DICK, MACIAS AND OXBERRY BEING ABSENT, DIRECTION WAS GIVEN TO STAFF CONCERNING NEGOTIATION.

VI. Conference with Real Property Negotiator - Pursuant to California Government Code Section 54954.5(B):

Property: A remnant portion of 7143, 7159 and 7161 Fay Avenue, shown as Parcel 2 on the Deed in which the San Diego Housing Commission acquired title

Negotiating Parties: Elizabeth Morris, Lee Bates and Steve Mikelman for the San Diego Housing Commission; Edwin Carey III as prospective purchaser

Under Negotiation: Price and Terms

BY UNANIMOUS ACTION OF THE BOARD, WITH DICK, MACIAS AND OXBERRY BEING ABSENT, DIRECTION WAS GIVEN TO STAFF CONCERNING NEGOTIATION.

VII. Conference with Real Property Negotiator - Pursuant to California Government Code Section 54954.5(B):IV.

Property: A remnant portion of 7143, 7159, 7161 Fay Avenue, shown as Parcel 3 on the Deed in which the San Diego Housing Commission acquired title

Negotiating Parties: Elizabeth Morris, Lee Bates and Steve Mikelman for the San Diego Housing Commission; Barbara Brandon as prospective purchaser

Under Negotiation: Price and Terms

A VOTE OF 4-0 WAS TAKEN, WITH DICK, MACIAS AND OXBERRY BEING ABSENT TO GIVE DIRECTION TO STAFF CONCERNING NEGOTIATION.

ADJOURNMENT

Chair Arthur adjourned the meeting at 12:14 p.m.

Respectfully submitted,

Approved by,

Rob Albrecht
Administrative Assistant

Elizabeth C. Morris
Executive Director

**Signature Available with
Original Document**