



# SAN DIEGO HOUSING COMMISSION

# MINUTES

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**SAN DIEGO HOUSING COMMISSION  
MINUTES OF THE REGULAR MEETING  
APRIL 14, 1997  
202 C STREET, 12TH FLOOR  
SAN DIEGO, CALIFORNIA**

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

**10 CALL TO ORDER**

In the absence of Chair Arthur, Commissioner Dick called the meeting to order at 9:20 a.m.

**20 PUBLIC COMMENT**

Mr. Mel Shapiro inquired as to the status of: First and Second Quarter Production Reports, advising that 1998's budget not be approved until 1997's production be known; a report on the Town & Country acquisition requested by Commissioner Dick at the January 13, 1997 Housing Commission Meeting; a report on all loans becoming due and payable; a review of the agency's 1997 achievements. He also expressed his disapproval of the new budget's proposed salaries, as it is his perception that staff is underworked.

**30 COMMISSIONER COMMENTS**

Mr. Shapiro's concerns were addressed and the Executive Director assured the Commissioners that all of these reports are in progress: the Loan Report is docketed for the April 21 Housing Commission meeting; a synopsis of 1997 achievements is included in the FY98 Budget; the Town & Country report was presented to the Board months ago, prompting the request for a subsequent report regarding the Executive Director's authority to modify loan terms once they've been approved by the Board. This report is also in progress and has been reviewed by Commissioner Dick.

**40 REPORT BY THE EXECUTIVE DIRECTOR**

Ms. Morris reported that the Housing Commission's Resident Services programs were recently highlighted in the media for a program operating in partnership with

Nordstrom's and the YWCA which introduces women to careers in retail and prepares them for the job search. This is one of Resident Services' many programs to lift women and families to self-sufficiency.

Ms. Morris also reported on visits from State Senator Dede Alpert, who is cochairing a joint committee dealing with Welfare to Work issues, and from Assistant Secretary for Housing-Federal Housing Commissioner Nicolas Retsinas. Both were very impressed by the University Canyon Learning Center, and Assistant Secretary Retsinas issued a commendation to the Agency on its educational opportunities programs.

## **50 APPROVAL OF THE MINUTES**

Approval of the Minutes of the meeting of March 24. Ms. Tumminia pointed out a typographical error on Item 103. "Mr. Macias" should be "Ms. Macias."

MOTION BY MS. TUMMINIA TO APPROVE THE MINUTES OF MARCH 24. MR. OXBERRY SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY ON A 4 - 0 VOTE, ARTHUR, MACIAS, AND AKILI BEING ABSENT.

## **ADOPTION AGENDA - CONSENT**

The entire agenda being devoted to the FY98 Budget presentation, there was no consent agenda.

## **100 HCR-055 Proposed Fiscal Year 1998 Budget**

Ms. Morris suggested a workshop format as an appropriate vehicle for discussion of the Budget.

Commissioner Dick accepted the proposed workshop format and asked for public comment before hearing the staff presentation.

## **PUBLIC COMMENT**

Mr. Mel Shapiro made the following criticisms of the Budget: 1) the dollars budgeted for consultants were \$2 million more than had been listed in the February 28 budget status report and authorized by the Board; 2) personnel costs are up 4%, not down 2 1/2%, as directed by Land Use & Housing Committee; 3) Mr. Akili's 1995 request that staff report the number of people and units the budget will take off the waiting list remains unaddressed; 4) staff has ignored Mr. Akili's request that language in the budget indicate that the Commission will purposefully create affordability for the very low- and very very low-income; 5) the word "affordable" should be defined; 6) the Select Committee directed the

Commission to spend its Reserves; 7) the Select Committee recommended the Competition Program be used for Rental Assistance Payments, Loan Management, and Rehabilitation; 8) the Select Committee recommended decreases in memberships, telephone, and mileage, though the Budget shows increases.

Mr. Leonard Brown, housing coordinator for the Access Center, an agency that helps the disabled find affordable housing, gave public comment. Mr. Brown commended Staff's work on the new budget, and expressed his deep concern for the very real and immediate needs of the many persons on the Waiting List.

## **THE WORKSHOP**

Ms. Morris presented the Fiscal Year 1998 Budget.

In December 1996, City Council directed that the Commission's \$101 million budget be transformed to an activity based format. All accounting procedures had to be translated to activities vs. organizational units, and strong performance measures adopted to determine how effectively money is being used. The activity based budget has been completed; performance measures are still in development. Ms. Morris commended her staff for their timely response to City Council's request.

Ms. Morris stated the Housing Commission's objectives in the handling of its FY98 \$101 million budget: to assist 9,000 households to rent private housing; to subsidize approximately 475 first-time homebuyers; to produce over 775 additional affordable rental units; to oversee physical improvements to 900 homes and apartments; to manage 1,850 units of publicly owned housing; to provide housing for 520 persons with special needs; and to aid over 600 families in their journey toward self-sufficiency. Ms. Morris stressed that 70% of the budget is oriented toward programs that serve the very low-income population - persons who earn less than 50% of the regional median.

The budget's new format of activity base splits the Housing Commission's activities into three groups: Housing Services (61% of budget), Housing Finance & Development (30%), and Operations (6%). The remaining 3% is set aside in Reserves.

Ms. Morris opened discussion about the public perception that the Housing Commission spends too much money on administrative overhead. Ms. Morris disclosed that an independent audit has found the Commission's direct and indirect admin costs to total 7.7% of the budget. The audit's 7.7% represents an aggregate of all direct, indirect, and direct-service administrative costs, while the new budget still reflects some admin/secretarial support monies that have not yet been separated out from activity groups. As the budget is refined, the current

Operations figure of 6% will come in line with the auditor's findings. Both figures are below the Select Committee's recommended level of 10% for administrative expenses.

Mr. Dick raised questions about the ability to draw a true comparison of costs in terms of percentages in budgets of different types - activity based vs. line-item, or to judiciously rate performance by these figures.

Mr. Oxberry expressed a desire to assign more money to the Homeownership program. Ms. Morris assured him that the FY98 budget does reflect a 20% increase over 1997.

Ms. Tumminia asked if non categorical monies can be reallocated as needs shift. Ms. Morris assured her that they can, upon consultation with the Board.

Mr. Shapiro's concern about the money held in Reserves was addressed by Messrs. Oxberry and Dick, who reinforced that it is the responsibility of any organization with a budget of this size to maintain a reserve.

Mr. Oxberry referred back to Mr. Shapiro's question regarding monies allocated in the budget for consultants. Ms. Morris and staff member Tim Sturtevant responded that after the close of the second quarter, funds were received for a \$2.7 million Housing Counselling program. The funds were approved by the Board and amended into the budget, and this change will be reflected in the third quarter report.

Mr. Dick asked if steps are being taken to explore the value of the Competition Program in our operations. Ms. Morris described competition efforts and stated that discussions will be resumed now that the work on the budget is completed and staff can give it their attention.

With regard to Mr. Akili's 1995 request, as referred to by Mr. Shapiro, Mr. Dick deemed it impossible to specifically identify the number of people taken off the Waiting List as a result of a budget, except to the extent that one can identify specific increases in funding for specific activities and determine the increased number of people who will be served by that activity. Ms. Morris added that the people on the Waiting List are waiting for two specific programs and not the complete range of services.

Mr. Dick commented that in response to criticism about administrative costs, a budget has perhaps been created that makes these costs more difficult to identify. Mr. Oxberry disagreed and stated his belief that costs are well articulated in the new format.

Mr. Oxberry asked how the gross number of administrative costs, services and supplies, compares with other agencies. Ms. Morris answered that it is difficult to draw an accurate comparison because different agencies have different scales and activities, and most agencies don't have such detailed budgets.

Ms. Nottley commended staff on their timely completion of such a tremendous undertaking.

Ms. Morris stated that the next step in the budget process is to develop effectiveness measures that are simple to understand and truly comparative, and welcomed suggestions from the Commissioners. She further advised that the Commission is in the process of selecting a new financial software system.

**MOTION BY MS. TUMMINIA AND SECONDED BY MS. NOTTLEY TO CONTINUE THE BUDGET TO THE NEXT MEETING AND TO TAKE ACTION AT THAT TIME. MOTION CARRIED ON UNANIMOUS VOTE.**

**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 items:

- I. Conference with Legal Counsel - existing litigation, pursuant to California Government Code Section 54956.9(b):
  - a. San Diego Housing Commission, a public agency; and Housing Authority of the City of San Diego, a public agency vs. Industrial Indemnity Company of the Northwest, a Washington Corporation; Industrial Indemnity, an unknown entity; Crum & Forster Corporation, a New Jersey corporation; Crum & Forster Insurance Risk Management Accounts, an unknown entity; and Does 1 through 10.  
Superior Court Case No.: 680684  
Court of Appeals Case No.: DO27060

**ON A VOTE OF 4-0, WITH ARTHUR, AKILI, AND MACIAS BEING ABSENT, INSTRUCTIONS WERE GIVEN BY THE COMMISSION TO GENERAL COUNSEL CONCERNING POSSIBLE SETTLEMENT OF THIS ITEM.**

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

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

- c. Jesse Helton v. San Diego Commission  
San Diego Superior Court Case No. 692760

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

II. Conference with Real Property Negotiator - pursuant to California Government Code Sections 54956.8 and 54954.5(b):

Property: 2627, 2635 and 2650 Boston Avenue  
San Diego, California

Negotiation Parties: Elizabeth Morris, Steve Mikelman and Vicki Bonner for the San Diego Housing Commission, Owner; and Christopher Chase, President, B&C Diving and Construction, Inc., prospective purchasers

Under Negotiation: Price and Terms

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

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

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

**ADJOURNMENT**

Commissioner Dick adjourned the meeting at 12:00 noon.

Respectfully submitted,

Approved by,

Margaret Hill  
Executive Secretary

Elizabeth C. Morris  
Executive Director

ECM:mh

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**Signature Available with  
Original Document**