



SAN DIEGO HOUSING COMMISSION
MINUTES

SAN DIEGO HOUSING COMMISSION
MINUTES OF THE REGULAR MEETING
SEPTEMBER 8, 1997
9:00 A.M.
CITY ADMINISTRATION BUILDING
202 C STREET, 12TH FLOOR
SAN DIEGO, CALIFORNIA

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

10 CALL TO ORDER

Chair Arthur called the meeting to order at 9:12 a.m.

20 PUBLIC COMMENT

Mr. Mel Shapiro expressed his dissatisfaction with the Commission on the following matters: rent reasonableness in the Wintergreen Apartments; reports due for presentation to the Board, i.e. Program Progress Report, Loan Status Report, Budget Status Report, and Family Self Sufficiency Report; and, the ordering of items on the agenda.

30 COMMISSIONER COMMENTS

There were no comments from the Commissioners.

40 REPORT BY THE EXECUTIVE DIRECTOR

Executive Director Elizabeth Morris reported that all of the reports referenced Mr. Shapiro are completed but two; all will be released in the near future.

Ms. Morris introduced the Commission's newly hired Housing Finance and Development Program Manager, Pat Getzel.

Ms. Morris presented several of the winners of the "Got No Use for Drugs or Gangs" Poster Contest held for the children of the Commission's public housing developments, and thanked both the staff and the San Diego businesses who generously contributed to the success of the event.

50 APPROVAL OF THE MINUTES

COMMISSIONER NOTTLEY MOTIONED TO APPROVE THE MINUTES FOR THE MEETING OF JULY 14 AND JULY 28. THE MOTION WAS SECONDED BY COMMISSIONER MACIAS AND THE MINUTES WERE APPROVED BY UNANIMOUS VOTES OF 5-0 AND 4-0, WITH AKILI AND DICK BEING ABSENT, AND COMMISSIONER TUMMINIA ABSTAINING FROM THE VOTE ON JULY 28, AS SHE WAS NOT IN ATTENDANCE AT THAT MEETING.

ADOPTION AGENDA - CONSENT

MOTION BY COMMISSIONER MACIAS TO APPROVE THE FOLLOWING ITEMS ON CONSENT:

100 HCR97-118 - Appointment of San Diego Housing Development Corporation Directors (Citywide)

Recommendation: It is recommended that the San Diego Housing Commission appoint Mr. William E. Meyer to the at-large Director position vacated by Ms. Lynda Tauzier on the Board of Directors of the San Diego Housing Development Corporation, a California nonprofit public benefit corporation.

102 HCR97-111 - Funding Recommendation Under Housing Trust Fund Request for Proposals for Housing Rehabilitation Programs (Citywide)

Recommendation No. 1: Approve contract in form acceptable to the Executive Director and General Counsel (consisting of \$150,000 for rehabilitation loans and \$15,000 for administrative expenses) to San Diego Neighborhood Housing Services for use in the PRIDE Program; and

Recommendation No. 2: Commit \$135,000 (consisting of \$121,500 for rehabilitation loans and \$13,500 for administrative expenses) to the San Diego Housing Commission's Housing Trust Fund Rehabilitation Program.

103 HCR97-105 - Award Recommendations for FY96 Housing Trust Fund Transitional Housing Funds of \$240,000 (Council Districts 2, 8, undetermined)

Recommendation: It is recommended that the Housing Commission commit funds from the FY96 Housing Trust Fund Transitional Housing program as follows:

1. Make a grant of \$42,225 to Volunteers of America for occupancy expenses of SAMI, a program that helps homeless adults with substance abuse and mental illness diagnoses;
2. Make a grant of \$120,150 to The Salvation Army for occupancy and administrative expenses of the Family Development Center to provide housing for families participating in Solutions V transitional housing programs; and
3. Reserve \$77,625 to Episcopal Community Services pending the identification of a site for the Women's and Children's Project for a program that helps families fleeing domestic violence or dealing with substance abuse recovery or mental illness.

104 HCR97-100 - Loan Sale and Servicing Agreement for HOOP First-Time Homebuyer Program (Council Districts 3 & 7)

Recommendation: It is recommended that the Housing Commission approve the Loan Sale and Servicing Agreement (attached to the staff report) with Neighborhood Housing Services of America for resale of Housing Commission-funded loans generated under SDNHS' HOOP First-Time Homebuyer Program.

105 HCR97-122 - FY97 Public Housing Management Assessment Program (Citywide)

Recommendation: That the Housing Commission approve the resolution and authorize the Chairperson to execute a Public Housing Assessment Certification and submit the Certificate to the HUD-Los Angeles office by August 29, 1997.

107 HCR97-137 - Density Bonus Program - Option to Purchase a Condominium Unit Located at 1942 Missouri Street (District 6)

Recommendation: It is recommended that the Commission not exercise its option to purchase a condominium unit located at 1942 Missouri Street because the option price exceeds appraised market value. It is also recommended that the Executive Director be authorized to release the Agreement restricting affordable housing which is attached to the grant deed.

108 HCR97-133 - Grant to the Center for Domestic Violence Treatment and Education, Inc. for Rehabilitation, Relocation and Permit Processing for Transitional Housing (District 2)

Recommendation: It is recommended that the Housing Commission approve a revocable grant of up to \$170,000 to the Center for Domestic Violence Treatment and Education, Inc. (CDV) for rehabilitation of a property in Ocean Beach that would be used as transitional

housing for victims of domestic violence and their children, for relocation of current tenants from the property, and for costs associated with obtaining a Conditional Use Permit (CUP) to allow on-site professional counseling.

109 HCR97-123 - Request by Point Loma Nazarene College for Variance from Payment of the City's Housing Impact Fee (District 2)

Recommendation: It is recommended that the Housing Commission grant a request from Point Loma Nazarene College, located at 3900 Lomaland Drive for a Low Employee Density Variance and refund of the City's Housing Impact Fee of \$4,441.40 assessed for a new building.

MOTION SECONDED BY COMMISSIONER OXBERRY AND CARRIED ON A UNANIMOUS VOTE OF 5-0 (AKILI AND DICK BEING ABSENT).

ADOPTION AGENDA - ACTION AGENDA

101 HCR97-096 - Contract with David Rosen & Associates for the Provision of Consultant Services Related to Lending Practices and Portfolio Management (Citywide)

Staff report was presented by Mr. Steve Mikelman, Loan Manager, seeking approval of the above contract for the purpose of assessing and improving the Commission's loan underwriting process, residual receipts analysis, and analysis of established reserves.

Mr. Mel Shapiro called attention to "recent studies" referred to in the staff report and requested more information regarding these studies.

Ms. Morris responded that these studies are project reserve account studies and invited Mr. Shapiro to make arrangements with staff to see them.

Chairman Arthur introduced Mr. David Rosen to the Board.

MOTION MADE BY COMMISSIONER MACIAS TO AUTHORIZE THE EXECUTIVE DIRECTOR TO EXECUTE AN AGREEMENT WITH DAVID ROSEN & ASSOCIATES (ATTACHMENT 1 OF THE STAFF REPORT), IN AN AMOUNT UP TO \$54,000 TO PROVIDE CONSULTANT SERVICES RELATED TO IMPROVING LOAN PROCESSING AND MANAGEMENT OF THE AGENCY PORTFOLIO. MOTION SECONDED BY CAROL NOTTLEY AND CARRIED BY UNANIMOUS VOTE OF 5-0 (AKILI AND DICK BEING ABSENT).

106 HCR97-112 - Classification and Compensation Study Contract Authorization and Implementation Recommendation

Staff report presented by Mr. Ron Novello, Chief Operating Officer, with Mr. Terry Whitesides, Equal Opportunity and Contracting Manager, on hand for questions.

Mr. Shapiro expressed his dissatisfaction with the amount of “back-up” material provided with the staff’s report. Mr. Shapiro also felt that the members of the screening committee were inappropriately chosen, were not disinterested parties, and did not represent the taxpayers.

Commissioner Macias contended that the Commissioners were not making decisions in the dark and that they can and do seek additional information if they need it in their review of staff reports.

MOTION MADE BY COMMISSIONER MACIAS TO APPROVE THE CLASSIFICATION AND COMPENSATION CONTRACT AND IMPLEMENTATION PLAN AND EXECUTE A CONTRACT IN THE AMOUNT OF \$53,000 TO REWARD STRATEGY GROUP, INC. MOTION SECONDED BY COMMISSIONER NOTTLEY AND CARRIED BY UNANIMOUS VOTE OF 5-0 (AKILI AND DICK BEING ABSENT).

110 HCR97-136 - Acquisition Program Policy Discussion (Citywide)

Ms. Morris called the Commissioners’ attention to the relationship of this item with the next on the docket, one being a general policy decision, and the other requiring implementation of this policy.

Staff report was presented by Ms. Wendy DeWitt, Finance and Development Project Manager, with Jack Farris, Financial Specialist, on hand for questions.

The report discussed the current housing needs of San Diego and recommended that the Housing Commission reaffirm support for its mixed-income acquisition program as a means of addressing these needs.

Mr. John W. Cheney introduced himself as an “apartment house owner” and member of the Apartment Association, and spoke in opposition of the Housing Commission competing with the private sector in market-rate housing.

Mr. Shapiro disputed the success and legitimacy of the Maya Apartments and expressed his opinion that the SDHC’s acquisition program does not promote affordable housing and is a misappropriation of the Commission’s attention and resources.

MOTION MADE BY COMMISSIONER OXBERRY TO CONTINUE ITEM IN CONSIDERATION FOR COMMISSIONER DICK’S INTEREST IN THIS ISSUE AND HIS ABSENCE AT THIS MEETING.

Ms. Morris encouraged the Commissioners to consider in the meantime, not only the policy discussion, but the financial implications of the issue.

Chair Arthur encouraged the Commissioners to contact staff with any questions they have as they study the issues.

MOTION TO CONTINUE ITEM SECONDED BY COMMISSIONER NOTTLEY AND CARRIED ON UNANIMOUS VOTE OF 5-0, (WITH AKILI AND DICK BEING ABSENT).

111 HCR97-121 - Palm Vista Apartments (District 8)

No report was given.

MOTION MADE BY COMMISSIONER MACIAS TO WITHHOLD REPORT AND CONTINUE THIS ITEM IN CONSIDERATION OF COMMISSIONER DICK'S INTEREST AND ABSENCE. MOTION SECONDED BY COMMISSIONER NOTTLEY AND CARRIED BY UNANIMOUS VOTE, (WITH AKILI AND DICK BEING ABSENT), AND COMMISSIONER OXBERRY ABSTAINING.

112 HCR97-135 - Consultant Contract for Rental Assistance Programs (RAP) Review (Citywide)

Staff Report was presented by Mr. Ron Novello, Chief Operating Officer, with Mr. Terry Whitesides, Equal Opportunity and Contract Manager, on hand.

Mr. Mel Shapiro stated his belief that it is inappropriate for employees of the Housing Commission to serve on the selection committee; and questioned the funding source for the review.

Mr. Novello replied that Mr. Shapiro's question about the Budget's uncommitted reserves had been asked on several occasions in the past, and had been answered. Mr. Novello further clarified that the first intention would be to use existing Section 8 moneys, and that staff was only requesting authority to resort to reserves if necessary. In response to Mr. Shapiro's criticism of the Selection Committee, Mr. Novello stated that the selection committee had consisted of experts in the field, both in the Commission and outside. Ms. Morris noted the national reputation and expertise of Quadel.

MOTION MADE BY COMMISSIONER MACIAS TO: 1) AUTHORIZE THE EXECUTIVE DIRECTOR TO NEGOTIATE A CONTRACT NOT TO EXCEED \$69,940 FOR CONSULTING SERVICES WITH THE FIRM OF QUADEL CONSULTING CORPORATION TO CONDUCT A COMPREHENSIVE REVIEW OF COMMISSION RENTAL ASSISTANCE PROGRAMS; AND 2) AUTHORIZE THE EXECUTIVE TO NEGOTIATE A CONTRACT AMENDMENT, NOT TO EXCEED \$26,998, FOR ADDITIONAL TASKS DESCRIBED IN THE CONTRACT SCOPE OF SERVICES AS DETERMINED BY THE EXECUTIVE DIRECTOR, BASED ON AGENCY NEEDS AND AVAILABLE RESOURCES; AND 3) APPROVE A TRANSFER OF UP TO \$96,938 FROM SECTION 8 CONTINGENCY RESERVES TO THE CONTRACT CONSULTANT LINE ITEM IN RENTAL ASSISTANCE/OCCUPANCY BUDGET TO PROVIDE FOR THIS CONTRACT.

MOTION SECONDED BY COMMISSIONER NOTTLEY AND CARRIED BY UNANIMOUS VOTE OF 5-0, AKILI AND DICK BEING ABSENT.

113 HCR97-125 - Section 8 Rent Rates (Citywide)

Staff report was presented by Executive Director, Elizabeth Morris, in the form of a slide presentation, to address recent public concerns about the Section 8 Rental Assistance Program. Ms. Morris capsulized the program's mission and responsibility to its clients and to the community, business processes, and problems that have been experienced in the implementation of its procedures. Steps to correct the problems were highlighted.

Commissioner Macias commented that she had recently attended a NAHRO conference where directors of other housing acknowledged that rent reasonableness is a national problem for housing authorities, that all suffer from flaws in their systems, and that they are looking to San Diego for guidance in anticipation of correcting their own problems. Commissioner Macias concluded that though painful, this is a healthy process and will prove beneficial to the program and its participants as its procedures are improved.

Mr. Mel Shapiro characterized the Inspector General's audit as a "limited review" and felt that a more in-depth independent "outside audit" should be performed. Mr. Shapiro claimed to have found errors in the staff audit and in the Section 8 monthly report to the Housing Authority of rent reasonableness, as well as undisclosed overpayments at two of the Commission's Section 8 apartment complexes. He suggested that rents be checked of landlords who are choosing to not recertify.

Commissioner Oxberry asked for comment from the Executive Director regarding Mr. Shapiro's request for an outside audit.

Ms. Morris stated her belief that the Grand Jury and the Inspector General do serve as outside auditors, and that the Quadel Consulting Firm being contracted by the Commission will assist staff in ensuring the accuracy of the program. Ms. Morris declared staff's indisputable investment in the integrity of this effort and in the soundness of the Section 8 program.

Commissioner Oxberry asked that Mr. Shapiro's accusation of overpayments at the Euclid Terrace be investigated. Ms. Morris agreed to do so. Mr. Oxberry affirmed that anonymous telephone inquiries of rent rates is an effective tool in monitoring rent reasonableness. Staff confirmed that it uses this method on occasion.

Commissioner Oxberry testified that Mr. Shapiro's charge that the Inspector General's audit was incomplete or inconclusive because it did not evaluate 100% of the agency's data was unfounded, as it is standard auditing procedure to examine only a percentage of the subject under investigation, and to draw its conclusions from that evaluation.

Commissioner Tumminia questioned the effectiveness of the new rent check endorsement. Ms. Morris affirmed that this step is taken as an additional deterrent, requiring the landlord

each month as he deposits his subsidy check to recertify his responsibility to the Housing Commission as contracted.

Ms. Morris stated that Commissioner Akili, though unable to attend the meeting, was in full support of a public discussion of these issues, so that confidence in the program could be maintained, and the Commission go forward with its mission.

**MOTION MADE BY COMMISSIONER MACIAS TO ACCEPT STAFF'S REPORT.
MOTION SECONDED BY COMMISSIONER NOTTLEY AND CARRIED BY UNANIMOUS
VOTE OF 5-0, AKILI AND DICK BEING ABSENT.**

General Counsel Hal Valderhaug announced the items for Closed Session agenda, and offered members of the public the opportunity to speak on Item III, regarding Fay Avenue. There was no public comment.

CLOSED SESSION

General Counsel Hal Valderhaug announced that pursuant to Government Code, Section 54956.8(a) and 54954.5(b) that the Housing Commission met in Closed Session to discuss the following items:

I. Conference with Legal Counsel - existing litigation, pursuant to California Government Code Section 54956.9(a) and 54954(c):

(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

(b) San Diego Housing Commission, a public agency vs. Park Haven Apartments No.1, a California general partnership; Park Haven 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; Diedrich & 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) San Diego Housing Commission, a public agency vs. Creekside Villa Apartments, a California limited partnership; Barbara Barsky, an individual; Morley Barsky, an individual; Richard Kuebler, an individual; John B. Walsh, an individual; 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.: 712828

THESE ITEMS WERE TAKEN AS INFORMATIONAL ONLY. NO ACTION WAS TAKEN.

- (d) San Diego Housing Commission, a public agency vs. T.N.T. Partners, Inc.
San Diego Superior Court Case No.: 707898

COUNSEL WAS DIRECTED TO PROCEED WITH POTENTIAL SETTLEMENT.

- II. Conference with Legal Counsel - anticipated litigation pursuant to Government Code Section 54956.9(b):

NO ACTION TAKEN.

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

Property: 7143, 7159 and 7161 Fay Avenue
La Jolla, CA 92037; and; a remnant portion of
7143, 7159 and 7161 Fay Avenue,
La Jolla, CA 92037

NO ACTION TAKEN.

ADJOURNMENT

Chair Arthur adjourned the meeting at 11:30 a.m.

Respectfully submitted,

Approved by,

Margaret Hill
Executive Secretary

Elizabeth C. Morris
Executive Director

ECM:mh

**Signature Available with
Original Document**