

ew homes Housing costs are driving the

or under

200,000 all

out extir

lled off by b

ori Weisber  
WRITER

could  
this before  
of the San L  
es into extir  
at unlike r  
Califor  
bre

ta  
ts pr  
s sim  
es.

omb the  
for a tract  
e range and  
r search will com  
In ad after ad, pri  
gle-family homes sta  
"low \$200s" and asce  
idly from there. A rece  
ernet query for a tract home  
ced below \$200,000 yielded  
s indisputable response: "N  
ords match your criteri  
And if you're luck  
find a develop

THE SAN DIEGO UNION-TRIBUNE • SUNDAY, JANUARY 23, 2000  
**A dwelling disaster**  
System stymies middle-income

**S**an Diego County's amazing shrinking unemployment rate has created a magnet pulling job-seekers here from all over the country. Anybody who's against growth in San Diego might as well be against the ocean being wet. It's

**When Pigs Fly'**

**San Diego's Average Closing In On Month**

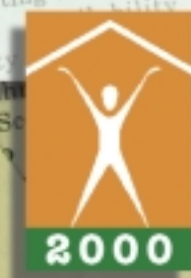
Housing affordability is getting so critical in some areas of the state that, once again some experie  
tion:

SAN DIEGO DAILY TRANSCRIPT FRIDAY, JUNE 9, 2000

**New Developments Little Relief Rental Housing Market In County Suffers From Low High Prices**

**solutions.**

**San Diego Housing Commission ANNUAL REPORT**



2000

**It's official: Housing crisis gr**  
Report of soaring home prices not news to San Diego

By Dean Calbreath  
STAFF WRITER

heights.  
"We're the victim of our own economic success," Cuomo said. "The economy is so strong that it's driving up the cost of housing"

The report showed that San Diego has been one of prime beneficiaries in growth of high-tech jobs

**Housing squeeze tightens in county**

s eighth least-a  
list  
No vac  
Sacramento

**S**an Diego, one of the fastest-growing jobs provides a microcosm of the state's housing crisis. A healthy ratio of jobs to Department of Finance. What means is that for every 1.5 new jobs added to a region's employment base, one new home must be built to keep pace. Well, the San Diego economy generated an impressive jobs over the past th  
er, the home managed

The San Diego Union-Tribune • Tuesday, June 13, 2000

## contents

- 1 ▶ Perspectives: History of Affordable Housing Programs
- 2 ▶ San Diego's Housing Crisis
- 3 ▶ Leadership: Education Campaign
- 4 ▶ Recognition: Awards Earned
- 5 ▶ Re-engineering: organizational structure, technology, training
- 6 ▶ Rental Assistance Team Meets New Challenges
- 7 ▶ Moving Families from Welfare to Work
- 8 ▶ Housing Management and Production
- 8 ▶ Helping Families Buy and Rehabilitate Homes
- 9 ▶ Summary



The San Diego Housing Commission's fiscal year 2000 straddled two centuries, both key in devising—then reinventing — public policy and programs around affordable housing.

# A New Century: A Renewed Commitment

## 2000: A Time to Look Back

### *The Great Depression Era*

In the United States, government-assisted affordable housing was first proposed in the first half of the 20th century to address concerns about the growth of slums in the nation's cities, where overcrowding and deterioration of properties was occurring. During the Great Depression, in the 1930s, the condition of the cities worsened. More and more families had to resort to living in makeshift shelters in slums.

The U.S. government response was the initiation of a public housing program to "alleviate unemployment and eliminate unsafe and unsanitary conditions."

### *A Building and Population Boom*

Federally funded housing programs expanded in the late 1940s and 1950s in response to the needs of returning World War II and Korean War veterans. To help make homeownership affordable to them and other middle class Americans, the government initiated two revolutionary programs.

First, it created financing mechanisms, including government-backed mortgage insurance through FHA and a secondary mortgage market that enabled families to purchase their homes over a 30-year period, making mortgage payments (and, therefore, the homes themselves) affordable to tens of thousands. Secondly, it created tax benefits for homebuyers in allowing mortgage interest deductions when filing federal personal income tax returns. (This initiative —

actually a housing subsidy for the upper and middle class — currently costs the Federal Treasury \$60 billion a year. It should be noted that that amount is more than twice HUD's entire budget.)

### *New Solutions to Old Problems*

Housing assistance programs for lower income households (HUD's primary focus) changed dramatically again in the 1970s when then-President Nixon created a market-based program known as Section 8-Rental Assistance. By that decade, many sizeable public housing developments, particularly those in the larger and older cities, had themselves become slums known as "the projects." A rental assistance program would offer struggling families affordable housing in locations of their choice, thus increasing the

prospect of deconcentrating poverty. Such a program would benefit the rental property market as well.

### *Addressing San Diego's Needs*

It was in this era that the San Diego Housing Commission was

formed. Created by City Council in 1979, it was devised as a separate entity from city government so as to

increase the efficiency of the city's affordable housing programs. They would all be brought under one roof and managed by the same agency, creating "ownership" of an affordable housing "vision." An appointed board would oversee the agency to reduce bureaucracy, and City Council would sit as the Housing Authority on major policy and funding issues.

### **2000: A Time to Meet New Challenges**

Now 21 years old, the Housing Commission finds itself in the midst of a housing crisis. And a measure of its maturity and growing stature is the fact that it is not only managing a myriad of assistance programs – and

earning prestigious national awards for doing so — but is also assuming a leadership role in educating the public and policy makers about the crisis.

Fiscal year 2000's housing crisis is affecting California more than most other U.S. states. Eight of the ten American cities with the least affordable housing markets are in California, and San Diego is one of them. This impacts all of the Commission's programs – with Rental Assistance Program renters finding it more difficult to find an apartment, hundreds more applications for first time homebuyer assistance than are available, longer waits for public housing units, and a greater need to help development partners build affordable housing.

### *The Paradox*

Ironically, the housing crisis arose at least in part because of an exceptionally strong economy in the U.S., which has created a paradox. While many Americans



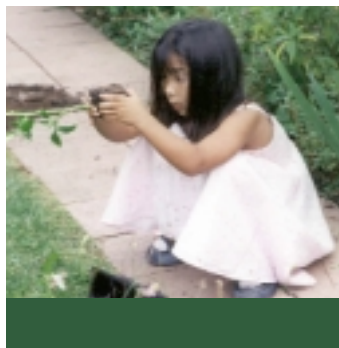
are experiencing a marked rise in personal wealth, other Americans have seen their steady incomes eroding in value due in part to ballooning housing expenses.

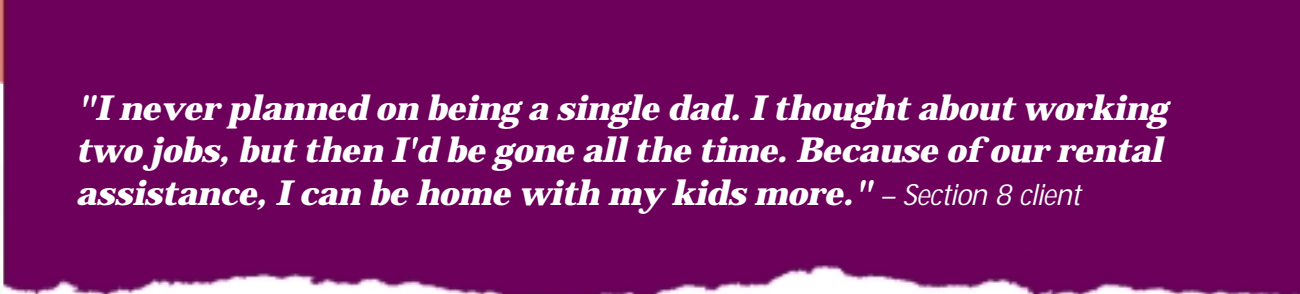
In San Diego, and in the rest of California, the growing gap between the haves and the have-nots is especially jarring. Recent Federal Reserve reports indicate that the average California family is poorer than families elsewhere in the nation. This is attributed to two factors: the economic downturn at the beginning of the decade that lasted longer and cut deeper here than in other parts of the United States, and a widening gap between highly trained workers who are benefiting from the state's burgeoning sectors — such as technology and finance — and California's vast and growing pool of poorly educated workers. In fact, interestingly, California has both a larger proportion of wealthy families as well as a larger proportion of poor people than the rest of the

... said.  
**'Growing pains'**  
... and c...



CANYON VISTA





***"I never planned on being a single dad. I thought about working two jobs, but then I'd be gone all the time. Because of our rental assistance, I can be home with my kids more."* – Section 8 client**

United States. And while the median income in the rest of America rose by about eight percent between 1989 and 1998, it fell by 4.2 percent in California.

***All Income Segments Affected***

In San Diego, an estimated 40 percent of the population is classified as low income. Even middle income families are now finding housing prices prohibitive,

though. The cost of purchasing a home is out of reach to all but about 22 percent of the population, and rental rates are among the highest in the U.S. In addition, a severe shortage of rental units makes finding any apartment, let alone an affordable one, difficult for all renters and, especially, for Section 8 renters.

**Taking a Lead in Addressing the Need for More Affordable Housing**

The San Diego Housing Commission's executive management team sees its role as not only the key responsible entity for administering governmental assistance housing programs in the city but also as a catalyst for policy discussion around affordable housing. That is why, in fiscal year 2000, Commission executives worked on a major educational campaign to increase lawmakers' understanding of this housing predicament. Commission executives met with legislators in Washington, DC, Sacramento, and San Diego to educate top policy makers about the need for more affordable housing in the region. What's more, the Commission CEO now serves on the California Senate Bipartisan Task Force on the Homeless.

***Policy Goals***

- The Commission sought the following:
- Incentives (or removal of barriers) to housing development, including:
    - getting development off the planning board onto the ground faster
    - allowing higher density
    - changes in construction defect litigation laws
  - Funding to help fill the gap for lower income families with federal, state, and local resources
  - Enhanced flexibility in local decision-making regarding types of projects and their locations
  - Reform of fiscal policies so more tax money is directed to infrastructure to support housing
  - Increased development of comprehensive programs to help low income families end the cycle of poverty
  - Increased awareness and support for the above goals.

***Accomplishments***

The Commission's efforts, in partnership with such entities as California Housing Law Project and the Nonprofit Federation Policy Committee, helped contribute to the decision by the State of California to allocate \$500 million of the state's budget surplus to augment affordable housing creation.

To enhance local education around the need for additional affordable housing, the Commission's CEO now authors a monthly San Diego Daily Transcript column.

In addition, the Housing Commission created and got community input on a five-year Consolidated Plan for the City of San Diego – one of the blueprints for San Diego's future. It created an agency plan to help manage the Commission's future as well. The Commission also contributed to the Mayor's Committee on Seniors and the region's HIV Housing Committee. Staff served on workshops on such matters as the Ballpark & Downtown Homelessness.





PARKER-KIER

## Earning More Awards than Ever

This important work to help establish public understanding of housing needs and to create appropriate policies did not keep the San Diego Housing Commission from managing its programs and managing them well — so well, in fact, that it won a record number of awards in FY2000.

The Commission earned HUD's highest honor — a national "Best Practices" award for Parker-Kier Apartments. In presenting the award, HUD Secretary Andrew Cuomo said the Parker-Kier, which helps low income formerly homeless persons with special needs, should serve as a model for the rest of the country.

For the first time, too, the Housing Commission's efforts to educate the public about the need for afford-

able housing won two national awards. One enabled it to join the ranks of other winners of the ilk of *Newsweek* and *Time Magazine* when the Commission's 1999 educational calendar won an award from the Association for Women in Communication.

Other awards included:

- The Association of Local Housing Finance Agencies (ALHFA) award for:
  - Parker Kier Apartments
  - La Posada Apartments
- The National Association of Housing and Redevelopment Officials (NAHRO) awards for:
  - ICAN resident services program
- Community Works resident services program
- Community Relations program
- The Nonprofit Federation for Housing and Community Development awards for:
  - Knox Glen Townhomes Resident Involvement program
  - Village View Apartments
- The U.S. Dept. of Housing and Urban Development (HUD) awards for:
  - Maya Apartments
  - University Canyon Learning Center
- The San Diego County Apartment Association awards for:
  - La Posada Apartments
  - Golden Villas Apartments
- The San Diego Home Loan Counseling Service award for Housing Advocate of the Year, Elizabeth Morris
- The Fair Housing Council award for community development
- The Public Relations Society of America, San Diego Chapter, award for "Good Neighbors" educational video



HUD BEST PRACTICES AWARD



***"I always knew I didn't have to be stuck in a dead-end job! I got the training I needed, help with resume writing and interview skills, and now I have a real career!"***

– Kim Le  
Resident Services Client



# Re-engineering to revitalize the Agency

e-GOVERNMENT  
TRAINING

POLICY LEADERSHIP



The San Diego Housing Commission has always demonstrated an eagerness to continually work on improving its processes and reduce overhead. To that end, a change was made to the agency after careful evaluation by a management-team committee.

## *Agency Reorganized*

The organization was reorganized around function, and some departments were combined. Refinements will continue to be made to the plan, but it is well on the way to increasing efficiency in the delivery of internal and external services. Although the plan did not take effect until the first day of fiscal year 2001, it was an important project of FY2000.

One of the most significant changes was the creation of a chief of staff position, replacing a directorship. The chief of staff is responsi-

ble for ensuring the effective internal functioning of the agency as a business unit and as an efficient service delivery provider. Although the CEO continues to have final approval on all agency matters, the creation of the chief of staff position allows the chief executive officer to better focus on key policy matters as well as continue her role as an advisor to local, state, and national leaders on affordable housing issues.

## *e-Government: Leveraging Technology to Revolutionize the Way We Do Business*

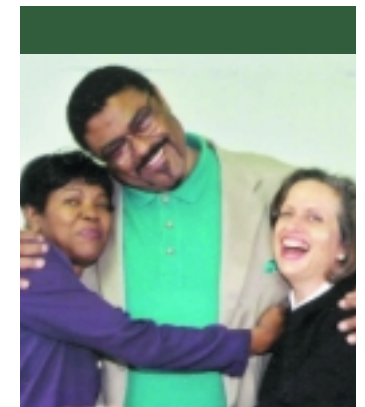
The agency reorganized the way it does much of its business, as well, through wise use of the Internet and computer technology. Much of the "red tape" of doing business with the Commission has been eliminated because, in many cases, vendors, job seekers, and others no longer need to travel to the agency or write to us for forms or information. Now they can access, online: information about the agency, its programs, career openings, and contracting opportunities; forms and reports such as requests for proposals, job applications, applications for

assistance, and meeting agendas; and individuals can e-mail us resumes, questions, or comments.

What's more, because of software programs, managers can now instantly access budget and activity status information at their workstations.

## *Training employees today for tomorrow's challenges*

The Commission demonstrated a commitment to improving customer service by significantly investing in employee training in FY00. It showed its commitment to providing staffing adequate to serve its clients by entering into a unique temporary employment agency contract with a nationally recognized business owner (Rosie Grier). This partnership provides not only temporary staffing but also resident outreach training.





ment programs across the country, by rating the Commission a “high performer” in Section 8 delivery and management.

Among the new tools the department used to achieve these results was a quarterly newsletter which reaches the almost 5,000 owners/managers who participate. In addition, an “owners’ hotline” was established, making a specialist available to rental property owners to answer their concerns or questions. Regular owner workshops are being conducted as well. And the voucher payment standard was increased to 110 percent of the fair market rent to allow greater flexibility of rents, benefiting both owners and renters. Importantly, too, paperwork continues to be reduced.

In addition to meeting these challenges effectively, the Rental Assistance Department instituted the new “Housing Choice” voucher program, which allows families greater opportunities to locate suitable housing in areas of their choice.

All of this work has paid off – most notably by significantly increasing the number of families able to find a landlord willing to participate in the Section 8 program in the current “hot” rental market.

In FY 2000, a second major process improvement effort continued. The agency’s largest department, the Rental Assistance Department, is forging ahead to meet the challenge of building participation of rental property owners in the Section 8 Program during a time when vacancy rates are at all-time lows and, therefore, owners need the program less. Given these challenges, maintaining a lease-up rate of 98 percent in FY00 was a significant accomplishment.

The department’s effectiveness was acknowledged by HUD in this, its first year of assessing Section 8 manage-

## Resident Services Programs Continue to Set National Standards

The Housing Commission’s Resident Services programs continue to be nationally recognized, particularly for the department’s work with the hardest to serve segments of the population. Through the end of FY00, 1,023 individuals were enrolled in Welfare-to-Work type programs, and 670 clients were placed in unsubsidized employment.

The award winning welfare-to-work programs demonstrate the Housing Commission’s effective use of partnerships with community service providers, busi-

nesses, and educational institutions. Instead of “reinventing the wheel” when it comes to helping people become financially independent, the Commission relies on experts in the region to work with us. This has gained us access to programs such as UCSD’s Community Outreach Partnership Center (a collaboration about which the Commission’s CEO jointly authored a paper published in Spring 2000’s *California Western Law Review*).

The department’s effectiveness has enabled it to successfully solicit grant funding, which totaled over \$840,000 in FY00. This sum funded learning opportunity centers, staff education, and a number of self-sufficiency delivery models.



FSS GRADUATE





SARANAC PUBLIC HOUSING DEVELOPMENT

## Property Management Working for the Residents

The San Diego Housing Commission has always been proud of the condition of its public housing, diligently maintained by its well trained property management team.

Helping residents of public housing access all the

services available to them through the Housing Commission and its partners is the goal of the property management function, as well. That's why the staff provided extensive training on such services to all resident managers in fy2000.

In addition, an annual occupancy rate of 99.39 percent was maintained for public housing units, maximizing this valuable community resource.



***"When our rent went up, my hopes went down. Then I found that the Housing Commission could help us buy a home. Now I pay less for the mortgage than I did in rent!"*** – First Time Homebuyer Program client

## New Rental Housing Produced Despite High-Priced Market

### *High Number of Starts, Lower Number of Completions*

The Department of Finance and Development had a disappointing year in some respects. Its goals to complete a total of 800 units of affordable housing were not met despite intense efforts. This is due primarily to where planned-for units are in what is known as the "pipeline." A project is brought to the attention of the Commission. The Commission staff evaluates it. If it seems feasible, an evaluation will be executed. Depending on findings, the project may or may not reach the Board of Housing Commissioners and, finally, the Housing Authority for approval. Once approved and funded (and most projects have multiple layers of funding, adding to the challenge), it will take months,



VISTA VERDE

even a year or more, to complete the project.

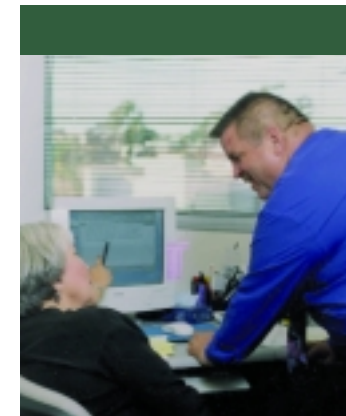
The good news is that, despite the fact that the units were not completed this year, the number of "starts" is significant and will result in a high number of completed units next fiscal year. In fact, two of the bond-funded projects due to be completed in December 2000 will yield a total 570 affordable units.

### *High Quality Projects*

While this work on production proceeded, the quality of the Housing Finance team's products was recognized with significant honors in FY00. In fact, it won a record number of awards.

## Special Purpose Housing Exceeds All Goals

The Housing Commission provides funding for housing known as "special purpose housing," which helps persons with special needs. Such housing includes transitional, group, shared, and supportive housing programs. In fiscal year 2000, the Commission exceeded its goal by almost 40 percent, financing 764 special purpose housing units, including Becky's House for domestic violence survivors and housing for Vietnam veterans.



FORMALLY HOMELESS CLIENT

## Revitalizing Communities

The Housing Commission rehabilitated 385 owner-occupied homes and 20 rental units in fiscal year 2000, improving neighborhoods as well as livability of homes for individual families. The rehabilitation staff also provided technical assistance to nonprofit organizations to help them revitalize 724 homes as well.

In addition, 168 families were able to make the American dream of home-ownership come true thanks to the Commission's First Time Homebuyer Program, which includes down payment grants, second loans, and mortgage credit certificates. Most buyers purchase in the city's older neighborhoods, so not only does the buyer get an economic opportunity, but the neighborhood benefits from a stabilizing influence as well.



BEFORE REHABILITATION



AFTER

## Summary: Strong Policy Leadership and Strong Affordable Housing Programs

In summary, in fiscal year 2000, when the San Diego economy reached a fevered pitch and the need for affordable housing grew to crisis proportions, the expertise and leadership qualities of the Commission enabled it to meet the key challenges it encountered. Although not all goals were met (and, indeed, if all were one would assume they were not challenging enough), the Commission proved itself in more ways than ever. Indeed, the San Diego Housing Commission has become one of America's most effective housing agencies – as attested to both by the number of awards it has earned and by the number

of key roles it has been asked to play at local, state and federal levels. It did, indeed, "come of age" in its 21st year, fiscal year 2000.



FIRST-TIME HOMEBUYER AND DAUGHTER

The best of times



# San Diego Housing Commission Combined Balance Sheet

## June 30, 2000

Unaudited

### Assets

Cash	402,258
Investments	30,790,802
Tenant accounts receivable	15,888
Other accounts receivable	898,710
Due from funding sources	4,184,358
Due from other funds	1,821,560
Notes receivable, net	59,795,334
Accrued interest receivable	4,587,517
Prepaid items and other assets	255,393
Restricted cash	723,674
Fixed assets, net	94,526,954

**Total Assets** 198,002,448

### Liabilities

Accounts payable	1,979,282
Accrued payroll and benefits	1,788,367
Due to funding sources	1,354,628
Due to other funds	1,821,560
Deposits	775,170
Other current liabilities	1,125,761
Deferred credits and prepaids	5,023,428
Notes payable	8,520,968

**Total Liabilities** 22,389,164

### Equity

Contributed capital	81,568,034
Retained earnings	94,045,250

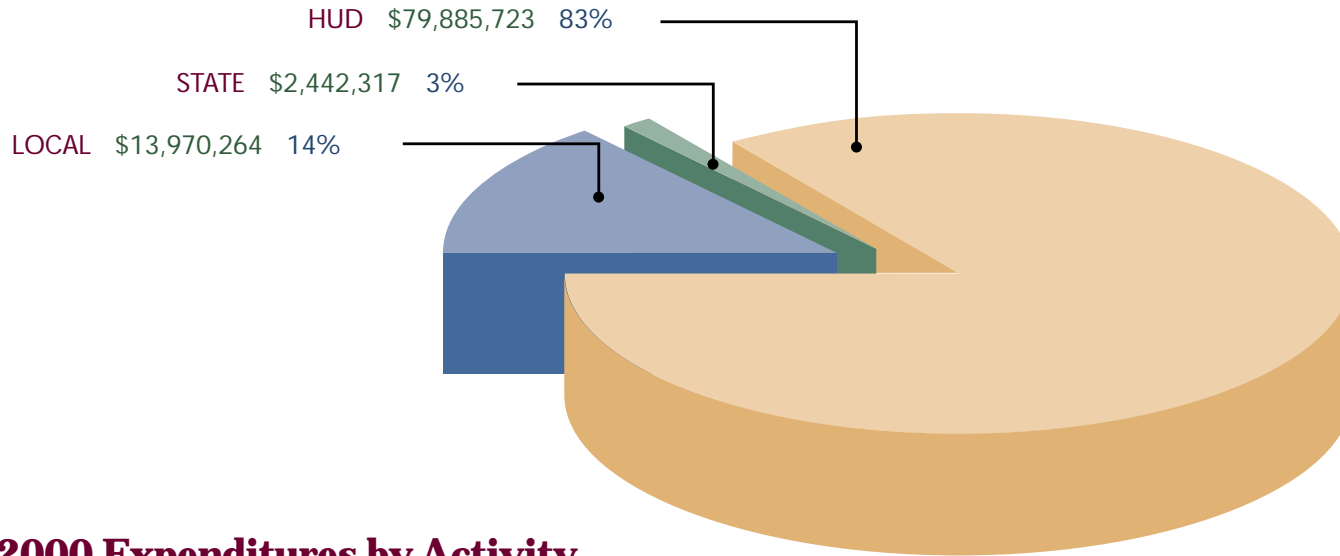
**Total Fund Equity** 175,613,284

**Total Liabilities and Fund Equity** 198,002,448

## Fiscal Year 2000 Revenue by Funding Source

### Cash Basis (\$96,298,304)

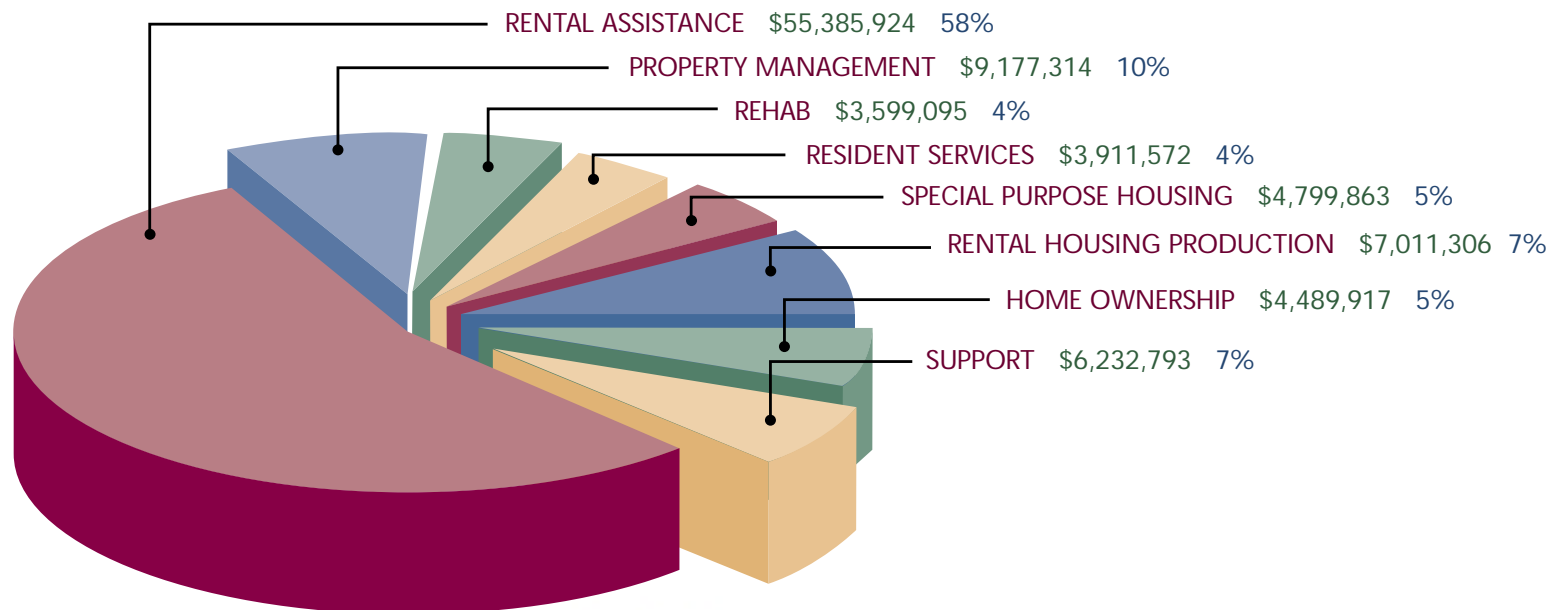
Unaudited



## Fiscal Year 2000 Expenditures by Activity

### Cash Basis (\$94,607,784)

Unaudited



# **The San Diego Housing Commission:**

## **COMMISSIONERS**

E. Neal Arthur, Chair  
David L. Dick  
Robert A. Grinchuk  
Steven W. Oxberry  
Santiago I. Robles  
Thomas F. Steinke  
Alice Tumminia

## **CHIEF EXECUTIVE OFFICER**

Elizabeth C. Morris

## **CHIEF OF STAFF**

Carrol Vaughan

## **DIRECTOR OF HOUSING PROGRAMS**

Patricia Duplechan

## **DIRECTOR OF OPERATIONS**

Steven Mikelman



1625 Newton Avenue  
San Diego, California 92113-1038  
(619) 231-9400

*A state agency authorized by the City of San Diego*