

MINUTES

**SAN DIEGO HOUSING COMMISSION
MINUTES OF THE REGULAR MEETING
APRIL 25, 2008, 9:00 A.M.
CITY ADMINISTRATION BUILDING
SAN DIEGO, CALIFORNIA**

ATTENDANCE

Present were Chair Sal Salas and Commissioners Jennifer Adams-Brooks, Khadija Basir and Tony Yip. Also present were Chuck Christensen, General Counsel and Interim President and CEO Carrol Vaughan. Commissioner Todd Gloria was excused.

10 CALL TO ORDER

Chair Salas called the meeting to order at 9:10 a.m.

20 PUBLIC COMMENT

None

30 COMMISSIONER COMMENTS

None

40 REPORT BY INTERIM PRESIDENT & CHIEF EXECUTIVE OFFICER

Ms. Vaughan introduced Mr. Jeff Davis as the new Director of Rental Assistance Department, adding that Mr. Davis has been an employee with the Housing Commission since 1996. She mentioned the Housing Commission's Safety Committee recently received from California Housing Workers' Compensation Authority (CHWCA) an award for the most improved large public housing authority for the reduction of claims, along with a \$2,000 check. Finally, she gave an update on the CEO Selection process.

50 APPROVAL OF THE MINUTES

MOTION BY BASIR TO APPROVE THE APRIL 4, 2008 REGULAR MEETING MINUTES. SECONDED BY ADAMS-BROOKS AND CARRIED ON A UNANIMOUS VOTE OF 4-0 WITH GLORIA EXCUSED.

ACTION AGENDA

General Counsel stated that Item 100 is not a project for CEQA purposes and is exempt and/or excluded under the provisions of 24CFR 5834 and 5834.5.

MOTION BY BASIR TO APPROVE THE FOLLOWING ITEMS ON CONSENT:

100 HCR08-49 City of San Diego's FY09 Action Plan

Recommendation: That the Board recommend to the City Council approval of the FY09 Action Plan and the Substantial Amendment to the Five Year Plan and authorize submission to HUD following such approval.

SECONDED BY YIP AND CARRIED ON A UNANIMOUS VOTE OF 4-0 WITH GLORIA EXCUSED.

ACTION AGENDA

101 HCR08-44 Delegation of Limited Authority to Housing Commission Board

Director of Asset Management Steve Snyder gave a staff report.

Commissioner Yip asked about borrowing against the equity to acquire and finance properties. Mr. Snyder replied that the plan is to acquire and finance new properties to the maximum extent allowed. Adding there will be a shortfall based on the level of affordability for the properties and the gap will be financed with the equity and cash flow from the original 1366 units.

Chair Salas asked about the 130 vacant units. Mr. Snyder replied that there are approximately 100 vacancies, 1000 units were leased up during the first month and approximately another two hundred units since then.

Commissioner Basir asked how long will the proposal process take. Mr. Snyder replied the proposal period will close on May 12, 2008, negotiations will open in June 2008, and staff will bring back to the board for approval in August 2008.

MOTION BY BASIR TO FORWARD TO THE HOUSING AUTHORITY TO DELEGATE LIMITED AUTHORITY TO THE HOUSING COMMISSION BOARD TO APPROVE THE ACQUISITION OF PROPERTY OFFERED IN RESPONSE TO A REQUEST FOR PROPOSALS (RFP) ISSUED ON FEBRUARY 25, 2008, AS LONG AS THE TERMS OF THE ACQUISITION MEET SPECIFIC PARAMETERS SET BY THE HOUSING AUTHORITY AND AS INCLUDED IN THIS REPORT. SECONDED BY YIP AND CARRIED ON A UNANIMOUS VOTE OF 4-0 WITH GLORIA EXCUSED.

102 HCR08-39 Affordable Housing Fund Fiscal Year 2009 Annual Plan (Citywide)

Program Analyst Lisa Wolf gave a staff report.

Commissioner Basir asked about the timeline when a tenant applies and when they actually receive the foreclosure payments. Ms. Fisher stated that it takes usually four months prior to the actual foreclosure notice. She added that the number of foreclosures for November and December has lessened and we are seeing more work outs with mortgage holders.

MOTION BY BASIR TO APPROVE THE FOLLOWING RECOMMENDATION: THAT THE HOUSING COMMISSION RECEIVE PUBLIC COMMENTS ON THE DRAFT AHF FY09 ANNUAL PLAN, MAKE MODIFICATIONS AS NECESSARY, AND RECOMMEND APPROVAL BY THE CITY COUNCIL. SECONDED BY ADAMS-BROOKS AND CARRIED ON A UNANIMOUS VOTE OF 4-0 WITH GLORIA EXCUSED.

103 HCR08-38 San Diego Housing Commission FY2009-2011 Business Plan

General Counsel stated that pursuant to the provisions of the California Government Code § 84308 Commissioner Gloria will be abstaining from any actions and participation in connection with this item.

Project Managers Rudy Cervantes and Wendy DeWitt gave a staff report.

Mr. Tom Scott, Executive Director, representing the San Diego Housing Federation (SDHF), gave public testimony and requested that the plan be sent back to staff for further review. His stated concerns were that the Housing Commission was moving away from its mission of serving very low income residents particularly in regard to the recent conversion of its the public housing stock to 80 percent AMI levels and in the creation of 350 new units to be rented at 80% AMI levels as well. He also expressed concerns regarding the costs of managing the Commission's existing portfolio, the lack of an adequate analysis of leveraging and affordability options, and a general concern that the Commission is moving too fast. His specific recommendations for changes to the plan were: On page 8, new strategy #4 change the wording to leave the strategy as wide open as possible; on page 9, add a new strategy #6 to benchmark the costs for property management against the private sector with similar type of housing stock; and that the plan include an appropriate analysis be completed to ensure that the Commission's housing serves people that are really in need in San Diego. He acknowledges that the Federation has been talking with Ms. Vaughan and that they wanted the Housing Commission to stay strong and at the same time to stay on mission.

Ms. Vaughan stated the Business Plan refers to general strategies and as such not all specifics are included. She assured the Board that Mr. Scott's concerns are being addressed appropriately.

Mr. Snyder stated that the Request for Proposal (RFP) for the Creation of 350 Units does allow for partnering with for-profit and non-profit entities, utilizing any and all forms of advantageous financing, and that the non-profits are urged to respond.

In response to the Chair Salas' question, Mr. Snyder stated that we have reached out to the non-profits and extended the due date based on their request in order to allow them additional time to formulate the proper proposal.

Commissioner Adams-Brooks asked for some clarification as to the budget and plans to do some of the things Mr. Scott was talking about. Ms. Vaughan replied that in FY09, the Housing Finance Department will focus on financing housing development by others and one of Mr. Snyder's department responsibilities will be to add to the Commission's portfolio of units. She stated that she agreed with some of Mr. Scott's statements and that a new strategy on benchmarking our management costs against the private sector could be added. Mr. Snyder added that references to privatizing the management speak to that effort and that staff is already working to move away from the HUD methods of management to private sector management in order to prepare for such a comparison.

Commissioner Adams-Brooks stated that the board supports this approach and the need to ensure that we are a strong viable entity and that she does not see us veering off the mission as Mr. Scott suggested.

Chair Salas asked Mr. Snyder to confirm that part of the analysis of proposals will be to look at various affordability options. Mr. Snyder stated his desire to provide real projects to the board that can be actualized, including attainable financing, interest rates, and various affordability options rather than hypothetical pro-forma that are only conceptual in nature. The board would then be able to make decisions on project by project basis as to the levels of affordability and ramifications of those restrictions. Mr. Snyder confirmed Chair Salas' desire to include bond financing as an option. Mr. Snyder also reiterated that he believed the current downturn in the real estate market was unique, represented an unusual buying opportunity, and that it warranted and necessitated quick action by the Commission.

Chair Salas stated that we do have a request from a speaker to table this item and my feeling is we need to move forward.

Commissioner Adams-Brooks asked if adjustments can be made to the report before it goes forward. Ms. Vaughan replied that it could be brought back to the meeting on May 16, 2008 if that was the Board's desire.

Commissioner Yip asked what the changes would be. Ms. Vaughan replied that she felt it was unnecessary to come back to the board at this time and that she would commit to ensuring that discussions would continue with Mr. Scott, that his input would be considered and that the plan and its strategies would come back to the board on a regular basis for further discussion. She further stated that we honor the partnership with the Federation and expect to be doing business with them for a very long time.

MOTION BY YIP TO APPROVE THE THREE-YEAR BUSINESS PLAN FOR FY2009 – FY2011. THE BUSINESS PLAN IS MEANT TO BE A "ROAD MAP" FOR THE AGENCY AND INCLUDES AGENCY GOALS, STRATEGIES AND ACTIONS NEEDED TO WORK TOWARD ACHIEVING THE HOUSING COMMISSION'S MISSION. SECONDED BY ADAMS-BROOKS AND CARRIED ON A UNANIMOUS VOTE OF 4-0 WITH GLORIA ABSTAINING.

104 HCR08-27 Proposed Fiscal Year 2009 Budget

Interim President and CEO Carrol Vaughan presented the FY09 Budget.

Commissioner Gloria asked if funds were budgeted for the winter shelter. Ms. Vaughan replied yes and that the City's Homeless Task Force of which, Ms. Vaughan is a member, will locate a site and funds for a permanent homeless shelter.

Commissioner Adams-Brooks about the lead based paint removal grant. Ms. Vaughan stated we have submitted the application and have been very successful in the past in receiving this grant. Ms. Fisher added that the loan rehab program has partnered with the Redevelopment Agency to do larger and many more rehabs in redevelopment areas.

Commissioner Yip asked about the contingency reserve and reserve levels. Ms. Sue Montague replied that a portion of the Contingency reserve is for potential shortfalls and development costs. Ms. Vaughan added that the reserve levels have been relatively low and have never reached the five percent level. Unobligated reserves level could be increased by moving funds from the Contingency reserve.

Commissioner Adams-Brooks asked where the monies would come from to increase the foreclosure program. Ms. Vaughan replied the foreclosure program is funded with Home Funds.

Commissioner Yip stated that the FY09 Budget is a great overall package and appreciates all the work staff has done.

General Counsel stated for the environmental purposed under CEQA this is not project and is exempt from any review and under NEPA is either categorically excluded or exempt.

MOTION BY ADAMS-BROOKS TO APPROVE THE FOLLOWING RECOMMENDATIONS: 1) HOUSING COMMISSION AND HOUSING AUTHORITY ADOPTION OF THE \$265.0 MILLION FY09 PROPOSED ACTIVITY BASED BUDGET (ATTACHMENT 1); 2) HOUSING AUTHORITY DELEGATION TO THE HOUSING COMMISSION TO AMEND THE FY09 BUDGET FOR AMOUNTS UP TO \$250,000 CONSISTENT WITH PRIOR DELEGATION OF THE HOUSING AUTHORITY AND WITH ADOPTED POLICIES, PROGRAMS AND ACTIVITIES; AND 3) HOUSING COMMISSION CONTINUED DELEGATION OF AUTHORITY TO THE PRESIDENT & CEO TO AMEND THE FY09 BUDGET FOR AMOUNTS UP TO \$100,000 CONSISTENT WITH POLICIES, PROGRAMS AND ACTIVITIES APPROVED BY THE HOUSING COMMISSION AND HOUSING AUTHORITY. SECONDED BY GLORIA AND CARRIED ON A UNANIMOUS VOTE OF 5-0.

CLOSED SESSION

The San Diego Housing Commission did not convene in closed session.

ADJOURNMENT

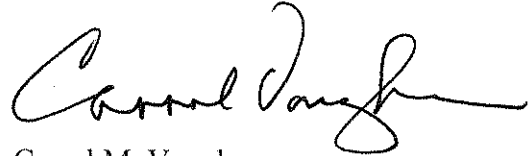
Chair Salas adjourned the regular meeting at 11:20 a.m.

Respectfully submitted,



Angie Risotti
Executive Assistant to the President and CEO

Approved by,



Carrol M. Vaughan
Interim President and CEO