

# MINUTES

**SAN DIEGO HOUSING COMMISSION  
MINUTES OF THE SPECIAL MEETING  
OCTOBER 31, 2008, 9:00 A.M.  
SMART CORNER  
SAN DIEGO, CALIFORNIA**

## **ATTENDANCE**

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

## **10 CALL TO ORDER**

Chair Salas called the meeting to order at 9:11 a.m.

## **20 PUBLIC COMMENT**

None

## **30 COMMISSIONER COMMENT**

Chair Salas stated that recently while attending the NAHRO National Conference in San Antonio, he was pleased to announce the Housing Commission received three merit awards recognizing excellence in our agency's work in different areas and thanked staff for a job well done.

## **40 REPORT BY PRESIDENT & CHIEF EXECUTIVE OFFICER**

Mr. Gentry announced that in addition to the Housing Commission receiving three awards at the NAHRO National Conference, held recently in San Antonio for: Renaissance at North Park in the Community Redevelopment Category; Money Moves Program in the Resident Services Category; the Public Housing Disposition Project in the Administrative Innovation Category, he also announced that he received the International Housing Award for his years

of dedication. He mentioned that the Public Housing Authorities Directors Association (PHADA) will be hosting a conference here January 25-28, 2009 and encouraged the board to attend. Mr. Gentry stated that there will be a board retreat in January 2009 to discuss the vision for the Housing Commission and budget plan for FY2010. Finally, he stated that the Housing Commission received notification from HUD that our SEMAP score for the administration of Section 8 Voucher Program is 100 and continues as a high performer agency.

**50     APPROVAL OF THE MINUTES**

MOTION BY GLORIA TO APPROVE THE SEPTEMBER 19, 2008 REGULAR MEETING MINUTES. SECONDED BY ADAMS-BROOKS AND CARRIED ON A UNANIMOUS VOTE OF 3-0 WITH YIP ABSENT AND SALAS ABSTAINING.

**CONSENT AGENDA**

MOTION BY ADAMS-BROOKS TO APPROVE THE FOLLOWING ITEMS ON CONSENT:

**100    HCR08-108    Proposed Adoption of Policy 800.001 Implementation of Environmental Guidelines**

**Recommendation:** That the Housing Commission Board approves Policy 800.001 "Implementation of Environmental Policy" as drafted by the Housing Commission's General Counsel.

**101    HCR08-116    Award of Contract for Protective Services (District 2)**

**Recommendations:**

- 1) Recommend that the Housing Commission approve the award of a contract to ABM Security Services in the annual amount of \$356,739 for protective services at its corporate office building located at 1122 Broadway, known as Smart Corner, for the period of two (2) years with three (3) additional one (1) year renewal options at a negotiated rate not to exceed the base contract amount plus the increase in the National Consumer Price Index for All Urban Consumers.
- 2) Authorize the President & Chief Executive Officer or designee to execute the contract (Attachment 1) and expend up to a ten percent contingency (\$35,674), if necessary, for items not anticipated in the original scope of work.

**102    HCR08-112    Action Setting Interim Compensation Package Executive Vice President and Chief Operating Officer of Housing Commission pending Approval of formal Written Employment Contract**

**Recommendations:**

That the San Diego Housing Commission take all actions necessary to implement these actions including;

1. The compensation package set forth in this report be approved and ratified by the Board of Commissioners;
2. Establish a bonus for Carrol Vaughan for her exemplary service as the Interim President and Chief Executive Officer of the San Diego Housing Commission for the period from January 15, 2008 through September 19, 2008 when the new President and Chief Executive Officer assumed his duties;
3. Direct that an action item concerning an employment contract for the Chief Operating Officer be brought to the Board of Commissioners at the earliest possible time after the performance audit of the San Diego Housing Commission has been satisfactorily completed.

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

**ACTION AGENDA**

*Chair Salas asked that items be heard in the following order #106, 107, 104, 103 and 105.*

**106    HCR08-124    Dawson Avenue Senior (Council District 7)**

Project Manager Dan Cady gave a staff report.

Commissioners asked various questions of staff and the developers regarding the ground lease, developer fees, tax credit requirements, construction loan, and rent and occupancy restrictions.

General Counsel asked that the following be incorporated in the minutes:

*Commissioner Salas, Commissioner Yip and President and CEO of the San Diego Housing Commission, Mr. Rick Gentry are each directors and officers of Housing Development Partners. Neither Commissioner Salas, Commissioner Yip, nor Mr. Rick Gentry receives compensation for their services on the Board of Directors of Housing Development Partners. Pursuant to the provisions of Government Code Section 1091.5 a (7) and (8), Commissioner Salas and Commissioner Yip and Mr. Rick Gentry each have a "non-interest" as described in Government Code Section 1091.5. As members of the Board of Commissioners of the Housing Commission, Mr. Salas and Mr. Yip are legally entitled to vote.*

MOTION BY ADAMS-BROOKS TO APPROVE THE FOLLOWING RECOMMENDATIONS: 1) AMENDMENT OF THE GROUND LEASE TO PROVIDE, IN THE EVENT OF A FORECLOSURE OF THE CONSTRUCTION LOAN, THAT THE RENT AND OCCUPANCY RESTRICTIONS CONTAINED IN THE GROUND LEASE WILL BE RESCINDED; INCLUSIONARY AND DENSITY BONUS RENT AND OCCUPANCY RESTRICTIONS WOULD CONTINUE IN FULL FORCE AND EFFECT; 2) AMENDMENT OF THE GROUND LEASE TO PROVIDE, IN THE EVENT OF A FORECLOSURE OF THE PERMANENT LOAN, THAT THE RENT AND OCCUPANCY RESTRICTIONS CONTAINED IN THE GROUND LEASE WILL BE ADJUSTED SO THAT 35 UNITS ARE RESTRICTED AT 60 PERCENT OF AREA MEDIAN INCOME (AMI) AND THE REMAINING 52 UNITS WILL BE RESTRICTED AT 80 PERCENT OF AMI; INCLUSIONARY AND DENSITY BONUS RENT AND OCCUPANCY RESTRICTIONS WOULD CONTINUE IN FULL FORCE AND EFFECT; 3) AN INCREASE IN THE PERMANENT FIRST PRIORITY LOAN FROM \$2,991,000 TO APPROXIMATELY \$4,500,000 DUE TO A REDUCTION OF ANTICIPATED TAX CREDIT PROCEEDS FROM \$14,829,257 TO APPROXIMATELY \$13,500,000; 4) REDUCTION OF THE INTEREST RATE ON THE HOUSING COMMISSION \$6,000,000 LOAN FROM THE APPLICABLE FEDERAL RATE (AFR) TO TWO PERCENT (2%); AND 5) AUTHORIZATION FOR THE PRESIDENT AND CHIEF EXECUTIVE OFFICER OR DESIGNEE TO EXECUTE NECESSARY DOCUMENTS. SECONDED BY BASIR AND CARRIED ON A UNANIMOUS VOTE OF 4-0 WITH YIP ABSENT.

**107    HCR08-110    Loan for Arbor Crest (Council District 3)**

*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 Item #106, Commissioner Gloria left the dais. Therefore, there is no quorum and this item will be referred to the Housing Authority for action.*

Project Manager Dan Cady gave a staff report.

NO VOTE WAS TAKEN. THIS ITEM WAS FORWARDED TO THE HOUSING AUTHORITY WITH NO RECOMMENDATION.

**104    HCR07-106    Housing Commission Plan for Development of Additional Affordable Units**

Vice President and COO Carrol Vaughan gave a staff report.

Mr. Tom Scott representing the San Diego Housing Federation, voiced his concerns regarding the affordability of the units and asked that staff do more analysis before taking it to the Housing Authority for final approval.

Commissioners asked various questions of staff regarding housing stock, financing and the acquisition of new units.

MOTION BY ADAMS-BROOKS TO APPROVE AND FORWARD TO THE HOUSING AUTHORITY FOR FINAL APPROVAL: 1) THE PROJECT PLANS FOR THE HOUSING COMMISSION TO PURSUE DEVELOPMENT OF ADDITIONAL AFFORDABLE HOUSING UNITS. THESE PLANS ARE THE NEXT STEPS IN THE PROCESS OF THE PUBLIC HOUSING DISPOSITION AND CREATION OF AFFORDABLE HOUSING UNITS; AND 2) AUTHORIZATION FOR THE HOUSING COMMISSION BOARD TO ENTER INTO EXCLUSIVE NEGOTIATIONS WITH CITI COMMUNITY GROUP TO PROVIDE FINANCING FOR ADDITIONAL AFFORDABLE UNITS INCLUDING THE EXISTING STOCK OF HOUSING UNITS OWNED BY THE COMMISSION AND NEW UNITS TO BE ACQUIRED AND/OR CREATED. SECONDED BY BASIR AND CARRIED ON A UNANIMOUS VOTE OF 4-0 WITH YIP ABSENT.

**103    HCR08-111    Neighborhood Stabilization Program**

Director of Policy and Public Affairs Todd Philips gave a staff report.

Commissioners asked numerous questions of staff regarding homebuyer counseling programs, land banks and lending institutions.

MOTION BY BASIR TO APPROVE AND FORWARD TO CITY COUNCIL THE FOLLOWING USES FOR THE NSP FUNDS: 1) CREATE FINANCING MECHANISMS THROUGH THE CREATION OF SECOND TRUST DEED MORTGAGES FOR HOMEBUYERS WHOSE INCOMES DO NOT EXCEED 120% AREA MEDIAN INCOME (AMI) AND FOR PROPERTIES WHICH QUALIFY UNDER THE NSP GUIDELINES AND REGULATIONS; 2) PROVIDE 3% SIMPLE INTEREST REHABILITATION LOANS TO ELIGIBLE HOMEBUYERS FOR NSP-ELIGIBLE PROPERTIES; 3) PARTNER WITH HOMEBUYER COUNSELING AGENCIES IN SAN DIEGO TO PROVIDE THE REQUISITE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) EIGHT HOURS OF HOME BUYING COUNSELING AND A STEADY STREAM OF ELIGIBLE HOMEBUYERS FOR THE NSP PROGRAM; 4) PARTNER WITH BANKS, LENDING INSTITUTIONS AND LAND BANKS IN THE REGION TO IDENTIFY ELIGIBLE REAL ESTATE OWNED (REO) PROPERTIES FOR ELIGIBLE HOMEBUYERS TO PURCHASE UNDER NSP; AND 5) UTILIZE 25% OF THE NSP FUNDING FOR ACQUISITION AND REHABILITATION OF SINGLE FAMILY RESIDENCES TO BE RENTED TO FAMILIES MAKING NO MORE THAN 50% AMI. SECONDED BY GLORIA AND CARRIED ON A UNANIMOUS VOTE OF 4-0 WITH YIP ABSENT.

**105    HCR08-113    Workshop Discussion: San Diego Housing Commission Reinstatement as a Moving to Work (MTW) Agency**

WORKSHOP ONLY. NO ACTION TAKEN.

**CLOSED SESSION**

The San Diego Housing Commission convened in closed session.

- a. Conference with Legal Counsel-Existing Litigation pursuant to subdivision (c) of 54954.5 Government Code and subdivision (a) of Section 54956.9:

*Maria Elena Ritchie v. San Diego Housing Commission, et al.*  
San Diego Superior Court, Case No. 37-2007-00082708-CU-OE-CTL

Counsel's Description of General Nature of Closed Session:

The Commission will discuss the status of the litigation and potential settlement of the litigation.

BOARD GAVE INSTRUCTIONS CONCERNING THE MATTER AND SETTLEMENT OF LITIGATION BY A VOTE OF 4-0.

- b. Conference with Legal Counsel-Anticipated Litigation pursuant to subdivision (c) of 54954.5 Government Code and subdivision (a) of Section 54956.9(c):

*Anticipated Litigation against Starbucks Corporation concerning the lease for Starbucks Coffee Company Store #11837CA*

Counsel's Description of General Nature of Closed Session:

The Commission will discuss initiating an action declaring breach under the terms of the lease with Starbucks Corporation.

BOARD GAVE INSTRUCTIONS CONCERNING THE MATTER AND INITIATING AN ACTION CONCERNING THE LEASE BY A VOTE OF 4-0.

- c. Conference with Legal Counsel-Anticipated Litigation pursuant to subdivision (c) of 54954.5 Government Code and subdivision (a) of Section 54956.9(c):

*Anticipated Litigation initiated by EV, LLC against the San Diego Housing Commission*

Counsel's Description of General Nature of Closed Session:

The Commission will discuss the threat of litigation made by EV, LLC based on the Housing Commission's decision to collect on its letter of credit.

BOARD GAVE INSTRUCTIONS CONCERNING THE MATTER OF LITIGATION BY A VOTE OF 4-0.

**ADJOURNMENT**

Chair Salas adjourned the regular meeting at 12:40 p.m.

Respectfully submitted,



Angie Risotti  
Executive Assistant to the President and CEO

Approved by,



Richard C. Gentry  
President and CEO