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San Diego Housing Commission (SDHC)
Amendment to Administrative Regulation 219.000 Retention of
Real Estate Brokers, Operating Procedures for Brokers and Peer
or Desk Review of Appraisals
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SDHC – Amendment to Administrative Regulation 219.000

Introduction

- December 15, 2016: Housing Authority approved PO-RED-374.02, Policy for Acquisition and or Purchase of Real Estate (Acquisition Policy).
 - Authorizes SDHC to contract or cooperate with brokers for property acquisitions and create Administrative Regulations to implement the policy.
- November 12, 2021: SDHC Board of Commissioners (Board) approved an agreement with Marcus and Millichap to provide on-call real estate broker services and directed staff to return with an action that makes the practices set forth within the Marcus & Millichap proposed agreement a requirement for all future real estate acquisition transactions where a broker represents SDHC.
- January 7, 2022: SDHC staff presented Administrative Regulation 219.000 Retention of Real Estate Brokers; Operating Procedures for Brokers; and Peer or Desk Review of Appraisals to the SDHC Board.
 - SDHC Board returned the item to staff for further revision.



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Introduction (Continued)

- February 4, 2022: SDHC Board approved the revised Administrative Regulation by a vote of 6-0 with three exceptions:
 - There will be no dual agency.
 - SDHC will seek recommendations from other governmental entities that have worked with the broker, three if possible.
 - There will be a desk review/peer review of the appraisal SDHC obtains independently for any property acquisition.
- March 15, 2022: Housing Authority of the City of San Diego voted 8-0 to approve the Administrative Regulation with changes to sections 5, 6.A and 6.H.



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Software Review

- The approved Administrative Regulation included a provision for SDHC to procure software and professional services to analyze potential conflicts of interest involved in any purchase transaction in which SDHC is a purchaser or seller.
- Fraud Guard was recommended as an option to explore.
- August 2022: SDHC Procurement staff received confirmation from Fraud Guard Account Executives that the software was not compatible with SDHC’s needs as it is primarily used for residential mortgages.
 - Fraud Guard recently affirmed to SDHC that their position has not changed.



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Software Review (Continued)

- Additional options reviewed
 - LexisNexis
 - Costar
- Unable to identify and procure a software service to meet the needs and intention of the Administrative Regulation 219.000.
- SDHC identified an alternative approach to conduct additional due diligence measures for Broker retention to align intent of the Administrative Regulation, in consultation with legal counsel.
- Applicable **prior to** SDHC executing a contract with a Real Estate Broker representing the SDHC on a real estate transaction.



SDHC – Amendment to Administrative Regulation 219.000 Procedure

- Due diligence activities for assessing Broker eligibility:
 - **Review** of both Superior Court and U.S. District Court records for the County of San Diego to determine if all parties are involved in any **open litigation**.
 - **Preliminary review** of the Statement of Economic Interest Disclosure Form (**Form 700**).
 - **Search and review** California Department of Real Estate license records for individual Real Estate Brokers, Agents, Principals and Supervisors for **potential disciplinary actions**.
 - Before SDHC enters into any Letters of Intent, Purchase and Sale Agreements, and before closing escrow to purchase real estate, all applicable Real Estate Brokers, Agents, Principals and Supervisors must update their prior Preliminary Form 700 Questionnaires in writing and provide them SDHC for review and determination of any conflicts of interest that would preclude SDHC from working with the Real Estate Brokerage, Real Estate Brokers, Agents, Principals and Supervisors and purchasing the real estate.



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Staff Recommendations

That the SDHC Board take the following actions:

- 1) Authorize SDHC to amend section 6.A.v of Administrative Regulation 219.000 regarding Retention of Real Estate Brokers; Operating Procedures for Brokers; and Peer or Desk Review of Appraisals, as detailed in the staff report and shown in Attachment 1.
- 2) Authorize SDHC's President and Chief Executive Officer (President & CEO), or designee, to further alter the SDHC Administrative Regulation regarding Retention of Real Estate Brokers; Operating Procedures for Brokers; and Peer or Desk Review of Appraisals only to correct a typographical or clerical error or omission, with the written approval and concurrence of SDHC's General Counsel, without further action by the SDHC Board or the Housing Authority of the City of San Diego (Housing Authority). SDHC staff will notify the Housing Authority and the City Attorney's Office about any subsequent amendments or modifications to the SDHC Administrative Regulation regarding Retention of Real Estate Brokers; Operating Procedures for Brokers; and Peer or Desk Review of Appraisals.



Questions & Comments

