



INFORMATIONAL REPORT

DATE ISSUED: September 28, 2009

REPORT NO: HCR09 - 071

SUBJECT: Business Plan Progress Report – FY 2009 and FY 2009 4th Quarter Activity Performance

NO ACTION IS REQUIRED ON THE PART OF THE HOUSING COMMISSION

SUMMARY

The Business Plan is based on the Housing Commission's fiscal year of July 1 through June 30. The status of the Business Plan will be provided on an annual basis in conjunction with highlights of the current Fiscal Year fourth quarter Activity Performance report.

Since 2004, the Agency's leadership team has utilized three-year business plans as a strategic management tool to identify priorities, guide agency activities, and align staff and resources behind common goals. The FY 2009 – 2011 Business Plan was created with input from the Board of Commissioners, management team and multiple levels of staff. It is modeled after private sector business planning practices and includes 66 strategies in support of five specific Business Plan goals. The Housing Commission and the Housing Authority approved the FY 2009 – 2011 Business Plan on April 25, 2008 and July 10, 2008, respectively.

The following are the five (5) Business Plan Goals for FY 2009 – 2011:

1. Continue to be the leading provider of affordable housing opportunities for lower income families and individuals in the City of San Diego.
2. Achieve financial independence and economic stability through the application of private sector business practices within the context that the agency's highest priority is to provide homes at below-market rates for those who can least afford it.
3. Become the regional housing leader, expert and authority in initiating and implementing new, progressive solutions to San Diego's affordable housing needs.
4. Provide a positive customer experience through the seamless, efficient and professional delivery of our products, programs and services.
5. Become an employer of choice in San Diego.

The FY 2009 – 2011 Business Plan is reflective of a critical turning point in the Agency's history. In FY 2008, the Housing Commission transitioned from the Federal Public Housing Program into a privatized management enterprise. The transition afforded the Housing Commission the ability to access equity and to better utilize the revenue generated by more than 1,350 apartment units - previously under the control of U.S. Department of Housing and Urban Development (HUD).

In December 2008, the Housing Commission requested authorization from the Board of Commissioners and the Housing Authority to submit an application to HUD to reactivate its status as a Move to Work Agency. This designation gives the Housing Commission the flexibility to design and test various approaches to providing and administering housing assistance in order to increase housing assistance for low-income families, reduce cost, and provide greater cost effectiveness in Federal expenditures. In addition, this designation will support other Housing Commission activities in achieving the FY 2009-2011 Business Plan Goal #3 - "Become the regional housing leader, expert and authority in initiating and implementing new, progressive solutions to San Diego's affordable housing needs."

Attachment 1 highlights the progress made towards achieving the primary strategies and goals of the Business Plan for the period covering July 1, 2008 through June 30, 2009 based on the following subcategories: (1) the goals achieved; (2) actions/outputs of the goals; and (3) the measurement used to determine level of achievement and progress to date. Strategies and goals to be completed in the following fiscal years are not included in this report.

FOURTH QUARTER HIGHLIGHTS

Following are the Housing Commission highlights/activities during the fourth quarter (April 1 – June 30, 2009) of the FY 2009. Statistical data is included on attachment 1.

FINANCIAL SERVICES

The Housing Commission's Financial Services Department has finished the 2009 fiscal year-end closeout and is preparing the project-based certificate (PBC) reports for the FY2009 audit. The auditors began their annual audit at the Housing Commission in September. The call feature on a number of the Commission's regular agency bonds was exercised by the Housing Commission during the fourth quarter. The proceeds from these securities were reinvested in mortgage-backed security (MBS) bonds. The Housing Commission anticipates that these MBS bonds will provide better interest rate protection and steady monthly cash flow through regular principal and interest (P&I) payments. This forecast is based on current market conditions and the projected slow recovery.

BUSINESS SERVICES

In 2008, the Housing Commission retained Koff & Associates, Inc. to conduct a Class and Compensation Study Analysis. Phase I (classification analysis) started in December 2008 and was completed in March 2009. Phase I included employee orientation meetings, distribution of employee questionnaires, employee interviews and surveys, and classification recommendations.

Phase II (compensation analysis) began in April 2009 and consists of identifying salary title benchmarks and surveying comparative agencies to obtain salary data. The salary data has been compiled and recommendations have been presented to SDHC Management. Recommendations will be presented to the Housing Commission and Housing Authority for consideration in October/November 2009, respectively.

SDHC IN THE NEWS

During the fourth quarter, SDHC held two major news conferences and participated in a joint news conference. These events attracted both print and electronic news media coverage (*Union-Tribune, Signon San Diego, Voice of San Diego, 10News, Fox 5 News, San Diego 6TV & KUSI, KBNT, and City TV 24*).

OTHER SDHC HIGHLIGHTS

SDHC and City Secured \$8.9 Million for Supportive Housing - The City of San Diego (City) and SDHC secured \$8.9 million in HUD supportive housing grants for local nonprofit service providers. The grants will be used to provide affordable housing and social services to homeless and disabled individuals.

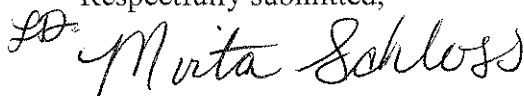
Homeless Prevention and Rapid Re-housing Program (HPRP) - The City was awarded \$6,168,104 in HPRP funds issued by the U.S. Department of Housing and Urban Development (HUD) through the 2009 American Recovery and Reinvestment Act (ARRA). On July 27, 2009, the City Council unanimously approved a contract with the Commission to administer the HPRP program. The program will assist individuals and families at 50% AMI on the brink of homelessness with medium and short term rental assistance and case management services.

Local Financial Institution Contributes to Asset Building Programs - San Diego National Bank contributed \$20,000 towards the SDHC Asset Building Programs. This program helps tenants towards achieving financial independence.

Maria Velasquez Named Vice President Community Relations & Communications –

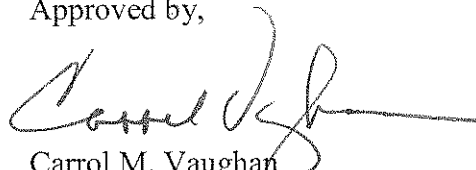
Maria Velasquez, the former Communications Director in the City Attorney's Office, joined SDHC on May 11, 2009. In this newly created position, Ms. Velasquez will oversee the agency's internal/external communications strategies/activities, as well as increase SDHC's visibility nationally.

Respectfully submitted,



Mirta Schloss
Senior Program Analyst

Approved by,



Carrol M. Vaughan
Executive Vice President &
Chief Operating Officer

GOALS-FISCAL YEAR 09 UPDATE

ATTACHMENT 1

GOAL 1: Continue to be the leading provider of affordable housing opportunities for lower income families and individuals in the City of San Diego.

STRATEGIES		ACTIONS/OUTPUT		MEASUREMENT		AS OF 6/30/09	
1.1 Develop additional affordable housing units.	1.1 Produce and/or acquire additional SDHC-owned rental units to meet commitment of 350 units using the most cost effective financing methods available.	1.1 210 units built and/or acquired.	Projects with over 200 units are pending approval of a Financing Plan from the Housing Authority.				
1.2 Continue to provide financing for development of affordable housing units through a variety of activities.	1.2a Provide NOFA project structuring, underwriting and residual receipts loans to affordable housing developers and operators.	1.2a Annual creation of 400 new affordable housing units restricted for 55 years.	1.2a Arbor Crest Land Acquisition for 84 units; Vet. Village III 96 units; No. Park Inn 18 units; 15 th & Commercial 139 units; Townspeople 34 units. Total of 371 units.				
	1.2b Implement Multifamily Bond Program by obtaining project financial analysis, underwriting and approvals to issue from both the State and Housing Authority.	1.2b Production rate of four new bond issuances per year.	1.2b Closed Golden Age Seniors 75 units; Induced Village Green 94 units				
	1.2c Provide Early Assistance and Capacity-Building Loans by review of project proposals and feasibility to support loan amount requested.	1.2c Production rate of four loans per year.	12.c Two Early Assistance loans				

	<p>1.2d Continue project management: monitor construction, review and approve loan payments and any relocation or prevailing wage activities, through construction completion and lease-up; establish date for loan payments to begin.</p>	<p>1.2d All loans and units that were funded were completed and occupied.</p>	<p>1.2d Completions: The Cove 10 units; The Boulevard 24 units; 16th & Market 136 units; Villa Nueva 398 units</p>
<p>1.3 Provide first-time home buyer resources and funding tools.</p>	<p>1.3 Underwrite, process and fund all first-time home buyer program loans and grants in accordance with SDHC policies, guidelines and regulations.</p>	<p>1.3 Assist 80 homebuyers per year.</p>	<p>1.3 Assisted a total of 123 households by providing: 35 MCCs; 110 Down Payment/Closing Cost Grants; 2 Closing Cost Grants; 20 Affordability Restricted Loans; 68 Deferred Loans</p>
<p>1.4 Continue commitment to expand housing opportunities for persons with special needs.</p>	<p>1.4a Provide deferred loans or grants for development of permanent supportive housing and transitional housing for homeless. Disabled individuals and their families (beds). 1.4b Provide deferred loans or grants for the operation of transitional housing throughout the City.</p>	<p>1.4a 40 beds per year. 1.4b 400 beds citywide per year.</p>	<p>1.4a Committed funding for development of 2 projects providing 64 rental units of supportive housing and 96 beds of transitional housing. 1.4b Grants for operation of transitional housing beds; supported 705 beds at end of FY 09;232 subsidies for rental housing for special needs</p>
<p>1.5 Maximize use of available housing assistance by maintaining average lease-up rate of 99-100%.</p>	<p>1.5 Manage leading efforts to ensure that vouchers freed up through attrition or allocated from HUD are promptly issued to those on waiting list.</p>	<p>1.5 Monthly leasing rates are maintained between 98-101%.</p>	<p>Lease up rate averages 99%</p>

GOAL 2: Achieve financial independence and economic stability through the application of private sector business practices within the context that the agency's highest priority is to provide homes at below-market rates for those who can least afford it.

STRATEGIES		ACTIONS/OUTPUT	MEASUREMENT	AS OF 6/30/09
2.1 Develop agency business continuity and disaster recovery plan in conjunction with agency management team.	2.1 Develop and complete project scope with management approval.	2.1 Documented plan approved by Housing Commission. 3.8b. Plan completed and disseminated.	Development of the plan scheduled for FY10;	
2.2 Virtualized agency server environment to facilitate management, business continuity and disaster recovery.	2.2 Develop technical project scope. Acquire and implement solution.	2.2 Improved operational flexibility. Improved business continuity. Consolidation of infrastructure.	System has been installed and implemented, server migration 75% complete;	

GOAL 3: Become the regional housing leader, expert and authority in initiating and implementing new, progressive solutions to San Diego's affordable housing needs.

STRATEGIES		ACTIONS/OUTPUT	MEASUREMENT	AS OF 6/30/09
3.1 Transition to private sector model of property management.	3.1a Develop and implement techniques for marketing to and retaining private market clients (805 AMI). 3.1b Identify key staff and assign to oversee new operations office.	3.1a Vacancy rate at or below 5%. 3.1b Fully staffed operations office.	3.1a As of June 30 th Vacancy rate was 4.6%	3.1b Central Property Management Office fully staff and operational

<p>3.2 Promote resident self-sufficiency efforts.</p>	<p>3.2a Integrate financial education as core program component and expand partnership base.</p> <p>3.2b Assess and centralize service delivery at Learning Opportunity Centers.</p> <p>3.2c Increase total funding to \$250,000.</p>	<p>3.2a 450 families served through Family Self-Sufficiency program (FSS).</p> <p>3.2b Improve efficiency and utilization of staff and funding.</p> <p>3.2c Increased total funding available.</p>	<p>3.2a 661 families were served through the FSS program</p> <p>3.2b Services from three (3) Learning Opportunities Centers were centralized into one (1) Educational Development Academy, improving efficiency and utilization of staff and funding</p> <p>3.2c Non-HUD funding was increased to \$361,850</p>
<p>3.3 Promote resident self-sufficiency efforts.</p>	<p>3.3a Develop and implement a Youth Financial Education and Individual Development Account Program by designing a pilot program at Learning Opportunities Centers</p> <p>3.3b Establish an Economic Development Academy through redesign of program and relocating services to central location (s). Pursue ongoing funding.</p>	<p>3.3a 75 youth served.</p> <p>3.3b 400 youth and adults served.</p>	<p>3.3a 55 served under a pilot program. Delays in executing funding agreement with United Way prevented reaching the goal in FY09</p> <p>3.3b 471 youth and adults were served</p>
<p>3.4 Produce a Comprehensive Annual Financial Report that meets the standards for certification by the Government Financial Officer's Association.</p>	<p>3.4 Submit Comprehensive Annual Financial Report to Government Financial Officer's Association (GFOA) for certification.</p>	<p>3.4 A GFOA Certification on a Housing Commission CAFR.</p>	<p>FY08 SDHC first year applying for the Comprehensive Annual Financial Certificate. GFOA certification awarded.</p>
<p>3.5 Address foreclosure situation in City of San Diego.</p>	<p>3.5 Contract with nonprofit credit counseling agency to promote one-</p>	<p>3.5 Ten households per year assisted to prevent loss of their</p>	<p>Efforts were redirected to federal stimulus funding</p>

	time emergency assistance to eligible families at risk of losing their homes to foreclosure.	homes to foreclosure.	(Neighborhood Stabilization Program). Program design is currently underway.
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GOAL 4: Provide a positive customer experience through the seamless, efficient and professional delivery of our products, programs and services.

STRATEGIES	ACTIONS/OUTPUT	MEASUREMENT	AS OF 6/30/09
4.1a Implementation of document imaging throughout agency.	4.1a Implement document imaging technology to replace standard Section 8 files and most other critical hard copy documents.	4.1a Departments completed including RAP case files.	All staff in Rental Assistance (RAP) department are now using system.
4.1b Expand web-based services.	4.1b. Provide online services for clients including user-friendly vacancy listing, and information about unit inspections, rent portion and assigned worker. Explore available technology for managing large groups of customers.	4.1b Four new online tools added for Section 8 clients and owners.	Implementation of the web based GoSection system provides online vacancy listing for tenants and landlords and a rent comparability database for the Section 8 inspections team.

GOAL 5: Become and employer of choice in San Diego.

STRATEGIES	ACTIONS/OUTPUT	MEASUREMENT	AS OF 6/30/09
<p>5.1a Complete classification and compensation study.</p>	<p>5.1a Finalize RFP process. 5.1b Obtain firm to initiate/conclude study; and provide analysis. 5.1c Identify market salary lead/lag benchmarks; utilize in recruitment/retention process.</p>	<p>5.1a Implementation of revised job specifications and compensation system.</p>	<p>Phase I (classification analysis) was completed in March. The compensation phase (II) began in April 2009 and consist of identifying salary title benchmarks and surveying comparator agencies to obtain salary data. The CEO plans to present the recommendations for approval to the HC in October and HA, in November 2009.</p>
<p>5.2 Expand the Succession Planning Program for the agency.</p>	<p>5.2 Identify and include other key target and feeder positions. Establish pre and post-assessment evaluation tools for candidates. Establish tools to evaluate each Project Work Plan.</p>	<p>41a. Increase the number of targeted positions by three classifications each fiscal year. 41b. Increase the number of participants by 100% each fiscal year. 41c. Use the evaluation criteria for each Project Work Plan.</p>	<p>A total of ten (10) employees participated in the Succession Planning pilot, which provided professional development opportunities in terms of training, coaching and completing project work plans, as assigned. Each participant, at the end of a 12-18 month period, produced a written document describing their project, accomplishments and recommendations to the</p>

			<p>agency or their department.</p> <p>In February 2009, based on the Executive Team's recommendation a new Professional Development Program is being designed with greater agency wide participation and work classification.</p>
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