

## INFORMATIONAL REPORT

**DATE ISSUED:** May 14, 2008  
**REPORT NO:** HCR08-63  
**SUBJECT:** Activity Performance Report – Third Quarter FY 2008 (Citywide)

### NO ACTION IS REQUIRED ON THE PART OF THE HOUSING COMMISSION

#### SUMMARY

This report includes a description of goals and performance information for the period January 1, 2008 through March 31, 2008. In addition to the key performance measures described herein, (Attachment 1, Activity Performance Report), there were other achievements not easily described in statistical terms that are pertinent to the agency's activities and goals.

#### AGENCY HIGHLIGHTS

##### **Public Housing Transition Update**

***Lease-up progress:*** Rental Assistance and Development & Asset Management staff have completed the transition of former Public Housing households to Section 8 Housing Choice vouchers. HUD granted the agency 1,354 vouchers in fall 2007 as part of the Public Housing Transition plan.

As intended, the vouchers were issued to families residing in SDHC-owned (former Public Housing) properties. Ninety-one percent (91%) of these households chose to remain in their current residences, leasing in place with the new vouchers. To fill the vacancies (120 units) left by the residents who chose to move and use their vouchers elsewhere, staff placed newspaper ads, announcements on the agency's Section 8 vacancy list, and signage in local libraries, schools and at the rental properties.

Because of these marketing efforts, the agency is on track to reach its goal of leasing up 95 percent of all SDHC-owned units by the end of FY08. To date, nine of the vacated units have been leased by families with vouchers, and eleven have been leased to non-voucher-assisted families earning 50 – 80 percent of the Area Median Income (AMI), bringing the current lease-up figure to 97 percent.

***Planned development of 350 affordable units:*** As the next step of the Public Housing Disposition agreement with HUD, the Housing Commission is required to add at least 350 additional affordable units to its real estate portfolio.

The agency, which recently issued a Request for Proposals, is considering all methods of development, including acquisition of new or recently completed condominiums, apartments and mixed-use developments, vacant sites, and turnkey development. The units, to be owned by SDHC, will serve low-income families, seniors, and persons with disabilities who earn no greater than 80 percent Area Median Income (\$63,200 for a family of four).

### **Housing Commission Takes Over Management of Office Building at Smart Corner**

The agency's Development & Asset Management Department has assumed responsibility for all property management functions of the Housing Commission's office building at Smart Corner. Previously, the agency had contracted with CB Richard Ellis for this service. The change is anticipated to result in cost-savings and improved communication with vendors.

### **SDHC Departments Renamed**

Two agency departments modified their names to better represent department functions. Asset Management is now Development & Asset Management to reflect the department's new role of overseeing intended development activities.

Housing Finance & Development has been renamed Housing Finance, which serves as an effective umbrella term for the department's primary function as lender and grant maker to affordable housing developers, home buyers, and owners of homes in need of repair.

These changes are in addition to Resident Services becoming Workforce & Economic Development in the previous quarter.

### **Annual Employee Event Celebrated Department, Employee Achievements**

At the Annual Meeting & Service Awards event, Housing Commission staff gathered to salute department and staff achievements and discuss agency goals. Entitled "Creating a New Path," the event highlighted history-making changes taking place at the Housing Commission, including: the successful transition out of Public Housing; plans to expand affordable housing while strengthening the agency's financial stability; and the departure and pending replacement of President & CEO Elizabeth "Betsy" Morris.

Event highlights included directors' presentations on department accomplishments, as well as a ceremony honoring employees for service milestones.

### **HOUSING FINANCE**

#### **Renaissance Wins National Award**

Renaissance North Park received an Award of Excellence from the National Association of Local Housing Finance Agencies (NALHFA). Built with funding from the Housing Commission and Redevelopment Agency, the innovative, mixed-use development includes affordable housing, market-rate housing and commercial space. In bestowing the award, NALHFA saluted Renaissance as "a model for affordable housing and redevelopment excellence."

#### **Del Sol Apartments Completed**

Extensive renovations were completed at Del Sol Apartments, a 91 unit affordable rental

property in San Ysidro. Upgrades included new play areas and a community room, in addition to major interior and exterior enhancements.

Built in 1975, the Del Sol apartment building had fallen into disrepair in recent years. In addition, the affordability contract with HUD was set to expire in 2006. To address this dilemma, the Housing Commission provided developer Wakeland Housing with \$16.5 million in loans and bonds to purchase and rehabilitate the property, and put into place a 55-year affordability agreement.

### **Construction Starts on Boulevard Apartments**

Father Joe's Villages and Chelsea Investment Corp. broke ground on Boulevard Apartments in North Park. The 24-unit Boulevard Apartments will serve low-income families earning 30-40% of Area Median Income. The development will include approximately 2,000 square feet of commercial space and a 17 space-parking garage. The project will also feature a landscaped roof deck with barbeque and picnic facilities and a children's play area. The Housing Commission is providing up to \$6 million in bond financing for the development.

### **RENTAL ASSISTANCE PROGRAM**

#### **Jeff Davis Hired as Director, Rental Assistance Program**

After a competitive search, Jeff Davis has been named Director of the Rental Assistance Program. As Director, Jeff will lead the agency's Section 8 housing program, which provides rental assistance to 13,780 low-income families, seniors and persons with disabilities each year. Most recently, Jeff was Housing Supervisor for the Leasing and Eligibility units. He joined the Housing Commission in 1996.

#### **Fraud Investigation Resulting in Recovered Funds**

Rental Assistance Program staff has been working closely with federal and local law enforcement to investigate possible instances of fraud to determine if unauthorized persons were residing in voucher-assisted households. After conducting background checks of suspected households, 18 search warrants were issued. Four households voluntarily surrendered; the remaining cases were forwarded to the District Attorney's Office for prosecution. Ultimately, the agency could recover \$130,000 in debt collections.

### **POLICY & PUBLIC AFFAIRS**

#### **SDHC in the News**

In the 3<sup>rd</sup> quarter, the Housing Commission was mentioned in 40 news features (print and broadcast). Of these, 27 positively relayed Housing Commission achievements and activities; 12 were neutral; and one (a letter to the editor) expressed disagreement with agency affordable housing policies.

Positive news features included: the public housing transition, the retirement and career successes of President & CEO Elizabeth Morris, development of downtown affordable housing, funding for special needs housing programs, the agency's home buyer program (new and existing funding available), and the appointment of Loan Committee members.

**BUSINESS SERVICES**

**Bilingual Pay Testing Conducted**


Business Services completed bilingual proficiency testing of all Housing Commission employees receiving additional hourly compensation for technical (written) and/or non-technical (oral) bilingual abilities.

In total, 77 employees were tested – primarily for Spanish-language skills (68 employees), with others for Vietnamese (6), Tagalog (2) and Arabic (1).

**Agency-wide Trainings**

The Business Services Department conducted three training sessions in the 3<sup>rd</sup> quarter, including a two-day Fair Housing and Reasonable Accommodation Training, which was attended by 20 staff members. In addition, five individuals participated in the Regional Management Academy, an eight-day program designed to build leadership skills. Two staff members are participating in the Certified Public Manager Program, a credentialed program for graduates of the Regional Management Academy.

Respectfully submitted,



Carrol M. Vaughan

Interim President & Chief Executive Officer

Attachment 1: Activity Performance Report

# ACTIVITY PERFORMANCE REPORT FY08

## Attachment 1

Activity: Goal	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Comments
Rental Assistance: Assist 13,780 families. <sup>1</sup>	Total: 12,355	Total: 12,543	13,960		Lease Rate: 102%
Rehabilitation/Private Property: Oversee physical improvement of 202 Owner Occupied/400 CDBG/Rental Property: 140 lead-based paint reduction <sup>2</sup>	54/49/33	44/71/77	40/109/49		YTD: 138/229/159 Goal of improvements to owner occupied units reduced to 202. The FY08 owner-occupied rehab unit goal was based upon funds available, however, projects were funded and completed without receiving unit credit to avoid double counting when participating in multiple rehab programs. The Single Family Deferred loans/grants category (1 b) should be reduced by 35 units to rectify this, resulting in total owner-occupied goal reduced from 237 to 202 units. Other goals are expected to be met by end of 4 <sup>th</sup> quarter.
Major Renovations:					
• Complete 791 Capital Improvements at Commission owned and managed units	375	41	201		YTD: 617
• 1,200 maintenance quality assurance program inspections	142	24	0		No activity this quarter due to vacancies and reallocation of staff to public housing disposition activities.
Rental Development: Facilitate development or preservation of 600 affordable units. <sup>3</sup>	Starts 398 Loan Closings 0 Completions 0	Starts 20 Loan Closings 0 Completions 24	Starts 0 Loan Closings 0 Completions 0		YTD: Starts - 418 YTD: Loan Completions 0 YTD: Completions - 24 TOTAL: 442 Anticipate goal to be reached by end of 4 <sup>th</sup> quarter
Homeowner: Assist 90 first-time homebuyers. <sup>4</sup>	13	22	14		YTD: 49 Homeowner assistance this year will be less than anticipated because sales of several affordable properties have slowed down and buyers are also delaying purchases of market-rate units in hopes that prices will continue to fall
Workforce & Economic Development: Aid 500 assisted families in self-sufficiency programs. <sup>5</sup>	446	480	511		This quarter included 31 enrollments and 7 graduates.
Housing Management:					
• Own/Manage/Maintain 1,723 units. <sup>6</sup>	1,723	1,723	1,723		CURRENT: 1,723
• Maintain 99% occupancy rate. <sup>7</sup>	97.25%	97.42%	96%		YTD: 97%
• Complete 12,500 work orders for property repair/improvement. <sup>8</sup>	4,868	4,407	4,082		YTD: 13,397
• Respond to emergency resident requests for work within 12 hours.	6.56 hrs	5.05 hrs	9.9 hrs		AVERAGE: 8.4 hrs
Special Purpose Programs: Secure funding to provide housing opportunities for 595 persons. <sup>9</sup>	549	763	762		YTD: 762

Note 1: All data shown is incremental for the reporting quarter only, unless otherwise indicated.

<sup>1</sup> "Rental Assistance" includes all tenant-based and project-based rental housing assistance administered by the San Diego Housing Commission, including Section 8 (Vouchers, New Construction, and Moderate Rehabilitation). Project-based and sponsor-based assistance for persons with special needs is reported under Special Purpose Programs, below.

## ACTIVITY PERFORMANCE REPORT FY08

### Attachment 1

- 2 "Rehabilitation/Private Property" includes housing units repaired and/or rehabilitated at publicly owned complexes, and privately owned rental, mobile home and other owner-occupied units rehabilitated with financial assistance from the San Diego Housing Commission.
- 3 "Rental Development" includes newly affordable housing units with enforceable rental restrictions constructed, acquired and/or acquired and rehabilitated, and extension of affordability restrictions that would otherwise be terminated. Goal reflects only units utilizing direct HC loans. Starts include projects for which a financing mechanism was approved by the appropriate authority. Completion is when authority is received to occupy the units or equivalent. Recent experience shows that for each 10 units started, about 6 units are completed, with the balance of the projects being canceled.
- 4 "Homeowners" includes newly developed for-sale units and first-time homebuyers receiving assistance in acquiring a home using one or more of the tools administered by the San Diego Housing Commission. Each first-time homebuyer may receive more than one form of assistance (e.g., down payment grant plus shared equity loan). Completion is defined as the point when the homebuyer assumes title, except when the only form of assistance in issuance of a Mortgage Credit Certificate (MCC); completion of MCC-only is defined as the point when the MCC is issued, which may be later than close of escrow and assumption of title.
- 5 "Resident Services" includes families resident in publicly owned affordable housing or receiving rental assistance enrolled in family self-sufficiency programs administered by the San Diego Housing Commission.
- 6 "Housing Management" includes all housing units owned, managed or maintained by the San Diego Housing Commission.
- 7 "Occupancy Rate" reflect all units managed by the agency.
- 8 Work orders are not considered complete until final billing is received from contractors or agency staff has completed all work. Delays in contractor billing can result in changes to the number of work orders reported after the end of the fiscal quarter.
- 9 "Special Purpose Programs" includes transitional housing units and beds supported through financing of operations or development, and project-based or sponsor-based rental assistance for persons with special needs. All tenant-based assistance is reported above in Rental Assistance.