



INFORMATIONAL REPORT

DATE ISSUED: September 5, 2008
REPORT NO: HCR 08-81
SUBJECT: Final Progress Report: FY 2006-2008 Business Plan

NO ACTION IS REQUIRED ON THE PART OF THE HOUSING COMMISSION

BACKGROUND

In December 2002, the Board of Commissioners approved the San Diego Housing Commission's first Business Plan as a step in making the Housing Commission a more effective and business-like organization. The original Business Plan covered three years (FY 2004-2006). Due to significant changes in program regulations, funding structures, and the continuing housing crisis in San Diego, a new three-year Business Plan ("the Plan") for fiscal years 2006 through 2008 was developed to more aggressively guide the Housing Commission's activities. The Housing Commission and Housing Authority approved the FY2006-2008 Business Plan on September 16, 2005 and November 1, 2005, respectively.

DISCUSSION

Although business plans are traditionally utilized by for-profit businesses to provide a blueprint for growing the business and to seek additional capital, the Housing Commission has chosen to use this instrument as a guide to achieving organizational long-range goals. These goals include decreasing the Housing Commission's dependency on Federal subsidy and housing programs through asset development and/or enhancement of alternative financial resources. The primary strategies and goals included in the Plan are reflected in the budget goals and objectives that are prepared annually and presented to the Housing Commission for approval.

The major strategies of the 2006-2008 Business Plan included:

1. Further the Agency's Mission of Creating Affordable Housing Opportunities for Low and Moderate Income Families, Seniors and Persons with Disabilities
2. Increase State and Local Revenue Sources to Relieve Financial Dependency on the Federal Government
3. Establish the Housing Commission as a National Model of Efficiency
4. Provide Policy and Public Education Leadership Regarding Affordable Housing

The final Progress Report on this Business Plan, for the period of January 1, 2008 through June 30, 2008, is transmitted with this report (Attachment 1). Included for each major strategy are the goals that were to be achieved, actions/outputs of the goals, the measurement used to determine level of achievement and progress to date.

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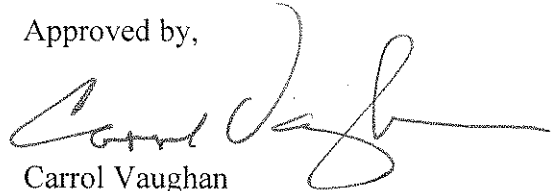
On April 25, 2008 and June 10, 2008, the Housing Commission and Housing Authority approved a Business Plan for FY2009 through FY 2011. Regular status reports will be provided for the new Business Plan beginning in January 2009.

Respectfully submitted,



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Senior Program Analyst

Approved by,



Carrol Vaughan
Interim President & Chief Executive Officer

Attachment 1: Business Plan: FY2008 Final Progress Report

STRATEGIES AND GOALS – FISCAL YEAR 08 UPDATE

ATTACHMENT 1

Strategy 1: Further the Agency’s Mission of Creating Affordable Housing Opportunities for Lower Income Families, Seniors and Persons with Disabilities

GOAL		ACTIONS/OUTPUT		MEASUREMENT		AS OF 6/30/08	
<p>1.1 Develop, own and operate multifamily rental housing independently or in partnership with other developers in addition to financing other entities projects</p>	<p>1.1a Design models for mixed finance projects 1.1b Identify opportunity for joint ventures, including potential syndication services</p>	<ul style="list-style-type: none"> • Increased inventory of affordable housing • Increased revenue stream to Housing Commission to support continuing operations 	<p>In September 2007 the Housing Commission received approval to exit the Public Housing program and received 1354 new Section 8 vouchers for existing Public Housing Residents.</p> <p>Lease up has been completed resulting in a revenue stream that will support the creation of an additional 350 units of affordable housing as required by HUD.</p> <p>1.1a Financial markets rejecting mixed income proposals at this time. Actively seeking multifamily opportunities.</p> <p>1.1b Based on analysis by Housing Commission Consultant, Rod Solomon, decision was made to not pursue syndication services.</p>				

STRATEGIES AND GOALS – FISCAL YEAR 08 UPDATE

GOAL		ACTIONS/OUTPUT		MEASUREMENT		AS OF 6/30/08
<p>1.2 Implement a mixed income re-use plan for University Canyon combining Conventional public housing with open market units restricted to 80% of median area income</p>	<p>1.2a Use income from 80% AMI units to help offset cost of the units available to very low income households</p> <p>1.2b Add 120 vouchers to S8 inventory</p> <p>1.2 c Develop additional units on available land at the site</p>	<ul style="list-style-type: none"> • Preserve affordability of units • Mixed income model completed • Improved positive cash flow • Additional units available 	<p>An ACC with HUD has been executed for the 36 units Public Housing units at University Canyon. M.W. Steele completed a development analysis for additional units to be constructed at University Canyon.</p> <p>An RFQ for Architectural/Consultant services will be issued to entitle the vacant portion of the property and to provide the basis for a design/build solicitation that will create between 35 and 60 new affordable units at the site.</p>			
<p>1.3 Create and implement a mixed income re-use plan for two developments currently assisted through the State of California Rental Housing Construction program</p>	<p>1.3a Buy out or pre-pay state loans</p> <p>1.3b Complete needed repairs/renovation to units and site</p>	<ul style="list-style-type: none"> • Preserve affordability of 113 units • Extend useful life of property • Improved site conditions • Positive cash flow 	<p>Attempts to negotiate an early payoff of mortgage to the state in exchange for lifting eligibility restrictions were unsuccessful. Additional ideas will be developed and explored.</p>			
<p>1.4 “Land bank” property specifically for affordable housing</p>	<p>1.4a Identify public land to be used for housing</p> <p>1.4b Have sites selected and board approved with some pre-development activities completed</p>	<ul style="list-style-type: none"> • Additional sites available for Housing Commission or other affordable housing developers 	<p>Preliminary development feasibility studies have been completed on the Commission owned properties at University Canyon and Site 428 (Nimitz/Famosa), Boston Avenue and 252 16th Street.</p> <p>An environmental assessment of Site 428 is ongoing as is a code update of construction drawings for Boston Avenue, and a refined study of the development potential of 16th Street.</p> <p>Purchased land for 88 senior units with future ownership option. The next opportunity is forthcoming.</p>			

STRATEGIES AND GOALS – FISCAL YEAR 08 UPDATE

GOAL		ACTIONS/OUTPUT		MEASUREMENT		AS OF 6/30/08	
<p>1.5 Reposition underperforming assets, including vacant land and certain public housing sites</p>	<p>1.5a Create and implement plan to leverage existing properties</p>	<ul style="list-style-type: none"> • Development strategy for sale of assets • Additional affordable housing is created • Added revenues to support housing programs 	<p>Special Applications Center/HUD approved the Public Housing disposition in September 2007. (See 1.1.)</p>	<p>1.6 Identify potential resources and program model to take advantage of acquisition opportunities if market turns</p>	<p>1.6a Establish resource development role on Management Team 1.6b Develop an analytical tool to determine feasibility of development opportunities 1.6c Actively search for acquisition opportunities</p>	<ul style="list-style-type: none"> • Focused resource development activity • Agreed upon parameters to proceed with projects • Successful acquisition of at least one site 	<p>Specific resource development role continues to be shared. Because of the approved disposition, the Housing Commission now owns 1,366 units that are unencumbered and valued at approximately \$250 million dollars. RFP's for the development of 350 units and for the leveraging of the 1,366 Commission units were issued and responses were received. Consultant services were procured and analysis of responses is underway.</p>
<p>1.7 Establish policy to retain HOME program income to produce Housing Commission owned assets with ongoing revenue stream</p>	<p>1.7a Production of Housing Commission owned assets</p>	<ul style="list-style-type: none"> • Focused affordable housing and revenues to support under funded programs 	<p>Suspended in favor of financing additional assets through the Public Housing disposition.</p>				

STRATEGIES AND GOALS – FISCAL YEAR 08 UPDATE

Strategy 2: Increase State and Local Revenue Sources to Relieve Financial Dependency on the Federal Government For Affordable Housing and Resident Self Sufficiency

GOAL	ACTIONS/OUTPUT	MEASUREMENT	AS OF 6/30/08
<p>2.1 Seek alternate sources of funding, including private and corporate foundations to pay for current projects, including Family Self-Sufficiency</p>	<p>2.1a Submit six to eight grant applications per year, including letters of inquiry and/or applications to foundations and to non-HUD government divisions 2.1b Continue to submit at least six applications annually under HUD's SuperNOFA</p>	<ul style="list-style-type: none"> • Sustain current programming and support efforts toward helping families reach economic self-sufficiency. 	<p>Alternate sources of funds to support Resident Services activities now include U.S. Bank, Union Bank, Citibank, San Diego National Bank, San Diego Foundation, Family Health Centers of San Diego, the U.S. Department of Health and Human Services and the United Way of San Diego.</p>
<p>2.2 Determine marketability of Housing Commission technical skills for joint venturing on the Housing Commission's behalf</p>	<p>2.2a Partnering with public agencies, non-profits or for profits 2.2b Meet with other jurisdictions to determine potential interest in HC services 2.2c Expand contractual relationships with City departments to manage housing related activities</p>	<ul style="list-style-type: none"> • Establish an internal (or as needed, an external) consulting service to aid in the creation of improved operations and programs to ensure financial viability • Increasing revenue from City departments 	<p>Housing Rehabilitation has contracts with seven redevelopment areas.</p> <p>The Commission administers first time homebuyer program for the City of La Mesa.</p>
<p>2.3 Complete the development of the Commission's new central office facility at the Smart Corner and relocate satellite offices, dispose of the Newton property and lease up suitable retail and office space</p>	<p>2.3a Improved customer service for clients 2.3b Relocation of most staff to one central office</p>	<ul style="list-style-type: none"> • Transition accomplished on time within budget 	<p>The Commission's new office facility completed on schedule and within the budget in the fall of 2006 and opened for business in January 2007.</p> <p>Starbucks and 7-Eleven have leased up ground floor retail space. Proposed leases with Davich USA and YWCA have been approved by the Housing Commission.</p>

STRATEGIES AND GOALS – FISCAL YEAR 08 UPDATE

GOAL	ACTIONS/OUTPUT	MEASUREMENT	AS OF 6/30/08
2.4 Seek alternative sources of funding for special purpose housing	2.4a Serve in advisory capacity to County Department of Health regarding use of Prop 63 funds for housing people with mental illness	<ul style="list-style-type: none"> Production of new special purpose housing units 	<p>A request has been submitted to CCDC to lift the “non-profit/governmental” 2nd floor leasing restriction.</p> <p>Local affordable housing developers received awards of over \$30 million from the California Housing Bond Proposition 1C programs.</p>

STRATEGIES AND GOALS – FISCAL YEAR 08 UPDATE

Strategy 3: Establish the Housing Commission as a National Model of Public Agency Efficiency

GOAL		ACTIONS/OUTPUT		MEASUREMENT		AS OF 6/30/08	
<p>3.1 Redesign the Rental Assistance Program in response to anticipated legislative changes</p>	<p>3.1a Develop a plan for Voucher funding using anticipated regulatory flexibility 3.1b Do a cost analysis of Housing Assistance Payment Costs (HAP) of the current voucher program vs. the proposed Flexible Voucher Program (FVP) or other program models to maximize number of families served 3.1c Use project-based vouchers when advantageous to the Housing Commission</p>	<ul style="list-style-type: none"> • Maintain or increase the number of families receiving a housing subsidy • Minimize administrative expenses 	<p>3.1a Anticipated legislative changes have not occurred and may not occur in the near future.</p> <p>3.1b Consultant study is scheduled to begin late fall of 2008.</p>	<p>See 1.1a</p> <p>A site-based form of property management was implemented and a contract for new software to support a “private sector” method of management has been executed.</p>			
<p>3.2 Develop a private sector asset management model for all Housing Commission owned real estate</p>							

STRATEGIES AND GOALS – FISCAL YEAR 08 UPDATE

GOAL	ACTIONS/OUTPUT	MEASUREMENT	AS OF 6/30/08
<p>3.3 Ensure the Housing Commission meets strategic and operational challenges by having the right people in the right places at the right times to do the right things</p>	<p>3.3a Plan for leadership continuity and bench talent from within the organization</p> <p>3.3b Ensure staffing to support the Business Plan strategies</p> <p>3.3c Conduct class/compensation study to identify current staffing needs and skills available and compare with project needs for longer term success</p>	<ul style="list-style-type: none"> • Access to required knowledge and skills to conduct Agency's business in the most efficient manner • Diverse staff is retained with the required skills, knowledge, and ability to carry out the Agency's mission • Staff is classified and compensated based on program changes and evolving Housing Commission focus 	<p>3.3a Significant progress has been made by the program participants. The assignment of a project manager to provide participant and supervisor counseling and support has been very successful. Several quality work products have resulted from the participants' assigned projects.</p> <p>An evaluation report with recommendations is scheduled to be completed and presented to the Management Team in August 2008</p> <p>3.3c A RFP has been issued and a selection of a firm is planned for early September, 2008.</p>
<p>3.4 Develop an Information Technology Plan for the Agency</p>	<p>3.4a Project current and future technology needs and identify opportunities to optimize efficiency of Commission operations</p>	<ul style="list-style-type: none"> • More effective technology systems • Improved staff productivity and efficiency through use of software solutions that can adapt to changing needs 	<p>3.4 The startup of the IT Steering Committee has been delayed until the fall and the development of the revised IT Plan will include the various IT related projects contained in the new three year business plan. Revised due date for the IT Plan is December 2008.</p>
<p>3.5 Optimize efficiency of all departments to ensure cost effectiveness, appropriate levels of customer service and optimum service delivery models</p>	<p>3.5a Create a call center for the Rental Assistance Dept.</p> <p>3.5b Explore opportunities for outsourcing functions</p>	<ul style="list-style-type: none"> • Fast, accurate, and consistent responses to clients, owners and public queries • The Human Resources and Payroll work units outsourcing is completed with minimum disruption to employees 	<p>3.5a No current plans to re-implement call center. Current phone system has been enhanced and clients provided with a personalized client ID card to assist in delivering phone calls to appropriate party.</p> <p>3.5b No additional functions have been identified for outsourcing at this time.</p>

STRATEGIES AND GOALS – FISCAL YEAR 08 UPDATE

GOAL

ACTIONS/OUTPUT

MEASUREMENT

AS OF 6/30/08

<p>3.6 Reduced redundancy in approval process</p>	<p>3.6a Realign, reassign responsibilities of Housing Commission as part of Prop F changes to governing structure 3.6b Outsource or contract to expand capacity, respond flexibly to workload demands</p>	<ul style="list-style-type: none"> • Faster response/action on programs or projects • Flexible staffing based on needs 	<p>On hold. Will be pursued under new strong mayor form of government as opportunity arises.</p>
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STRATEGIES AND GOALS – FISCAL YEAR 08 UPDATE

Strategy 4: Provide Affordable Housing Leadership in Community Policy and Education

GOAL	ACTIONS/OUTPUT	MEASUREMENT	AS OF 6/30/08
<p>4.1 Serve as leader in affordable housing solutions for the City of San Diego.</p>	<p>4.1a Outreach to housing advocates and private housing industry 4.1b Formulate advisory group to identify affordable housing possibilities</p>	<ul style="list-style-type: none"> • Partnerships that create more affordable housing quickly for eligible families • Increased role of the HC in the affordable housing arena 	<p>The Housing Commission was integral to the passage of City's Density Bonus Ordinance revision. By leveraging existing relationships with both housing advocates and the building industry, the Housing Commission Policy team was successful in dispelling misconceptions of the ordinance's impacts. With the downturn in the local and national housing markets, the Housing Commission will remain an integral part of finding local solutions to address the housing crisis. Passage of H.R. 3221 has been a significant policy issue for the Housing Commission and the policy team is tracking the possible outcomes for San Diego closely through contacts on the national level. This effort will be in conjunction with the Building Industry Association, Housing Federation and other housing groups.</p>

STRATEGIES AND GOALS – FISCAL YEAR 08 UPDATE

GOAL	ACTIONS/OUTPUT	MEASUREMENT	AS OF 6/30/08
<p>4.2 Serve as leader in educating the public regarding affordable housing</p>	<p>4.2a Develop community support for Agency initiatives to enable the Housing Commission to achieve its goals and objectives</p> <p>4.2b Create forums to share and brainstorm ideas</p> <p>4.2c Integrate affordable housing discussions regarding infrastructure finance</p>	<ul style="list-style-type: none"> • Community is more educated about issues and policy decisions regarding the availability of affordable housing • Awareness of pivotal role that affordable housing plays in economic success of the San Diego region 	<p>SDHC has been very successful in nurturing existing relationships in the community as evidenced by the passage of the Density Bonus Ordinance. Presentations this year have included Inclusionary Housing, Density Bonus Revisions, Mobile Home policy provisions, SROs, the Annual Action Plan and CAPER. Housing Commission staff have been a continual presence and policy leader on both the Regional Chamber of Commerce's, Building Industry Association's and Housing Federation's housing policy subcommittees.</p>