

MINUTES

**SAN DIEGO HOUSING COMMISSION
MINUTES OF THE SPECIAL MEETING
FEBRUARY 20, 2009, 9:00 A.M.
SMART CORNER
SAN DIEGO, CALIFORNIA**

ATTENDANCE

Present were Chair Sal Salas and Commissioners, Khadija Basir, Sam Guillen, Gary Gramling and Allen Sims. Also present were Chuck Christensen, General Counsel and President and CEO Richard Gentry. Commissioners Adams-Brooks and Yip were absent.

10 CALL TO ORDER

Chair Salas called the meeting to order at 9:06 a.m.

Chair Salas welcomed new commissioners Gary Gramling and Sam Guillen.

20 PUBLIC COMMENT

Tom Scott representing the San Diego Housing Federation (SDHF), gave a brief presentation to the new board members introducing the San Diego Housing Federation.

Jeff Edgren representing Affirmed Housing Group voiced his support of the Housing Commission and its programs.

30 COMMISSIONER COMMENT

None

40 REPORT BY PRESIDENT & CHIEF EXECUTIVE OFFICER

Mr. Gentry introduced Larry Clemens as the new Senior VP of Housing Development & Finance. He mentioned that January was a very good month at the Housing Commission and that following projects were approved by the Housing Authority in January 2009; Neighborhood Stabilization Program (NSP), Moving Forward (MTW) Program, Mortgage Credit Certificates Program, and the Lead Based Paint Abatement Program.

Mr. Gentry gave an update on the Mayor's Foreclosure Advisory Committee stating that a website www.foreclosuresandiego.gov has been created by the Housing Commission and coming soon the Housing Commission will be the information center on housing for the city. He also mentioned that out of the federal stimulus bill there will be more money for the Neighborhood Stabilization Program, CDBG, HOME programs and will be able to do more with the additional resources coming in.

50 APPROVAL OF THE MINUTES

MOTION BY SALAS TO APPROVE THE NOVEMBER 21, 2008, DECEMBER 18, 2008 REGULAR MEETING AND OCTOBER 31, 2008 AND DECEMBER 8, 2008 SPECIAL MEETING MINUTES. SECONDED BY BASIR AND CARRIED ON A UNANIMOUS VOTE OF 3-0 WITH GUILLEN AND GRAMLING ABSTAINING. ADAMS-BROOKS AND YIP WERE ABSENT.

CONSENT AGENDA

MOTION BY GRAMLING TO APPROVE THE FOLLOWING ITEMS ON CONSENT:

100 HCR09-002 Proposed Fiscal Year 2009 Budget Revision (Citywide)

Recommendation: That the Housing Commission approve the revision (Attachments 1-7) that will result in a net increase to the Fiscal Year 2009 budget of \$25,984,800, bringing the FY09 budget to \$291,415,049 and forward the revision to the Housing Authority for final approval.

101 HCR09-005 Application for Funding from the United Way of San Diego County

Recommendations:

1. Ratify the grant application for \$100,000 to United Way of San Diego County (United Way) for the "Promoting Financial Stability and Independence grant for Underserved and/or Marginalized Youth."
2. Authorize the President & Chief Executive Officer to revise the FY09 Housing Commission budget to reflect the awarded funds (Attachment 1) and execute all required documents.

102 HCR09-006 Proposed Amendments to Personnel Policies Revision and Delegation of Authority

Recommendation: Housing Commission approval and recommendation of approval to the Housing Authority of proposed amendments to the Personnel Policy Handbook

103 **HCR09-026** **Action to Amend Appendices A and B of Housing Commission PO101.000**

Recommendation: That the Housing Commission Board approves the amendment to Appendices A and B to Policy 101.000 "Conflict of Interest Code and Related Provisions" as revised by the Housing Commission's General Counsel.

104 **HCR09-021** **2007 Lenders Performance and Reinvestment Activities of the Reinvestment Task Force**

Recommendation: Accept and forward to City Council and Housing Authority

107 **HCR09-023** **Amendment to the Parking Study Memorandum of Understanding with the City of San Diego**

Recommendation: Authorize the Executive Vice President & Chief Operating Officer or designee to execute an MOU amendment with the City increasing the funding amount from \$40,000 to \$55,000 for the preparation of the Affordable Housing Parking Study.

SECONDED BY GUILLEN AND CARRIED ON A UNANIMOUS VOTE OF 5-0 WITH ADAMS-BROOKS AND YIP ABSENT.

The San Diego Housing Commission convened in closed session.

- d. Conference with Legal Counsel-Negotiation with Real Property Negotiator pursuant to subdivision (b) of 54954.5 Government Code and Section 54956.8:

Property: Chollas Creek, 49th Street and Charles Lewis Way, San Diego, California, Parcel Nos. 547-330-64 and 547-330-65

Agency Negotiator: Rick Gentry, Carrol Vaughan and Steve Snyder, San Diego Housing Commission
Negotiating Parties: Chollas Creek 31, LLC a California limited liability company and the San Diego Housing Commission

INFORMATIONAL ONLY, NO ACTION TAKEN BY THE BOARD

- e. Conference with Legal Counsel-Negotiation with Real Property negotiator pursuant to subdivision (b) of 54954.5 Government Code and Section 54956.8:

Property: River Walk, 1194 Hollister Way, San Diego, California

Agency Negotiator: Rick Gentry, Carrol Vaughan and Steve Snyder,
San Diego Housing Commission

BY A VOTE OF 5-0 BOARD GAVE INSTRUCTIONS TO THE REAL ESTATE NEGOTIATORS TO CONTINUE NEGOTIATING WITH AFFIRMED HOUSING.

The San Diego Housing Commission reconvened in regular session.

ACTION AGENDA

Chair Salas asked that item #105 be trailed to the end of the agenda.

106 HCR09-024 K&A Pacific Leasing Arrangements

Director of Asset Management Steve Snyder gave a staff report.

MOTION BY GUILLEN TO APPROVE THE RECOMMENDATION THAT THE PRESIDENT & CHIEF EXECUTIVE OFFICER (CEO) OR DESIGNEE BE AUTHORIZED TO EXECUTE LEASE DOCUMENTS BETWEEN HC AND K&A PACIFIC, INC., FOR RETAIL SPACE AT THE SMART CORNER BUILDING LOCATED AT 1122 BROADWAY, ON TERMS SET FORTH IN THIS REPORT AND ATTACHMENT 1 AND IN A LEASE FORM AS APPROVED BY GENERAL COUNSEL TO THE COMMISSION. THE LEASE WOULD HAVE A FOUR (4)-YEAR INITIAL TERM AND TWO (2) ADDITIONAL FOUR (4)-YEAR OPTIONS TO RENEW. SECONDED BY SIMS AND CARRIED ON A UNANIMOUS VOTE OF 5-0 WITH ADAMS-BROOKS AND YIP ABSENT.

108 HCR09-020 Housing Commission Approach to the Foreclosure Problem (Citywide)

Executive Vice President and COO Carrol Vaughan and Director of Housing Finance Cissy Fisher gave a staff report.

Tom Scott representing the San Diego Housing Federation voiced his concerns regarding the Housing Commission's processes used in acquiring single family properties.

Commissioners asked numerous questions regarding monies available for first-time home buyers, neighborhoods impacted by foreclosures, reuse of foreclosed properties, and acquisition of single-family properties.

MOTION BY GUILLEN TO APPROVE THE FOLLOWING RECOMMENDATIONS: APPROVE A BROAD-BASED APPROACH TO MINIMIZE AND MITIGATE FUTURE FORECLOSURES BY: 1) PROVIDING WEB-BASED TECHNICAL SUPPORT AND RESOURCES TO HOMEOWNERS FACING FORECLOSURE AND BY MONITORING AND REVIEWING PROPOSED FORECLOSURE PREVENTION LEGISLATION; AND 2) IMPLEMENTING STEPS TO REUSE FORECLOSED PROPERTIES, AND; SEEKING HOUSING COMMISSION AND HOUSING AUTHORITY APPROVAL OF HOUSING COMMISSION POLICY 300.103 (ATTACHMENT) THAT UPDATES THE HOUSING COMMISSION'S REAL ESTATE ACQUISITION POLICY AND DELEGATES, UNDER SPECIFIC CONDITIONS, TO THE PRESIDENT AND CHIEF EXECUTIVE OFFICER (CEO) AND THE BOARD OF COMMISSIONERS, AUTHORITY TO ACQUIRE SINGLE-FAMILY PROPERTIES AND MULTIFAMILY PROJECTS FOR THE PURPOSE OF PROVIDING ADDITIONAL AFFORDABLE HOUSING. THE HOUSING AUTHORITY WOULD RETAIN THE RIGHT TO REVIEW ANY APPROVAL WITHIN SEVEN DAYS OF ANY HOUSING COMMISSION ACTION. SECONDED BY GRAMLING AND CARRIED ON A UNANIMOUS VOTE OF 5-0 WITH ADAMS-BROOKS AND YIP ABSENT.

109 HCR09-018 Loan for Veterans Village Phase III (Council District 2)

Project Manager Dan Cady gave a staff report.

Commissioners asked questions regarding the vacancy rates, waiting list and completion date.

MOTION BY GUILLEN TO APPROVE AND FORWARD TO THE HOUSING AUTHORITY FOR APPROVAL OF A RESIDUAL RECEIPTS LOAN OF UP TO \$2,300,000 FOR DEVELOPMENT OF A 96-BED TRANSITIONAL RENTAL HOUSING FACILITY FOR VERY LOW-INCOME MILITARY VETERANS AND AUTHORIZE THE PRESIDENT AND CHIEF EXECUTIVE OFFICER OR DESIGNEE TO EXECUTE NECESSARY DOCUMENTS. SECONDED BY BASIR AND CARRIED ON A UNANIMOUS VOTE OF 5-0 WITH ADAMS-BROOKS AND YIP ABSENT.

110 HCR09-019 Loans for North Park Inn (Council District 3)

Project Manager Dan Cady gave a staff report.

Commissioners asked questions regarding property appraisal process, due diligence, purchase and sale agreement.

MOTION BY GUILLEN TO APPROVE THE FOLLOWING RECOMMENDATION: TO APPROVE AN INCREASE OF \$40,000 IN THE PREDEVELOPMENT LOAN FOR THIS PROJECT TO \$50,000 AND RECOMMEND HOUSING AUTHORITY APPROVAL OF A PERMANENT RESIDUAL RECEIPTS LOAN OF UP TO \$2,050,000 FOR THE ACQUISITION AND REHABILITATION OF SEVENTEEN RENTAL HOUSING UNITS AND ONE MANAGER'S UNIT TO BE USED AS PERMANENT SUPPORTIVE RENTAL HOUSING FOR EXTREMELY LOW-INCOME HOMELESS MEN DUALY-DIAGNOSED WITH MENTAL ILLNESS AND SUBSTANCE ABUSE, AND AUTHORIZE THE PRESIDENT & CHIEF EXECUTIVE OFFICER OR DESIGNEE TO EXECUTE NECESSARY DOCUMENTS. SECONDED BY SIMS AND CARRIED ON AN UNANIMOUS VOTE OF 5-0 WITH ADAMS-BROOKS AND YIP ABSENT.

111 HCR09-022 Approval of Purchase and Sale Agreement for the Acquisition Chollas Creek Villas Condominium Project

Director of Asset Management Steve Snyder gave a staff report.

Tom Scott representing the San Diego Housing Federation, stated that on February 18, 2009, the Federation's Board of Directors had taken action on this item and stated for the record, board members Wendy DeWitt (San Diego Housing Commission) and Even Becker (Red Capital Group) recused themselves from the meeting and did not participate in any discussions and actions regarding this report.

Mr. Scott also spoke in opposition regarding the delegation of authority for the acquisition and purchase of properties.

Commissioners asked questions of staff regarding the appraisal process, due diligence, and purchase and sale agreement.

MOTION BY GUILLEN TO APPROVE THE FOLLOWING RECOMMENDATIONS: **1)** RECOMMEND HOUSING COMMISSION AND HOUSING AUTHORITY AUTHORIZE: **a)** THE HOUSING COMMISSION'S PURCHASE OF THE PROPERTY FOR A TOTAL ACQUISITION COST NOT TO EXCEED \$8.6 MILLION; **b)** AUTHORIZE THE CEO OR DESIGNEE TO EXECUTE A PURCHASE AND SALE AGREEMENT FOR THE PROPERTY BETWEEN THE COMMISSION AND CHOLLAS CREEK 31 LLC AS APPROVED BY THE CEO AND GENERAL COUNSEL; AND **c)** AUTHORIZE THE CEO TO ENTER INTO ANY AND ALL OTHER AGREEMENTS AND EXECUTE ANY AND ALL DOCUMENTS THAT ARE APPROVED BY GENERAL COUNSEL AND ARE NECESSARY TO EFFECTUATE THE FOREGOING; AND **2)** RECOMMEND THE HOUSING COMMISSION AND HOUSING AUTHORITY AUTHORIZE AN AMENDMENT TO THE FISCAL YEAR 2009 COMMISSION'S BUDGET TRANSFERRING \$6,112,478 OF LOCAL UNITS FUNDS FROM THE RESERVES FOR DEVELOPMENT TO RENTAL HOUSING DEVELOPMENT FOR THE ACQUISITION OF CHOLLAS CREEK VILLAS. SECONDED BY SIMS AND CARRIED ON AN UNANIMOUS VOTE OF 5-0 WITH ADAMS-BROOKS AND YIP ABSENT.

105 HCR09-007 2008 Annual Audit Reports

Director of Finance John Pfeiffer gave a staff report.

Joy Sunyata, resident in Council District 2 expressed her concerns regarding the audit process and performance audit.

Commissioners asked questions regarding the audit process, internal controls, auditor's unqualified opinion, and the scope of work.

MOTION BY BASIR TO APPROVE THE FOLLOWING RECOMMENDATION: THAT THE HOUSING COMMISSION ACCEPTS THE FISCAL YEAR 2008 AUDIT REPORTS PREPARED BY THE REZNICK GROUP, AN INDEPENDENT AUDIT FIRM AND DISTRIBUTE THE REPORT TO THE HOUSING AUTHORITY AND INTERESTED PARTIES. SECONDED BY GUILLEN AND CARRIED ON A UNANIMOUS VOTE OF 5-0 WITH ADAMS-BROOKS AND YIP ABSENT.

The Housing Commission did not reconvene in closed session and General Counsel asked that Closed Sessions items a, b and c be brought back to the next Housing Commission Meeting on March 20, 2009.

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

Abdulali Ali v. San Diego Housing Commission
San Diego Superior Court, Case No. 37-2008-00096873-CU-WM-CTL

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

Davis Framing, Inc. v. Sigsbee Row, LLC, Preferred Bank, D&A Daily Mortgage Fund III, L.P., San Diego Housing Commission, et al.
San Diego Superior Court, Case No. 37-2008-00096227-CU-BC-CTL

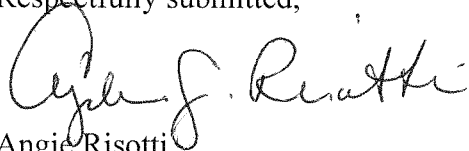
- c. Conference with Legal Counsel-Anticipated Litigation pursuant to subdivision (c) of 54954.5 Government Code and subdivision (a) of Section 54956.9:

Anticipated litigation initiated by a former employee against the San Diego Housing Commission (One matter)

ADJOURNMENT

Chair Salas adjourned the regular meeting at 1:01 p.m.

Respectfully submitted,



Angie Risotti
Executive Assistant to the President and CEO

Approved by,



Richard C. Gentry
President and CEO