

Follow-up Information on Housing Authorities

Select Committee on Housing Commission Oversight
Item TBD

April 25, 2022



Office of the Independent Budget Analyst



Background

- July 19, 2021: Housing Authority info item on the City's Housing Authority and San Diego Housing Commission formation and powers
- November 16, 2021: Housing Authority info item on IBA report entitled *Comparative Analysis of Housing Authority Structures in California*
- April 8, 2022: IBA released report in response to request for additional information

Overview of Report

- Addresses each of the three areas requested for additional analysis
 - One is addressed by the City Attorney's Office
- Highlights practices of other jurisdictions and offers questions and commentary for consideration
- Attached to report is additional detail that reflects the basis for our findings

Executive Director Employment Contracts

- Reviewed 7 out of the 12 jurisdictions from the previous report
 - 1 did not respond
 - 4 jurisdictions do not use employment contracts but are at-will employees
- Review focused on policy aspects of each contract and is not a legal analysis
- Except for salary information, no other documents were used for comparison
 - If other policies impacting the director exist, they are not captured

Executive Director Contracts

Though they vary, contracts typically had 5 major components

Component	Summary
Term	<ul style="list-style-type: none"> • Typically, about 3 years, but can be extended • Some auto extend and some are effective until terminated
Duties	<ul style="list-style-type: none"> • Identify the entity to which the ED reports • Require ED to perform all powers and duties consistent with laws and job description • Require ED to identify ways to achieve greater efficiency to achieve the agency’s vision and goals
Salaries	<ul style="list-style-type: none"> • Range: \$194,000 as of 2020 to \$346,000 as of 2022 (SDHC is third highest) • Range increases if additional performance pay is included
Benefits	<ul style="list-style-type: none"> • Due to inconsistent information provided, only able to compare two items • Relocation benefits range: \$7,500 to \$57,000* • Auto allowance range: \$350 to \$800 per month*

*SDHC is the highest

Executive Director Contracts, *cont.*

Though they vary, contracts typically had 5 major components

Component	Summary
Evaluation	<ul style="list-style-type: none">• 5 out of 7 included a section on evaluating ED performance• Typically, section is brief (except Fresno Housing) stating that review will be done annually, and it will be used to determine salary
Conflict of Interest Provisions	<ul style="list-style-type: none">• Though not a major section, all contracts included related provisions, though they varied• Prohibiting ED from receiving outside compensation (except for two jurisdictions as long as there is no conflict)• Requiring ED to comply with conflict-of-interest laws and policies• Prohibiting the ED from engaging in any activity that would be a conflict of interest

- ***Item for Consideration:*** Fresno Housing has a “Board-CEO Relations” section clarifying the roles of each party; San Diego could consider similar section if needed

Executive Director Performance Evaluations

Although there is not widespread use of some elements, they may interest the Housing Authority

Summary of Major Elements of Executive Director Performance Evaluations								
Housing Authority Jurisdiction	Creates Goals	Uses Ad Hoc Committee	Includes Self Assessment	Includes Status Update on Goals	Evaluation Same as Other Staff	360 Review	Use of 3rd Party Consultant	Has an Evaluation Policy
City of Los Angeles	X	X	-	X	-	-	-	-
Los Angeles County	-	-	X	-	X	-	-	-
City of San Diego	X	X	X	-	-	-	-	-
Santa Clara County ¹	X	-	X	X	-	-	-	-
Sacramento City/County	X	X	X	-	-	-	-	X
City of Oakland ²	-	-	-	-	-	-	-	-
San Bernardino County ²	X	X	-	-	-	-	-	-
City of Long Beach	-	-	-	-	X	-	-	-
Fresno City/County	X	X	-	X	-	X	X	-
Alameda County ¹	X	X	X	-	-	-	-	-
San Diego County	-	-	-	-	X	-	-	-
San Luis Obispo County ²	N/A							
Total	7	6	5	3	3	1	1	1

¹ Reflects the process that the agency is working to put in place.

² No response, or limited details received.

Agencies with Nonprofit Development Arms

- Researched what protections are in place to ensure competitiveness
 - Are there policies that guide what funds nonprofits can apply for?
 - Is there a firewall between the agency that reviews and selects projects for funding and its nonprofit that is applying for funds?
- Of the 12 agencies previously reviewed, 8 have created nonprofit affiliates to facilitate development
- 5 of the 8 have affiliates that are *active*
- Those authorities that do not have affiliates have a narrower focus and typically do not directly develop affordable housing

Agencies with Nonprofit Development Arms

Key Findings of Review

- Only Sacramento Housing Redevelopment Agency requires the nonprofit to apply for funds from the Agency
 - A firewall exists between the dept granting and the dept applying for funds
- Remaining agencies do not compete for *internal* housing authority funds
 - SDHC's nonprofit is typically allocated funds directly, as approved
 - Other agencies do not issue competitive NOFAs
- But remaining agencies compete with private affordable housing developers for *external* funds at the federal, state and local level
- No funding restrictions exist that prohibit use by nonprofit affiliates

Agencies with Nonprofit Development Arms

A closer look at SDHC's Housing Development Partners

- HDP was a part of 10 transactions in roughly the past 10 years
 - 2 transactions are not related to traditional affordable housing development
- HDP is generally used to:
 - Facilitate financing for projects
 - Insulate SDHC from liability
 - Complete projects that other developers may not find desirable
- Self development brings in revenue which supports other programs

Agencies with Nonprofit Development Arms

A closer look at SDHC's Housing Development Partners

- 4 out of the 10 transactions were directly allocated SDHC loans
- Some were tax credit projects which also received bond allocations
 - a competitive funding source as of 2020
- *Based on transaction data: HDP does not appear to be a major competitor, rather HDP is the vehicle by which SDHC uses to develop certain projects, approved by Housing Authority and/or SDHC Board*
 - Impact to private developers primarily lies in opportunity cost of allocating SDHC loan or grant funds directly that could have gone into a NOFA

Agencies with Nonprofit Development Arms

Policy Considerations

- *Should SDHC or its nonprofit affiliate engage in self-development of affordable housing, or should development be done by private affordable housing developers?*
- *Should HDP be able to receive funding directly as approved by the Housing Authority and/or SDHC Board or should HDP be required to go through a competitive NOFA process?*
- *Is there additional information that can be made available about HDP's activities so that the Housing Authority can better understand its operations?*

Conclusion

Housing Authority can determine the type of agency it wants to oversee

- There is wide variation in housing authority structures, and to what degree housing authorities implement many activities
- We look forward to continuing to work with the Housing Authority and this committee to achieve desired outcomes