

RESOLUTION NUMBER R- 283301

ADOPTED ON JAN 18 1994

WHEREAS, because of City Council concerns, Zucker Systems was hired in 1992 to prepare a management review of the San Diego Housing Commission; and

WHEREAS, a copy of the Introduction and Summary of the Zucker Systems report is attached hereto as Attachment 1; and

WHEREAS, as part of the "key recommendations" contained in the report, the following recommendations were made:

1. The Mayor and the City Council members should not sit on the Housing Commission.

2. The Mayor and City Council should appoint outstanding, powerful, strong community leaders to the Housing Commission.

3. An Executive Director should be appointed as soon as possible.

4. A majority vote of the City Council should be required to call up any item from the Housing Commission to the Housing Authority.

5. Staff of the Housing Commission should remain independent from other City staff; and

WHEREAS, it is desirable to proceed with implementation of such recommendations and related items; and

WHEREAS, a separate ordinance has been prepared to implement the recommendation requiring a majority vote of the City Council

to call up any item from the Housing Commission to the Housing Authority; NOW, THEREFORE,

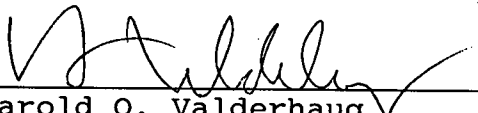
BE IT RESOLVED, by the Council of The City of San Diego, that the City Council hereby expresses its intent and direction that the Housing Commission and its staff be independent from City staff.

BE IT FURTHER RESOLVED, that Deputy Mayor George Stevens is hereby appointed as the Council's liaison to the Housing Commission.

BE IT FURTHER RESOLVED, that the City Manager, acting as interim Executive Director of the Housing Commission, is hereby authorized and directed to begin a search for an Executive Director of the Housing Commission and the Housing Authority and to recommend a candidate for that position to the Housing Authority for its approval.

BE IT FURTHER RESOLVED, that the concept of replacing the current Councilmembers serving as members of the Housing Commission with private citizens, is hereby approved.

APPROVED: JOHN W. WITT, City Attorney

By 
Harold O. Valderhaug
Chief Deputy City Attorney

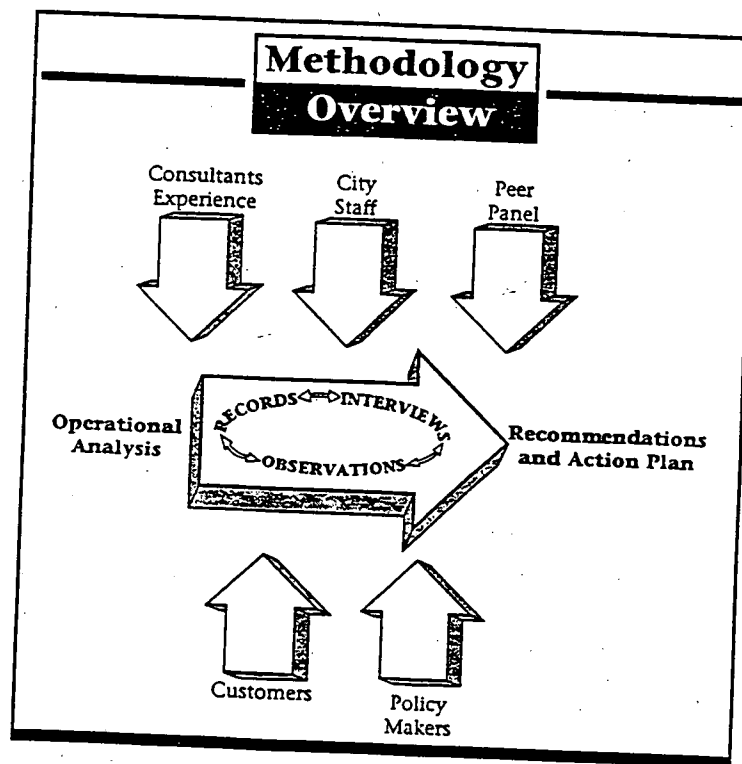
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I. Introduction and Summary

Scope and Approach

The study of the San Diego Housing Commission was conducted for the City Manager, at the direction of the City Council. The prime consultant was Zucker Systems of San Diego. Subconsultants were M.D. Strum Housing Services of Indianapolis, and Cordoba Corporation of San Diego. The consultants conducted the study between August 1992 and October 1992, and used an interactive process as illustrated in Figure I-1.

Figure I-1
Methodology Overview
Study of San Diego Housing Commission



Specific consulting activities included:

- ✓ Interviews were held with virtually all managers in the Commission and many employees.
- ✓ Questionnaires were completed by many employees in the Commission. See Appendix C for questionnaires.

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- ✓ External interviews were conducted with many individuals outside the Commission. See Appendix B for issues identified in these interviews.
- ✓ A peer review was conducted by four of the country's leading Housing Authority Executive Directors, who visited San Diego for three days. See Appendix A for comments by the peer panel. The one and one-half hour, peer panel summary is also available on video tape and may be viewed at the Housing Commission.
- ✓ An operational analysis was conducted based on a review of records, observing functions in action, and interviewing of staff. In many instances, new records were constructed due to the lack of adequate data for analysis. This data is found throughout this report.

We particularly want to thank the Housing Commission staff for their assistance in this task. Numerous requests for information or meetings were accommodated within a very busy work schedule.

It is always difficult as a consultant to feel that you have an adequate understanding of an organization, while spending so little time in a community. Nevertheless, "external eyes" can provide insight that is often overlooked in the day-to-day press of activities. We offer our comments in a constructive perspective. We believe our recommendations can invigorate the San Diego Housing Commission.

Executive Summary

FINDINGS

Overall, we believe the city has an excellent housing program and Housing Commission, that has been functioning well.

The key issue is a lack of trust, confidence, and supportive working relation amongst the City Council, Housing Commission, and staff. This issue appears to have been fostered through the two permanent executive directors the Commission has had. Both directors were responsible for major positive accomplishments for which the city should be grateful. However, both stressed a degree of independence that is not workable in the San Diego political environment. This led to a lack of sensitivity between staff and elected officials. It should be noted that the Executive Director works both for the Housing Commission and Housing Authority.

A secondary issue is the lack of clear and consistent goals that are shared by the City Council, Housing Commission, and staff. This lack of clarity undoubtedly, also, impacted the trust issue.

A currently popular theme in management literature is "corporate culture." Corporate culture describes the way an organization behaves or acts. At times it

is difficult to know how the culture was created. Also, like all cultures, it can be difficult to change. The San Diego Housing Commission culture undoubtedly relates not only to the two permanent executive directors, but also to prior Housing Commission members and other Housing Commission staff. Changing this culture will require time and energy on everyone's part. The desired change will result in an organization where the City Council, Housing Commission, staff, clients, and the broader community all link hands in a common goal, the creation and retention of affordable housing.

One of the problems in operating within a political environment is that political environments tend not to be tolerant of mistakes. Yet current organizational theory suggests that progressive and productive organizations will make mistakes. If not, they become dormant, self-serving bureaucracies. If the San Diego Housing Commission is not making mistakes, it's not adequately pushing the program for affordable housing. This needs to be understood and accepted by the City Council and the clients of the housing programs. Several past actions of the Housing Commission and staff are currently being viewed as mistakes. However, rather than viewing these as organizational failure, they should be viewed as a natural part of the process. This has led to an aversion to taking risks, a "circling of the wagons" mentality. If the housing program of the next 10 years is to match the success of the last 10 years, it must return to a stable, political environment that can tolerate and, yes, even encourage, risks.

Some of the positive aspects of the Housing Commission program as well as areas needing improvement, are summarized below:

Positive Aspects

- ✓ Has aggressively pursued almost every conceivable source of funding for affordable housing resulting in a current operating budget of over 100 million dollars.
- ✓ Has excellent relations with HUD.
- ✓ Constructed or purchased 1,535 public housing units since its creation in 1979 in an environment not conducive to construction of public housing.
- ✓ Obtained Section 8 funding for 7,550 housing units and is operating a relatively non-controversial program.
- ✓ Is managing the public housing units without the problems plaguing many housing programs around the country.
- ✓ Is rated as a High Performer with a score of 98.6% on HUD's management assessment program.
- ✓ Has had many years of unqualified audits on its financial operation.

- ✓ Recently created the Housing Trust Fund, a proposed Inclusionary Housing Policy, and received recognition for a variety of programs as listed in Appendix G.

Areas Needing Improvement

- ✓ Staff relation with the Housing Commission and City Council needs improving; there is a lack of trust.
- ✓ Staff has lacked sensitivity to City Council and certain community-wide issues.
- ✓ The city has been behind many other cities in building the capacity of its non-profit corporations to build and manage affordable housing.
- ✓ The resident initiative, self-sufficiency program, has been slow to get started.
- ✓ Housing production in recent years has slowed.
- ✓ Operational costs, in some areas, have exceeded industry norms.

In summary, much has been accomplished and much remains to be done. Irrespective of the record, citizens are demanding more and more from government agencies. Both public and private organizations are recognizing that unless they look toward continuous improvement, services will deteriorate.

The city's 1992 Comprehensive Affordability Strategies (CHAS) sets forth the challenge. Housing needs in San Diego far exceed the city's ability to meet them. Therefore, it is imperative that the Housing Commission continue to operate as effectively and efficiently as possible. This report is dedicated to that aim.

KEY RECOMMENDATIONS

Our report outlines 163 specific recommendations as shown in Table I-1. Key recommendations include:

- ✓ **Mission**

There is need to clarify the Mission of the Commission, particularly in relation to housing advocacy and self-sufficiency. (See Recommendations 12 through 19.)

- ✓ **Relation to City (See Recommendation 20.)**

1. The Mayor and the City Council members should not sit on the Housing Commission.

2. The Mayor and City Council should appoint outstanding, powerful, strong community leaders to the Housing Commission.
3. An Executive Director should be appointed as soon as possible.
4. A majority vote of the City Council should be required to call up any item from the Housing Commission to the Housing Authority.
5. Staff of the Housing Commission should remain independent from other city staff.

✓ **Internal Organization**

1. Housing Programs and Administrative Services should be split into two units. (See Recommendation 23.)
2. The double layers of upper level management should be removed in Housing Programs, Housing Development and Finance, and Program and Policy Development and possibly Housing Services. (See Recommendation 23, 24, 28, and 119.)
3. Staffing levels may be too high in Housing Services, Section 8, and Technical Services. (See Recommendation 41, 54 through 58, and 82.)
4. Housing development functions should be centralized and improved. (See Recommendations 88 through 93 and 99 through 108.)

✓ **Operational Issues**

Numerous operational recommendations are made throughout the report. A few samples include:

1. The need to improve strategic planning. (See Recommendations 28, 40, 89, and 129.)
2. Expanding resident services focus. (See Recommendations 19, 47 through 53.)
3. Discontinue faceless reexamination process for Section 8 and develop tenant integrity program. (See Recommendations 66 and 74.)
4. Expand Community Affair efforts. (See Recommendations 122 through 124.)

Action Plan

The consultants suggested to staff throughout the study that they already know much of what should be done to improve the program. The long-term key to an effective and efficient Commission will be continuing to convey this message to employees, and providing them the necessary encouragement for personal action. Typical U.S. workers make one recommendation a year for improvement in their organizations. By contrast, a typical Toyota motor company worker in Japan makes forty-nine recommendations per year. For every recommendation made in this study, each staff and each manager can, and should, develop three or more on their own.

Table I-1 lists each specific recommendation. Each recommendation is cross-referenced to pages in the report that discuss the recommendation. Recommendations contained within the body of the report are in bold print.

A suggested schedule for implementing recommendations over the next five months is shown. Additionally, each recommendation is given a priority number of 1, 2, or 3 with 1 being the highest priority. During each month reporting period, those recommendations with priority number one should be completed first. After this, priority number two recommendations should be completed before moving to priority number three recommendations. The first reporting period for implementation will be January 1993. Any activity not completed during this month should be carried over into February. At the end of February uncompleted items should be carried over into March, etc.

The Commission may wish to consider a number of recommendations to assist in implementing the report.