

Contra
Costa
County



To: Board of Supervisors
From: David Twa, County Administrator
Date: May 7, 2019

Subject: Letter of Support on the Partial Demolition and Total Disposition of Las Deltas and Las Deltas Annex I

RECOMMENDATIONS

APPROVE and AUTHORIZE the Board of Supervisors of Contra Costa County to provide the Housing Authority of the County of Contra Costa (HACCC) with a letter of support to submit an application to HUD for the partial demolition and total disposition of Las Deltas and Las Deltas Annex I (the Property).

BACKGROUND

On December 17, 2013, the Housing Authority Board of Commissioners approved submission of two Rental Assistance Demonstration (RAD) applications for the conversion of 90 vacant public housing units at Las Deltas in North Richmond to RAD project-based voucher (PBV) units that could be used to fund development of affordable housing throughout the County. On March 30, 2015, HUD approved these two applications.

When staff submitted HACCC's RAD application in December 2013, the intention was to also submit a Section 18 Demolition/Disposition (Section 18) application to HUD for the remaining, occupied units at Las Deltas. The primary advantage of a Section 18 application was that it provided a better long-term subsidy stream than the RAD program did. The disadvantages were that HUD had made it very difficult to get a Section 18 application

Action of Board On: **05/07/2019** APPROVED AS RECOMMENDED OTHER

Clerks Notes:

VOTE OF COMMISSIONERS

AYE: John Gioia, District I
Supervisor
Candace Andersen,
District II Supervisor
Diane Burgis, District III
Supervisor
Karen Mitchoff, District
IV Supervisor
Federal D. Glover,
District V Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: May 7, 2019

Joseph Villarreal, Executive Director

By: Stephanie Mello, Deputy

Contact: 925-957-8028

cc:

approved, the funding available for replacement vouchers under such an application was shrinking (meaning there was a high probability that HACCC would not have received any

BACKGROUND (CONT'D)

replacement vouchers) and HUD did not provide replacement funding for vacant units under a Section 18 application (many of the remaining unit at Las Deltas were vacant at the time).

In discussions with HUD and others in 2013, it became clear that it would be very difficult to get a Section 18 application approved for Las Deltas and that HACCC's best option to receive funding was to submit a RAD application for the remaining 124 units at Las Deltas in order to maximize the chances that funding for the entire property could be converted to project-based assistance that could then be used to fund the development of replacement affordable housing onsite or elsewhere. As a result, on August 18, 2015, HACCC's Board of Commissioners authorized submission of two additional RAD applications to HUD that would increase HACCC's previously approved applications for 90 vacant units to include all 214 units at Las Deltas in North Richmond.

On August 16, 2016, HUD approved the additional two applications for the remaining units to be converted under the RAD program. In an effort to replace the units that would be lost at Las Deltas, HACCC committed 214 units of RAD project-based voucher funding to non-profit housing developers in October of 2015 to fourteen properties across Contra Costa County. Because the rents associated with the RAD assistance would not be sufficient to support the debt service these properties would incur as part of their development/rehabilitation, HACCC had to commit additional, regular project-based vouchers to these projects.

Three of the fourteen projects withdrew from consideration leaving 107 units of RAD assistance unallocated to replacement projects. HACCC has been exploring other projects that may be able to utilize these 107 RAD vouchers but, to date, no entity has shown interest in the assistance. HACCC approached HUD with the possibility to pursue Demolition and Disposition for the unassigned units and HUD indicated that they were amenable to re-visiting such an application for this property.

Of the original 214 units at Las Deltas, 208 are currently vacant. Many of the units are in advanced stages of destruction from break-ins and vandalism and HACCC continues to incur annual costs of over \$300,000 on window and door enclosures to secure the units, which need of tens of millions of dollars in rehabilitation to bring back to a livable condition. Many units are beyond repair and would have to be completely reconstructed. In addition, HACCC continues to incur utility costs for power and water at these vacant and vandalized units. Once vacant, HUD ceases to provide funding for the units. Thus, while we continue to explore development and replacement options for Las Deltas, HACCC continues to incur costs for which no funding is being provided. Demolition of the remaining buildings at Las Deltas is critical to HACCC's fiscal solvency.

Partial demolition of the contiguous section of the property will not only eliminate the need for incurring continued costs on these units, but would make the site more attractive

for prospective developers. In addition, by securing HUD approval to dispose of the entire property, it will enable HACCC to sell off the 80 scattered-site units that pepper the surrounding neighborhood. The proceeds of the sale of these units and sites are required to be re-allocated to other public housing purposes. It is HACCC's intent to use these proceeds as pre-development funding for addressing the needs of other public housing developments in its portfolio.

HACCC staff have met with Las Deltas residents to discuss a partial demolition and total disposition application and have also held several meetings with the Resident Advisory Board to discuss the plans to pursue such an application. Additionally, HACCC has discussed plans to demolish and dispose of Las Deltas with the local Municipal Advisory Council (MAC), the Las Deltas Steering Committee and its own Board of Commissioners in the past. Moreover, HACCC has been actively working with the North Richmond Planning Committee (NRPC). NRPC, led by Healthy Richmond, the Richmond Neighborhood Housing Services and Local Initiatives Support Corporation (LISC), has been working with numerous community leaders and residents to develop a comprehensive strategy that addresses housing, safety, business opportunity and youth and education concerns in North Richmond in an effort to transform the neighborhood and community into the vibrant and desirable area that it once was. These groups have contributed to HACCC's conceptualization of the demolition and disposition process and have been supportive of HACCC's efforts to bring change to Las Deltas.

HUD's application for demolition and disposition requires that a letter of support from the sitting Mayor be submitted with its application. Since Las Deltas property is in a non-incorporated section of Contra Costa County, its jurisdiction falls within the purview of the Board of Supervisors and its Chairperson. Thus, this request from HACCC for a letter of support from the Chair of the Board of Supervisors.

FISCAL IMPACT

There is no Fiscal Impact for providing HACCC with a letter of support for its application for demolition and disposition of the Las Deltas and Las Deltas Annex I public housing development in North Richmond, CA.

CONSEQUENCE OF NEGATIVE ACTION

Should the Board of Supervisors not provide a letter of support to HACCC authorizing the agency's Executive Director to submit an application to HUD for the partial demolition and total disposition of Las Deltas and Las Deltas Annex I, HACCC's application will be deficient and likely rejected. As a result, HACCC will continue to incur costs for door and window enclosures and paying for utilities at a predominantly vacant and unfunded property. In such a case, it can be expected that Las Deltas will continue to deteriorate and attract squatters and crime.

ATTACHMENTS

BOS Letter of Support for Las Deltas Final