

## **FORM HUD 52860-A**

### **Narrative: Demolition and Disposition Addendum For Las Deltas/Las Deltas Annex I**

#### **Section 1.4: Demolition**

The basic rationale for demolition is covered in Section 2.1 below.

The property is 3.7% occupied. The cost of maintaining the property is approximately \$1 million per year regardless of the number of households in place since the nature of the neighborhood requires that all vacated units be secured with metal window and door covers that HACCC is renting at a significant cost to the agency. In addition, HACCC has had to continue to pay for local sheriff patrols of the property to disperse homeless and criminal elements from squatting on the vacated property. Thus, the requested demolition should occur as soon as the units can be vacated.

HACCC has received a bid to demolish the contiguous part of the property which includes the 58 units in property 9A and the 40 units in Property 6. Demolishing these units promptly will have a cost-saving effect for the agency, particularly when you consider that most of the units have been broken into and vandalized and will likely be torn down regardless of what will eventually be done with the site. In addition, a vacant series of contiguous parcels will be easier to draw interest from potential development groups than a series of dilapidated, boarded up and vandalized units.

HACCC plans to demolish only 98 of the 214 units. 107 units have been committed for conversion under the Rental Assistance Demonstration Program. The scattered site units that make up Property 9B are not likely to be demolished but, rather, sold off to interested buyers either at auction or at market value. HACCC seeks disposition approval for these units so that it can proceed with the process of selling the properties. Most of the scattered sites are duplexes, with four single family dwellings.

#### **Section 1.5: Demolition (Cost-test)**

Total cost to demolish 98 units will be approximately \$1,200,000. The amount will fluctuate until final contracts are signed.

#### **Section 2.1: Disposition**

HACCC is seeking disposition under the rationale of Section 18(a)(2)(A)(i) of the U.S. Housing Act of 1937 (the Act)—“conditions in the area surrounding the public housing project adversely affect the health or safety of the residents or the feasible operation of the project by the public housing agency”, and the "Other" rationale of Section 18(a)(2)(B) of the Act.

The Las Deltas/Las Deltas Annex developments are located in North Richmond, for which the 2012 crime rate indexes (the latest available) indicate a Total Crime Risk approximately 68% higher than for the State of California and similar relative risks for most types of serious crimes. While development-specific crime statistics are much more limited, Las Deltas/Annex appears to have a concentration of serious crimes within North Richmond—6 of 19 violent crimes in North Richmond in 2014, despite a population of under 150 families and police patrols assigned to the properties.

As a result of that and other factors discussed further below, virtually all families that HACC has assigned to Las Deltas/Annex in recent years have refused to move there. In 2011 through May of 2013, these developments had a site-based waiting list. During this time period, HACC called 1,537 families with potential offers of 2-bedroom and 3-bedroom units, interviewed 181 families and actually leased 14 units.

HACC then converted to an authority-wide waiting list. From July 2013 through July 2015, HACC leased 55 public housing units. However, none of these units were at Las Deltas/Annex. In view of the non-existent demand for these units, and the high costs that would be incurred to prepare them because the units promptly are vandalized once vacated, the HACC stopped preparing units at Las Deltas/Annex.

#### North Richmond Poverty, Crime & Environmental Issues; Reduced Occupancy

The plight of North Richmond has been well –documented in recent years, including by a 9-part series in richmondconfidential.com: <http://richmondconfidential.org/2011/06/01/part-1-north-richmond-a-neighborhood-on-the-brink/> (Links to the remaining parts are in this first article.) Among the findings of these and other studies are:

North Richmond is highly segregated, with 97% of its residents Latinos, Blacks and Asians compared with 82.9% in Richmond and 59.9% in California according to the 2010 U.S. Census. This community has the lowest per capita income in Contra Costa County, about \$9,000, or roughly one third of the county average. In a 2009 report published by a coalition of area environmental and other groups entitled “Measuring What Matters,” the median income in North Richmond was listed at \$24,131, the lowest of more than 20 of the most impoverished communities in the Bay Area. While other, more recent sources show some higher median income numbers, they still show stark poverty relative to other California communities. One source, citydata.com, also shows a 41.0% drop in median household income from 2000 to 2013, compared to a 26.7% increase for all California households during the same time period.

Most homes sell for below \$100,000, among the lowest prices in the Bay Area. North Richmond is less than one mile from the sprawling Chevron refinery sitting on 940 acres, the largest producer of base oils on the West coast, and also is bounded by noisy railroad tracks to the south and a route to a nearby landfill to the north that is constantly used by trucks loaded with various wastes. The broader area contains five major oil refineries, three chemical companies, eight Superfund sites, dozens of other toxic waste sites, highways, two rail yards, ports and marine terminals where tankers dock. “The people of Richmond, particularly African-Americans, are at significantly higher risk of dying from heart disease and strokes and more likely to go to

hospitals for asthma than other county residents; health experts say their environment likely is playing a major role.” Kay and Katz, “North Richmond in shadow of poverty and pollution;” also called “Pollution, Poverty, People of Color: The factory on the Hill,” Environmental Health News, June 4, 2012: <https://shar.es/14ujXj>.

Residents complain of a lack of paved streets, lighting and basic services. There is one grocery store in the area, which does not carry fresh fruit or vegetables but has a wall that contains a roll call of homicide victims over the years.

Nearly every block has seen bloodshed in the past 30 years. From 2005 to 2010, at least 28 homicides occurred in the North Richmond area, with a population of under 3,000 people. Five in one year would equal a rate of 217 killings per 100,000 people, as opposed to 34 per 100,000 people in Richmond over the last decade. Ciudad Juarez, Mexico, was declared the world’s “murder capital” by the Citizen’s Council for Public Security, a nongovernmental organization, for 2009 with a rate of 130 murders per 100,000 inhabitants. Caracas, Venezuela, and New Orleans followed, with rates of 96 and 95 homicides per 100,000 people respectively. Thus, the North Richmond rate has been more than six times that of the City of Richmond and well over twice the rates of Caracas and New Orleans. North Richmond had 19 more homicides from 2011 to early 2014.

North Richmond has been a dumping ground for private and commercial interests all over the Bay Area. Local activists long have attributed health and environmental problems to the Chevron refinery.

A large national developer, KB Homes, built a market-rate development of single-family homes in the early 2000s that abuts Las Deltas/Annex. The developer built a concrete wall to separate the new development from Las Deltas/Annex.

The City of Richmond has resisted efforts to annex North Richmond, which remains a part of unincorporated Contra Costa County. The County has not had adequate resources to meet North Richmond’s needs, for example, for police to combat violence as well as important non-violent offenses including illegal dumping.

Of the 214 original units, only 8 units remain occupied. This has facilitated a migration of homeless squatters and break-ins that pose a threat to the remaining Las Deltas households and surrounding neighbors. Many of them have voiced concerns with local officials and law enforcement.

In view of these enormous problems, it is not surprising that HACCC has been unable to fill vacancies at North Richmond and remains unable to offer Las Deltas residents a reasonable living environment despite taking extraordinary measures such as paying for supplemental police patrols. HACCC’s reasonable operation of Las Deltas/Annex is infeasible, particularly with federal funding shortfalls. HACCC’s certification that the statutory test is met clearly is justified.

#### Inability To Complete RAD

For the past two years, HACCC pursued a RAD transfer of assistance (TOA) strategy for Las Deltas and worked to have 95 households, who were in occupancy on the date all four CHAPs were approved by HUD, relocated to healthier and safer neighborhoods. Even with HACCC's offers to developers of non-RAD project-based vouchers if they will take RAD units, the restrictive RAD rents have made it difficult to entice developers to participate in the program and HACCC is finding it a challenge to complete the TOA and, in turn, meet RAD's 1-for-1 replacement requirement. Thus, the satisfactory completion of RAD and authorization to dispose of the property through RAD rather than this application process does not appear to be a reasonable option.

For all these reasons, HUD should promptly grant the requested disposition approval, partial demolition approval and, upon application, approval of 95 tenant protection vouchers.

### **Section 3: Proceeds**

While the appraised value of all of the properties is approximately \$14,920,000, it is not expected that HACCC will be successful in securing this amount for the sale and disposition of the properties at this site. HACCC will make best efforts to do so. At a minimum, all proceeds from the sale will be used to recoup the approximately \$1,300,000 in relocation costs and \$1,542,000 in demolition costs expended out of Capital Funds during the relocation and preparation phase for this demo/Dispo effort. In addition, it is anticipated that there will be costs associated with the appraisal, environmental reviews, securing the site, realtor services and attorney fees associated with the demolition and disposition of Las Deltas and Las Deltas Annex I.

All remaining proceeds will be used to make further improvements to other developments in HACCC's public housing portfolio as well as begin the pre-development planning for the disposition of the El Pueblo and Bayo Vista public housing developments.

### **Section 4.1: Offer of Sale to Resident Organizations**

There are no established resident organizations at Las Deltas to offer the property for sale.