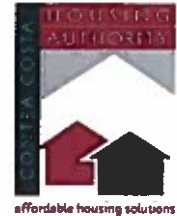


# HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA



June 22, 2017

Tom Davis, Director  
Office of Recapitalization  
U S Department of Housing and Urban Development  
451 Seventh Street, Suite 6128  
Washington, DC 20410

Via Email

Re: Request for HUD confirmation of ability to allow for immediate voluntary relocation

Dear Mr. Davis:

The Housing Authority of the County of Contra Costa (HACCC) is converting 214 units of public housing at its Las Deltas development in North Richmond, CA (PIC numbers CA011600000/ CA011700000) to Project Based Vouchers (PBV) that will be used in over 13 different properties (one property awarded RAD PBVs lost its site control and so HACCC is currently seeking one or more replacement properties).

HACCC submitted two RAD applications for a total of 90 units in December of 2013 that were approved in March, 2015. These 90 units were vacant and intended for disposition. After receiving approval for the first 90 units, it was decided that the entire property should be converted under RAD and a third and fourth application were submitted for the remaining 124 units not already approved for conversion. Those applications were submitted in November of 2015 and approved in August of 2016. Thus, the entire property is now slated for conversion under the RAD program.

As part of this process, HACCC is seeking to begin relocation of its Las Deltas public housing residents under the RAD program. Over the past several years, the majority of Las Deltas residents have left the property for a variety of reasons and only 81 units remain occupied. In the interest of the remaining families' health and safety based on conditions at the property and in the surrounding neighborhood, voluntary relocation has begun to occur for those remaining Las Deltas families who wish to move to other public housing units. Such moves are permitted under HACCC's Admissions and Continued Occupancy Plan (ACOP). However, due to the unique nature of HACCC's RAD project, staff have not yet begun relocation for residents who wish to be relocated from Las Deltas using a voucher.

This conversion is unique to the RAD program in that none of the RAD PBV units are currently scheduled to be used at the existing Las Deltas property. HACCC is working with a variety of developers and other groups to come up with a plan for the existing property that will both improve living conditions in the neighborhood and preserve affordable housing. Funding for that project is not currently planned to be tied to the RAD conversion.

The 214 existing units at Las Deltas are being replaced at 13 different housing developments owned by non-profit entities not controlled by HACCC. The 13 projects are a mix of new construction and existing developments that span family and senior housing types. These 13 projects will not only replace the 214 converting units with RAD PBV, but will also assist an additional 179 units under the non-RAD PBV program, thus preserving and/or creating 393 units of affordable housing in the highest cost housing region in the nation.

Each project will have its own RAD Conversion Commitments (RCC) and closing. Two transactions have already closed, one RCC is in process, and five transactions are scheduled for approval committee in the near future. While HACCC and HUD have worked quickly to close the transactions that have been completed, and should close the next six before the year is out, it is expected that the six (or more) final RCCs will not be issued until two to three years from now as individual development programs finalize all of their funding. This process can be particularly time consuming in a high cost market like the San Francisco Bay Area. At this point, HACCC expects the final project to secure all of its funding in 2019 or 2020, but that may get delayed as tax credits have lost value and some of the final projects will be forced to search for new funding to close the gap caused by tax credit devaluation.

Because of the unique nature of HACCC's RAD conversion, staff have received conflicting information about whether voluntary relocation can begin currently, or if it must be postponed until individual RCCs tied to each of the 13+ specific portions of the project have been issued. As a result, HACCC requests that HUD consider the project as a whole and either clarify that voluntary relocation under RAD is permitted starting with the issuance of the first RCC for its Las Deltas RAD conversion, or that HUD exercise its authority under Section 6.8 of Notice H-2016-7/PIH 2016-17 (Section 6.8) to approve, in writing, HACCC's immediate ability to allow voluntary relocation from its Las Deltas development based on extraordinary circumstances. HACCC is aware that five families have indicated they wish to remain in North Richmond. Thus, HACCC's request is only for voluntary relocation. HACCC does not wish to pursue involuntary relocation (if necessary) until all RCCs have been issued.

HACCC verbally requested HUD authorization for voluntary early relocation in June 2016. In response, Greg Byrne of the Office of Recapitalization stated that HACCC should not need explicit HUD approval because it could initiate relocation through its public housing ACOP and Section 8 Administrative Plan. However, the National Housing Law Project (NHLP), which has participated substantially in the development of HACCC's relocation plans and policies, has expressed their view in discussions with staff that HACCC cannot begin the relocation process until individual RCCs are issued covering the specific units where Las Deltas families who want to relocate currently

reside. HACCC believes that there is a significant possibility that the agency will be challenged by NHLP or other tenant advocates due to the language in Section 6.8, unless HUD provides explicit written approval based on extraordinary circumstances.

HACCC wishes to provide the remaining residents of Las Deltas with the opportunity to move via voluntary relocation due to the desire to leave the neighborhood expressed by several residents in public and private meetings and the declining occupancy rate in Las Deltas. A 2011 article from the *Richmond Confidential* titled "North Richmond's inauspicious beginnings" stated that "The North Richmond of today emerges from a history marked by bad reputation, bad luck and, often, bad intentions. This community began as a rural, sparsely populated agricultural outpost and rapidly morphed into a bustling shantytown for African American workers during and after World War II." Those inauspicious beginnings led to a neighborhood with the highest poverty concentration in the County and one whose crime rate in the recent past has occasionally surpassed our nation's most dangerous large cities. Current, and previous, HUD staff, including the PIH Director, have toured the property and deemed it to be one of the most challenging in Region IX.

Las Deltas is now more than 60% empty and boarded up. As families have moved from there, the poor living conditions that prompted HACCC to pursue RAD approval continue to deteriorate significantly. Squatters break into the empty units and severely vandalize them by stealing the electrical wiring and copper piping from the walls. The damage is usually extensive and has attracted an additional element of crime. The units have become a haven for drug use and evasion of law enforcement. Dumping of construction materials, furniture and other garbage is rampant in the North Richmond area and the empty properties at Las Deltas are an attractive target for such. The photos attached to this memorandum can attest to the severity of the living conditions at the property. Not surprisingly, the majority of the remaining Las Deltas families wish to move from the neighborhood. If relocation is tied to each RCC, then a decreasingly small number of families will be left isolated for two to three years, all while surrounded by empty units. This timeline assumes that the financing for every project proceeds smoothly, it would be extended if any financing delays occur.

That said, HACCC has been working with the local County Supervisor and a variety of other local agencies in an effort to revitalize the neighborhood of North Richmond and to rehabilitate Las Deltas. In December 1996, the Local Initiatives Support Corporation (LISC), the County of Contra Costa, the City of Richmond, the Community Development Housing Corporation of North Richmond (CHDC) and HACCC entered into a Memorandum of Understanding setting forth a revitalization strategy to be pursued cooperatively. That MOU is still active today and has led to several new affordable housing developments in the neighborhood, including low to moderate income homeownership units, market rate homeownership units and a family property that is being funded using RAD PBVs from Las Deltas. This latest development will also bring much-needed retail into North Richmond. Due to the positive changes in the neighborhood, and their hope for the future, five Las Deltas families have indicated they wish to remain in North Richmond which is why HACCC does not wish to pursue involuntary relocation until all RCCs have been issued. HACCC will work with these

families (and any others who desire) in an effort to obtain relocation housing within North Richmond.

HACCC believes the unique nature of this RAD transaction, where there will be more than 13 different RCCs issued over the course of several years, qualifies as extraordinary circumstances. Especially given that an ever-decreasing number of residents will remain stranded in an empty and increasingly dangerous neighborhood, most against their will. Significant, positive change cannot come to this neighborhood until the residents of Las Deltas have been relocated and the property can be cleared for future rehabilitation/development.

Given the nature of the Las Deltas conversion, HACCC believes that with two RCCs already closed, we have met the requirement of RCC issuance prior to voluntary relocation. However, because HACCC's RAD transaction is unique, it does not fit neatly into HUD's regulatory language. As a result, HACCC seeks written clarification from HUD that either voluntary relocation under RAD is permitted starting with the issuance of the first RCC for its Las Deltas conversion or that voluntary relocation of the residents may proceed immediately without further delay in accordance with Section 6.8 due to extraordinary circumstances. If neither of these is true from HUD's perspective, then please clarify that voluntary relocation must be delayed for each family until the individual RCC tied to their unit is issued.

Please contact me at (925) 957-8011 or at [jvillarreal@contracostahousing.org](mailto:jvillarreal@contracostahousing.org) if you need any further information from us. Thank you for your consideration of HACCC's request.

Sincerely,

A handwritten signature in black ink, appearing to read 'JVillarreal', with a long horizontal flourish extending to the right.

Joseph Villarreal  
Executive Director

Cc: Gerard R. Windt, Director  
San Francisco Office of Public Housing

Attachments