



June 29, 2019

Gerard Windt, Director
Office of Public and Indian Housing
1 Sansome Street, Suite 1200
San Francisco, CA 94104

RE: RHA to HACCC Transfer of HCV Program

Dear Mr. Windt:

This letter is being submitted on behalf of the Housing Authority of the County of Contra Costa (HACCC) and the Richmond Housing Authority (RHA). As you are aware, RHA's Housing Choice Voucher Program will be transferring to HACCC effective July 1, 2019. As such, HACCC will be responsible for administering RHA's PBV program. The purpose of this letter is to bring certain matters regarding RHA's PBV program to HUD's attention. Richmond, Contra Costa County and the greater Bay Area are facing an unprecedented housing crisis.

Our markets are among the least affordable in the country. Housing availability is extremely scarce, particularly for low-income persons and families, and homelessness is rising at alarming rates. It is important that we preserve as many of RHA's PBV deals as possible. Ideally, all of RHA's commitments can be honored. To ensure this, HACCC is seeking waivers/regulatory clarifications from HUD and will likely need to access set-aside funding in the near future. The purpose of the waiver and funding requests contained in this letter, are to ensure that RHA's existing and proposed PBV commitments can be maintained without negatively impacting HACCC's future affordable housing initiatives, and/or creating the risk of a funding shortfall for HACCC in the next few years.

HACCC, RHA's new Executive Director and HUD's TA provider, CVR Associates, Inc. (CVR), jointly reviewed RHA's complete portfolio of existing, pending and planned PBV units. RHA's PBV program is comprised of completed projects, new construction projects that are underway, new construction and rehab projects that have commitment letters, but have not yet signed an AHAP and planned commitments to five upcoming public housing conversions. RHA's current PBV commitments are as follows:

Site	PBV Units	Commitment Level	Commitment Date	Subject to Unit CAP?	% of RHA 400 Unit PBV Cap	PBV Units not Subject to Cap
Trinity	65	HAP	12/15/2008	Yes	16.3%	
Carquinez Apartments	34	HAP	1/10/2009	Yes	24.8%	
Lillie Mae Jones	20	HAP	3/1/2011	Yes	29.8%	
Richmond City Center Apts	16	HAP	12/1/2013	Yes	33.8%	
Friendship Manor – RAD	58 ¹	HAP	1/1/2016	No		56
Triangle Court – RAD	98	HAP	1/1/2016	No		153
Richmond Village I and II ²	68 ³	HAP	9/24/2004	Yes	50.8%	
Miraflores	79	HAP	6/29/2018	Yes	70.1%	
Monterey Pines	50	HAP	8/31/2018	No	83.0%	
Terraces (Nevin 21, 23)	162	AHAP	12/17/2018	Yes	123.5%	
Legacy – Eden/CHDC	25	Award Letter	4/8/2015	Yes	129.8%	
Chesley Housing - Eden/CHDC	8	Award Letter	12/9/16	Yes	131.8%	
Hacienda – Former Public Housing	150	Negotiating Rights Agreement	9/26/2017	No		301

Assuming all RHA commitments go under HAP, RHA's total PBV commitments will be as follows:

RHA Voucher ACC/20% Cap	2,004/400
Total PBVs Awarded or committed	830
Total exempt from Cap	301

¹ There is a small variance in the number of PBVs shown for Friendship Manor and Triangle Court between HUD and RHA's consultants. The higher numbers were used here. The lowest numbers show 56 PBV units at Friendship Manor and 97 at Triangle Court.

² Richmond Village is a three phase HOPE VI site. There are PBV units in Phases I and II. There are also ACC units at the site which may be converted to PBV pursuant to the RAD program or Section 18.

³ The HAP Contract indicates the award was for 50 units, but other RHA records indicate that there are 68 PBV units at the site.

Total Subject to Cap	529
Units over Cap if all Commitments are Honored and No Waivers are Granted	129

During the review of current RHA PBV commitments and future needs, the following key observations were made:

- For the existing PBV HAP and AHAP Contracts, while some evidence exists that RHA followed HUD's PBV award requirements, the project file documentation is insufficient to verify that RHA fully complied with the owner proposal selection procedures contained in 24 CFR 983.51, the site selection standards contained in 24 CFR 983.57, and/or other requirements for a valid PBV award. These sites include Trinity, Carquinez Apartments, Richmond City Center Apartments, Richmond Village, Miraflores, Monterrey Pines, and the Terraces, plus pending commitments to Legacy and Chesley Housing.
- All of the sites appear to adhere to the per-project PBV caps in place at the time of the award.
- RHA's voucher ACC is 2,004 units. RHA's PBV cap is 400 vouchers.
- RHA has 485 PBV units under HAP Contracts. Of these, 153 are RAD units exempt from RHA's 400-unit cap. Based on existing PBV HAP Contracts, RHA is 68 units under HUD's 20% of ACC cap for PBVs.
- RHA executed an AHAP for the 162-unit Terraces project on December 17, 2018. Terraces is not exempt from HUD's cap. Therefore, with this AHAP, RHA's total PBV commitments exceed their cap by 94 units. Terraces is currently under construction and is scheduled for completion on March 31, 2020. Amending, or rescinding Terraces' PBV award would jeopardize this much-needed project. HACCC has room under its 20% PBV cap to sign the HAP. However, HACCC is projected to be in shortfall after RHA's voucher program transfers to it on July 1, 2019. Should HACCC still be in shortfall in 2020 when Terraces is slated to lease up, it will be necessary for HACCC to receive additional shortfall funds or to pursue set-aside funds in order to honor RHA's AHAP commitment to Terraces.
- RHA issued award letters for 33 PBVs to Legacy (25) and Chesley (8) in 2015 and 2016 respectively. Both projects still need this funding in order to proceed. An AHAP has not been executed for either project. HACCC has room under its 20% PBV cap to sign AHAPs and HAPs for these projects. However, as with Terraces, HACCC's current shortfall status may limit its ability to honor RHA's award letters and execute HAP contracts for these projects in the near future. Exact timing for these projects has not been ascertained, but Chesley would probably need funding in 1-2 years and Legacy in 2-3 years.
- RHA's final PBV commitment is for 150 vouchers to Hacienda, a former 150-unit public housing property. RHA's Board approved an exclusive negotiating agreement with a developer on September 26, 2017. An AHAP has not yet been executed for this project. Hacienda was briefly a RAD project and RHA received 148 TPVs to relocate families

living at Hacienda when it was closed. Hacienda is exempt from RHA's 20% PBV cap pursuant to HOTMA. As with Terraces, Legacy and Chesley, HACCC's pending shortfall status may hinder its ability to enter into a HAP for this project in the near future. At this point, it is likely that HACCC will have to pursue set-aside funds for this commitment in 2021 or 2022.

- RHA plans to re-position the remainder of its public housing to PBV via Section 18, per the table below. The remaining units appear to comply with the HOTMA cap exemptions for RHA, but after the transfer it is unclear if the cap exemptions would apply to HACCC. This will depend upon HUD's interpretation of the PHA-owned definitions. Since the remaining sites will be repositioned under Section 18, the award of additional Tenant Protection Vouchers is anticipated.

Site	Planned Conversion Type	Units
Richmond Village I	RAD	70
Richmond Village II	RAD	61
Richmond Village III	Section 18	36
Nevin	Section 18	142
Nystrom	Section 18	100
Total Units		409

Assuming Nevin and Nystrom proceed as planned, RHA's total PBV commitments will be as follows:

RHA Voucher ACC/20% Cap	2,004/400
Total PBVs Awarded or committed	1,070
Total exempt from Cap	543
Total Subject to Cap	529
Units over Cap if all Commitments are Honored and No Waivers are Granted	129

In order to preserve valuable affordable housing for the City of Richmond, ensure HACCC can continue to utilize PBVs for other important housing initiatives throughout its jurisdiction, and to protect HACCC from being financially liable for any potential errors made in the award of PBV to any of the affected projects, several waivers are being requested.

HACCC requests that HUD waive the owner proposal selection procedures contained in 24 CFR 983.51, the site selection standards contained in 24 CFR 983.57, and any other applicable rules and regulations related to the award process and all subsequent steps including, but not limited to, HAP Contract execution, initial HQS inspections, and resident selections. An estoppel waiver is being requested to ensure that any error or omission in the PBV process, for any site, that

occurred prior to July 1, 2019, does not result in a retroactive determination of an invalid PBV award and subsequent repayment of subsidies. This waiver would apply to the following sites: Trinity, Carquinez Apartments, Richmond City Center Apartments, Richmond Village, Miraflores, Monterrey Pines, and the Terraces, plus pending commitments to Legacy and Chesley Housing. There is evidence that proper processes were followed, but the information is incomplete so we cannot confirm the full compliance for any of the listed properties. The purpose of this waiver would be to ensure that these sites can remain as affordable housing assisted with PBVs, even if subsequent to the program transfer, instances of non-compliance are found pertaining to the award of the PBV assistance.

HACCC requests a waiver to 24 CFR 986.6, as amended by HOTMA, to allow up to 129 units of PBV to be exempt from HACCC's 20% cap. This represents the maximum number of PBV commitments made by RHA that would exceed their cap if the program was not being transferred. The purpose of this waiver is to ensure that HACCC can use the entirety of its own current authorization to issue PBVs to support affordable housing initiatives in the remainder of Contra Costa County.

HACCC is requesting a waiver to PIH Notice 2017-21, Attachment F, to ensure that current and future awards of PBV to former RHA public housing are considered exempt from HACCC's PBV cap. We believe that these units are not subject to the cap, but since the owner of the public housing (RHA) and the administrator of the PBV (HACCC) will not be the same agency, we are seeking assurance that this provision still applies.

HACCC is requesting a waiver to PIH Notice 2017-21, Attachments A and L, to allow PBV awards without competition to support the future redevelopment of Richmond Housing Authority sites. If not for the transfer of the HCV program to HACCC, the provisions of Attachments A and L would be applicable. All of the criteria for an award without competition can still be met, except that these units will not be HACCC owned. However, RHA will retain an ownership interest in all affected sites. In the absence of this waiver, in order to provide assurances to RHA that the PBV can be awarded (subject to all other requirements), it will be necessary for HACCC to be granted a direct or indirect ownership interest in the redeveloped sites. If granting these ownerships interests are not possible, the award of PBV would have to be subject to the selection requirements of 24 CFR 983.51. Without the waiver, RHA may not have assurances needed to proceed with some of its redevelopment initiatives, possibly making some of these projects infeasible. Further, in the absence of the waiver, HACCC may not be able to support all of RHA's public housing transformation efforts and will be limited in its ability to support other affordable housing projects within County.

HACCC expects to be in shortfall after the transfer of RHA's voucher program on July 1, 2019. The AHAP at the Terraces was eligible for set aside funding pursuant to PIH Notice 2019-08, Category 3 – Project Based Vouchers. The deadline for submission was May 31, 2019. HACCC is requesting that HUD waive this deadline in order to allow for the immediate submission of a request for set-aside funds.

At the writing of this letter, it also appears that RHA is in a shortfall position. The full extent of this potential concern is still being determined. There are indications that the HAP expenses for 2019 as reported in VMS may have been understated. Further, expense levels for the current calendar year have exceeded funding obligated and all HUD Held Reserves have been exhausted. Therefore, HACCC may have commitments to current RHA property owners that will exceed the additional funding provided. These circumstances could result in additional shortfalls at HACCC. Therefore, the agency requests that HUD obligate additional funds to HACCC in conjunction with the program transfer to ensure that HACCC has sufficient financial resources to meet all obligations to current RHA participating landlords.

We look forward to your favorable response to these waiver and other requests. If you have any further questions or concerns, please feel free to contact Joseph Villarreal at (925) 957-8011 or jvillarreal@contracostahousing.org or Nannette Beacham at (510) 621-1306 or nbeacham@rhaca.org.

Sincerely,



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