

To: Contra Costa County Housing Authority Board of Commissioners
 From: Joseph Villarreal, Housing Authority
 Date: February 10, 2015



Contra
Costa
County

Subject: Public Housing Physical Condition Status Update

RECOMMENDATIONS

CONSIDER report on the proposed strategies to improve the physical condition of the Housing Authority's public housing units in response to chronic federal funding shortfalls and provide direction to staff as necessary.

BACKGROUND

As presented at the May 2014 Board of Commissioners meeting, HACCC has spent over \$7 million (including ARRA funds) during the past five years to rehabilitate vacant public housing units and bring them back online. This effort has paid off as occupancy rates at all properties except North Richmond have climbed from 75% - 80% in some cases, to rates that are consistently between 97% - 100%. Now that there are few vacant units due to physical conditions and occupancy rates have improved, HACCC must shift its focus to the viability and long term physical health of its properties.

Staff have been working on a long-term plan to rehabilitate and preserve as many of HACCC's 1,177 public housing units as possible. HACCC's portfolio of 13 public housing properties is aging; 132 units were developed in 1942 and 1943, 352 units in 1952, another 593 throughout the 1960s and 100 units in 1982. The outstanding physical needs of these

Action of Board On: **02/10/2015** ☒ APPROVED AS RECOMMENDED ☒ OTHER

Clerks Notes: See Addendum

VOTE OF COMMISSIONERS

AYE: John Gioia,
Commissioner
Candace Andersen,
Commissioner
Mary N. Piepho,
Commissioner
Karen Mitchoff,
Commissioner
Federal D. Glover,
Commissioner
Aqueela Bowie,
Commissioner

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: February 10, 2015

Joseph Villarreal, Executive Director

By: June McHuen, Deputy

ABSENT: Fay Nathaniel,
Commissioner

Contact: 925-957-8028

cc:

properties reflect their age. A 2011 physical needs assessment showed that HACCC's properties had \$8 million in immediate capital needs at that time, with an average annual growth rate of \$2.5 million. To address these needs, HACCC received just \$1.7 million in capital funds from the U.S. Department of Housing and Urban Development (HUD) this year, only about half of which will be used to directly address capital needs.

BACKGROUND (CONT'D)

CSG Advisors assisted HACCC in developing the proposed strategies. CSG is an independent financial advisor to state and local governments, public agencies, non-profit corporations, financial institutions and development firms. CSG specializes in bond financing, development negotiations and financial strategies and programs. CSG consistently ranks among the top financial advisors in the nation in terms of volume and number of transactions and has completed more than \$50 billion of financings. CSG has become a national leader in advising public housing authorities over the past fifteen years. Their work with public housing authorities has included innovative and nationally recognized approaches to strategic planning and portfolio review, public housing redevelopment and finance, affordable housing development finance, and Capital Fund borrowings. Their public housing clients have included the housing authorities of New York, San Francisco, Puerto Rico, New Orleans, Dallas, Seattle, Los Angeles, Washington, D.C., Indianapolis, Portland, Oakland and Sacramento among many others.

The purpose of CSG's work with HACCC has been to determine for each public housing property whether a financing option(s) exists that would permit HACCC to fully fund all needed capital repairs and generate enough revenue going forward to operate successfully.

The presentation today is designed to give the Board an overview of the scale of the underfunding challenge faced by HACCC and the proposed solutions to these challenges. The presentation is also designed to solicit feedback from the Board on these proposed solutions.

Attached are the presentation slides that will be used at the meeting.

FISCAL IMPACT

No immediate impact. However, the strategies chosen will largely dictate the use of the Housing Authority's (HACCC) capital fund for the next 15-20 years and will also ultimately impact the ownership structure and future viability of the existing public housing portfolio.

CONSEQUENCE OF NEGATIVE ACTION

None. Information item only.

CLERK'S ADDENDUM

Director Villarreal will schedule a workshop for the Commissioners to examine and discuss the contents of the report in greater detail. ACCEPTED the report on the proposed strategies to improve the physical condition of the Housing Authority's public housing units in response to chronic federal funding shortfalls

ATTACHMENTS

Physical Condition Update

