

To: Contra Costa County Housing Authority Board of Commissioners
 From: Joseph Villarreal, Housing Authority
 Date: August 18, 2015



Contra
Costa
County

Subject: Application to the U.S. HUD to Expand the HA's Previously Approved 90 Unit Rental Assistance Demonstration Program

RECOMMENDATIONS

CONSIDER approving Resolution No. 5191 authorizing submission of a Rental Assistance Demonstration application to HUD that would increase HACCC's previously approved application for 90 vacant units to include all 214 units at Las Deltas in North Richmond.

BACKGROUND

In response to the ongoing lack of funding for public housing, HUD created RAD as a financing tool to preserve existing units by converting the underlying public housing subsidy to a project-based contract with HUD that permits private financing. This will allow public housing units across the country to be modernized or replaced by new construction while providing more stable long-term funding. Although it is still a limited and newly developing program, RAD is HUD's primary tool to fund required rehabilitation or reconstruction of existing public housing.

On March 30, 2015, HUD approved HACCC's RAD application to convert 90 vacant public housing units at Las Deltas in North Richmond to Project-Based Vouchers (PBV) that will be used to develop replacement housing elsewhere. When staff submitted HACCC's RAD application in December 2013, the intention was to also submit a Section

Action of Board On: **08/18/2015** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF COMMISSIONERS

AYE: John Gioia, Commissioner
 Candace Andersen,
 Commissioner
 Mary N. Piepho,
 Commissioner
 Karen Mitchoff,
 Commissioner

ABSENT: Federal D. Glover,
 Commissioner
 Fay Nathaniel,
 Commissioner
 Jannel George-Oden,
 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: August 18, 2015

Joseph Villarreal, Executive Director

By: June McHuen, Deputy

Contact: 925-957-8028

cc:

BACKGROUND (CONT'D)

18 Demolition/Disposition (Section 18) application to HUD for the remaining, occupied units at Las Deltas. The primary advantage of a Section 18 application is that it provides a better long-term subsidy stream than the RAD program does. The disadvantages are that HUD has made it very difficult to get a Section 18 application approved, the funding for replacement vouchers under such an application continues to shrink (meaning you may not get any) and HUD does not provide replacement funding for vacant units under a Section 18 application. In discussions with HUD and others it has become clear that it will be difficult to get a Section 18 application approved for Las Deltas. While staff will continue to explore the possibility of a Section 18 application over the remainder of the calendar year, it is in HACCC's best interest to also submit a RAD application for the remainder of the property in order to maximize the chances that the entire property can be converted to project-based assistance that can be used to develop replacement housing elsewhere.

FISCAL IMPACT

If approved by the U. S. Department of Housing and Urban Development (HUD), the Housing Authority's (HACCC) revised Rental Assistance Demonstration program (RAD) application would convert all 214 public housing units at Las Deltas into project-based vouchers. The project-based voucher subsidy for these units will be worth approximately \$66 million in funding over the next 30 years.

CONSEQUENCE OF NEGATIVE ACTION

Should the Board of Commissioners elect not to approve Resolution No. 5191, authorizing submission of an expanded RAD application to HUD, it is likely that 124 of the existing 214 public housing units at Las Deltas will remain as public housing. Such a scenario is not viable financially for HACCC.

CLERK'S ADDENDUM

ATTACHMENTS

RAD Resolution 5191