

To: Contra Costa County Housing Authority Board of Commissioners  
 From: Joseph Villarreal, Housing Authority  
 Date: May 21, 2019



Contra  
Costa  
County

Subject: Application to HUD for the Partial Demolition and Total Disposition of Las Deltas and Las Deltas Annex I

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## **RECOMMENDATIONS**

APPROVE and AUTHORIZE the Executive Director of the Housing Authority of the County of Contra Costa (HACCC) to submit an application to the U.S. Department of Housing and Urban Development (HUD) for the partial demolition and total disposition of Las Deltas and Las Deltas Annex I (the Property).

## **BACKGROUND**

On December 17, 2013, the Board approved submission of two Rental Assistance Demonstration (RAD) applications for the conversion of 90 vacant public housing units at Las Deltas in North Richmond to RAD project-based voucher (PBV) units that could be used to fund development of affordable housing throughout the County. On March 30, 2015, HUD approved these two applications.

When staff submitted HACCC's RAD application in December 2013, the intention was to also submit a Section 18 Demolition/Disposition (Section 18) application to HUD for the remaining, occupied units at Las Deltas. The primary advantage of a Section 18 application was that it provided a better long-term subsidy stream than the RAD program did. The disadvantages were that HUD had made it very difficult to get a Section 18 application

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Action of Board On: **05/21/2019** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

### **VOTE OF COMMISSIONERS**

AYE: John Gioia,  
Commissioner

Candace Andersen,  
Commissioner

Diane Burgis,  
Commissioner

Karen Mitchoff,  
Commissioner

Federal D. Glover,  
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: May 21, 2019

Joseph Villarreal, Executive Director

By: Jami Napier, Deputy

Contact: 925-957-8028

cc:

approved, the funding for replacement vouchers under such an application were shrinking (meaning we may not have gotten any) and HUD did not provide replacement funding for vacant units under a Section 18 application.

## BACKGROUND (CONT'D)

In discussions with HUD and others it became clear that it would be difficult to get a Section 18 application approved for Las Deltas and HACCC's best option was to submit a RAD application for the remaining 124 units at Las Deltas 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. As a result, on August 18, 2015, the Board authorized submission of two more RAD applications to HUD that would increase HACCC's previously approved applications for 90 vacant units to include all 214 units at Las Deltas in North Richmond.

On August 16, 2016, HUD approved the additional two applications for the remaining units to be converted under the RAD program. In an effort to replace the units that would be lost at the Property, HACCC committed 214 units of RAD PBV funding to non-profit housing developers in October of 2015 to 14 properties across Contra Costa County. Unfortunately, the rents associated with the RAD assistance would not be sufficient to support the debt service these properties would incur as part of the RAD rehabilitation process and HACCC had to commit additional regular project-based vouchers to these projects.

Three of the 14 projects withdrew from consideration leaving 107 units of RAD assistance unallocated to replacement projects. HACCC has been exploring other projects that may be able to utilize these 107 RAD vouchers but, to date, no entity has shown interest in the assistance. Per HUD regulations there are two methods whereby a housing authority may dispose of public housing units - RAD or Demolition and Disposition. HACCC approached HUD with the possibility of pursuing Section 18 Demolition and Disposition for the remaining 107 unassigned units. HUD indicated that they were amenable to re-visiting such an application for this property.

205 of the original 214 units are currently vacant at the Property. Many of the units are in advanced stages of destruction from break-ins and vandalism. HACCC continues to incur annual costs of over \$300,000 to board up and secure the units that are in need of millions of dollars in rehabilitation and/or are total losses. In addition, HACCC continues to incur utility costs for power and water at these vacant and vandalized units. Once vacant, HUD ceases to provide funding for the units. Thus, while we continue to explore development and replacement options for the Property, HACCC continues to incur costs for which no funding is being provided. Demolition of the properties is critical to fiscal solvency at the Property.

Partial demolition of the contiguous section of the property will not only eliminate the need for incurring continued costs on these units, but would make the site more attractive for prospective developers. In addition, by securing HUD approval to dispose of the entire property, it will enable HACCC to sell off the 80 scattered-site units that pepper the surrounding neighborhood. The proceeds of the sale of these units and sites are

required to be re-allocated to other public housing purposes. It is HACCC's intent to use these proceeds as pre-development funding for addressing the needs of other public housing developments in its portfolio.

HACCC has met with the residents of the Property to discuss the possibility of a partial demolition and total disposition application and has had several meetings with the Resident Advisory Board to discuss its plans to pursue such an application as well. In addition, HACCC has discussed plans to demolish and dispose of the Property with the local Municipal Action Committee (MAC), the Las Deltas Steering Committee and this Board in the past. Moreover, HACCC has been actively working with the North Richmond Planning Committee (NRPC). NRPC, led by Healthy Richmond, the Richmond Neighborhood Housing Services and Local Initiatives Support Corporation (LISC), has been working with numerous community leaders and residents to develop a comprehensive strategy that addresses housing, safety, business opportunity and youth and education concerns in the neighborhood in an effort to transform the neighborhood and community into the vibrant and desirable area that it once was. These groups have contributed to HACCC's conceptualization of the demolition and disposition process and have been amenable and supportive of HACCC's efforts to bring change to the Property.

#### FISCAL IMPACT

Funding for the relocation of the families who reside(d) at the Property and partial demolition of the Property are being paid from HACCC's approved annual Capital Fund Program (CFP) budget.

#### CONSEQUENCE OF NEGATIVE ACTION

Should the Board of Commissioners not authorize the Executive Director of the Housing Authority of the County of Contra Costa to submit an application to HUD for the partial demolition and total disposition of Las Deltas and Las Deltas Annex I, HACCC will continue to incur costs for door and window enclosures and paying for utilities at a predominantly vacant property that will continue to attract squatters and criminal elements.

#### ATTACHMENTS

Board order- C139

Las Deltas Demo Dispo Application Cover Letter

Las Deltas Demo Dispo App. - 52860 - 4 Unexecuted

Las Deltas Demo Dispo App. - 52860-A Unexecuted

Las Deltas Demo Dispo Application Addendum Narrative

Las Deltas Demo Dispo Application Narrative

as Deltas Site Map - HUD 52860 - Section 5.3.

Las Deltas DOTs - HUD 52860 - Section 5.4

Las Deltas - Environmental Clearance RROF - Las Deltas Demolition

Demo Dispo Letter of Support - County Supervisors - Executed

HUD PIH Letter of Support for TPVs - Executed.

Las Deltas - Restricted Appraisal Report - All Properties

Las Deltas - Summary Appraisal Report - All Properties

HACCC - Las Deltas Relo Plan - June 2016  
Email - Las Deltas Early Relocation  
Email - RE\_ (RAD) CHAP Awards - HACCC  
Email - RE\_ Early relocation 1  
Email - RE\_ Early relocation  
FHEO A & R Checklist - CA0116 - 52 Units  
FHEO A & R Checklist - CA0116B-86 Units  
FHEO A & R Checklist - CA0117 - 38 Units  
FHEO A & R Checklist - CA0117B - 38 Units  
FHEO TOA Antioch A&R Checklist approval  
Las Deltas Pictures  
RAD Early Relocation Memorandum to HUD  
RAD Early Relocation Request to HUD 6-22-17  
RAD Memo Summarizing Monthly Call  
Resident Demos - Summ of 95 on CHAP Approval  
Resident Relocation Meeting Agenda - 7.21.2016  
Las Deltas PNA - Obsolescence 12.14.2018  
RAD Relo resident meeting Sign-In Sheet