

New Councilmember Orientation

Richmond Housing Authority (RHA) / 2019 Public Housing Authority Recovery and Sustainability (PHARS)

Tuesday, March 7, 2023



Nannette J. Beacham, Economic Development Director
Gabino Arredondo, Interim RHA Executive Director, (510) 620-6606
Rita Martinez, Sr. Accountant

Background

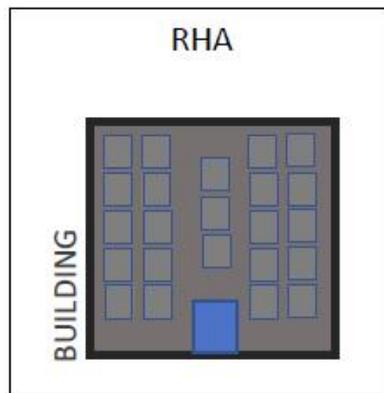
- RHA has been operating under a Public Housing Authority Recovery and Sustainability (PHARS) Agreement with HUD since February 5, 2013, due to RHA's designation as a "troubled" housing authority.
- RHA and City staff members collaborated with representatives from HUD Region IX to prepare a required 2019 PHARS and meet every 2 weeks.
- The performance measures in the 2019 PHARS are designed to improve RHA's financial position, increase RHA's housing program performance ratings, and ensure ongoing sustainability.

Hacienda

Task #	Task	Status
1.1	Finalize Financial Terms between RHA and Mercy	Complete
1.2	Request Revised Disposition Application from the Special Applications Center (SAC)	Complete
1.3	Submit Financing Plan to SFRO and submit Financing 3/1/2020 Applications to The California Tax Credit Allocation Committee (TCAC)/California Department of Housing and Community Development (HCD)	Complete
1.4	Conveyance / Closing of Hacienda	Complete
1.5	SAC acceptance of a complete Section 18 PIC disposition application for Hacienda Remainder Parcel	In Progress

Update: RFP being developed to be released

RHA REAL ESTATE HOLDINGS



LAND

PARTNERS

Owner	Housing Authority of the City of Richmond
Managing GP	NA
Developer GP	NA
Special LP	NA
Investor LP	NA

KEY CONSIDERATIONS:

- Property received a Section 18 disposition approval on 1/16/2015. TPV vouchers were award and all residence relocated.
- RHA has an existing Exclusive Right to Negotiate with Mercy Housing that expires on XXXXX.
- RHA is funding security measures at the building. Annual cost is approximately \$400,000 (check #)
- More study needed to determine the best redevelopment option for the site.



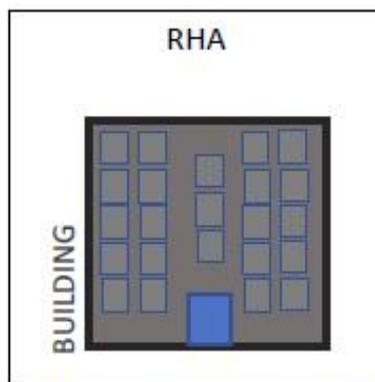
Hacienda

Size	UNITS					Total	Occpd.
	PH	RAD	Sec 8	LIHTC			
0BRD	23	0	0	0	23	0	
1BRD	114	0	0	0	114	0	
2BRD	12	0	0	0	12	0	
3BRD	0	0	0	0	0	0	
4BRD	0	0	0	0	0	0	
5BRD	0	0	0	0	0	0	
Total	149	0	0	0	149	0	

Administration Building

Task #	Task	Status
2.1	Submission of disposition application to SAC	Complete
2.2	SAC acceptance of a complete Section 18 PIC application	Complete
2.3	Submit Financing Plan to San Francisco Regional Office (SFRO) and submit Financing Applications to TCAC/HCD	Complete
Update: Property transferred to the City of Richmond		

RHA REAL ESTATE HOLDINGS



Administrative Building



PARTNERS

Owner	Housing Authority of the City of Richmond
Managing GP	NA
Developer GP	NA
Special LP	NA
Investor LP	NA

KEY CONSIDERATIONS:

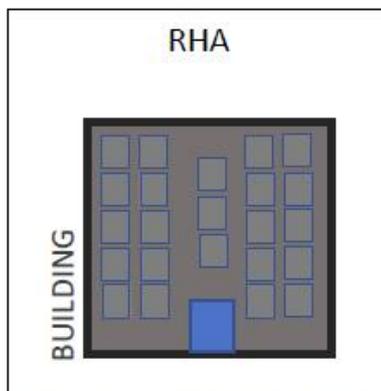
UNITS						
Size	PH	RAD	Sec 8	LIHTC	Total	Occpd.
0BRD	NA	NA	NA	NA	NA	NA
1BRD	NA	NA	NA	NA	NA	NA
2BRD	NA	NA	NA	NA	NA	NA
3BRD	NA	NA	NA	NA	NA	NA
4BRD	NA	NA	NA	NA	NA	NA
5BRD	NA	NA	NA	NA	NA	NA
Total	NA	NA	NA	NA	NA	NA

Nevin

Task #	Task	Status
3.1	Issue RFP for Development Partner w/ elevator addendum	Complete
3.2	Select a Development Partner	Complete
3.3	SAC acceptance of a complete Section 18 PIC application	Complete
3.4	Submit Financing Plan to SFRO and submit Financing Applications to TCAC/HCD	Complete
3.5	Closing /Conveyance /Start Construction	In Progress

Update: Closing Anticipated March 16, Nevin was awarded \$41,631,580 in construction bonds tax. Nevin Plaza resident and community engagement is ongoing, contracted a relocation consultant, begun the public art process. Anticipated start date for construction is April 2023.

RHA REAL ESTATE HOLDINGS



LAND



Nevin Plaza

PARTNERS

Owner	Housing Authority of the City of Richmond
Managing GP	NA
Developer GP	NA
Special LP	NA
Investor LP	NA

KEY CONSIDERATIONS:

- Project serves elderly & disabled residents. This population mix is challenging operationally.
- Building needs mechanical, plumbing and elevator upgrades.
- Resident communication and maintenance are substandard.
- Safety and security is a significant issue for residents.
- Building needs to be recapitalized to address systems, finishes, and resident livability needs.

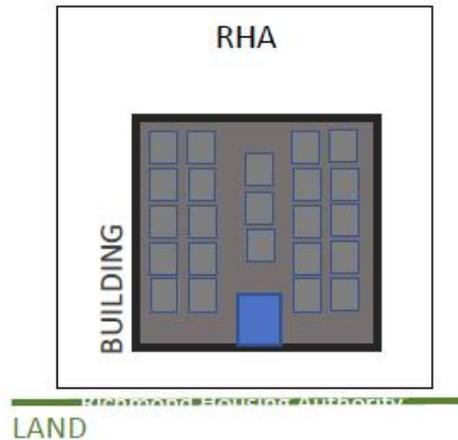
Size	UNITS						Occpd.
	PH	RAD	Sec 8	LIHTC	Total		
0BRD	12	0	0	0	12	9	
1BRD	123	0	0	0	123	92	
2BRD	7	0	0	0	7	4	
3BRD	0	0	0	0	0	0	
4BRD	0	0	0	0	0	0	
5BRD	0	0	0	0	0	0	
Total	142	0	0	0	0	107	

Nystrom

Task #	Task	Status
4.1	Issue RFQ for Master Plan	Complete
4.2	Finalize terms between RHA and Developer	In Progress
<p>Update: Exclusive Right to Negotiate Agreement (ERNA) between RHA and McCormack Baron Salazar (MBS)/Richmond Housing Neighborhood Services (RHNS) negotiations completed. Anticipate an update and request for direction too the Board in April 2023.</p>		
4.3	SAC acceptance of a complete Section 18 PIC application	Not Started
4.4	Closing /Conveyance /Start Construction	Not Started

RHA REAL ESTATE HOLDINGS

Nystrom



PARTNERS

Owner	Housing Authority of the City of Richmond
Managing GP	NA
Developer GP	NA
Special LP	NA
Investor LP	NA

KEY CONSIDERATIONS:

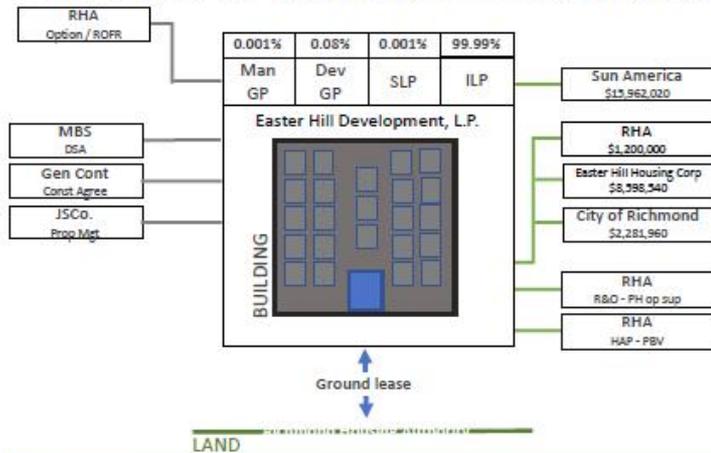
- World War II era public housing; low density, barrack style, outlived its useful life.
- Tremendous redevelopment opportunity: 9 acres, 4 city blocks in an established neighborhood.
- Current health and safety conditions are a concern.

Size	UNITS					Total	Occpd.
	PH	RAD	Sec 8	LIHTC			
0BRD	0	0	0	0	0	0	0
1BRD	27	0	0	0	27	19	
2BRD	56	0	0	0	56	34	
3BRD	17	0	0	0	17	11	
4BRD	0	0	0	0	0	0	
5BRD	0	0	0	0	0	0	
Total	100	0	0	0	100	64	

Richmond Village I, II

Task #	Task	Status
5.1	Submit RAD Application	In Progress
<p>Update: Converting to Rental Assistance Demonstration (RAD) involves three tasks: 1) exit the investor limited partner - Complete. 2) negotiate new terms with McCormack Baron Salazar (MBS) for the future ownership and operations of Richmond Village - Complete 3) submit a RAD application – In Progress</p>		
5.2	Submit RAD Financing Plan	In Progress
<p>Update: RHA and MBS assume a “non-debt” RAD/Section 18 Small PHA Blend conversion for Richmond Village I, II, and III. This is a change from the plan reflected in the PHARS Agreement. At the time the PHARS Agreement was executed, this option was not available. “No debt” conversions are the most streamline of all RAD conversions.</p>		
5.3	Close RAD conversion	In Progress

RHA REAL ESTATE HOLDINGS



PARTNERS

Owner	Easter Hill Development, L.P.
Managing GP	RHA Housing Corporation
Developer GP	MBA Urban Development Co.
Special LP	Community Housing Development Corporation
Investor LP	Sun America Housing Fund 1203

KEY CONSIDERATIONS:

- 2000 HOPE VI Grant, not audited, grant not closed. Full terms of grant agreement not delivered.
- RHA has not been funding PH Op Sup per terms of R&O. Significant payable to owner.
- Option period to begin in 2020, lasts 12 months. Need to determine FMR.
- Property appears to be in good physical condition.
- Operations has been relying on reserves due to under funding from RHA.

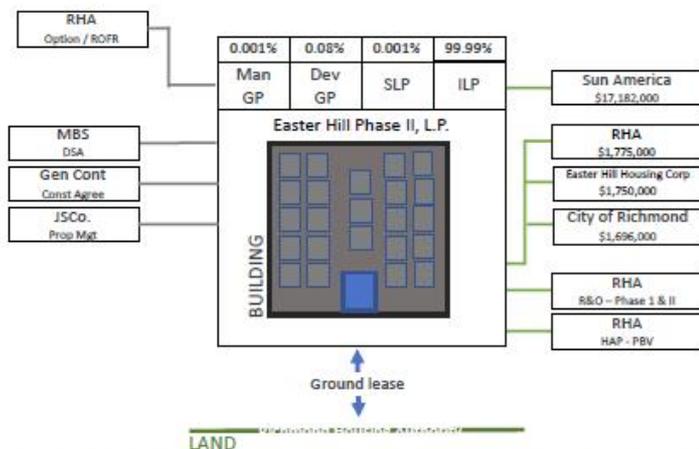
Richmond Village I



Size	UNITS					Total	Occpd.
	PH	RAD	Sec 8	LIHTC			
0BRD	0	0	0	0	0	0	0
1BRD	0	0	7	9	9	9	9
2BRD	11	0	4	6	17	17	17
3BRD	28	0	18	26	54	54	54
4BRD	25	0	10	12	37	37	37
5BRD	0	0	0	0	0	0	0
Total	64	0	39	53	117	117	117

RHA REAL ESTATE HOLDINGS

Richmond Village II



PARTNERS

Owner	Easter Hill Phase II, L.P.
Managing GP	RHA Housing Corporation
Developer GP	MBA Urban Development Co.
Special LP	Community Housing Development Corporation
Investor LP	Sun America Housing Fund 1254

KEY CONSIDERATIONS:

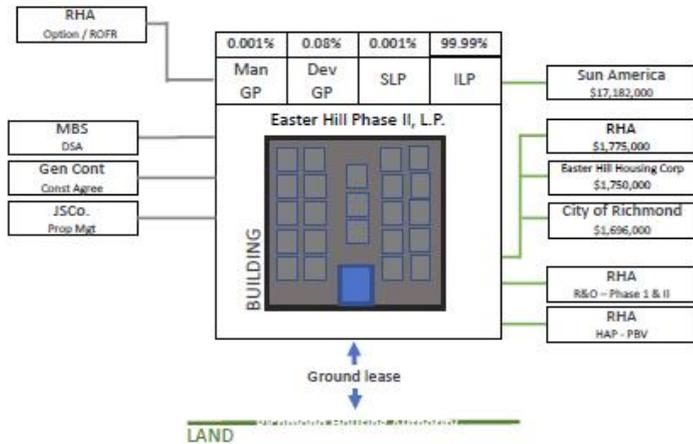
- 2000 HOPE VI Grant, not audited, grant not closed. Full terms of grant agreement not delivered.
- RHA has not been funding PH Op Sup per terms of R&O. Significant payable to owner.
- Option period to begin in 2020, lasts 12 months. Need to determine FMR.
- Property appears to be in good physical condition.
- Operations has been relying on reserves due to under funding from RHA.

UNITS						
Size	PH	RAD	Sec 8	LIHTC	Total	Occpd.
0BRD	0	0	0	0	0	0
1BRD	8	0	0	5	13	13
2BRD	31	0	0	10	41	41
3BRD	19	0	0	6	25	25
4BRD	4	0	0	2	6	6
5BRD	0	0	0	0	0	0
Total	62	0	0	23	85	85

Richmond Village III

Task #	Task	Status
6.1	SAC acceptance of a complete Section 18 PIC application	Not Applicable
6.2	Receive Tenant Protection Vouchers	In Progress
Update: This step will occur automatically because of HUD's approval of a RAD Conversion Commitment for Richmond Village I, II and III.		
6.3	Closing /Conveyance /Start Construction	Not Started

RHA REAL ESTATE HOLDINGS



Richmond Village III



PARTNERS

Owner	Easter Hill Phase II, L.P.
Managing GP	RHA Housing Corporation
Developer GP	MBA Urban Development Co.
Special LP	Community Housing Development Corporation
Investor LP	Sun America Housing Fund 1254

KEY CONSIDERATIONS:

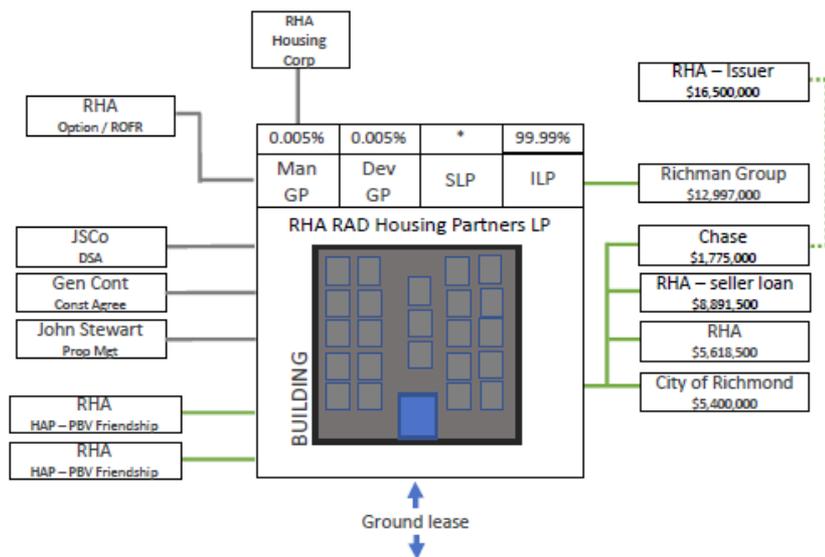
- Owned by Easter Hill Phase II, L.P., but units not generating LIHTCs. These phase was completed subsequent to Phase II and included traditional public housing.

UNITS						
Size	PH	RAD	Sec 8	LIHTC	Total	Occpd.
0BRD	0	0	0	0	0	0
1BRD	2	0	0	0	2	2
2BRD	22	0	0	0	22	22
3BRD	10	0	0	0	10	10
4BRD	2	0	0	0	2	2
5BRD	0	0	0	0	0	0
Total	36	0	0	0	36	36

Other

Task #	Task	Status
7.1	Submit PH Organizational Chart of RHA staff; chart to include names, titles, and responsibilities and duties	Completed
7.2	Complete HCV Close Out Audit	In Progress
Update: Auditor is making final adjustments on 2018 audit. Once completed, 2019 will be initiated.		
7.3	Submit operating budgets for each AMP and Central Office Cost Center (COCC).	In Progress
Update: Final Cost Allocation report submitted to HUD for review/approval on 6/23/22. Cost Allocation plan will come to the Board for approval April 2023.		

RHA REAL ESTATE HOLDINGS



Friendship Manor / Triangle Court



PARTNERS	
Owner	RHA RAD Housing Partners, LP
Managing GP	RHA RAD LLC
Developer GP	JSCo Friendship Triangle, LLC
Special LP	The Richman Capital Corporation
Investor LP	U.S.A. Institutional Tax Credit Fund XCVIII L.P.

KEY CONSIDERATIONS:

- Property was just rehabilitated and converted to Section 8.
- Managed by third party.
- Conversion to permanent financing has not occurred. RHA exposed to additional financial risk until conversion occurs.

Size	UNITS					
	PH	RAD	Sec 8	LIHTC	Total	Occpd.
0BRD	0	0	0	0	0	0
1BRD	0	80	0	80	80	80
2BRD	0	59	0	59	59	59
3BRD	0	15	0	15	15	15
4BRD	0	0	0	0	0	0
5BRD	0	0	0	0	0	0
Total	0	155	0	155	155	155

STRATEGY

PRINCIPLE

- 1) Continue to provide housing for low income families.
- 2) Improve the physical conditions and financial performance of project.
- 3) Leverage skills and capacity of development partners.
- 4) Insure accountability for residents and public.

RATIONAL

- 1) Continue partnership strategy uses with HOPE VI, RAD and Project Based Vouchers.
- 2) Declining Public Housing resources makes sustainability impossible.
- 3) Properties need intervention to be preserved.
- 4) Conditions for residents need to improve.

Principles & Rational

	\$ BY TYPE OF SUBSIDY			
	Units	Public Housing	RAD	Section 8
Nystrom				
OBRD	27	315	467	1,506
1BRD	56	315	562	1,809
2BRD	17	315	711	2,281
3BRD	0	315	991	3,167
4BRD	0	315	1,105	3,650
Hacienda				
OBRD	23	0	482	1,506
1BRD	114	0	581	1,809
2BRD	12	0	735	2,281
3BRD	0	0	1,024	3,167
4BRD	0	0	1,141	3,650
Nevin				
OBRD	12	322	565	1,506
1BRD	123	322	681	1,809
2BRD	7	322	862	2,281
3BRD	0	322	1,201	3,167
4BRD	0	322	1,339	3,650
Richmond I				
OBRD	0	280	444	1,506
1BRD	10	280	535	1,809
2BRD	33	280	676	2,281
3BRD	23	280	943	3,167
4BRD	5	280	1,051	3,650
Richmond II				
OBRD	0	183	411	1,506
1BRD	8	183	495	1,809
2BRD	31	183	626	2,281
3BRD	19	183	873	3,167
4BRD	4	183	973	3,650
Richmond III				
OBRD	0	235	422	1,506
1BRD	2	235	508	1,809
2BRD	22	235	643	2,281
3BRD	10	235	896	3,167
4BRD	2	235	999	3,650

Financial Update

Task	Status & Update
2017 Audit	Audit Complete. Financials are finalized and issued. Financial Data Schedule (FDS) submission (HUD requirement) has gone through final review and a representation letter signed by the Executive Director and City Manager that audit is complete needs to be submitted to HUD System.
2018 Audit	Audit Complete. Financials are finalized and issued. FDS data has been compiled and being entered into HUD system for auditor review.
2019 Audit	Financial data needs to be reviewed and analyzed by RHA and City staff. Requested items need to be provided to auditors. Bank reconciliations need to be analyzed and provided to auditors.
2020 Audit to Current	2019 Audit must be completed before auditor can initiate for 2020. New auditors, Badawi & Associates will complete the 2020 audit.

Financial Update

Task	Status & Update
Cost Allocation Plan	Completed turned in to HUD for final review and approval
IRS 1099's Compliance	<ul style="list-style-type: none">-The IRS advised RHA and Finance that there are missing submissions of RHA Landlord 1099's (2018 and 2019). Staff worked diligently to provide missing information.-There are IRS penalties that need to be confirmed.

Affordable Housing Units

- RHA owns multiple public housing properties and manages two (2) properties occupied by residents (Nevin Plaza and Nystrom Village) with approximately 242 units.
- There are an additional 393 units associated with RHA entities (Richmond Village, Triangle Court, Friendship Manor) and 148 units recently rehabilitated (Hacienda) for a total of 783 units.