



U.S. Department of Housing and Urban Development
San Francisco Regional Office - Region IX
600 Harrison Street
San Francisco, California 94107-1387
www.hud.gov
espanol.hud.gov

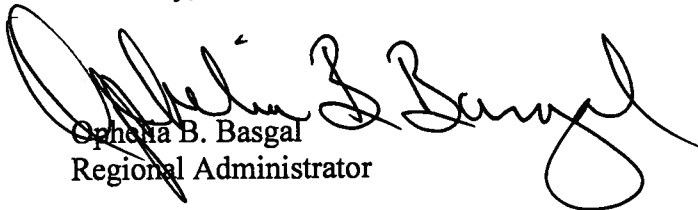
March 10, 2014

Bill Lindsay, City Manager
City of Richmond
450 Civic Center Plaza
Richmond, CA 94804

Dear Bill,

Attached is the response to the questions received from members of the Richmond City Council. Please let me know if you receive any additional questions and if any clarifications are required for the information provided.

Sincerely,



Ophelia B. Basgal
Regional Administrator

Attachments

cc: Jesse Wu, Acting San Francisco Public Housing Director
Melina Whitehead, San Francisco Public Housing Division Director

RESPONSES TO QUESTIONS RECEIVED FROM RICHMOND CITY COUNCIL MEMBERS

MARCH 10, 2014

1. Has HUD ever provided funding to permanently repair or replace the roof, windows, exterior painting or elevators at the nearly 50-year old Hacienda? If not, why?

Answer: Attached is a spreadsheet of the Richmond Housing Authority's sources of operating income (HUD operating subsidy and tenant rents), HUD funding for capital improvements and one time ARRA funding.

The Housing Authority has received \$10.5 million in operating subsidy over the past five fiscal years averaging approximately \$2.1 million per year. This funding is intended to supplement rent collections (\$8.6 million over five fiscal years averaging approximately \$1.7 million per year) to cover routine operating costs associated with administering the public housing program and maintaining the properties. Within the Department's program regulations and guidelines, Housing Authority staff and its Board of Commissioners establish policies and priorities (i.e. how and where the funding is used) in the management of the public housing program.

For your information, we have also included uncollected rents for the past five fiscal years and the percent uncollected to the tenant rent roll. While this is operating income that is foregone, it should be noted that the Authority has been improving in this area. Reducing uncollected rent and increasing occupancy will provide additional monies that can be used to address deferred capital improvement needs.

The Housing Authority has also received \$4.2 million for capital improvement repairs to the properties over the past five fiscal years averaging approximately \$843,000 per year. This funding is intended to address capital needs like roof and window replacements, significant elevator repairs or replacement, etc. Again, within the program guidelines, the Housing Authority staff and its Board of Commissioners establish policies and priorities regarding the use of the capital funds.

In addition, the Authority received \$1.4 million in The American Recovery and Reinvestment Act (ARRA) of 2009 for projects that were "shovel ready." The Authority invested a majority of the funding for repairs at Triangle Court, which included roof replacement and exterior painting (more than \$800,000). ARRA funds were also used for patio fence repairs at Friendship Manor, approximately \$10,000 for parking lot gate repair at Hacienda, \$48,000 for non-routine vacancy preparation and \$54,000 for common area security lights throughout the various developments including Hacienda.

NOTE: The funding sources noted above are for the public housing program and do not reflect administrative fees earned for the Section 8 program administration.

2. Have you or anyone else from HUD read the following, and does HUD have any comments:

- <http://blogs.kqed.org/newsfix/2014/02/12/financial-abuse-mismanagement-leave-housing-agency-on-verge-of-takeover/>
- <http://blogs.kqed.org/newsfix/2014/02/11/residents-live-in-filth-in-mismanaged-richmond-public-housing/>
- <http://blogs.kqed.org/newsfix/2014/02/21/richmond-public-housing-authority-inspections-ordered/>
- <http://www.kqed.org/arts/music/article.jsp?essid=133949>
- <http://www.sfgate.com/local/bayarea/item/richmond-housing-day2-27360.php>

Answer: Yes, HUD staff have read these articles and viewed the news clips and others that have been written since the question was asked and has been meeting with City staff to discuss the Authority's plans to address the problems and issues raised.

3. Has HUD provided funding to allow the RHA to provide 24-hour turnaround for maintenance requests at RHA public housing?

Answer: See the response to Question 1. The Housing Authority staff and its Board of Commissioners establish policies and priorities in the management of the public housing program, HUD does not determine the Housing Authority's response times for maintenance request. The Authority should have a maintenance policy that describes how they prioritize maintenance requests and timeframes for response depending on the priority, e.g. emergency, urgent, routine, etc.

4. What would be involved in HUD assuming total responsibility for RHA's public housing inventory?

Answer: Attached for your information are relevant excerpts from the Code of Federal Regulations that address sanctions for troubled public housing authorities and remedies for substantial default.

5. How does our Housing Advisory Commission with only two tenants on it satisfy the HUD requirement for a resident council?

Answer: HUD regulations require that a housing authority governing body have at least one tenant representative on the Board of Commissioners. The California Health and Safety Code requires that the Housing Authority Board of Commissioner have two tenant representatives, one of whom must be 62 or older if the Housing Authority has elderly residents.

While HUD encourages resident input in the governance of the Authority, resident councils are not required. What is required is the establishment of one or more Resident Advisory Board(s) (RAB) as part of the PHA Plan process. RAB membership is comprised of individuals who reflect and represent the residents assisted by the PHA. The role of the RAB is to assist the PHA in developing the PHA Plan and in making any significant amendment or modification to the Plan.

6. Hacienda needs to be prioritized in terms of 1) processing of Section 8 vouchers and 2) any other paperwork such that residents can be moved out and relocated. Can this be (sic) happen as quickly as possible?

Answer: Housing Authority Executive Director, Tim Jones, has raised this possibility and he was advised that he should insure that his Section 8 Administrative Plan would allow for the issuance of vouchers in this circumstance. If not, an Administrative Plan amendment would be required. In addition, there is no special voucher allocation for this purpose without approval of a demolition/disposition application, i.e. vouchers would have to come from the existing voucher allocation and budget authority. Mr. Jones has indicated the Authority is considering the demolition/disposition application process and is working with HUD staff on the requirements. One other alternative to consider is transfers to other Housing Authority properties with vacancies.

RICHMOND HOUSING AUTHORITY

OPERATING INCOME					
<u>Fiscal Year</u>	<u>HUD Operating Subsidy</u> (Authorized Funds)	<u>Tenant Rental Income</u> (Collected)	<u>HUD Capital Improvements Funding</u> (Authorized Funds)	<u>ARRA Funding</u>	<u>Fiscal Year Total</u>
2013	\$2,088,528.00	\$1,662,027.00	\$753,815.00		\$4,504,370.00
2012	\$2,214,822.00	\$1,720,306.00	\$745,045.00		\$4,680,173.00
2011	\$2,060,516.00	\$1,664,272.00	\$803,684.00		\$4,528,472.00
2010	\$2,134,589.00	\$1,578,827.00	\$956,915.00		\$4,670,331.00
2009	\$2,014,323.00	\$2,011,937.00	\$953,889.00	\$1,446,269.00	\$6,426,418.00
Total	\$10,512,778.00	\$8,637,369.00	\$4,213,348.00	\$1,446,269.00	

<u>Fiscal Year</u>	<u>Tenant Accounts Receivable</u>	
	<u>Uncollected Rent</u>	<u>% Uncollected</u>
2013	\$95,841.00	5.77%
2012	\$157,688.00	9.17%
2011	\$287,435.00	17.27%
2010	\$425,815.00	26.97%
2009	\$284,303.00	14.31%
Total	\$1,251,082.00	

24 CFR 907.7 - REMEDIES FOR SUBSTANTIAL DEFAULT.

§ 907.7 Remedies for substantial default.

(a) Except as provided in § [907.7\(c\)](#), upon determining that events have occurred or conditions exist that constitute a substantial default, HUD may:

- (1) Take any action provided for in section 6(j)(3) of the Act ([42 U.S.C. 1437d\(j\)\(3\)](#));
- (2) Provide technical assistance for existing PHA management staff; or
- (3) Provide assistance deemed necessary, in the discretion of HUD, to remedy emergency conditions.

(b) HUD may take any of the actions described in paragraph (a) of this section sequentially or simultaneously in any combination.

(c) In the case of a substantial default by a troubled PHA pursuant to § [902.83\(b\)](#):

- (1) For a PHA with 1,250 or more units, HUD shall petition for the appointment of a receiver pursuant to section 6(j)(3)(A)(ii) of the 1937 Act ([42 U.S.C. 1437d\(j\)\(3\)\(A\)\(ii\)](#)); or
- (2) For a PHA with fewer than 1,250 units, HUD shall either petition for the appointment of a receiver pursuant to section 6(j)(3)(A)(ii) of the Act ([42 U.S.C. 1437d\(j\)\(3\)\(A\)\(ii\)](#)), or take possession of the PHA (including all or part of any project or program of the PHA) pursuant to section 6(j)(3)(A)(iv) of the 1937 Act ([42 U.S.C. 1437d\(j\)\(3\)\(A\)\(iv\)](#)), and appoint, on a competitive or noncompetitive basis, an individual or entity as an administrative receiver to assume the responsibilities of HUD for the administration of all or part of the PHA (including all or part of any project or program of the PHA).

(d) To the extent feasible, while a PHA is operating under any of the actions that may have been taken by HUD, all services to residents will continue uninterrupted.

(e) HUD may limit remedies under this part to one or more of a PHA's specific operational areas (*e.g.*, maintenance, capital improvement, occupancy, or financial management), to a single program or group of programs, or to a single project or a group of projects. For example, HUD may select, or participate in the selection of, an AME to assume management responsibility for a specific project, a group of projects in a geographical area, or a specific operational area, while permitting the PHA to retain responsibility for all programs, operational areas, and projects not so designated.

24 CFR 902.83 - SANCTIONS FOR TROUBLED PERFORMER PHAS.

§ 902.83 Sanctions for troubled performer PHAs.

(a) If a troubled performer PHA fails to make substantial improvement, as set forth in § [902.75\(d\)](#), HUD shall:

(1) In the case of a troubled performer PHA with 1,250 or more units, declare substantial default in accordance with § [907.3\(b\)\(3\)](#) of this chapter and petition for the appointment of a receiver pursuant to section 6(j)(3)(A)(ii) of the Act ([42 U.S.C. 1437d\(j\)\(3\)\(A\)\(ii\)](#)); or

(2) In the case of a troubled performer PHA with fewer than 1,250 units, declare substantial default in accordance with § [907.3\(b\)\(3\)](#) of this chapter and either petition for the appointment of a receiver pursuant to section 6(j)(3)(A)(ii) of the Act ([42 U.S.C. 1437d\(j\)\(3\)\(A\)\(ii\)](#)), or take possession of the PHA (including all or part of any project or program of the PHA) pursuant to section 6(j)(3)(A)(iv) of the Act ([42 U.S.C. 1437d\(j\)\(3\)\(A\)\(iv\)](#)), and appoint, on a competitive or noncompetitive basis, an individual or entity as an administrative receiver to assume the responsibilities of HUD for the administration of all or part of the PHA (including all or part of any project or program of the PHA).

(3) In the case of substantial default by a troubled performer PHA, nothing in this section shall be construed to limit the courses of action available to HUD under this part, 24 CFR part [907](#), or section 6(j)(3)(A) of the Act ([42 U.S.C. 1437d\(j\)\(3\)\(A\)](#)) for any other substantial default by a PHA.

(b) If a troubled performer PHA fails to execute or meet the requirements of an MOA in accordance with § [902.75](#), other than as specified in paragraph (a) of this section, the PHA may be deemed to be in substantial default by HUD and any remedy available therefore may be invoked in the discretion of HUD.