

DRAFT (August 16, 2017)

RESOLUTION OF THE COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RICHMOND, CALIFORNIA TO DISSOLVE THE RICHMOND HOUSING AUTHORITY, DISPOSE OF ITS ASSETS, BALANCE ITS ACCOUNTS AND VACATE THE POSITIONS OF THE COMMISSIONERS

WHEREAS, the Richmond Housing Authority (RHA) was incorporated on January 24, 1941, with a mission to provide shelter for the tens of thousands of workers converging on the Richmond Shipyards to support the war effort; and,

WHEREAS, the RHA quickly became the largest housing authority in the United States, peaking with 16,302 units, before the end of WWII; and,

WHEREAS, following WWII, much of the public housing constructed under the auspices of the RHA during WWII was deemed temporary and was subsequently demolished; and,

WHEREAS, only two of the original WWII housing projects built during WWII by the RHA remain -- Nystrom Village, which is still operated by the RHA, and Atchison Village, which was sold to the occupants to operate as a cooperative; and,

WHEREAS, the RHA provides affordable housing for low and very low income residents of Richmond through federally (HUD) funded housing programs, the [Public Housing Program](#) and [Housing Choice Voucher Program](#) (Section 8); and,

WHEREAS, the sole operating subsidy for the RHA consists of funding from the U.S. Department of Housing and Urban Development (HUD); and,

WHEREAS, funding from HUD has continued to diminish over the last few years to the point that the RHA can no longer afford to operate and maintain its stock of public housing in a manner that conforms to HUD's arbitrary performance standards and regulations; and,

WHEREAS, the Trump administration's proposed budget would cut an additional [\\$6 billion from HUD funding](#) and [would eliminate](#) the national [Housing Trust Fund](#); and,

WHEREAS, HUD has consistently over the last few years, severely and repeatedly complained about and criticized the City of Richmond for alleged violations of HUD standards and expectations and has levied sanctions and penalties and made demands, including but not limited to the following examples just within the last six months:

- "RHA continues to be in violation of HUD Public Housing regulations and the Consolidated Annual Contributions Contract (the "ACC") between RHA and HUD. Specifically, RHA has failed to adhere to the terms of the Corrective Action Plan recommendations and deliverables required to resolve findings identified in the Office of Inspector General Audit Reports OIG Audit 2016-LA-1004 and OIG Audit 2016-LA-1006, dated April 28, 2016 and June 3, 2016, respectively (collectively, the "2016 OIG Audits")" (July 1, 2017)
"RHA has not addressed serious and ongoing material managerial, operational, and financial control issues with its Public Housing and Housing Choice Voucher programs." (July 11, 2017)
- "...deficiencies in RHA procurement procedures, handling of rent collection, financial operations and spending allocations" (March 1, 2017),

- “(1) RHA’s lack of independence from the City and lack of control over its operation has resulted in millions of dollars of debt owed to the City. Current financial information indicates that the RHA is effectively insolvent. (2) RHA does not have the current resources and it is very unlikely that RHA will have sufficient future cash flows to repay the City the current stated liability. In addition, RHA cannot afford the current allocated service costs from the City.” (July 31, 2017)
- HUD has threatened, to “... declare substantial default under the terms of the ACC and pursue available remedies, including, but not limited to, transferring programs to another public housing authority, transferring management of all or some of the RHA functions to a third party, and pursuing legal remedies, which could result in financial penalties against the City and the RHA.” (July 11 2017); and,

WHEREAS, HUD staff has represented that there are other agencies willing to take over and absorb the assets and responsibilities of the RHA, more specifically the Contra Costa County Housing Authority; and,

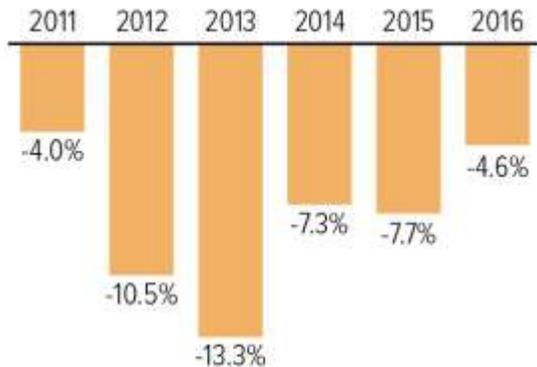
WHEREAS, the Contra Coast County Housing Authority has expressed no interest in absorbing any of the RHA assets and programs other than Section 8; and,

WHEREAS, we believe that the Contra Costa County Housing Authority agrees that HUD does not provide enough resources to adequately operate its programs; and,

WHEREAS, the Contra Costa County Housing Authority has expressed an interest in only absorbing the RHA Section 8 program, which might be termed as “cherry picking” because the RHA Section 8 program received the highest possible performance rating under the Section Eight Management Assessment Program (SEMAP), which measures the performance of the public housing agencies (PHAs) that administer it; and,

Federal Housing Assistance Funding Remains Well Below 2010 Level

Discretionary budget authority for housing assistance, relative to 2010, adjusted for inflation



Note: "Federal housing assistance" includes the Section 8, public housing, homeless assistance, Section 521, HOME, Native American Housing, HOPWA, and Section 202 and 811 programs, as well as many smaller programs, but does not include community development programs.

Source: Office of Management and Budget.

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Source: <https://www.cbpp.org/federal-housing-assistance-funding-remains-well-below-2010-level>

WHEREAS, even though the RHA Section 8 Program received the highest possible performance rating of 100, HUD found it necessary to complain about it too, stating, "on July 12, 2017, HUD's Quality Assurance Division (QAD) issued a Financial Management Review report to RHA. The QAD found significant issues with RHA's Housing Choice Voucher (HCV) financial management. For example, the QAD found that "The RHA failed to maintain complete and accurate accounting records for the HCV program" and "The RHA does not maintain proper internal controls over HCV funds." In conjunction with other reports stating concern with RHA's operations, we believe it would be in the best interest of the families served that RHA transfer their programs;" and,

WHEREAS, HUD has blocked any attempt to reposition Nevin Plaza and Nystrom Village through an approved demolition/disposition proposal or similar mechanism, that would allow those properties to receive substantial initial rehabilitation investment plus ongoing private management, such as what the RHA is attempting to do, so far unsuccessfully, with Hacienda; and,

WHEREAS, HUD failed to provide adequate funding for the operation and maintenance of The Hacienda, resulting in numerous complaints by residents, extensive critical media coverage by the Center for Investigative Reporting and other media; and

WHEREAS, The Hacienda sits abandoned today, suffering from vandalism, graffiti, violence, squatters and prostitution; and,

WHEREAS, underfunded and shorthanded, the RHA has diligently attempted to take corrective action, but HUD is never satisfied and continues to find even more deficiencies; and

WHEREAS, the RHA is faced with continually diminishing funding, increasing demands from HUD and the prospect of significant subsidies from the City of Richmond General Fund to simply survive; and,

WHEREAS, with the current level of HUD funding, RHA does not have the resources to operate in manner that will satisfy HUD; and,

WHEREAS, California Health and Safety Code, Section 32245 provides for the dissolution of housing authorities: "At any time thereafter the governing body may declare by resolution that there is [no] need for an authority to function in the county or city, such determination to be made pursuant to this article;" and, "deficiencies in RHA procurement procedures.

NOW THEREFORE BE IT RESOLVED BY THE COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RICHMOND THAT: The Richmond Housing Authority shall be dissolved effective January 1, 2018, and the offices of the Commissioners shall be vacated; and,

BE IT FURTHER RESOLVED, that in accordance with Section 34315.7 of the California Health and Safety Code, the assets of the Richmond Housing Authority shall be disposed of in a manner that will maintain the existing units as affordable housing, including offering HUD the opportunity to take possession; and,

BE IT FURTHER RESOLVED that any obligations to the City of Richmond from previous loans to the RHA shall be paid in full prior to dissolution.

The foregoing resolution was passed and adopted by the commissioners of the Housing Authority of the City of Richmond at a meeting thereof held on September __, 2017 by the following vote:

AYES:

NOES:

ABSENTIONS:

ABSENT:

Chairperson

ATTEST
