



HOUSING AUTHORITY

Economic Development

# AGENDA REPORT

<b>DATE:</b>	December 6, 2022
<b>TO:</b>	Mayor Butt and Members of the City Council
<b>FROM:</b>	Nannette J. Beacham. Executive Director
<b>Subject:</b>	Third Contract Amendment with David Paul Rosen & Associates
<b>FINANCIAL IMPACT:</b>	The recommended action will result in Housing Authority's commitment of up to \$366,000, \$86,450 for FY 2022-2023 (42141191-400217), and \$279,550 for FY 2023-2024 (42141191-400217). DRA amendment costs are anticipated to be recovered at closing of the repositioning of each public housing site as qualified predevelopment cost.
<b>PREVIOUS COUNCIL ACTION:</b>	February 4, 2020, May 28, 2021
<b>STATEMENT OF THE ISSUE:</b>	David Paul Rosen & Associates (DRA) is providing the Richmond Housing Authority (RHA) with the needed range of financial advisory services for asset repositioning activities which includes assessment of strategic business and financial planning for RHA to manage its portfolio of public housing, Low-Income Housing Tax Credit (LIHTC) housing and special needs housing, to assure its appropriate reinvestment, and rehabilitation.

<b>RECOMMENDED ACTION:</b>	ADOPT a resolution approving a third contract amendment with David Paul Rosen & Associates to assist the Richmond Housing Authority in asset repositioning efforts of the public housing portfolio, in an amount of \$366,000, for a new total not-to-exceed amount of \$1,003,740, with a term ending June 30, 2024 – Richmond Housing Authority (Nannette Beacham 621-1300).
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## **DISCUSSION:**

Funding provided by the U.S. Department of Housing and Urban Development (HUD) to Public Housing Authorities in recent years is insufficient to meet the operating and capital needs of the nation's public housing inventory. Recognizing that the public housing program is not sustainable over the long term, HUD's strategy is to transition public housing units with unmet capital needs to more sustainable financing strategies using tools such as the Rental Assistance Demonstration (RAD) program, Section 18 Demolitions and Dispositions, Voluntary Conversions, and Declaration of Trust releases. The Housing Authority of the City of Richmond (RHA) is one of the agencies that has been severely affected by the lack of HUD funding. Since FY 2008-2009, RHA has been unable to pay all its financial obligations, leading to loans and advances from the City to pay these expenditures. RHA entered a Public Housing Authority Recovery and Sustainability (PHARS) Agreement with HUD Region IX to address operational deficiencies of RHA and its ongoing financial viability.

To improve its financial viability and long-term sustainability, RHA has embarked on repositioning regarding its Public Housing. The goal of the repositioning effort is to develop financial structures that eliminate current operating shortfalls, improve the living conditions of residents, revitalize and/or redevelop RHA housing assets, put in place long-term sustainable financial repositioning of each asset, and bring each asset up to modern standards of design, energy efficiency, resident amenities, and quality of construction. To the extent possible, this RHA asset repositioning strategy should seek to repay RHA's debt to the City. As a first step, Enterprise Community Partners and Structure Development Advisors prepared and presented a draft Asset Repositioning Strategy to the Board in November 2018.

To respond to RHA's needs, DRA will continue to undertake the scope of work outlined below to assist RHA in implementing its repositioning strategy in a manner consistent with the HUD Public Housing Authority Recovery and Sustainability (PHARS) plan, policy direction from the RHA Board at its December 4, 2018, meeting, and the following principles:

- Providing RHA with a range of financial advisory services for assessment of, and strategic, business, and financial planning for, RHA to manage its portfolio of public housing, Low-Income Housing Tax Credit (LIHTC) housing and special

needs housing, to assure its appropriate reinvestment, rehabilitation, and, if appropriate, its redevelopment.

- Analyzing project financial, economic, and development feasibility, and compliance with the requirements and competitive criteria of leverage sources of funding, both public (HUD and other) and private sector, of developer proposals for financial assistance from RHA.
- Providing market real estate and demographic analysis for RHA as required for affordable housing and mixed income/mixed use development and/or financing supported by RHA.
- Establishing a master plan strategy for revitalization of RHA's public housing properties (Nevin Plaza, Nystrom, Richmond Village I, II, and II, Hacienda, others) that may include rehabilitation or demolition and new development on some sites and disposition of others based on an assessment of market land values and disposition opportunities, site development and leveraged financing opportunities and constraints, carrying costs, community issues, and other relevant factors determined in conjunction with RHA staff.
- Determining RHA's development role and RHA ownership entity (e.g., general partner, co-general partner, guarantor, lender, and others) for each public housing redevelopment project, and its component parts based on the ongoing assessment of RHA's staff and financial capacity, and the City's interests.
- Reviewing existing loan agreement or other documentation regarding the City of Richmond's investment into RHA's affordable housing assets.
- Prepare estimates of project gap financing requirements for, and proceeds from, the rehabilitation, redevelopment and/or sale of Nevin Plaza, Nystrom, Richmond Village (I, II and/or III) and the Hacienda surplus parcel.

#### **DOCUMENTS ATTACHED:**

Attachment 1 - Resolution

Attachment 2 - DRA Contract Amendment 3

Attachment 3 - DRA Contract Amendment 2

Attachment 4 - DRA Contract Amendment 1

Attachment 5 - DRA Contract