

RESOLUTION NO. \_\_\_\_\_

**A JOINT RESOLUTION OF THE COUNCIL OF THE CITY OF RICHMOND AND BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RICHMOND (RHA) ADOPTING THE HOUSING AUTHORITY AMENDED FISCAL YEAR 2021-2022 OPERATING BUDGET WITH PROPOSED REVENUES IN THE AMOUNT OF \$4,763,120, TOTAL PROPOSED EXPENDITURES OF \$4,763,120, AND AN AMENDMENT TO DECREASE THE RHA SUBSIDY FROM THE CITY OF RICHMOND GENERAL FUND FROM \$1,141,828 TO \$770,372, AND APPROVING AND AUTHORIZING EXECUTION OF A REPAYMENT AGREEMENT BY THE RHA EXECUTIVE DIRECTOR AND CITY MANAGER**

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**WHEREAS**, the Richmond Housing Authority (RHA) is a public entity chartered by the City of Richmond, California, as a separate legal entity under the provisions of the U.S. Housing Act of 1937; and

**WHEREAS**, RHA’s programs are funded by the federal government, subject to the rules and guidelines of the United States Department of Housing and Urban Development (HUD); and

**WHEREAS**, RHA’s mission is to provide decent, safe and sanitary affordable housing and coordinate supportive services for low-income residents and program participants of the City of Richmond; and

**WHEREAS**, RHA administers the Low Rent Public Housing Program, and administers the Capital Fund Grant Modernization Program to fund rehabilitation activity on its existing public housing stock; and

**WHEREAS**, the RHA’s main goals and objectives for FY 2021-2022, in addition to the administration of its core public housing programs, will be to continue the repositioning of RHA assets; and

**WHEREAS**, on February 28, 2021, CVR Associates, Inc. (“CVR”) prepared and submitted to RHA, the City of Richmond, and HUD a report entitled “Report of Recommendations – Debts Owed Write Off/Repayment” addressing the scope of, and recommendations regarding, repayment of funds advanced by the City for the benefit of RHA; and

**WHEREAS**, on December 23, 2021, the CVR report was updated and indicates that the net amount payable by RHA to the City after conveyance of the Administration Building is \$531,473 (plus any recovered duplicate HCV payments) which is reflected in the Repayment Agreement attached as Exhibit A.

**NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RICHMOND AND THE MEMBERS OF THE RICHMOND CITY COUNCIL, COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA, THAT:** the FY 2021-2022 amended operating budget for the Richmond Housing Authority in the amount of \$4,763,120 in estimated revenues, and with total proposed expenditures of \$4,763,120 and reflecting a reduction in the RHA subsidy from the City of Richmond General Fund from \$1,141,828 to \$770,372 is hereby approved and adopted, and the execution by the RHA Executive Director and City Manager of the Repayment Agreement in the form attached hereto is hereby approved.

BE IT FURTHER RESOLVED THAT the Executive Director is authorized to take all actions necessary to implement the foregoing resolution.

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I certify that the foregoing resolution was passed and adopted by the Council of the City of Richmond and the Richmond Housing Board of Commissioners at a joint meeting thereof held on January , by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

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Chairperson

[SEAL]

ATTEST:

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Secretary

Approved as to form:

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Attorney

State of California        }

County of Contra Costa   : ss.

City of Richmond         }

I certify that the foregoing is a true copy of **Resolution No.** , finally passed and adopted at a joint City Council and Housing Authority Meeting held on January .

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CLERK OF THE HOUSING AUTHORITY

## Exhibit A

### REPAYMENT AGREEMENT

THIS REPAYMENT AGREEMENT (“**Agreement**”) is entered into effective as of \_\_\_\_\_, 2022 (“**Effective Date**”) by and between the Housing Authority of the City of Richmond, a public body, corporate and politic (“**RHA**”) and the City of Richmond, a municipal corporation and charter city (“**City**”). RHA and City are referred to herein as the “**Parties**.”

WHEREAS, the City has advanced certain funds for the benefit of RHA (“**City Advances**”);

WHEREAS, CVR Associates, Inc. (“**CVR**”) prepared and submitted to RHA, City, and the U.S. Department of Housing and Urban Development (“**HUD**”) that certain report entitled “Report of Recommendations – Debts Owed Write Off/Repayment” dated February 28, 2021 addressing the scope of, and recommendations regarding, repayment of the City Advances (the “**Original CVR Report**”);

WHEREAS, CVR prepared an update to the Original CVR Report in the form of a Memorandum submitted to RHA, City and HUD, dated December 23, 2021, attached to this Agreement as Exhibit A (the “**CVR Update**”);

WHEREAS, the Parties desire to set forth their agreement regarding RHA’s repayment of the City Advances.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows.

1. Amounts Payable to City. The Parties agree that as set forth in the CVR Update, the adjusted amount payable by RHA to the City as of the Effective Date equals the sum of One Million, Two Hundred Sixty-Eight Thousand, Five Hundred Thirty-Eight Dollars (\$1,268,538) (the “**Adjusted Amount Payable**”). The Parties agree that the Adjusted Amount Payable will be addressed as follows:

(a) The Adjusted Amount Payable will be reduced by the sum of Three Hundred Seven Thousand, Six Hundred Forty-Nine Dollars (\$307,649) upon RHA’s conveyance of the RHA Administration Building to the City.

(b) RHA will repay to the City the sum of Five Hundred Thirty-One Thousand, Four Hundred Seventy-Three Dollars (\$531,473).

(c) The CVR Update identifies the sum of Four Hundred Twenty-Nine Thousand, Four Hundred Sixteen Dollars (\$429,416) in duplicate payments to Housing Choice Voucher landlords (“**Duplicate HCV Payments**”). RHA will repay to the City that portion of the Duplicate HCV Payments that RHA is reasonably able to recover. The Parties agree that City will write off any unrecoverable portion of the Duplicate HCV Payments, and the Adjusted Amount Payable will be reduced by the amount of any such write-off. The Parties agree to cooperate in attempts to recover Duplicate HCD Payments.

2. HUD Approval; Compliance with HUD Requirements. This Agreement is subject to any approval that RHA may be required to obtain from HUD. Furthermore, the Parties acknowledge that all RHA payments to City pursuant to this Agreement will only be made from unrestricted sources of funds available to RHA and approved by HUD. Without limiting the generality of the foregoing, the Parties acknowledge that RHA is required to use public housing revenue to operate and maintain RHA’s public housing properties until such time as such assets are repositioned.

3. General Provisions.

3.1 Actions by the Parties. Whenever this Agreement calls for or permits the approval, consent, authorization or waiver of RHA, the approval, consent, authorization, or waiver of RHA's Executive Director shall constitute the approval, consent, authorization or waiver of RHA without further action of the Commission. Whenever this Agreement calls for or permits the approval, consent, authorization or waiver of City, the approval, consent, authorization, or waiver of City's City Manager or designee shall constitute the approval, consent, authorization or waiver of City without further action of the City Council.

3.2 Governing Law; Venue. This Agreement shall be governed and construed in accordance with the laws of the State of California, excluding principles of conflicts of law. Any litigation arising under this Agreement shall be prosecuted in the Superior Court of California, County of Contra Costa, and all parties waive their respective rights to change venue pursuant to Section 394 of the Code of Civil Procedure.

3.3 Entire Agreement. This Agreement, together with Exhibit A attached hereto and incorporated herein by reference, constitutes the entire agreement between the Parties with respect to the subject matter hereof, and supersedes all prior oral or written agreements pertaining thereto.

3.4 Amendments; Waivers. This Agreement may not be amended or modified except by a written instrument signed by both Parties. No waiver of any breach of any covenant or provision of this Agreement shall be deemed a waiver of any other covenant or provision hereof, and no waiver shall be valid unless in writing and executed by the waiving party. An extension of time for performance of any obligation or act shall not be deemed an extension of the time for performance of any other obligation or act, and no extension shall be valid unless in writing and executed by the waiving party.

3.5 Headings; Interpretation. The section headings and captions used herein are solely for convenience and shall not be used to interpret this Agreement. Any reference to a particular section of this Agreement shall mean a reference to all subsections thereof. The Parties acknowledge that this Agreement is the product of negotiation and compromise on the part of both Parties, and the Parties agree, that since both Parties have participated in the negotiation and drafting of this Agreement, this Agreement shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

3.6 Severability. Each provision of this Agreement shall be considered severable, and if any provision of this Agreement is determined to be invalid or contrary to any existing or future law, such invalidity shall not impair the remainder of this Agreement provided that the remainder of the Agreement can, absent the excised portion, be reasonably interpreted to give effect to the intentions of the Parties.

3.7 No Third Party Beneficiaries. Nothing in this Agreement is intended to or shall be deemed to confer upon any person other than the Parties any legal or equitable right, remedy or claim under or by reason of this Agreement.

3.8 Authority. Each person executing this Agreement on behalf of a Party represents that they are duly authorized to sign and deliver this Agreement on behalf of such Party, and that this Agreement is binding on such Party in accordance with its terms.

3.9 Counterparts; PDF and Facsimile Transmissions. This Agreement may be executed and delivered in any number of counterparts, each of which when so executed and delivered will be deemed an original, and all of which together shall constitute one and the same agreement. Signatures transmitted by telecopy or as emailed PDF copies shall be binding as originals, and each Party hereby waive any defenses to the enforcement of the terms of this Agreement or any document sent by emailed PDF, based upon the manner of transmission or form of signature (electronic, facsimile or "ink original").

IN WITNESS WHEREOF, the Parties have executed this Agreement effective as of the date first written above.

**RHA:**

**CITY:**

HOUSING AUTHORITY OF THE CITY  
OF RICHMOND, a public body, corporate  
and politic

CITY OF RICHMOND, a California  
municipal corporation and charter city

By: \_\_\_\_\_

By: \_\_\_\_\_

Nannette J. Beacham,  
Executive Director

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Attest:

Attest:

By: \_\_\_\_\_

By: \_\_\_\_\_

Approved as to form:

Approved as to form:

By: \_\_\_\_\_

By: \_\_\_\_\_

Exhibit A

**CVR MEMORANDUM DATED DECEMBER 23, 2021**

(Attach Memorandum.)



## MEMORANDUM

**Date:** December 23, 2021

**To:** Nannette Beacham, RHA and Gabino Arredondo, RHA

**From:** Michael Tonovitz, CVR Associates, Inc.

**CC:** Gerard Windt, HUD; Benjamin Palmer, HUD; Shasa Curl, City of Richmond; and Anil Comelo, City Manager

**Subject:** Debts Owed Write Off/Repayment  
Update to Report Dated February 28, 2021

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On February 28, 2021, CVR Associates Inc. (CVR) submitted a report entitled "Report of Recommendations - Debts Owed Write Off/Repayment" to the U. S. Department of Housing and Urban Development (HUD), the Richmond Housing Authority (RHA), and the City of Richmond (COR). CVR's analysis determined that the verified amount due was \$699,907, of which \$307,649 should be offset by the transfer of ownership of the administrative building from RHA to the City. As a result, the amount due and subject to a repayment agreement was determined to be \$392,258. The details of the initial analyses are contained as Exhibit 2 of this memo.

One of the factors considered in the debts owned analysis was \$568,631 of potential duplicate payments to Housing Choice Voucher (HCV) landlords. Due to the conditions of RHA's accounting records, further verification of this amount was required.

HUD retained CVR in a separate engagement to verify whether the potential duplicate payments were remitted and, if so, if any funds were recovered. CVR's analysis determined that duplicate payments in the amount of \$429,416 were remitted but not repaid. This is \$139,215 less than what was initially identified as the potential duplicate payments. The difference in the amounts was attributable to checks that were voided or otherwise did not clear RHA's bank accounts.

It was also previously determined that the duplicate payments made by the City's Finance Department were paid with Administrative Fees, not Housing

Assistance Payment Funding. If not for these duplicate payments, there would have been additional Administrative Revenues available to RHA, reducing the amount of funds that the City would have needed to provide the program. Thus, the debts owed would have been \$429,416 less.

An updated summary of the verified debts owed is contained as Exhibit 1.

As a result, the verifiable amount due the City is calculated to be \$1,268,538. CVR recommends this amount be broken into three components as follows:

1. The debt owed should be reduced by \$307,649 once the Administration Building is transferred from RHA to COR;
2. The debts owed as a result of the duplicate payments of \$429,416 should be repaid with any funds that are recovered. Any uncollectable amounts should be written off; and
3. The remaining amount of \$531,473 should be made subject to a repayment agreement in accordance with CVR's original recommendations dated February 28, 2021.

Other than what is contained in this memo, none of CVR's prior recommendations are impacted by the analysis of duplicate payments.

In a separate report dated September 24, 2021, and a follow up memo dated, December 21, 2021, CVR has recommended next steps to recover the duplicate payments. CVR is ready to proceed in assisting in recovery efforts, once authorized to proceed by RHA and/or COR.

Any duplicate payments recovered should be remitted to the City in satisfaction of debts owned, but any uncollectable amounts should be written off.

We look forward to discussing this matter during the call scheduled for January 11, 2021.



**Exhibit 1 – Updated Analysis**

Amount	Description	Recommended Action
<b>\$15,371,628</b>	<b>Amount Owed per City of Richmond as of June 30, 2019</b>	
(\$5,704,418)	Notes & loans payable with accrued interest due from affiliated entities	Adjusted books and records to show that these funds are due from affiliated entities
(\$174,067)	Loan from Community and Development Loan Programs to Westridge paid off by sale of property	Write off this amount as it was erroneously booked
\$45,969	Difference of direct and indirect charges owed to the COR by RHA as verified with the COR's 2019 CAFR	Post adjustment to reflect CAFR differences
(\$2,096,527)	Incorrect recording of Westridge receivable	Write off this amount as it was erroneously booked.
(\$4,772,363)	Disallowed indirect cost allocations	Write off this amount because the City was not authorized to make these charges
(\$1,401,684)	Debt settlement per PHARS agreement	Write off in accordance with PHARS agreement
<b>\$1,268,538</b>	<b>Adjusted Amount Due</b>	
(\$307,649)	Net Value of Administration Building	Reduce debt upon transfer of building
(\$429,416)	Duplicate Landlord Payments	Repay City with recovered payments and write off uncollectable amounts.
<b>\$531,473</b>	<b>Amount Subject to Repayment Agreement</b>	

**Exhibit 2 – Original Analysis**

<b>Amount</b>	<b>Description</b>	<b>Recommended Action</b>
<b>\$15,371,628</b>	<b>Amount Owed per City of Richmond as of June 30, 2019</b>	
(\$5,704,418)	Notes & loans payable with accrued interest due from affiliated entities	Adjusted books and records to show that these funds are due from affiliated entities
(\$174,067)	Loan from Community and Development Loan Programs to Westridge paid off by sale of property	Write off this amount as it was erroneously booked
\$45,969	Difference of direct and indirect charges owed to the COR by RHA as verified with the COR's 2019 CAFR	Post adjustment to reflect CAFR differences
(\$2,096,527)	Incorrect recording of Westridge receivable	Write off this amount as it was erroneously booked.
(\$4,772,363)	Disallowed indirect cost allocations	Write off this amount because the City was not authorized to make these charges
(\$1,401,684)	Debt settlement per PHARS agreement	Write off in accordance with PHARS agreement
(\$568,631)	Duplicate landlord payments	Write off pending review of duplicate payments
<b>\$699,907</b>	<b>Verified Amount Due</b>	
\$307,649	Net Value of Administration Building	Reduce debt upon transfer of building
<b>\$392,258</b>	<b>Amount Subject to Repayment Agreement</b>	