CONTRA COSTA COUNTY

Administration Building | 1025 Escobar St., Martinez

AGENDA

Special Meeting

Tuesday, August 11, 2026

1:00 PM

HOUSING AUTHORITY

DIANE BURGIS, CHAIR
JOHN GIOIA
CANDACE ANDERSEN
KEN CARLSON, VICE CHAIR
SHANELLE SCALES-PRESTON
CYNTHIA JORDAN
JOANN SEGURA

JOSEPH VILLARREAL, EXECUTIVE DIRECTOR, (925) 957-8001

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Persons who wish to address the Board during public comment or with respect to an item on the agenda may comment in person or may call in during the meeting by dialing 1 855-758-1310. A caller should indicate they wish to speak on an agenda item by pushing "#2" on their phone. Persons who wish to address the Board in person should complete the form provided for that purpose. Access via Zoom is also available using the following link: https://cccounty-us.zoom.us/j/81863939331. Those participating via Zoom should indicate they wish to speak on an agenda item by using the “raise your hand” feature in the Zoom app. To provide contact information, please contact Clerk of the Board at clerkoftheboard@cob.cccounty.us or call 925-655-2000. If the Zoom connection malfunctions for any reason, the meeting may be paused while a fix is attempted. If the connection is not reestablished, the Board will continue the meeting in person without remote access.

Public comments generally will be limited to two minutes per speaker. In the interest of facilitating the business of the Board, the total amount of time that a member of the public may use in addressing the Board on all agenda items is 10 minutes. Your patience is appreciated.

A lunch break or closed session may be called at the discretion of the Board Chair. Staff reports related to open session items on the agenda are also accessible online at www.contracosta.ca.gov.

1:00 P.M. Convene and call to order

1. CONSIDER CONSENT ITEMS (Items listed as C.1 through C.1 on the following agenda) – Items are subject to removal from Consent Calendar by request of any Commissioner. Items removed from the Consent Calendar will be considered with the Discussion Items.

2. DISCUSSION ITEMS

D.1 ACCEPT presentation concerning the transition of all HACCC’s public housing units to other financial structures that will provide long-term, subsidized, affordable rents to families while dramatically improving the long-term economic viability of the properties for HACCC. **26-3274**

Attachments: HACCC Repositioning Board Presentation Final
Repositioning Plan Executive Summary August Board Final

D.2 CONSIDER accepting a report on the U.S. Department of Housing and Urban Development’s (HUD) Public Housing Agency Recovery and Sustainability (PHARS) Initiative. **26-3272**

Attachments: ED Training Jan 2012 PHARS
PHA-Indicator-Calculations-Worksheet-Instructions
PHAS HACCC 2026
CA011 Contra Costa - PHARS Troubled TAL Letter de
CA011 Contra Costa - PHARS On-site Assessment Notification Letter

D.3 CONSIDER accepting a report on the shortfall funding status of the housing authority's (HACCC) Housing Choice Voucher (HCV) program. **26-3273**

Attachments: Payment Standard Study Draft Page 3

D.4 PUBLIC COMMENT (2 Minutes)

3. CONSENT ITEMS

C.1 RECEIVE the Housing Authority of the County of Contra Costa's investment report for the quarter June 30th, 2026 **26-3275**

Attachments: Investment Report for Qtr 06-30-26

4. ADJOURN

AGENDA DEADLINE: Thursday, 12 noon, 12 days before the Tuesday Board meetings.

GENERAL INFORMATION

The Board meets in all its capacities pursuant to Ordinance Code Section 24-2.402.

Any disclosable public records related to an open session item on a regular meeting agenda and distributed by the Clerk of the Board to a majority of the members of the Board of Supervisors less than 96 hours prior to that meeting are available for public inspection at 1025 Escobar Street, First Floor, Martinez, CA 94553, during normal business hours.

All matters listed under CONSENT ITEMS are considered by the Board to be routine and will be enacted by one motion. There will be no separate discussion of these items unless requested by a member of the Board before the Board votes on the motion to adopt. Each member of the public will be allowed two minutes to comment on the entire consent agenda.

Persons who wish to speak on matters set for PUBLIC HEARINGS will be heard when the Chair calls for public testimony. Each speaker during public testimony will be limited to two minutes. After public testimony, the hearing is closed and the matter is subject to discussion and action by the Board. Comments on matters listed on the agenda or otherwise within the purview of the Board of Supervisors can be submitted to the office of the Clerk of the Board via mail: Board of Supervisors, 1025 Escobar Street, First Floor, Martinez, CA 94553 or to clerkoftheboard@cob.cccounty.us.

Time limits for public speakers may be adjusted at the discretion of the Chair.

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1025 ESCOBAR STREET
MARTINEZ, CA 94553

CONTRA COSTA COUNTY

Staff Report

File #: 26-3274 **Agenda Date:** 8/11/2026 **Agenda #:** D.1

To: Contra Costa County Housing Authority Board of Commissioners

From: Joseph Villarreal, Executive Director

Report Title: Presentation concerning the Repositioning of all the Housing Authority's (HACCC) Public Housing Units

☐Recommendation of the County Administrator ☐ Recommendation of Board Committee

RECOMMENDATIONS:
ACCEPT presentation concerning the transition of all HACCC's public housing units to other financial structures that will provide long-term, subsidized, affordable rents to families while dramatically improving the long-term economic viability of the properties for HACCC.

BACKGROUND:
Across the country, public housing has faced decades of federal budget cuts, leaving local housing authorities without adequate capital for repairs, major renovations, or basic maintenance. For example, HUD's 2026 budget to address capital needs is $3.2 billion, however, the capital needs for public housing were estimated at $169.1 billion in 2025. Similarly, HACCC has $9.3 million in immediate capital needs, and our 3- to 5-year needs are $36.5 million, while only receiving $3.8 million for capital needs in 2026 with $2.1 million of that set aside for repairs.

Given this reality, HACCC's public housing program is only marginally viable currently and thus HACCC is actively moving to transition all units from its public housing program into other forms of long-term assisted, affordable housing. This process is known as repositioning and started with Las Deltas in North Richmond in 2013 with HUD approval given in 2019 to transition that property out of the public housing program. To begin the current phase of this process, HACCC commissioned a team of affordable housing finance and land use experts to assess the existing condition of the portfolio, analyze operating budgets, estimate rents and capital needs to model a variety of financial and land use feasibility scenarios. Based on this data, HACCC's consultants developed a Public Housing Repositioning Plan that established a portfolio-wide strategy to preserve and modernize HACCC's remaining public housing units, maintain long-term affordability for residents, and selectively expand the supply of affordable housing. The strategy centers on repositioning properties out of the public housing program and into long-term, project-based voucher contracts with blends of Section 18 and Rental Assistance Demonstration (RAD) units, enabling access to private debt and Low-Income Housing Tax Credit (LIHTC) financing to fund rehabilitation and redevelopment of HACCC's properties. HACCC's consultants (Zen Development Consultants, LLC, Structure development Advisors, LLC and FORWARD City Labs) will update the Board on the proposed repositioning plan.

Staff will return to the Board at the September meeting to:

- Adopt the Repositioning Plan and confirm property strategies, groupings, and phasing.
- Authorize initiation of Phase 1 transactions.

Assuming the Board takes those actions at the September meeting, among many other steps, staff will then begin the following:

- Procure experienced development partner(s) through a qualifications-based RFQ process.
- Conduct updated due diligence, as needed, including Physical Needs Assessments and appraisals.
- Initiate HUD conversion processes and prepare applications.
- Continue resolving key feasibility and entitlement issues affecting Phase 2 and Phase 3 projects.

FISCAL IMPACT:
Based on 2025 funding levels, HUD's pending cuts were projected to cost the Housing Authority (HACCC) over $14,600,000 in funding dedicated to homeless households in 2026. This funding supports permanent housing for over 550 households.

CONSEQUENCE OF NEGATIVE ACTION:
None. Informational Item Only.

Public Housing Repositioning Plan

Housing Authority of the County of Contra Costa

Presented to the Board of Commissioners

Zen Development Consultants · Structure Development Advisors · Forward City Labs

August 11, 2026

WHO PREPARED THIS PLAN

The Consultant Team

ZDC — Lead Advisor

Zen Development Consultants

Financial feasibility, repositioning strategy, and transaction structuring.

SDA — HUD Specialists

Structure Development Advisors

Section 18 / RAD eligibility, blends, and HUD processing.

FCL — Land Use

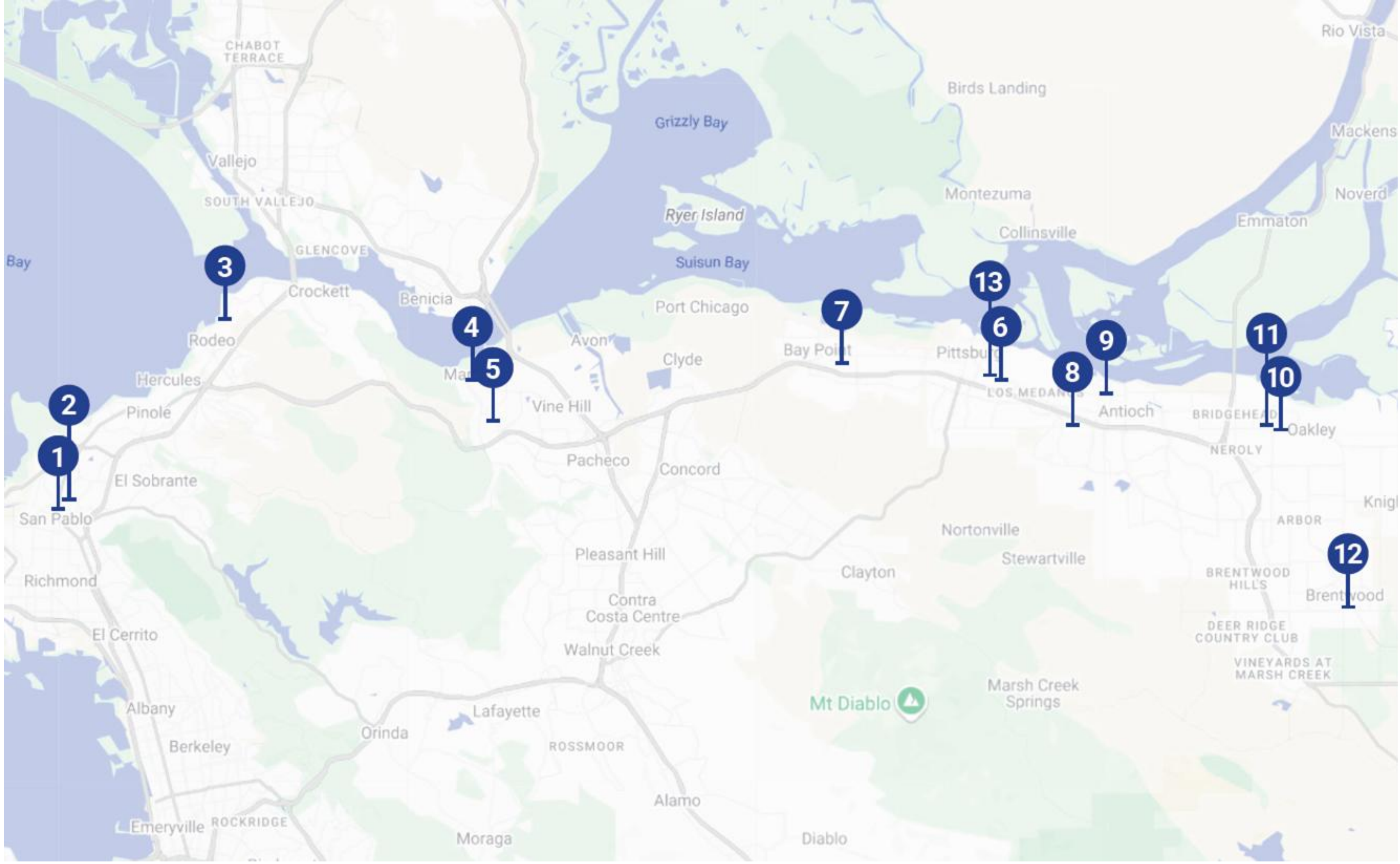
Forward City Labs

Architectural test-fit studies; infill and redevelopment concepts.

Together the team combines the finance, HUD/regulatory, and land-use expertise a repositioning requires.

STUDY AREA

Portfolio Snapshot



	Property	Units
1	Vista del Camino	100
2	Kidd Manor	41
3	Bayo Vista	244
4	Hacienda	50
5	Alhambra Terrace	52
6	El Pueblo	176
7	Casa de Serena	50
8	Elder Winds	100
9	Bridgemont	36
10	Casa de Manana	40
11	Los Arboles	30
12	Los Nogales	44
13	Pittsburg Preschool	0
	Total (occupied)	**963**

WHY ACT NOW

The Need for Action

- 12 occupied properties, 963 units on ~100 acres, all but one built during the 1940s–1960s
- 2026 capital fund is $3.8M (with $2.1M of that set aside for repairs), against immediate capital needs of $9.3M and 3–5-year needs of $36.5M
- Public housing operating and capital funds are chronically underfunded and uncertain year to year
- HUD is actively encouraging housing authorities to exit the public housing program

The gap in numbers: $2.1M of capital funding available for repairs vs. $9.3M of immediate needs — and $36.5M over the next 3–5 years.

WHAT WE DID

Our Approach

- Portfolio-wide assessment: physical condition, achievable rents, operating budgets, and capital needs
- Financial feasibility modeled at a conservative (high-cost) and optimistic (low-cost) level for every property
- Land-use and architectural test-fit studies for infill and redevelopment potential
- Goal: preserve and modernize units, maintain long-term affordability, and selectively expand supply

Section 18 & RAD

Reposition units out of public housing into long-term, project-based Section 8 (voucher) contracts.

RAD

- Converts existing public housing subsidy
- Contract rents based on current funding — significantly lower for HACCC
- Preserves affordability and the right to return

Section 18

- Disposition with Tenant Protection Vouchers
- Rents based on Fair Market Rent — significantly higher for HACCC
- Requires qualifying (obsolescence, scattered site, etc.)

Blend the two — e.g., 90% Section 18 / 10% RAD — to maximize contract rents and debt capacity, which fund a deeper rehabilitation.

HOW IT PAYS FOR ITSELF

The Financing Model

1

Long-term Section 8 contract

Predictable rent supports a private permanent loan

→

2

Tax-exempt bonds + 4% LIHTC

A bond allocation (CDLAC) automatically brings 4% credits (CTCAC) — the core capital stack

→

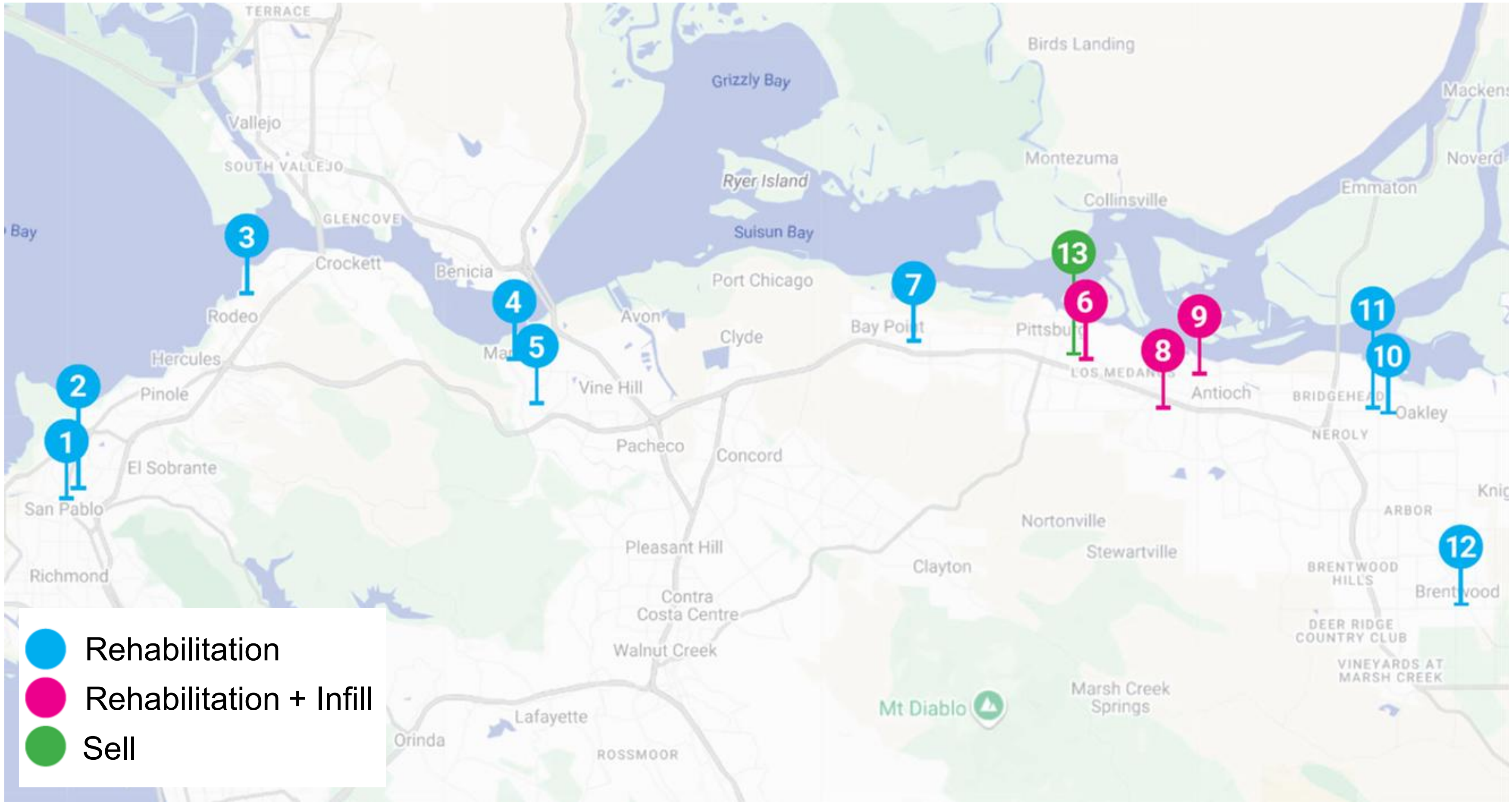
3

Subordinate gap funding

County Measure X and State HCD programs close any remaining need

Basis boost: a location in a Qualified Census Tract (QCT) or Difficult Development Area (DDA) adds a 30% boost to tax-credit equity — often the difference between feasible and not.

Recommended Direction by Property



	Property
1	Vista del Camino
2	Kidd Manor
3	Bayo Vista
4	Hacienda
5	Alhambra Terrace
6	El Pueblo
7	Casa de Serena
8	Elder Winds
9	Bridgemont
10	Casa de Manana
11	Los Arboles
12	Los Nogales
13	Pittsburg Preschool

Recommended Direction by Property

Property	Region	Units	Recommended direction
Vista del Camino	West	100	Rehabilitation (redevelopment alternative under study)
Kidd Manor	West	41	Rehabilitation
Bayo Vista	West	244	Rehabilitation (standalone transaction)
Hacienda	Central	50	Rehabilitation
Alhambra Terrace	Central	52	Rehabilitation
El Pueblo	East	176	Rehabilitation + infill (~100 or ~50 new units)
Casa de Serena	East	50	Rehabilitation (or sale / relocate to El Pueblo)
Elder Winds	East	100	Rehabilitation + infill (~58 new units)
Bridgemont	East	36	Rehabilitation + infill (~4 new units)
Casa de Manana	East	40	Rehabilitation
Los Arboles	East	30	Rehabilitation
Los Nogales	East	44	Rehabilitation
Pittsburg Preschool	East	0	Sell
Total (occupied)		**963**	

MAKING IT FEASIBLE

Grouping into Six Transactions

12 properties → **6 transactions**

- Combine the 12 properties into 6 transactions rather than financing each individually
- Scattered-site “projects” may combine up to 5 sites in a county under one financing
- Spreads fixed transaction costs and lets financially stronger properties offset weaker ones
- Reaches the scale needed to attract development partners and tax-credit investors

THE ROADMAP

Phasing Plan

Phase	Transaction	Properties	Units
1	Martinez	Hacienda, Alhambra Terrace	102
1	East County & Kidd Manor	Kidd Manor, Los Arboles, Casa de Manana, Los Nogales	155
2	El Pueblo	El Pueblo (rehabilitation + infill)	176 (+100)
2	Bayo Vista	Bayo Vista	244
3	East County – Added Units	Casa de Serena, Bridgemont, Elder Winds	186 (+62)
3	Vista del Camino	Vista del Camino	100

Phase 1: feasible rehabs · Phase 2: largest properties + infill · Phase 3: most complex / threshold-dependent sites

ADDING HOMES

Expanding the Supply: Infill & Redevelopment

- Infill alongside rehabilitation: El Pueblo (~100-unit or ~50-unit alternative), Elder Winds (~58), Bridgemont (~4)
- Redevelopment studied: Vista del Camino (~500 units) and Casa de Serena (~124 units)
- Added-unit scenarios cost more per unit and generally require gap funding — carried as options to advance when feasible
- Forward City Labs concept drawings for each site are included in the appendix

VALUE CREATED

Economic Benefit to HACCC by Grouping

Grouping	Low cost	High cost
Martinez	$3.8M	$3.9M
East County & Kidd Manor	$4.8M	$5.4M
El Pueblo	$7.3M	$7.5M
Bayo Vista	$11.9M	$11.9M
East County – Added Units	$3.8M	$5.6M
Vista del Camino	$3.5M	$3.9M
Total	**~$35.2M**	**~$38.2M**

WHY IT MATTERS

Value to HACCC & Continuity for Residents and Staff

$35–38M

estimated economic value to HACCC — developer fees and long-term cash flow to reinvest in its mission

- Nearly 1,000 affordable homes preserved and modernized, with new units added at select sites
- Residents keep deep affordability (~30% of income), the right to return, and federal relocation protections
- HACCC retains its administrative and maintenance staff through a new property-management entity
- HACCC keeps long-term ownership and control of the portfolio

HOW IT GETS DONE

HACCC's Role & Selecting a Development Partner

- HACCC's role: ground lessor (long-term ground lease) plus a seller note for the value of the improvements
- HACCC participates as a joint-venture partner — sharing developer fee and cash flow — and manages the properties where feasible
- The development partner is in the driver's seat: leads execution, funds most predevelopment, and provides the financing guarantees
- Procure partner(s) through a qualifications-based RFQ (not a price-based RFP); a pre-qualified pool can serve the multi-phase program

REQUESTED BOARD ACTIONS

Next Steps

Target: Board action at the September meeting

- Adopt the Repositioning Plan; confirm property strategies, groupings, and phasing
- Authorize initiation of the Phase 1 transactions
- Procure experienced development partner(s) through a qualifications-based RFQ
- Commission updated PNAs / appraisals; engage HUD; resolve Phase 2–3 threshold issues (e.g., Bayo Vista environmental)

Appendix

Supporting detail for discussion and the public record

Section 18 / RAD Blend by Property — High vs. Low Cost

Property	Blend — high cost	Blend — low cost
Vista del Camino	90% / 10%	60% / 40%
Kidd Manor	90% / 10%	60% / 40%
Bayo Vista	90% / 10%	90% / 10%
Alhambra Terrace	90% / 10%	90% / 10%
Hacienda	90% / 10%	60% / 40%
El Pueblo	90% / 10%	90% / 10%
Casa de Serena	90% / 10%	90% / 10%
Elder Winds	60% / 40%	30% / 70%
Bridgemont	90% / 10%	90% / 10%
Casa de Manana	90% / 10%	60% / 40%
Los Arboles	90% / 10%	60% / 40%
Los Nogales	90% / 10%	90% / 10%

Feasibility Summary — Surplus / (Gap) by Property

Property	Surplus / (gap) — high cost	Surplus / (gap) — low cost
Vista del Camino	($0.12M)	$5.58M
Kidd Manor	($7.29M)	($3.53M)
Bayo Vista	$18.23M	$32.04M
Alhambra Terrace	($0.86M)	$2.60M
Hacienda	($2.29M)	($0.28M)
El Pueblo	($3.48M)	$6.66M
Casa de Serena	($10.35M)	($4.08M)
Elder Winds	$5.61M	($2.10M)
Bridgemont	($3.68M)	($1.41M)
Casa de Manana	($0.96M)	$1.28M
Los Arboles	$0.92M	$0.94M
Los Nogales	$0.18M	$2.61M
Portfolio total	**($4.1M)**	**$40.3M**

LAND USE CONCEPT

El Pueblo — Infill Option 1

El Pueblo, Pittsburg

Developable Site Area: 1.75 Acres (76,311 Sq Ft)

Proposed Development Type: Multi-family housing

Proposed Bedroom Mix: 1-Bedroom (50%) , 2-Bedroom (25%) & 3-Bedroom (25%)

Source: Forward City Labs Test-Fit / Development Capacity Study

LAND USE CONCEPT

El Pueblo — Infill Option 2 (Casa de Serena relocation)

El Pueblo, Pittsburg (Relocation option for Casa De Serena)

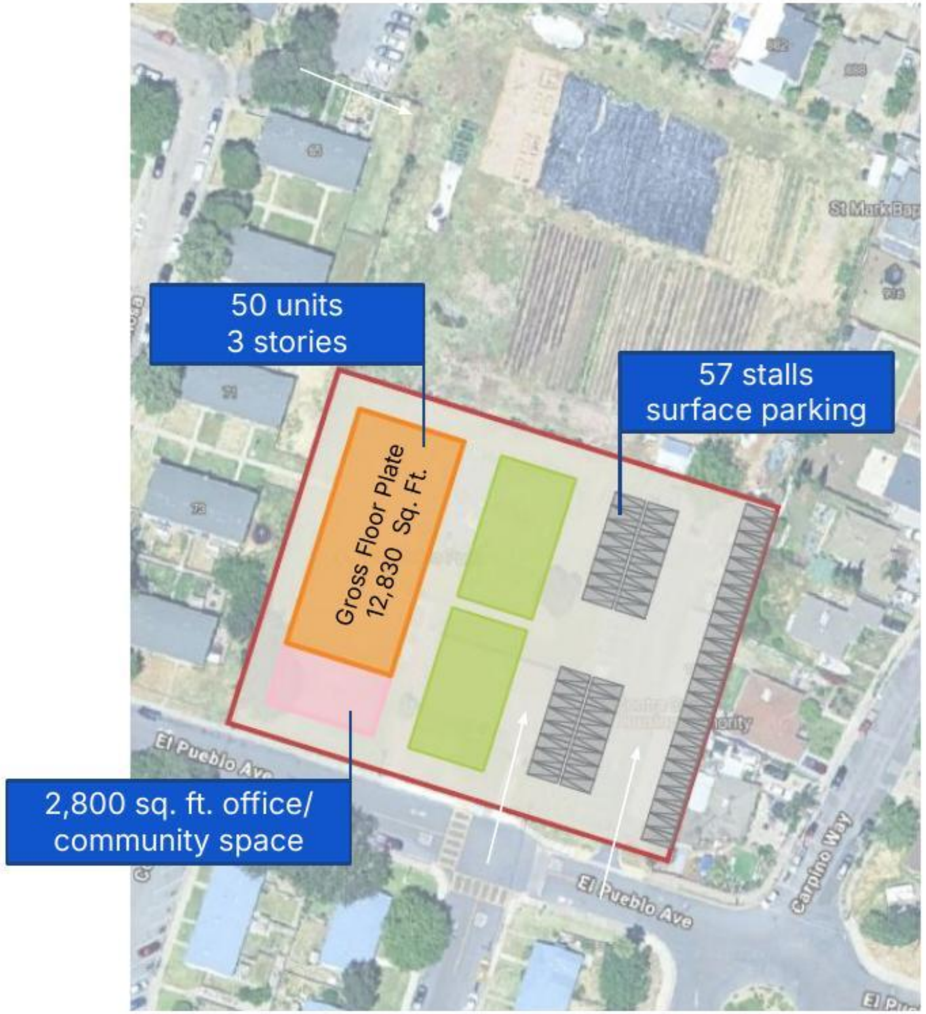
Developable Site Area: 1.75 Acres (76,311 Sq Ft)

Proposed Development Type: Multi-family housing + Community Space/ Office Space

Proposed Bedroom Mix: 1-Bedroom (100%)

Development Assumptions & Strategy

- Existing uses to be demolished including HACCC office space, detached parking garages, basketball court and El Pueblo park
- 2,800 sq. ft. office/ community space allocated on ground floor to relocate the existing HACCC office
- 57 surface parking stalls includes 50 stalls (1:1) for resident parking + 7 stalls for office/ visitor parking
- Basketball court and El Pueblo park relocated as green space



Elder Winds — Infill

Elder Winds, Antioch

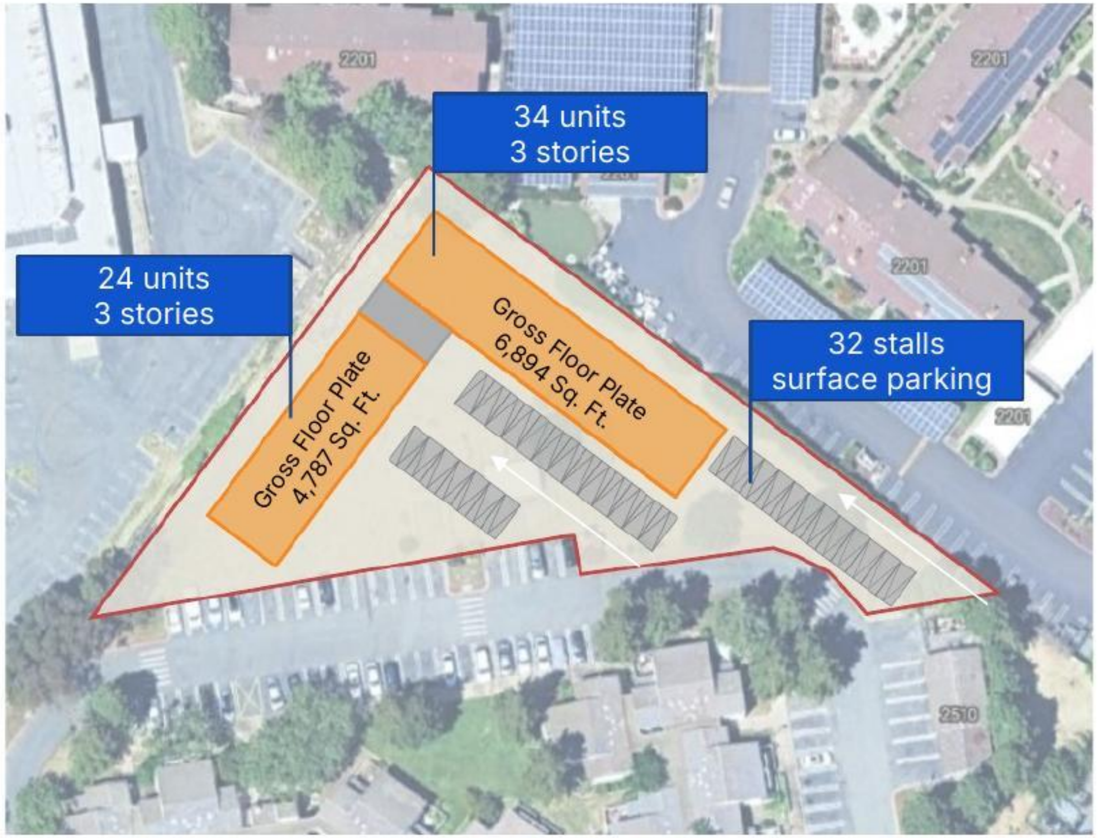
Developable Site Area: 0.9 Acres (39,142 Sq Ft)

Proposed Development Type: Apartment - Senior/Disabled

Proposed Bedroom Mix: 1-Bedroom (100%)

Development Assumptions & Strategy

- Infill Development utilizes State Density Bonus provisions to achieve additional density.
- Calculation excludes all common areas beyond basic utilities and on-site laundry.



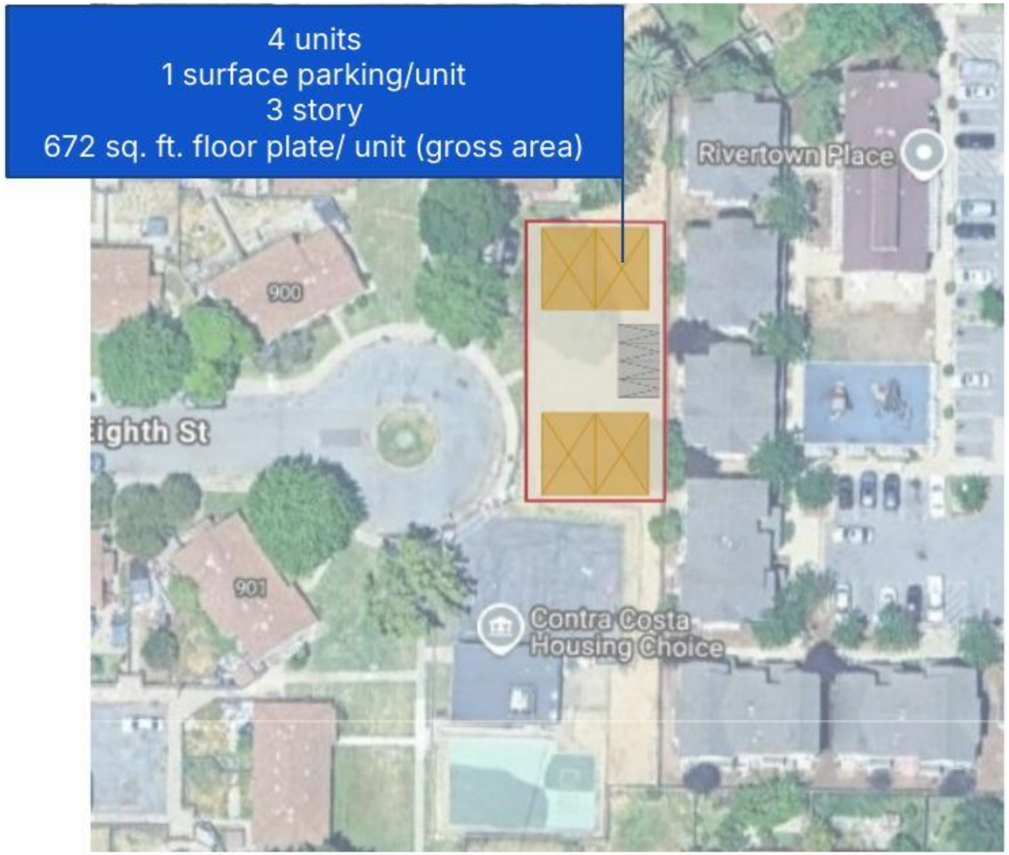
Bridgemont — Infill

Bridgemont, Antioch

Developable Site Area: 0.14 Acres (6,012 Sq Ft)

Proposed Development Type: Duplex - Family

Proposed Bedroom Mix: 2-Bedroom (50%) & 3-Bedroom (50%)



Source: Forward City Labs Test-Fit / Development Capacity Study

Vista del Camino — Redevelopment (studied)

Vista Del Camino, San Pablo

Developable Site Area: 8.27 Acres

Proposed Development Type: Multi-family housing

Proposed Bedroom Mix:

- **Bldg 1** (south of the site): Mirror the existing unit mix with 1-, 2-, 3-, and 4-bedroom units
- **Bldg 2** (north of the site): 1-Bedroom (50%), 2-Bedroom (25%), 3-Bedroom (25%)

Yield: 500 Units + 500 Surface Parking Stalls

Development Assumptions & Strategy

- Existing units assumed to be demolished.
- Site to be rezoned to achieve higher density and 5 stories height.
- The development to be carried out in multiple phases.

Casa de Serena — Redevelopment (studied)

Casa De Serena, Unincorporated

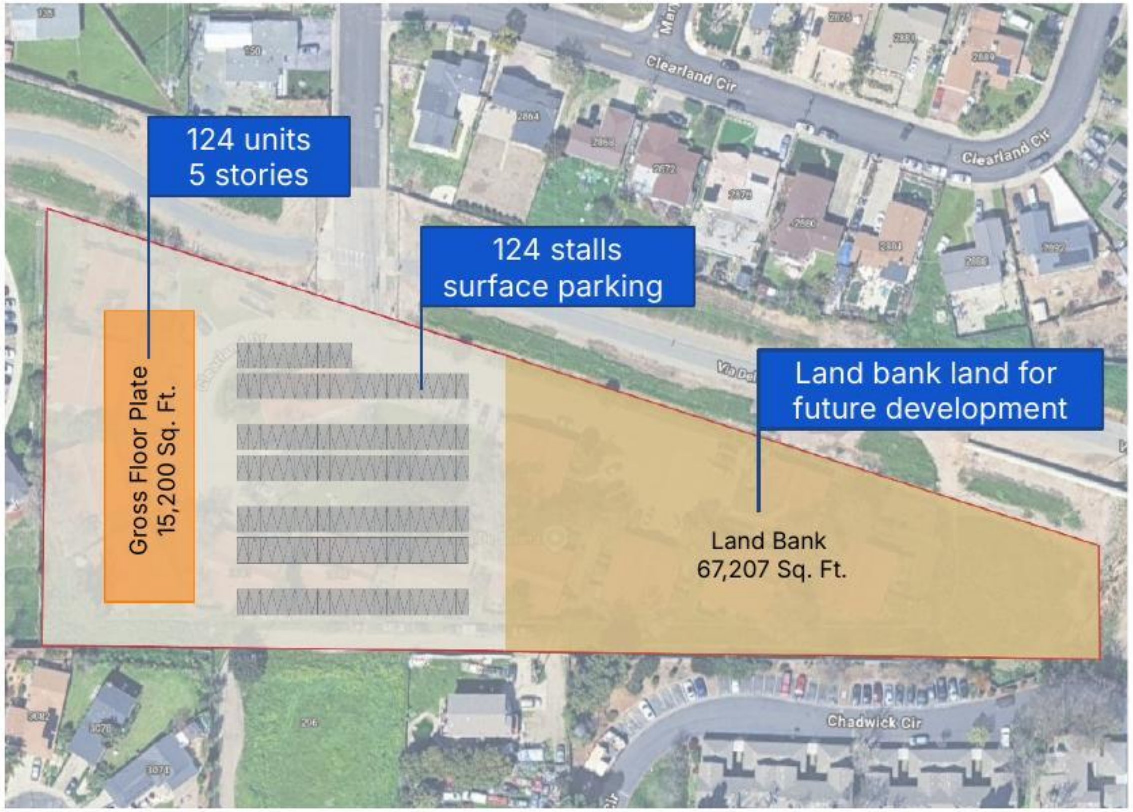
Developable Site Area: 4.07 Acres (177,174 Sq Ft)

Proposed Development Type: Multi-family Housing for Seniors

Proposed Bedroom Mix: 1-Bedroom (100%)

Development Assumptions & Strategy

- Existing units assumed to be demolished.
- Redevelopment utilizes State Density Bonus provisions to achieve density and target building height.
- Maximum residential yield is achieved under this scenario.
- A five-story structure optimizes both land use and hard costs, preserving the remaining acreage for phased development or complementary uses. To maximize the density of these future phases, a formal up-zoning request will be required.



RAD / Section 18 Eligibility & Blend Thresholds

- Section 18 (obsolescence): required repairs must exceed 57.14% (walk-up) or 62.5% (elevator) of HUD Total Development Cost (TDC)
- Other Section 18 routes: small PHA (≤ 250 units), very small PHA (≤ 50 units), and scattered-site tests
- Construction blends set by construction cost vs. HUD Housing Construction Cost (HCC): > 90% HCC → 90/10, > 60% → 60/40, > 30% → 30/70
- Higher-cost rehabilitations qualify for a higher Section 18 share — and therefore higher achievable rents

Key Assumptions & Sources

- Feasibility modeled at conservative (high-cost) and optimistic (low-cost) hard-cost and relocation levels
- Rents from the Section 18 / RAD blend, capped by HACCC's rent-reasonableness study
- Appraised values estimated by formula — appraisals not yet commissioned
- Financing: tax-exempt bonds + 4% LIHTC, seller note, deferred developer fee, and subordinate gap funding
- Sources: consultant underwriting; HACCC records and financials; 2021 Physical Needs Assessments; Forward City Labs test-fits

Repositioning Plan for HACCC Public Housing Portfolio

Executive Summary

The Housing Authority of the County of Contra Costa (HACCC) owns and operates 963 public housing units across twelve properties on approximately 100 acres, along with the vacant former Pittsburg Preschool parcel. Due to aging assets and chronic federal underfunding, the portfolio carries significant capital needs that cannot be addressed within the existing public housing funding framework. Our capital fund for 2026 is $3.8 million with $2.1 million set aside for repairs, while our immediate capital needs are $9.3 million and our 3- to 5- year needs are $36.5 million.

Given this reality, HACCC is actively moving to remove all its units from the public housing program, a process that started with Las Deltas in North Richmond in 2013 with HUD approval given in 2019. To begin the current phase of this process, HACCC commissioned a team of affordable housing finance and land use experts to assess the existing condition of the portfolio, analyze operating budgets, and estimate rents and capital needs to model a variety of financial and land use feasibility scenarios. Based on this data, HACCC's consultants developed a Public Housing Repositioning Plan that established a portfolio-wide strategy to preserve and modernize HACCC's remaining public housing units, maintain long-term affordability for residents, and selectively expand the supply of affordable housing. The strategy centers on repositioning properties out of the public housing program and into long-term, project-based voucher contracts. This will enable access to private debt and Low-Income Housing Tax Credit (LIHTC) financing to fund rehabilitation and redevelopment of HACCC's properties.

HACCC's recommended approach is to convert properties using a blend of HUD's Section 18 Disposition and RAD programs, generally at a 90%/10% Section 18 / RAD mix. This structure maximizes contract rents and debt capacity, allowing properties to support substantial rehabilitation through tax-exempt bonds and 4% LIHTC equity, supplemented by gap funding where required.

Portfolio Strategy

The recommended strategy is to group the portfolio into six transactions that will be advanced in three phases. This structure spreads fixed transaction costs across more units, improves financial feasibility, and allows properties that can secure more funding to offset properties with access to less capital and/or higher rehabilitation needs. It also provides a practical way to manage execution and operational capacity while preserving the ability to address capital needs across the portfolio over time.

This chart summarizes the recommended strategy, by property. The portfolio is generally best preserved through rehabilitation, with several sites also offering opportunities for infill development, standalone repositioning, or longer-term redevelopment.

Property	Region	Units	Recommended direction
Vista del Camino	West (San Pablo)	100	Rehabilitation (redevelopment alternative under study)
Kidd Manor	West (San Pablo)	41	Rehabilitation
Bayo Vista	West (Rodeo)	244	Rehabilitation (standalone transaction)
Hacienda	Central (Martinez)	50	Rehabilitation
Alhambra Terrace	Central (Martinez)	52	Rehabilitation
El Pueblo	East (Pittsburg)	176	Rehabilitation + infill (~50-100 new units)
Casa de Serena	East (Bay Point)	50	Rehabilitation
Elder Winds	East (Antioch)	100	Rehabilitation + infill (~58 new units)
Bridgemont	East (Antioch)	36	Rehabilitation + infill (~4 new units)
Casa de Manana	East (Oakley)	40	Rehabilitation
Los Arboles	East (Oakley)	30	Rehabilitation
Los Nogales	East (Brentwood)	44	Rehabilitation
Pittsburg Preschool	East (Pittsburg)	0	Market rate sale.
Total (occupied)	**—**	**963**	**—**

Property-Level Strategy

The Plan recommends repositioning all properties, with strategies tailored to site conditions, financial feasibility, and redevelopment potential.

Rehabilitation-focused properties: Most of the portfolio is best preserved through comprehensive rehabilitation. This means that the existing units will be renovated and modernized, but no new units will be built at those properties. These include Hacienda, Alhambra Terrace, Kidd Manor, Casa de Manana, Los Arboles, Los Nogales, and Casa de Serena.

Standalone property: Bayo Vista is recommended as a standalone transaction due to its scale and strong financing potential, subject to resolution of environmental and insurability considerations.

Rehabilitation with infill potential: El Pueblo, Elder Winds, and Bridgemont can accommodate additional units alongside a comprehensive renovation of the existing units, offering opportunities to expand affordable housing where financially feasible.

Future redevelopment opportunities: Vista del Camino and Casa de Serena were evaluated for redevelopment. Vista del Camino remains a longer-term opportunity contingent on changes to tax-credit basis boost eligibility (30% increase), while Casa de Serena is not currently feasible for redevelopment and is recommended for rehabilitation or sale. If Casa de Serena is sold all 50 units will be replaced with new construction as an infill affordable housing development on a portion of the El Pueblo site.

Vacant parcel opportunity: The former Pittsburg Preschool parcel currently lacks a feasible financing pathway for new development. Therefore, it will be sold at market rate to fund both public housing operations and pre-development costs for the repositioning effort.

Phasing Plan

This chart summarizes the recommended grouping and implementation schedule, which organizes the transactions into three phases. The phasing sequence is intended to balance speed, financial feasibility, and operational complexity, while allowing HACCC to move forward first with the most straightforward transactions and reserve the more complex or threshold-dependent sites for later stages.

Phase	Transaction	Properties	Units
1	Martinez	Hacienda, Alhambra Terrace	102
1	East County & Kidd Manor	Kidd Manor, Los Arboles, Casa de Manana, Los Nogales	155
2	El Pueblo	El Pueblo (rehabilitation + infill)	176 (+~50-100)
2	Bayo Vista	Bayo Vista	244

3	East County – Added Units	Casa de Serena, Bridgemont, Elder Winds	186 (+~62)
3	Vista del Camino	Vista del Camino	100 (+~400)

Phase 1 includes the most immediately feasible rehabilitation transactions and is intended to establish the repositioning framework and allow HACCC to begin implementation in the short-term.

Phase 2 advances larger and more complex transactions, including sites with infill opportunities or unique financing considerations.

Phase 3 includes the sites with the greatest complexity, including those that depend on additional funding, design work, entitlement processing, or resolution of funding or development threshold issues.

This phased approach allows HACCC to sequence work in a way that supports both practical execution and strategic flexibility. It also creates opportunities to refine later transactions based on lessons learned in the early phases, while preserving the ability to adjust timing if financing, regulatory, or site-specific conditions change.

Transaction Groupings

To improve financial feasibility, reduce reliance on scarce subsidies, and make HACCC's tax credit applications more competitive, the Plan groups properties into six transactions rather than financing them individually. This approach spreads fixed transaction costs across a larger unit base, allows financially stronger properties to offset weaker ones, and reduces aggregate gap funding requirements.

This structure is central to delivering a financially viable repositioning program at scale.

Benefits of the Plan

Repositioning the portfolio out of the public housing program in a phased, grouped approach provides several key benefits:

- Preservation of housing stock through the repair and modernization of aging assets.
- Long-term financial sustainability through stable project-based voucher and RAD contract revenue.
- Improved operating efficiency, with projected post-rehabilitation operations running approximately 13% leaner than current public housing costs.

- Opportunity to add new affordable homes at selected sites.
- Estimated economic value to HACCC of approximately $35 million to $38 million through shared development fees and long-term cash flow, supporting reinvestment in HACCC's mission.

Resident and Staff Continuity

Residents will retain deep affordability, generally paying 30% of household income toward rent, and will have the right to return following temporary relocation during construction. Provided HUD rules and funding levels stay the same, existing public housing residents will also have the opportunity to switch to the voucher program if they prefer when renovation occurs at their property. HACCC intends to retain its administrative and maintenance staff through a new property management entity and will maintain long-term ownership and control of the portfolio.

Considerations and Next Steps

While there are risks inherent in repositioning HACCC's public housing portfolio, HACCC's public housing program is only marginally financially viable. Further, what has made it viable in recent years are several infusions of shortfall funding from HUD. Given the history of Congressional funding for the public housing program, and the program's tremendous outstanding capital needs, HACCC cannot continue to rely on such funding.
HUD is strongly encouraging all PHAs to transition from under public housing program rules, regulations and funding constraints. Also, State funding is currently favorable for projects like the repositioning of HACCC's public housing units. Therefore, it is highly recommended that HACCC begin executing the proposed Plan as soon as possible.

1025 ESCOBAR STREET
MARTINEZ, CA 94553

CONTRA COSTA COUNTY

Staff Report

File #: 26-3272 **Agenda Date:** 8/11/2026 **Agenda #:** D.2

To: Contra Costa County Housing Authority Board of Commissioners

From: Joseph Villarreal, Executive Director

Report Title: Report on the Status of the U.S. Dept of Housing and Urban Development's Public Housing Agency Recovery and Sustainability Initiative

☐Recommendation of the County Administrator ☐ Recommendation of Board Committee

RECOMMENDATIONS:
CONSIDER accepting a report on the U.S. Department of Housing and Urban Development's (HUD) Public Housing Agency Recovery and Sustainability (PHARS) Initiative.

BACKGROUND:
Attached to this Board order are documents concerning both the PHARS process as a whole and how PHARS relates to the Housing Authority specifically.

Staff will discuss these documents with the Board at the August 11, 2026, meeting. The PHARS process is directly related to the public housing repositioning.

FISCAL IMPACT:
None. Informational item only.

CONSEQUENCE OF NEGATIVE ACTION:
None. Informational item only.

Public Housing Agency Recovery and Sustainability (PHARS) Initiative

WAHA Training
January 24, 2012

2

The New Approach: PHARS Initiative

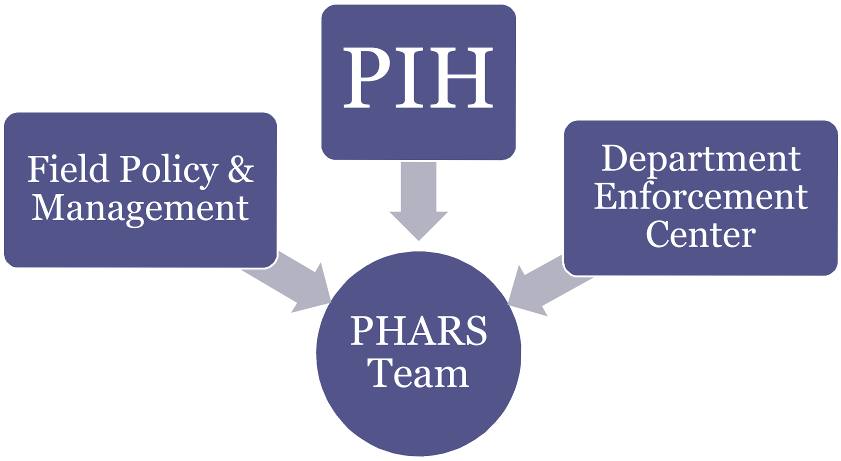
“If you do what you’ve always done, you’ll get what you’ve always gotten.”

Anthony Robbins

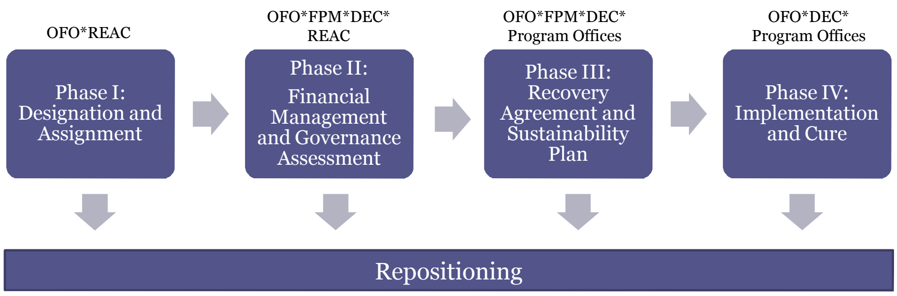
PHARS Initiative Overview

- **Purpose:** To ensure effective and *sustainable* recovery of troubled public housing
- **Approach:** Place-based with an emphasis on sound fiscal management and good governance tailored to PHA needs (4 categories defining level of effort)
- **Process:**
  - Phase I: Designation and Assignment
  - Phase II: Financial management & Governance assessment
  - Phase III: Recovery Agreement/Action Plan & Sustainability Plan
  - Phase IV: Implementation and Cure
  - Repositioning

PHARS Partners & Team Structure



Recovery Approach



Phase I: Designation and Assignment

Objective: To maximize resources and tailor HUD's approach to recovering troubled PHAs by designating the expected level of effort required to sustainably recover a PHA and identifying the staff resources (Field Office or Network Team) to assist with this effort

Highlights:

Quarterly Troubled List release

PHA notification of status from REAC

Request recovery plan proposal from PHA

Level of Effort identification

Assignment of HUD team to PHA

Levels of effort for recovery

Level 1
- PHA self-manage recovery w/ minimal HUD support (short-term)

Level 2
- In-depth issues requiring Field Office intervention (short-term)

Level 3
- Systemic issues requiring intervention by Recovery Team (medium-term)

Level 4
- Most systemically troubled requiring intensive intervention (long-term)

Phase II: Financial Management & Governance Assessment

Objective: To provide a comprehensive understanding of the PHA's history and identify systemic causes of the PHA's Troubled status

Highlights:

Remote Assessment
- Analyze data 3-5 years from PIC, FDS, OIG, field office files and reports, PNA, Annual and 5-year plans

On-Site Assessment
- Assess oversight effectiveness of appointing official and PHA board
- Assess effectiveness of Executive Director, PHA management team and the relationship w/ community and residents served
- Analyze financial data for liquidity, financial health, revenue and expense trends, etc.

Internal Summary of Assessment
- Detail root causes identified in reviews, prioritize for action
- Outline a potential holistic, place-based solution to improve operations

Build Administrative Record

Purpose of Financial Assessment Report

- Assess financial condition of the PHA
- Identify causes of financial distress
- Provide recommendations for financial recovery

Items to Include in Assessment Report

- Overview of financial operations
- Entity wide financial condition
- Low rent public housings financial condition
- HCV program financial condition
- Other significant program(s) financial condition and information
- Recommendations

Public Housing Assessment

- Summarize results in same manner as entity wide
- Focus only on public housing operations
- Determine financial condition of public housing program

HCV Program Assessment

- Summarize results in same manner as entity wide
- Focus only on HCV program operations
- Determine financial condition of HCV program

14

Phase III: Recovery Agreement/Action Plan & Sustainability Plan

Objective: To unite place-based priority setting with HUD cross-program collaboration to ensure recovery is timely, comprehensive and sustainable

Highlights:

Recovery Strategy Proposal (Internal Plan)
- Outline HUD's recommendations for recovery
- Outline HUD's resources/responsibilities

On-site planning discussion(s) with PHA management and community

Recovery Agreement/Action Plan
- Agreement (previously MOA) between HUD and PHA
- Specify target outcomes, performance standards and milestones
- Outline remedies (incentives and sanctions)

Sustainability Plan (Coordinated Community Plan)
- Collaborative document between PHA and community stakeholders
- Delineates steps, resources, commitments of PHA & community stakeholders
- Ensures achievement of outcomes specified in Recovery Agreement

Execution of Recovery Agreement

15

Recovery Agreement/Action Plan & Sustainability Plan

Item Number	Results and Determinations from Assessment	Desired Outcome	Measures to Achieve Outcomes	Target Accomplishment Date	Actual Accomplishment Date	Remedies	Comments /Accomplishments
AREA: GOVERNANCE							
AREA: FINANCE							
AREA: PHYSICAL							

16

Sustainability Plan Template

Identified Deficiencies and Results and Determinations from Assessment	Desired Outcome/Measures	Tasks to Accomplish to Achieve Desired Outcomes	Target Accomplishment Date	Actual Accomplishment Date	Person/Entity Resprsible for Completion	Comments /Accomplishments
AREA: GOVERNANCE						
AREA: FINANCE						
AREA: PHYSICAL						
AREA: DEVELOPMENT						
AREA: HOUSING CHOICE VOUCHER						

17

Phase IV: Implementation & Cure

Objective: To implement Sustainability Plan and monitor progress of the Recovery Agreement through internal and external reporting and tracking

Highlights:

Provision of technical assistance (as needed)

On-going evaluation of the PHA progress toward recovery

Periodic remote and on-site progress meetings
- HUD, PHA, Board, appointing official, community stakeholders

Prepare internal tracking reports

Build and maintain an administrative record

Intervention by DEC (if necessary)

18

Repositioning

- Identify repositioning options and develop strategy
- Prepare package/brief including summary of administrative record
- Work with OGC to issue the remedy/notify PHA
- Implement repositioning strategy

Questions?

PHAS Indicator Calculations Worksheet for FASS and MASS Indicators:

Instructions and Guidelines

General Description

Purpose of the Worksheet
The Public Housing Assessment System (PHAS) Indicator Calculations Worksheet has been developed to aid public housing agencies (PHAs) in projecting and managing the Financial Assessment Sub-system (FASS) and Management Assessment Sub-system indicators (MASS) for PHAS. It is designed to be a proactive tool that PHAs can measure performance monthly or quarterly on the Asset Management Projects (AMPs) instead of waiting for the final scores to be published by the Real Estate Assessment Center (REAC). The provided format and tool are not a mandatory requirement, but is offered as general guidance to improve the performance of an agency. The worksheet is an Excel spreadsheet template that creates an estimate of both individual project performance results and a summary of the scores based on the weighted average of the AMP.

The spreadsheet uses a series of macros to allow the PHA to analyze the developments' performance and can further be used as a tool for applying the concept of fungibility to increase the performance of the PHA. It is recommended to download the Worksheet into a dedicated file folder for the initial preparation. Once you have inserted the PHA's specific information, it is recommended to save it in another file that can be periodically updated on a monthly or quarterly basis to measure the PHA's performance.

Caution is urged on changing the formulas or appearance of the worksheet. Additions or deletions of columns or rows may cause the combination of the amounts as listed on the summary reports to produce an error. The worksheet is intended for use with Excel 2003 and later.

Purpose of PHAS

The purpose of the PHAS is to improve the delivery of services in public housing and enhance trust in the public housing system among PHAs, public housing residents, and the general public, by providing a management tool for effectively and fairly measuring the performance of a PHA in essential housing operations of projects, on a program-wide basis and individual project basis, and providing rewards for high performers and remedial requirements for poor performers.

REAC is responsible for assessing and scoring the performance of PHAs. REAC makes use of uniform and objective protocols for the physical inspection of properties and the financial assessment of the PHA, and will gather relevant data from the PHA to assess management operations. On the basis of this data, REAC will assess and score the results, advise PHAs of their scores and identify low scoring and failing PHAs so that these PHAs will receive the appropriate attention and assistance.

PHAS Scoring

HUD assesses and scores the performance of projects and PHAs based on the indicators, which are more fully addressed in § 902.9: physical condition, financial condition, management operations, and the Capital Fund program.

PHAS Scoring- Indicators and Sub-indicators

Each PHA will receive an overall PHAS score, rounded to the nearest whole number, based on the four indicators: physical condition, financial condition, management operations, and the Capital Fund program. Each of these indicators contains sub-indicators, and the scores for the sub-indicators are used to determine a single score for each of these PHAS indicators. Individual project scores are used to determine a single score for the physical condition, financial condition, and management operations indicators. The Capital Fund program indicator score is entity-wide.

Overall PHAS Score and Indicators

The overall PHAS score is derived from a weighted average of score values for the four indicators, as follows:

- **PASS -** The physical condition indicator is weighted 40 percent (40 points) of the overall PHAS score. The score for this indicator is obtained as indicated in the subpart B of the regulations and scoring system.

- **FASS -** The financial condition indicator is weighted 25 percent (25 points) of the overall PHAS score. The score for this indicator is obtained as indicated in subpart C of the regulations and scoring system.

- **MASS -** The management operations indicator is weighted 25 percent (25 points) of the overall PHAS score. The score for this indicator is obtained as indicated in subpart D of the regulations and scoring system.

- **CFP -** The Capital Fund program indicator is weighted 10 percent (10 points) of the overall PHAS score for all Capital Fund program grants for which fund balances remain during the assessed fiscal year. The score for this indicator is obtained as indicated in subpart E of the regulations and scoring system.

FINANCIAL CONDITION ASSESSMENT (FASS)

Overview

The financial assessment system includes an assessment of the financial condition of each project. A PHA will continue to submit an annual Financial Data Schedule (FDS) to HUD that contains financial information on all major programs and business activities. However, for purposes of PHAS, the PHA will be scored on the financial condition of each project, and these scores will be the basis for a program-wide score.

The objective of the financial condition indicator is to measure the financial condition of each public housing project within a PHA's public housing portfolio for the purpose of evaluating whether there are sufficient financial resources to support the provision of housing that is decent, safe, sanitary in good repair. Individual project scores for financial condition, as well as overall financial condition scores, will be issued.

Scoring

Under the financial condition indicator, a score will be calculated for each project based on the values of financial condition sub-indicators and an overall financial condition score, as well as audit and internal control flags. Each financial condition sub-indicator has several levels of performance, with different point values for each level.

The financial condition score for projects will be based on the annual financial condition information submitted to HUD for each project. The financial condition score for PHAs will be based on a unit-weighted average of project scores.

Sub-indicators of the Financial Condition Indicator

The sub-indicators of financial condition indicator are:

1. **Quick Ratio (QR)**
   The QR compares quick assets to current liabilities. Quick assets are cash and assets that are easily convertible to cash and do not include inventory. Current liabilities are those liabilities that are due within the next 12 months. A QR of less than one indicates that the project's ability to make payments on a timely basis may be at risk.

2. **Months Expendable Net Assets Ratio (MENAR).**
   The MENAR measures a project's ability to operate using its net available, unrestricted resources without relying on additional funding. This ratio compares the adjusted net available unrestricted resources to the average monthly operating expenses. The result of this calculation shows how many months of operating expenses can be covered with currently available, unrestricted resources.

3. **Debt Service Coverage Ratio (DSCR)**
The DSCR is the ratio of net operating income available to make debt payments, to the amount of the debt payments. This sub-indicator is used if the PHA has taken on long-term obligations. A DSCR of less than one would indicate that the project would have difficulty generating sufficient cash flow to cover both its expenses and its debt obligations.

Description of the Financial Condition Sub-indicators

The sub-indicators are described as follows:

Sub-indicator #1, QR
This sub-indicator is a liquidity measure of the project's ability to cover current liabilities. It is measured by dividing adjusted unrestricted current assets by current liabilities. The purpose of this ratio is to indicate whether a project could meet all current liabilities if they became immediately due and payable. A project should have available current resources equal to or greater than its current liabilities in order to be considered financially liquid. The QR is a commonly used liquidity measure across the industry. Maintaining sufficient liquidity is essential for the financial health of an individual project.

Sub-indicator #2, MENAR
This sub-indicator measures a project's ability to operate using its net available, unrestricted resources without relying on additional funding. It is computed as the ratio of adjusted net available unrestricted resources to average monthly operating expenses. The result of this calculation shows how many months of operating expenses can be covered with currently available, unrestricted resources.

Sub-indicator #3, DSCR
This sub-indicator is a measure of a project's ability to meet regular debt obligations. This sub-indicator is calculated by dividing adjusted operating income by a project's annual debt service payments. It indicates whether the project has generated enough income from operations to meet annual interest and principal payment on long-term debt service obligations.

Point Breakdown by Sub-indicator

Sub-indicators	Measurement of	Points
QR	Liquidity	12.0
MENAR	Adequacy of Reserves	11.0
DSCR	Capacity to Cover Debt	2.0
Total FASS	**--------------------------------**	**25.0**

QUICK RATIO

A project will receive zero points when its QR is less than 1.0. If its QR equals 1.0, it will receive 7.2 points. If its QR is greater than 1.0 and less than 2.0, it will receive greater than 7.2 points but less than 12.0 points, on a proportional basis. A project will receive the maximum of 12.0 points when its QR is equal to or greater than 2.0.

How QR is Scored

Results	Points Awarded Under FASS
< 1.0	0 points
= 1.0	7.2 points
≥1.0 to ≤ 2.0	≥7.2 to ≤12 points
≥2.0	12 points

MENAR

A project will receive zero points when its MENAR is less than 1.0. If its MENAR equals 1.0, it will receive 6.6 points. If the MENAR is greater than 1.0 and less than 4.0, the project will receive greater than 6.6 points but less than 11.0 points, on a proportional basis. A project will receive the maximum of 11 points when its MENAR is equal to or greater than 4.0.

How MENAR is Scored

Results	Points Awarded under FASS
< 1.0	0 points
= 1.0	6.6 points
≥1.0 to ≤ 4.0	≥6.6 to ≤11 points
≥4.0	11 points

DCSR

A project will receive zero points when its DSCR ratio is less than 1.0. If its DSCR equals at least 1.0 but less than 1.25, it will receive 1 point. A project will receive the maximum of 2.0 points if its DSCR is equal to or greater than 1.25 or if it has no debt at all.

How DCSR is Scored

Results	Points Awarded under FASS
< 1.0	0 points
≥1.0 to ≤ 1.25	1 point
≥1.25	2 points
No Debt at All	2 points

Entering information into the Worksheet

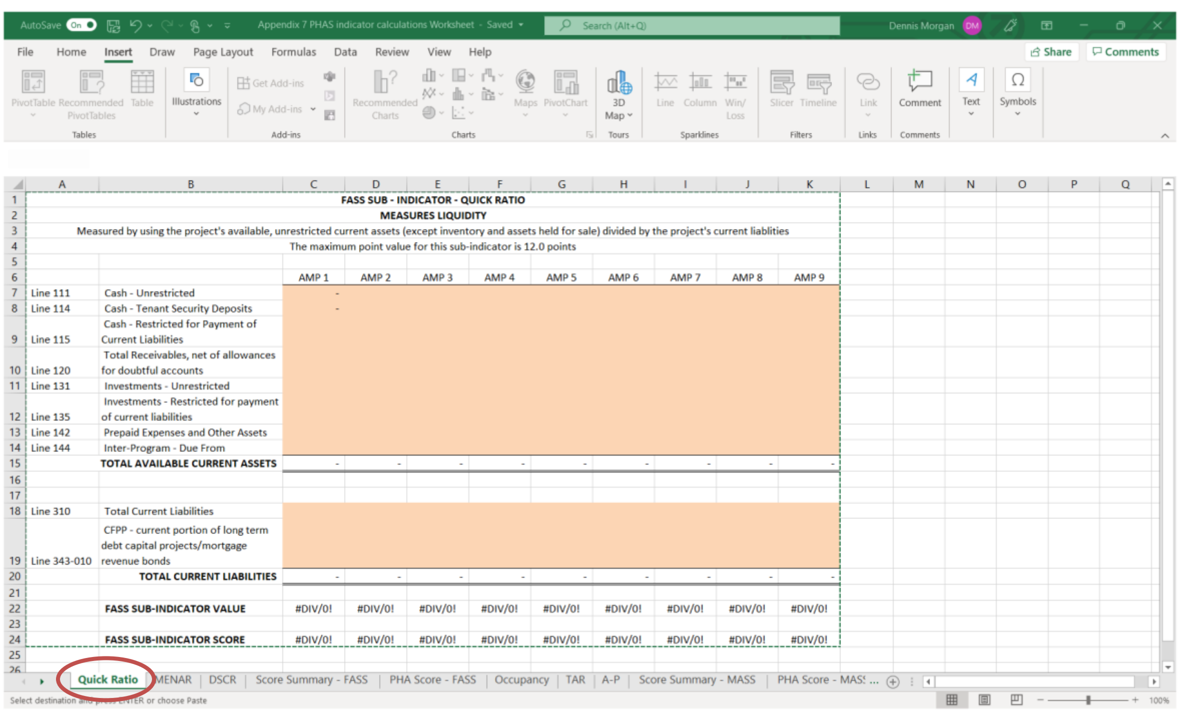
Currently, PHAs submit year-end financial data to HUD's REAC utilizing the prescribed FDS. The PHA will use the same accounts on FDS into this worksheet. It is important to enter the data that comes from the PHAs accounts into the worksheet. However, remember that year end statements are based on accrued accounting. Therefore, when projecting and using the worksheet during the year, minor adjustments may be made to use accrued data. **Care should also be taken to not rewrite over the formula fields.** In other words, just enter the data in the lightly pink fields for each AMP.

Quick Ratio (Worksheet Number 1)

From the FDS schedules for AMP 1:

- Enter FDS Account 111: Cash- Unrestricted
- Enter FDS Account 114: Cash- Tenant Security Deposit
- Enter FDS Account 115: Cash- Restricted for Payment of Current Liabilities
- Enter FDS Account 120: Total Receivables, net of allowances for doubtful accounts
- Enter FDS Account 131: Investments Unrestricted
- Enter FDS Account 135: Investments Restricted for Payment of Current Liability
- Enter FDS Account 142 Prepaid expenses and other assets
- Enter FDS Account 144 Inter-program due-from
- Enter FDS Account 310 Total Current Liabilities
- Enter FDS Account 343-010 CFFP Current Portion of Long-term debt capital projects/mortgage revenue bonds

Repeat process for each AMP in the PHA's portfolio


FASS SUB - INDICATOR - QUICK RATIO

MEASURES LIQUIDITY

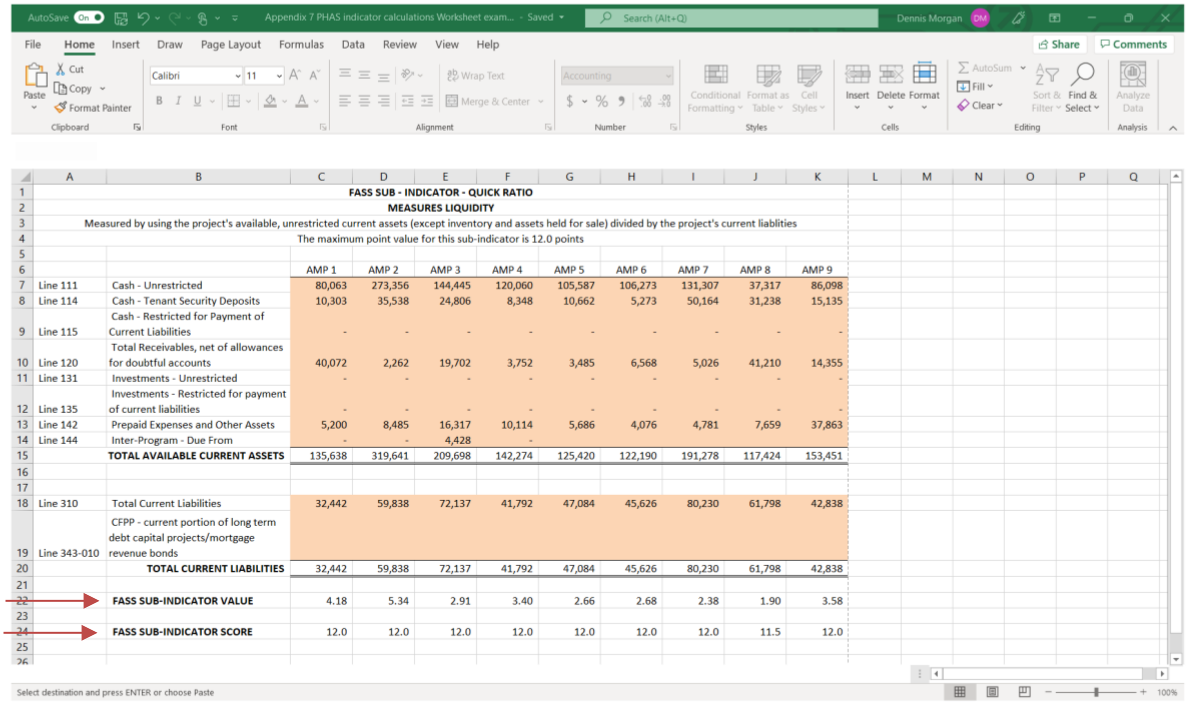
Measured by using the project's available, unrestricted current assets (except inventory and assets held for sale) divided by the project's current liablities

The maximum point value for this sub-indicator is 12.0 points

		AMP 1	AMP 2	AMP 3	AMP 4	AMP 5	AMP 6	AMP 7	AMP 8	AMP 9
Line 111	Cash - Unrestricted	-								
Line 114	Cash - Tenant Security Deposits	-								
Line 115	Cash - Restricted for Payment of Current Liabilities									
Line 120	Total Receivables, net of allowances for doubtful accounts									
Line 131	Investments - Unrestricted									
Line 135	Investments - Restricted for payment of current liabilities									
Line 142	Prepaid Expenses and Other Assets									
Line 144	Inter-Program - Due From									
	TOTAL AVAILABLE CURRENT ASSETS	-	-	-	-	-	-	-	-	-
Line 310	Total Current Liabilities									
Line 343-010	CFPP - current portion of long term debt capital projects/mortgage revenue bonds									
	TOTAL CURRENT LIABILITIES	-	-	-	-	-	-	-	-	-
	FASS SUB-INDICATOR VALUE	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	FASS SUB-INDICATOR SCORE	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

6

Once all the data is entered, at the bottom of the spreadsheet a FASS Sub-indicator Value will appear along with the FASS Sub-Indicator Score. The PHA is striving for a ratio of 2 or higher, which will generate a score of 12 points for the AMP. These scores will then be applied to the weighted average of the AMPs for a final score for the PHA that can be found on Worksheet Number 5.



FASS SUB - INDICATOR - QUICK RATIO

MEASURES LIQUIDITY

Measured by using the project's available, unrestricted current assets (except inventory and assets held for sale) divided by the project's current liablities

The maximum point value for this sub-indicator is 12.0 points

		AMP 1	AMP 2	AMP 3	AMP 4	AMP 5	AMP 6	AMP 7	AMP 8	AMP 9
Line 111	Cash - Unrestricted	80,063	273,356	144,445	120,060	105,587	106,273	131,307	37,317	86,098
Line 114	Cash - Tenant Security Deposits	10,303	35,538	24,806	8,348	10,662	5,273	50,164	31,238	15,135
Line 115	Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-	-	-	-	-
Line 120	Total Receivables, net of allowances for doubtful accounts	40,072	2,262	19,702	3,752	3,485	6,568	5,026	41,210	14,355
Line 131	Investments - Unrestricted	-	-	-	-	-	-	-	-	-
Line 135	Investments - Restricted for payment of current liabilities	-	-	-	-	-	-	-	-	-
Line 142	Prepaid Expenses and Other Assets	5,200	8,485	16,317	10,114	5,686	4,076	4,781	7,659	37,863
Line 144	Inter-Program - Due From	-	-	4,428	-					
	TOTAL AVAILABLE CURRENT ASSETS	135,638	319,641	209,698	142,274	125,420	122,190	191,278	117,424	153,451
Line 310	Total Current Liabilities	32,442	59,838	72,137	41,792	47,084	45,626	80,230	61,798	42,838
Line 343-010	CFPP - current portion of long term debt capital projects/mortgage revenue bonds									
	TOTAL CURRENT LIABILITIES	32,442	59,838	72,137	41,792	47,084	45,626	80,230	61,798	42,838
	FASS SUB-INDICATOR VALUE	4.18	5.34	2.91	3.40	2.66	2.68	2.38	1.90	3.58
	FASS SUB-INDICATOR SCORE	12.0	12.0	12.0	12.0	12.0	12.0	12.0	11.5	12.0

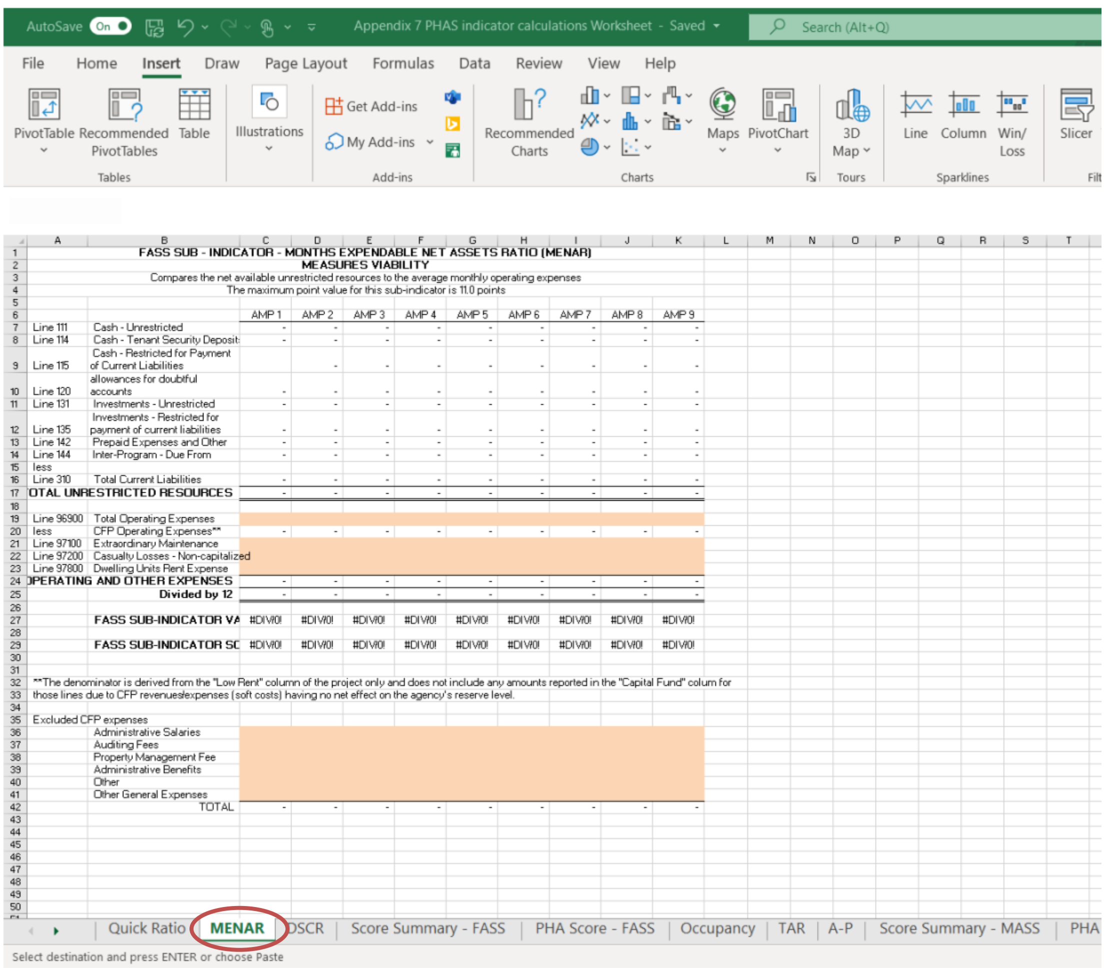
MENAR (Worksheet Number 2)

Many of the same accounts will be used for the MENAR worksheet. The data entered on the QR worksheet number 1 will be automatically brought over to MENAR worksheet number 2. However, the PHA will need to insert some additional FDS data for each AMP.

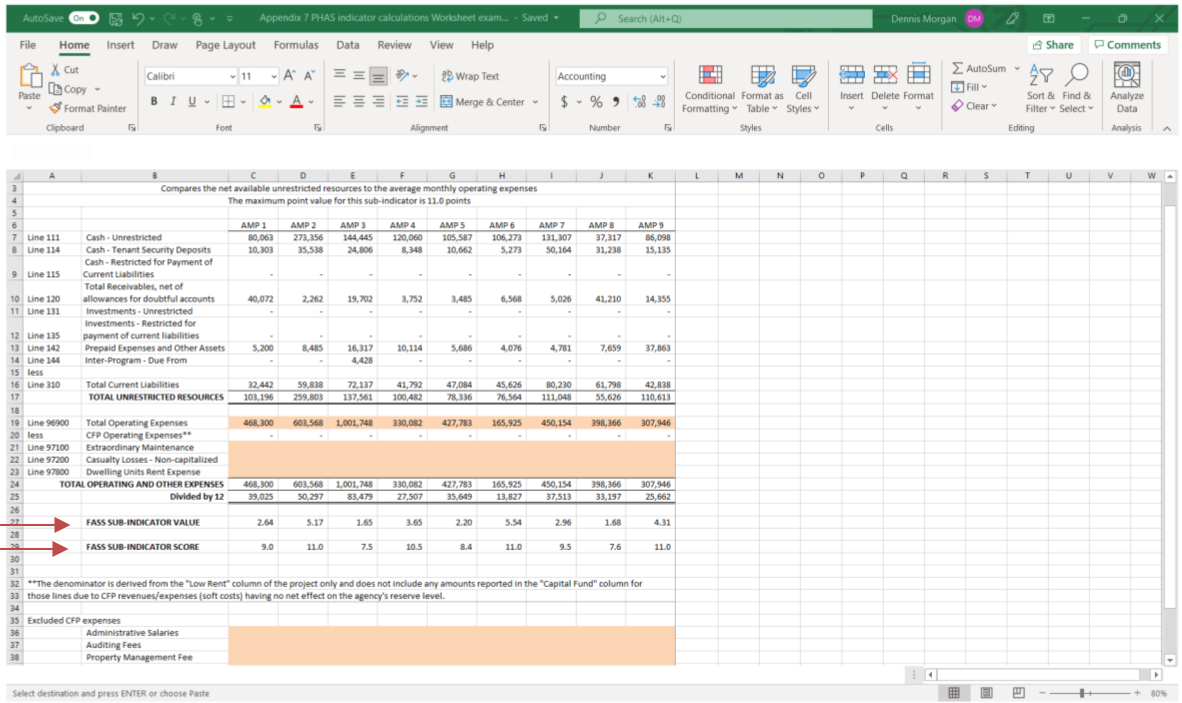
From the FDS schedules for AMP 1:

- Enter FDS Account 96900: Total Operating Expenses
- Enter FDS Account 97100: Extraordinary Maintenance
- Enter FDS Account 97200: Casualty Loss Non-capitalized
- Enter FDS Account 97800: Dwelling Units Rent Expense

Repeat process for each AMP in the PHA's portfolio.



Once all the data is entered, at the bottom of the spreadsheet a FASS Sub-indicator Value will appear along with the FASS Sub-Indicator Score. The PHA is striving for a ratio of 4 or higher, which will generate a score of 11 points for the AMP. These will then be applied to the weighted average of the AMPs for a final score for the PHA that can be found on Worksheet Number 5.



Compares the net available unrestricted resources to the average monthly operating expenses
The maximum point value for this sub-indicator is 11.0 points

		AMP 1	AMP 2	AMP 3	AMP 4	AMP 5	AMP 6	AMP 7	AMP 8	AMP 9
Line 111	Cash - Unrestricted	80,063	273,356	144,445	120,060	105,587	106,273	131,307	37,317	86,098
Line 114	Cash - Tenant Security Deposits	10,303	35,538	24,806	8,348	10,662	5,273	50,164	31,238	15,135
Line 115	Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-	-	-	-	-
Line 120	Total Receivables, net of allowances for doubtful accounts	40,072	2,262	19,702	3,752	3,485	6,568	5,026	41,210	14,355
Line 131	Investments - Unrestricted	-	-	-	-	-	-	-	-	-
Line 135	Investments - Restricted for payment of current liabilities	-	-	-	-	-	-	-	-	-
Line 142	Prepaid Expenses and Other Assets	5,200	8,485	16,317	10,114	5,686	4,076	4,781	7,659	37,863
Line 144	Inter-Program - Due From	-	-	4,428	-	-	-	-	-	-
less										
Line 310	Total Current Liabilities	32,442	59,838	72,137	41,792	47,084	45,626	80,230	61,798	42,838
	TOTAL UNRESTRICTED RESOURCES	103,196	259,803	137,561	100,482	78,336	76,564	111,048	55,626	110,613
Line 96900	Total Operating Expenses	468,300	603,568	1,001,748	330,082	427,783	165,925	450,154	398,366	307,946
less	CFP Operating Expenses**	-	-	-	-	-	-	-	-	-
Line 97100	Extraordinary Maintenance									
Line 97200	Casualty Losses - Non-capitalized									
Line 97800	Dwelling Units Rent Expense									
	TOTAL OPERATING AND OTHER EXPENSES	468,300	603,568	1,001,748	330,082	427,783	165,925	450,154	398,366	307,946
	Divided by 12	39,025	50,297	83,479	27,507	35,649	13,827	37,513	33,197	25,662
	FASS SUB-INDICATOR VALUE	2.64	5.17	1.65	3.65	2.20	5.54	2.96	1.68	4.31
	FASS SUB-INDICATOR SCORE	9.0	11.0	7.5	10.5	8.4	11.0	9.5	7.6	11.0

**The denominator is derived from the "Low Rent" column of the project only and does not include any amounts reported in the "Capital Fund" column for those lines due to CFP revenues/expenses (soft costs) having no net effect on the agency's reserve level.

Excluded CFP expenses	
	Administrative Salaries
	Auditing Fees
	Property Management Fee

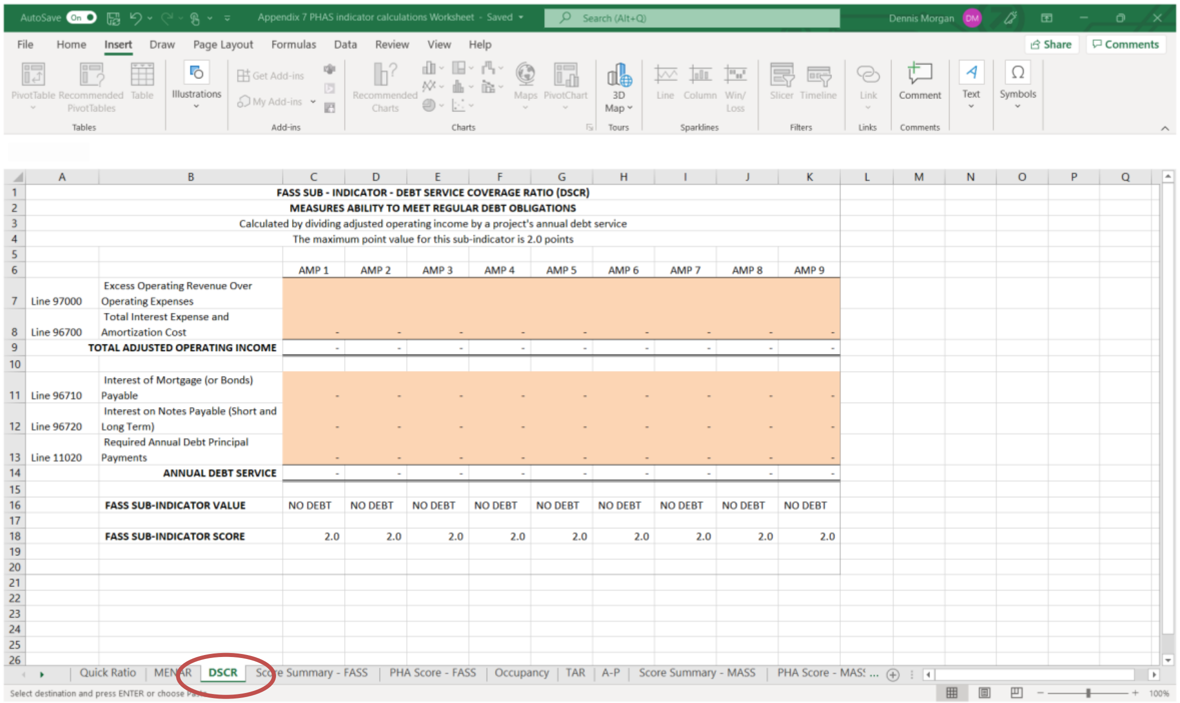
Debt Service Coverage Ratio (Worksheet Number 3)
If the property does not carry debt and the FDS accounts are -0-, then do not enter anything on the worksheet and “No Debt” will appear at the bottom of the worksheet. (This is most common for Public Housing.)

If the property carries debt, then enter the following accounts into the spreadsheet for the AMP.

From the FDS schedules for AMP 1:

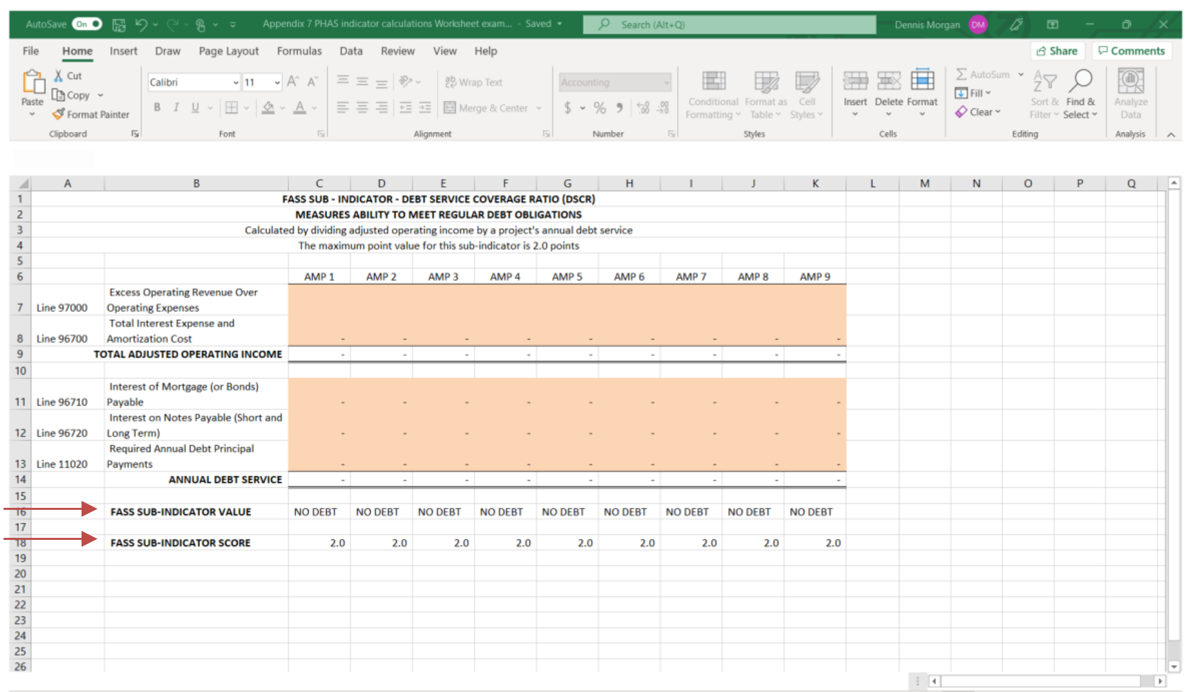
- Enter FDS Account 97000: Excess Operating over Operating Expenses
- Enter FDS Account 96700: Interest Expense and Amortization Cost
- Enter FDS Account 96710: Interest on Mortgage or Bonds Payable
- Enter FDS Account 96720: Interest on Notes Payable (Short and Long Term)
- Enter FDS Account 11020: Required Annual Debt Payments

Repeat process for each AMP in the PHA’s portfolio



	A	B	C	D	E	F	G	H	I	J	K
1		FASS SUB - INDICATOR - DEBT SERVICE COVERAGE RATIO (DSCR)									
2		MEASURES ABILITY TO MEET REGULAR DEBT OBLIGATIONS									
3		Calculated by dividing adjusted operating income by a project's annual debt service									
4		The maximum point value for this sub-indicator is 2.0 points									
5											
6			AMP 1	AMP 2	AMP 3	AMP 4	AMP 5	AMP 6	AMP 7	AMP 8	AMP 9
7	Line 97000	Excess Operating Revenue Over Operating Expenses									
8	Line 96700	Total Interest Expense and Amortization Cost	-	-	-	-	-	-	-	-	-
9		TOTAL ADJUSTED OPERATING INCOME	-	-	-	-	-	-	-	-	-
10											
11	Line 96710	Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	-	-	-	-
12	Line 96720	Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-	-	-	-
13	Line 11020	Required Annual Debt Principal Payments	-	-	-	-	-	-	-	-	-
14		ANNUAL DEBT SERVICE	-	-	-	-	-	-	-	-	-
15											
16		FASS SUB-INDICATOR VALUE	NO DEBT	NO DEBT	NO DEBT	NO DEBT	NO DEBT	NO DEBT	NO DEBT	NO DEBT	NO DEBT
17											
18		FASS SUB-INDICATOR SCORE	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0

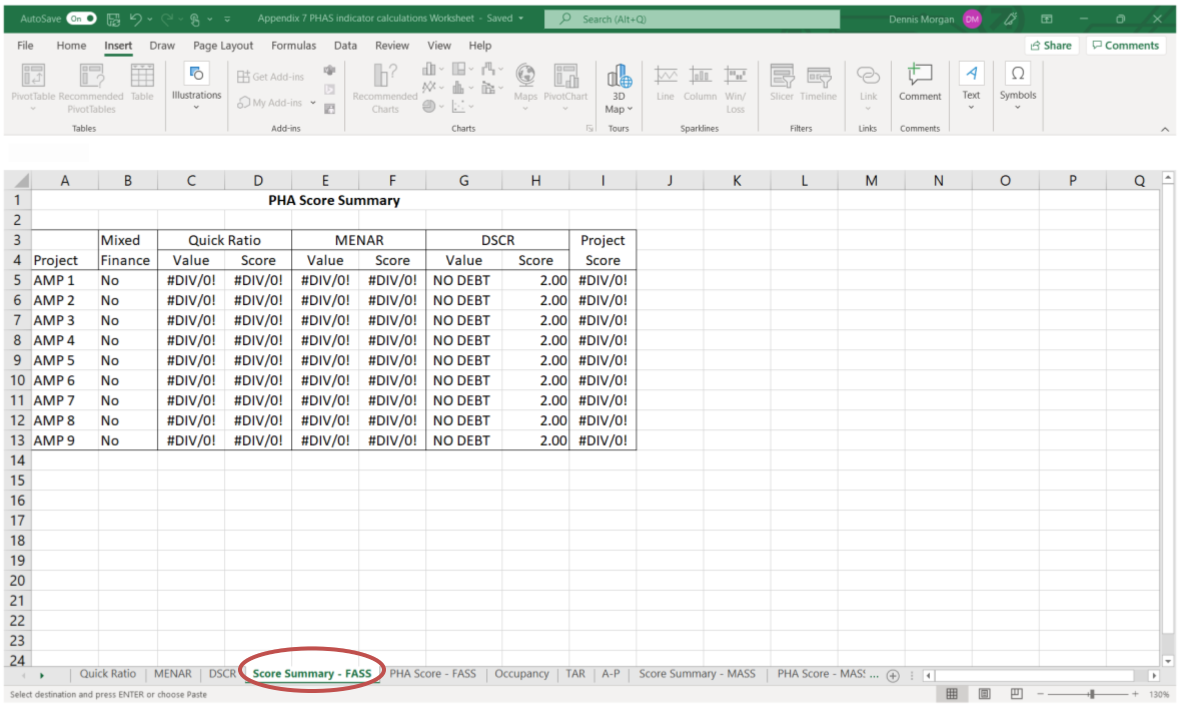
Once all the data is entered or left blank if "no debt," at the bottom of the spreadsheet a FASS Sub-indicator Value will appear along with the FASS Sub-Indicator Score. The PHA is striving for "no debt" or a ratio of 1.25 or higher, which will generate a score of 2 points for the AMP. These will then be applied to the weighted average of the AMPs for a final score for the PHA that can be found on Worksheet Number 5.



	A	B	C	D	E	F	G	H	I	J	K
1		FASS SUB - INDICATOR - DEBT SERVICE COVERAGE RATIO (DSCR)									
2		MEASURES ABILITY TO MEET REGULAR DEBT OBLIGATIONS									
3		Calculated by dividing adjusted operating income by a project's annual debt service									
4		The maximum point value for this sub-indicator is 2.0 points									
5											
6			AMP 1	AMP 2	AMP 3	AMP 4	AMP 5	AMP 6	AMP 7	AMP 8	AMP 9
7	Line 97000	Excess Operating Revenue Over Operating Expenses									
8	Line 96700	Total Interest Expense and Amortization Cost	-	-	-	-	-	-	-	-	-
9		TOTAL ADJUSTED OPERATING INCOME	-	-	-	-	-	-	-	-	-
10											
11	Line 96710	Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	-	-	-	-
12	Line 96720	Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-	-	-	-
13	Line 11020	Required Annual Debt Principal Payments	-	-	-	-	-	-	-	-	-
14		ANNUAL DEBT SERVICE	-	-	-	-	-	-	-	-	-
15											
16		FASS SUB-INDICATOR VALUE	NO DEBT	NO DEBT	NO DEBT	NO DEBT	NO DEBT	NO DEBT	NO DEBT	NO DEBT	NO DEBT
17											
18		FASS SUB-INDICATOR SCORE	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0

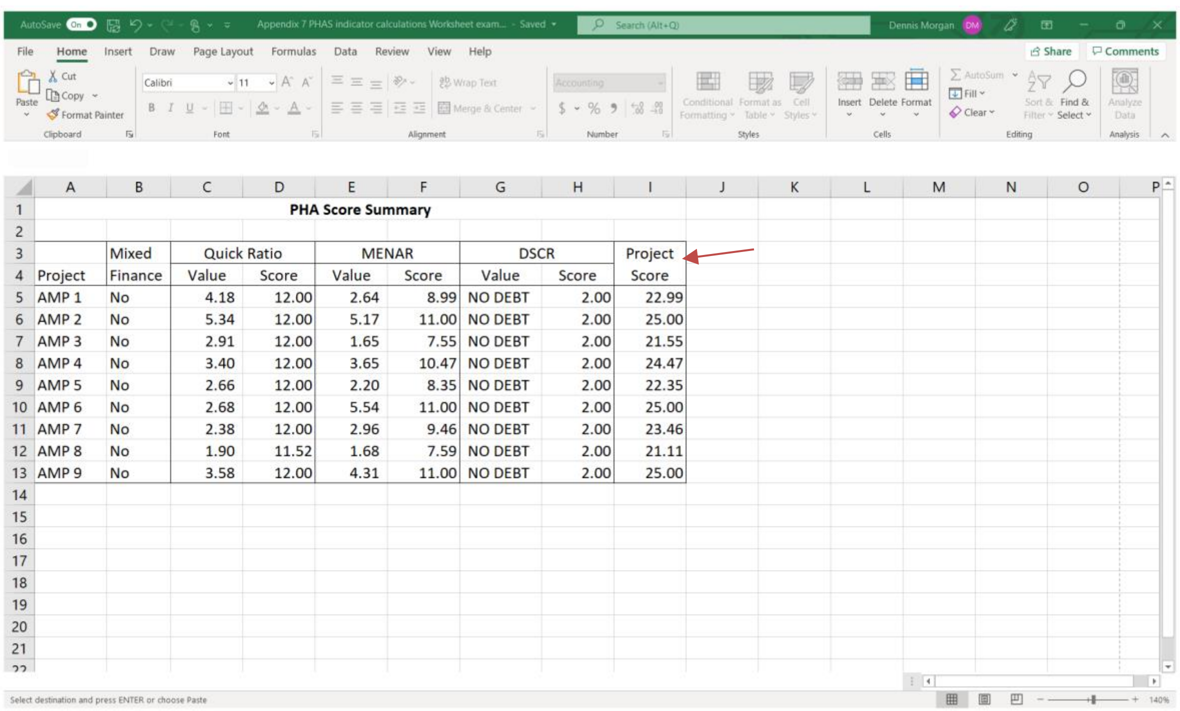
Score Summary PHAS FASS (Worksheet Number 4)

This worksheet will provide a summary of each AMP's value and score for the Quick Ratio, MENAR, and DSCR. It will further provide the cumulative project score for the AMP. If an AMP is scoring 25 points as a Project Score, then it would be performing well per the financial indicator for that AMP. If less than 25 points, then further analysis can be done on which sub-indicator needs improvement



PHA Score Summary

	Mixed	Quick Ratio		MENAR		DSCR		Project
Project	Finance	Value	Score	Value	Score	Value	Score	Score
AMP 1	No	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	NO DEBT	2.00	#DIV/0!
AMP 2	No	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	NO DEBT	2.00	#DIV/0!
AMP 3	No	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	NO DEBT	2.00	#DIV/0!
AMP 4	No	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	NO DEBT	2.00	#DIV/0!
AMP 5	No	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	NO DEBT	2.00	#DIV/0!
AMP 6	No	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	NO DEBT	2.00	#DIV/0!
AMP 7	No	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	NO DEBT	2.00	#DIV/0!
AMP 8	No	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	NO DEBT	2.00	#DIV/0!
AMP 9	No	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	NO DEBT	2.00	#DIV/0!



PHA Score Summary

	Mixed	Quick Ratio		MENAR		DSCR		Project
Project	Finance	Value	Score	Value	Score	Value	Score	Score
AMP 1	No	4.18	12.00	2.64	8.99	NO DEBT	2.00	22.99
AMP 2	No	5.34	12.00	5.17	11.00	NO DEBT	2.00	25.00
AMP 3	No	2.91	12.00	1.65	7.55	NO DEBT	2.00	21.55
AMP 4	No	3.40	12.00	3.65	10.47	NO DEBT	2.00	24.47
AMP 5	No	2.66	12.00	2.20	8.35	NO DEBT	2.00	22.35
AMP 6	No	2.68	12.00	5.54	11.00	NO DEBT	2.00	25.00
AMP 7	No	2.38	12.00	2.96	9.46	NO DEBT	2.00	23.46
AMP 8	No	1.90	11.52	1.68	7.59	NO DEBT	2.00	21.11
AMP 9	No	3.58	12.00	4.31	11.00	NO DEBT	2.00	25.00

PHA Score FASS Calculations (Worksheet Number 5)

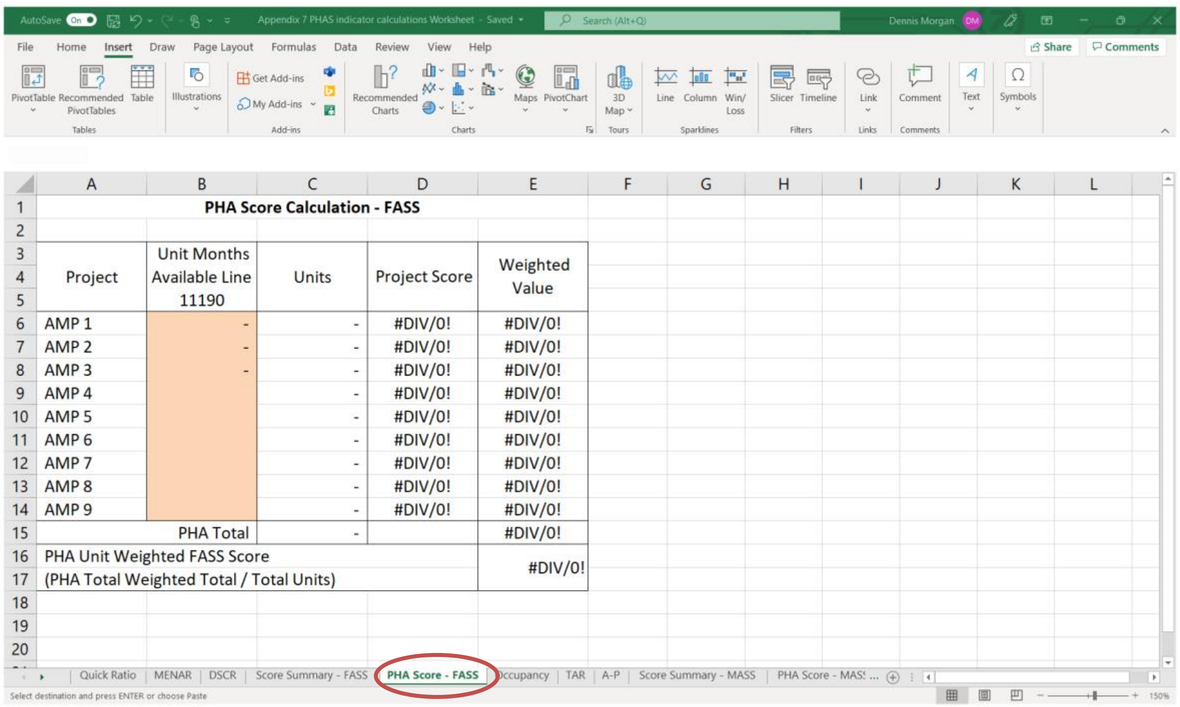
In order to obtain the weighted average score, the PHAs must enter information into the unit months available column.

From the FDS schedules for AMP 1:

- Enter FDS Account 11190: Unit Months Available

The spreadsheet will automatically display the number of units for the development.

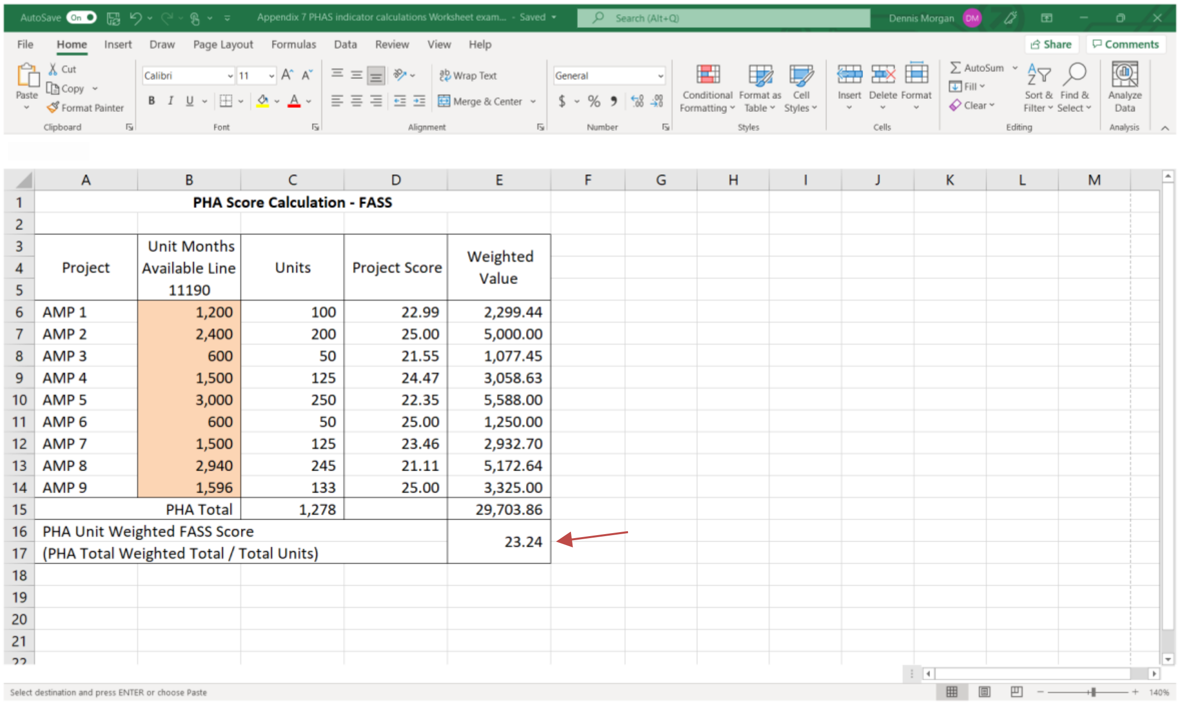
Repeat process for each AMP in the PHA's portfolio.



PHA Score Calculation - FASS

Project	Unit Months Available Line 11190	Units	Project Score	Weighted Value
AMP 1	-	-	#DIV/0!	#DIV/0!
AMP 2	-	-	#DIV/0!	#DIV/0!
AMP 3	-	-	#DIV/0!	#DIV/0!
AMP 4		-	#DIV/0!	#DIV/0!
AMP 5		-	#DIV/0!	#DIV/0!
AMP 6		-	#DIV/0!	#DIV/0!
AMP 7		-	#DIV/0!	#DIV/0!
AMP 8		-	#DIV/0!	#DIV/0!
AMP 9		-	#DIV/0!	#DIV/0!
	PHA Total	-		#DIV/0!
PHA Unit Weighted FASS Score (PHA Total Weighted Total / Total Units)				#DIV/0!

The weighted average score will be automatically calculated by multiplying the units by the project score. The worksheet will the automatically calculate the weighted average, provide a PHA total for the AMPs and provide the final score for the PHA total score under this FASS indicator. A score of 25 points would be the maximum score under this indicator and further indicate that each AMP is performing at a high level under FASS.



PHA Score Calculation - FASS

Project	Unit Months Available Line 11190	Units	Project Score	Weighted Value
AMP 1	1,200	100	22.99	2,299.44
AMP 2	2,400	200	25.00	5,000.00
AMP 3	600	50	21.55	1,077.45
AMP 4	1,500	125	24.47	3,058.63
AMP 5	3,000	250	22.35	5,588.00
AMP 6	600	50	25.00	1,250.00
AMP 7	1,500	125	23.46	2,932.70
AMP 8	2,940	245	21.11	5,172.64
AMP 9	1,596	133	25.00	3,325.00
	PHA Total	1,278		29,703.86
PHA Unit Weighted FASS Score (PHA Total Weighted Total / Total Units)				23.24

13

MANAGEMENT OPERATIONS INDICATOR (MASS)

Management Operations Assessment

The objective of the management operations indicator is to measure the PHA's performance of management operations through the management performance of each AMP.

Exclusions

Mixed-finance projects are excluded from the management operations indicator.

Purpose

HUD updated the MASS and published the updates in the interim rule February 23, 2011. The purpose of the management operations indicator is to assess the project's and PHA's management operations capabilities. All projects will be assessed under the management operations indicator, even if a PHA has not converted to asset management.

This PHAS Management Operations Scoring Notice was revised to reflect research HUD conducted through informal meetings with representatives of PHAs, residents, projects, and public housing industry groups, and to provide the basis for scoring projects on the management operations.

Management Operations Performance Standards

The following sub-indicators will be used to assess the management operations of projects and PHAs, consistent with the regulations. Individual project scores for management operations, as well as overall PHA management operations scores, are issued.

1. **Occupancy**
   This sub-indicator measures the occupancy for the project's fiscal year, adjusted for allowable vacancies.

2. **Tenant accounts receivable**
   This sub-indicator measures the tenant accounts receivable of a project against the tenant charges for the project's fiscal year.

3. **Accounts payable**
   This sub-indicator measures the money that a project owes to vendors at the end of the project's fiscal year for products and services purchased on credit against total operating expenses.

Assessment under the Management Operations Indicator

Projects will be assessed under this indicator through information that is electronically submitted to HUD through the FDS.

Adjustment for Physical Condition and Neighborhood Environment

In accordance with the regulations, the overall management operations score for a project will be adjusted upward to the extent that negative conditions are caused by situations outside the control of the project. These situations are related to the poor physical condition of the project or the overall depressed condition of the major census tract in which a project is located. The intent of this adjustment is to avoid penalizing such projects, through appropriate application of the adjustment.

Management Operations Scoring and Thresholds

Scoring under the management operations indicator will be used and HUD will calculate a score for each project, as well as for the overall management operations of a PHA, that reflects weights based on the relative importance of the individual management sub-indicators.

Overall PHA Management Operations Indicator Score

The overall management operations indicator score is a unit-weighted average of project scores. The sum of the weighted values is divided by the total number of units in the PHA's portfolio to derive the overall management operations indicator score.

Thresholds

1. The PHA's management operations score is based on a maximum of 25 points.

2. In order to receive a passing score under the management operations indicator, a PHA must achieve a score of at least 15 points or 60 percent.

3. A PHA that receives fewer than 15 points will be categorized as a substandard management operations agency.

Sub-indicators

Sub-indicators of the Management Operations Indicator

The three sub-indicators of the management operations indicator are:

- Occupancy;
- Tenant accounts receivable; and
- Accounts payable.

Mass Scores	
• Occupancy Rate	16 points
• Tenants Accounts Receivable	5 points
• Accounts Payable	4 points
• **Total MASS**	**25 points**

Scoring Elements

The management operations indicator score provides an assessment of a project's management effectiveness. Under the PHAS management operations indicator, HUD will calculate a score for each project, as well as for the overall management operations of a PHA that reflects weights based on the relative importance of the individual management sub-indicators. The overall management operations indicator score for a PHA is a unit-weighted average of the PHA's individual project management operations scores. In order to compute the score, an individual project management operations score is multiplied by the number of units in each project to determine a ''weighted value.'' The sum of the weighted values is then divided by the total number of units in a PHA's portfolio to derive the overall PHAS management operations indicator score.

The computation of the score under this PHAS indicator utilizes data obtained from the Financial Data Schedule and requires three main calculations for the sub-indicators, which are:

- Scores are calculated for each sub-indicator;
- A management operations score is calculated for each project; and
- A score is calculated for the overall indicator score, which is a unit-weighted average of the individual project management operations scores.

Sub-indicator #1, Occupancy

This sub-indicator measures the occupancy for the project's fiscal year, adjusted for allowable vacancies pursuant to 24 CFR 990.145.

A PHA will achieve 16 points if it has an adjusted occupancy rate equal to or greater than 98 percent. It will receive 12 points if it has an adjusted occupancy rate of less than 98 percent but equal to or greater than 96 percent. It will receive 8 points if it has an adjusted occupancy rate of less than 96 percent but equal to or greater than 94 percent. It will receive 4 points if it has an adjusted occupancy rate of less than 94 percent but equal to or greater than 92 percent. It will receive 1 point if it has an adjusted occupancy rate of less than 92 percent but equal to or greater than 90 percent. It will receive 0 points if it has an adjusted occupancy rate of less than 90 percent.

Occupancy Percentage	Points
≥98%	16 points
<98% to ≥96%	12 points
<96% to ≥94%	8 points
<94% to ≥92%	4 points
<92% to ≥90%	1 points
<90%	0 points

Sub-indicator #2, Tenant accounts receivable

This sub-indicator measures the tenant accounts receivable of a project against the tenant charges for the project's fiscal year. Charges include rents and other charges to tenants, such as court costs, maintenance costs, etc.

A PHA will receive 5 points if it has a tenant accounts receivable ratio of less than 1.5. It will receive 2 points if it has a tenant accounts receivable ratio of equal to or greater than 1.5 and less than 2.5. It will receive zero points if it has a tenant accounts receivable ratio of equal to or greater than 2.5.

Ratio	Points
< 1.5	5 points
≥.1.5 to <2.5	2 points
≥2.5	0 points

Sub-indicator #3, Accounts payable

This sub-indicator measures the money that a project owes to vendors at the end of the project's fiscal year for products and services purchased on credit against total operating expenses.

A PHA will receive 4 points if it has an accounts payable ratio of less than 0.75. It will receive 2 points if it has an accounts payable ratio of equal to or greater than 0.75 but less than 1.5.

It will receive zero points if it has an accounts payable ratio of equal to or greater than 1.5.

Ratio	Points
<.75	4 points
≥.75 to <1.5	2 points
≥1.5	0 points

Entering information into the Worksheet

Currently, PHAs submit year-end financial data to HUD's REAC utilizing the prescribed FDS. The PHA will use the same accounts on FDS into this worksheet. It is important to enter the data that comes from the PHAs accounts into the worksheet. However, remember that year end statements are based on accrued accounting. Therefore, when projecting and using the worksheet during the year, minor adjustments may be made to use accrued data. **Care should also be taken to not rewrite over the formula fields.** In other words, just enter the data in the lightly pink fields for each AMP.

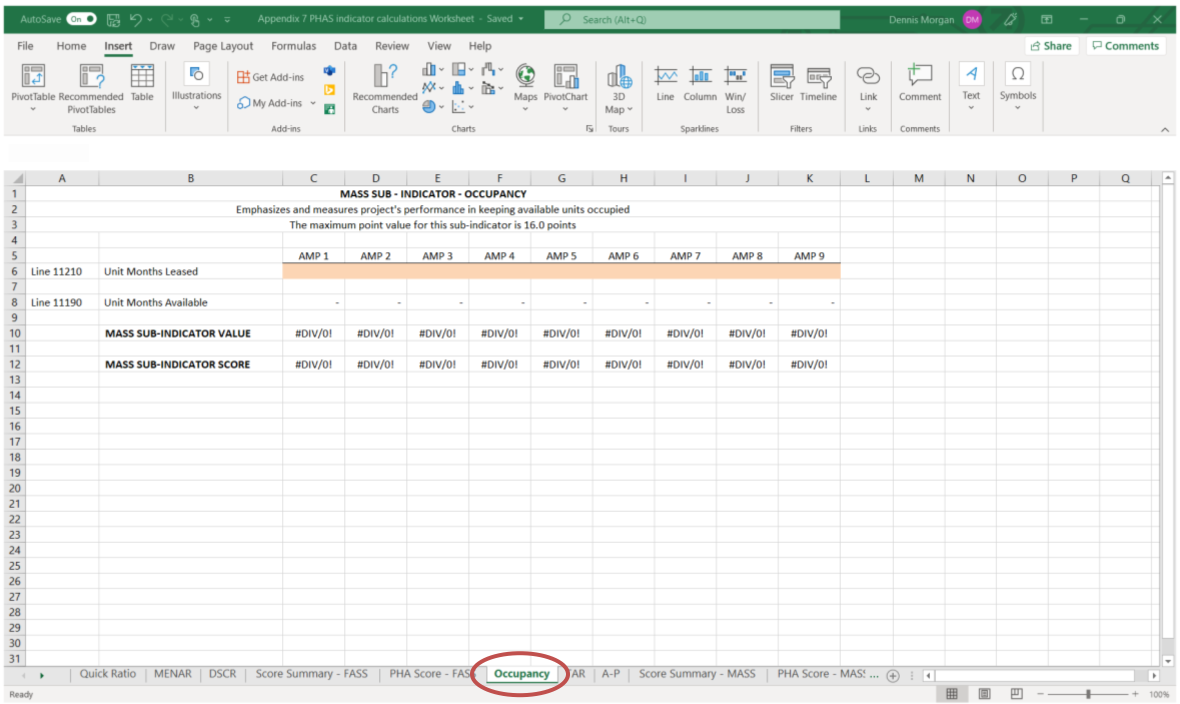
Occupancy (Worksheet Number 6)

From the FDS schedules for AMP 1:

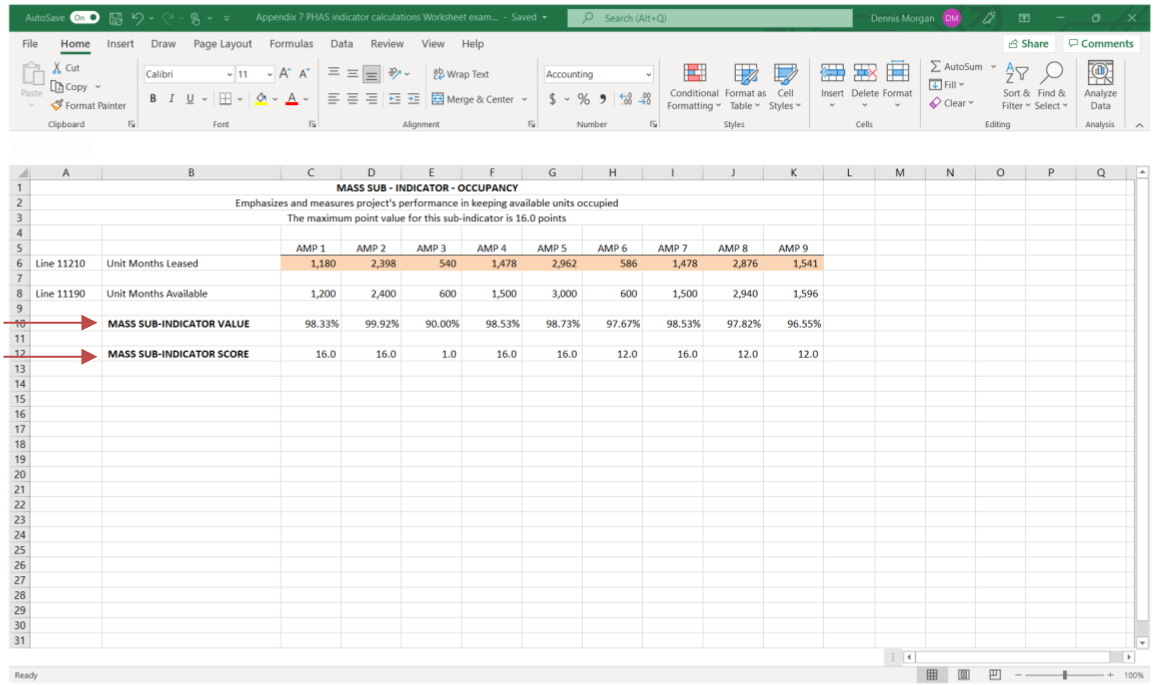
- Enter FDS Account 11210: Units Month Leased

The spreadsheet will automatically bring over the Units Months Available from the information previously inserted in worksheet number 5.

Repeat process for each AMP in the PHA's portfolio.



Once all the data is entered, at the bottom of the spreadsheet a MASS Sub-indicator Value will appear along with the MASS Sub-Indicator Score. The PHA is striving for an occupancy rate of 98% or higher, which will generate a score of 16 points for the AMP. These will then be applied to the weighted average of the AMPs for a final score for the PHA MASS indicator that can be found on Worksheet Number 10.



MASS SUB - INDICATOR - OCCUPANCY

Emphasizes and measures project's performance in keeping available units occupied

The maximum point value for this sub-indicator is 16.0 points

		AMP 1	AMP 2	AMP 3	AMP 4	AMP 5	AMP 6	AMP 7	AMP 8	AMP 9
Line 11210	Unit Months Leased	1,180	2,398	540	1,478	2,962	586	1,478	2,876	1,541
Line 11190	Unit Months Available	1,200	2,400	600	1,500	3,000	600	1,500	2,940	1,596
	MASS SUB-INDICATOR VALUE	98.33%	99.92%	90.00%	98.53%	98.73%	97.67%	98.53%	97.82%	96.55%
	MASS SUB-INDICATOR SCORE	16.0	16.0	1.0	16.0	16.0	12.0	16.0	12.0	12.0

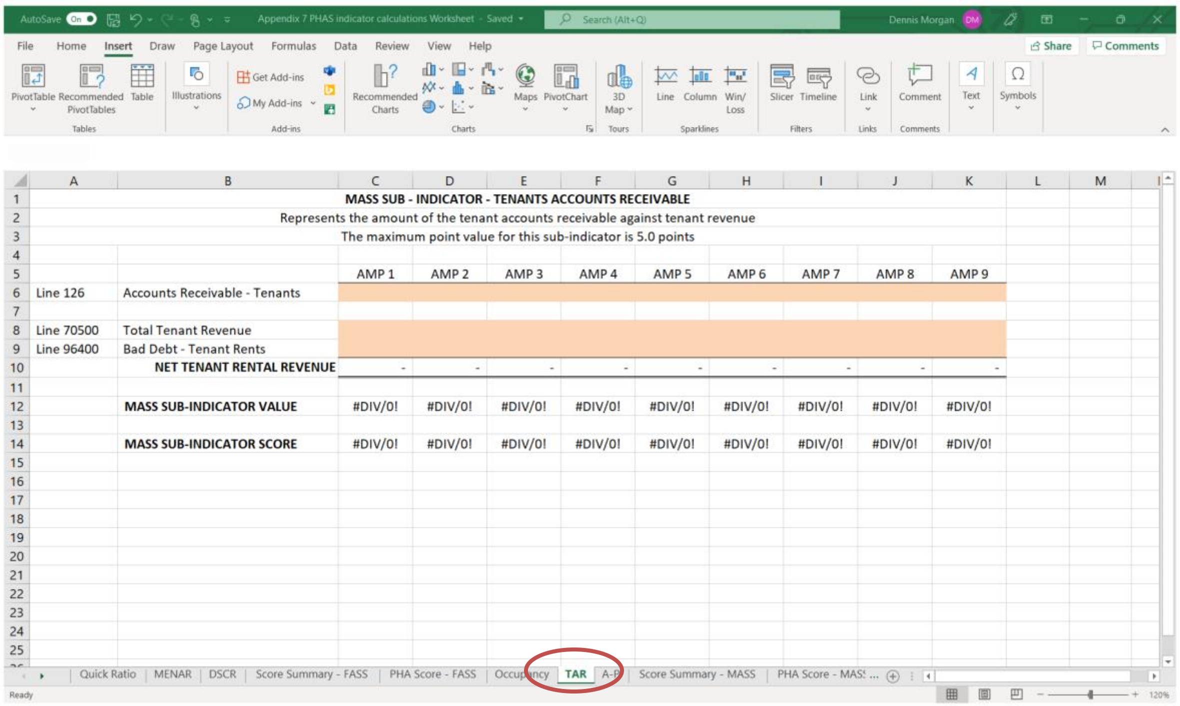
20

Tenant Accounts Receivable (Worksheet Number 7)

From the FDS schedules for AMP 1:

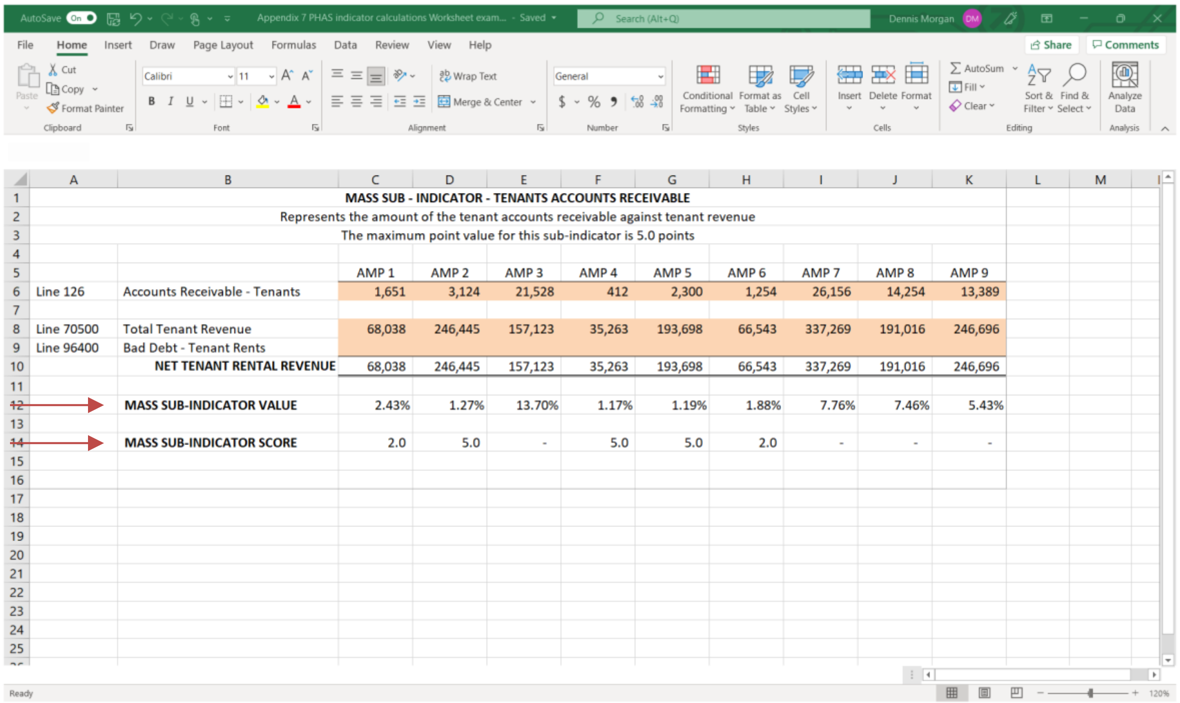
- Enter FDS Account 126: Accounts Receivable- Tenants
- Enter FDS Account 70500: Total Tenant Revenue
- Enter FDS Account 96400; Bad Debt- Tenant Rents

Repeat process for each AMP in the PHA's portfolio.



	A	B	C	D	E	F	G	H	I	J	K
1		MASS SUB - INDICATOR - TENANTS ACCOUNTS RECEIVABLE									
2		Represents the amount of the tenant accounts receivable against tenant revenue									
3		The maximum point value for this sub-indicator is 5.0 points									
4											
5			AMP 1	AMP 2	AMP 3	AMP 4	AMP 5	AMP 6	AMP 7	AMP 8	AMP 9
6	Line 126	Accounts Receivable - Tenants									
7											
8	Line 70500	Total Tenant Revenue									
9	Line 96400	Bad Debt - Tenant Rents									
10		NET TENANT RENTAL REVENUE	-	-	-	-	-	-	-	-	-
11											
12		MASS SUB-INDICATOR VALUE	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
13											
14		MASS SUB-INDICATOR SCORE	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

Once all the data is entered, at the bottom of the spreadsheet a MASS Sub-indicator Value will appear along with the MASS Sub-Indicator Score. The PHA is striving for a Tenant Account Receivable Rate of less than 1.5, which will generate a score of 5 points for the AMP. These will then be applied to the weighted average of the AMPs for a final score for the PHA MASS indicator that can be found on Worksheet Number 10.



MASS SUB - INDICATOR - TENANTS ACCOUNTS RECEIVABLE

Represents the amount of the tenant accounts receivable against tenant revenue

The maximum point value for this sub-indicator is 5.0 points

		AMP 1	AMP 2	AMP 3	AMP 4	AMP 5	AMP 6	AMP 7	AMP 8	AMP 9
Line 126	Accounts Receivable - Tenants	1,651	3,124	21,528	412	2,300	1,254	26,156	14,254	13,389
Line 70500	Total Tenant Revenue	68,038	246,445	157,123	35,263	193,698	66,543	337,269	191,016	246,696
Line 96400	Bad Debt - Tenant Rents									
	NET TENANT RENTAL REVENUE	68,038	246,445	157,123	35,263	193,698	66,543	337,269	191,016	246,696
	MASS SUB-INDICATOR VALUE	2.43%	1.27%	13.70%	1.17%	1.19%	1.88%	7.76%	7.46%	5.43%
	MASS SUB-INDICATOR SCORE	2.0	5.0	-	5.0	5.0	2.0	-	-	-

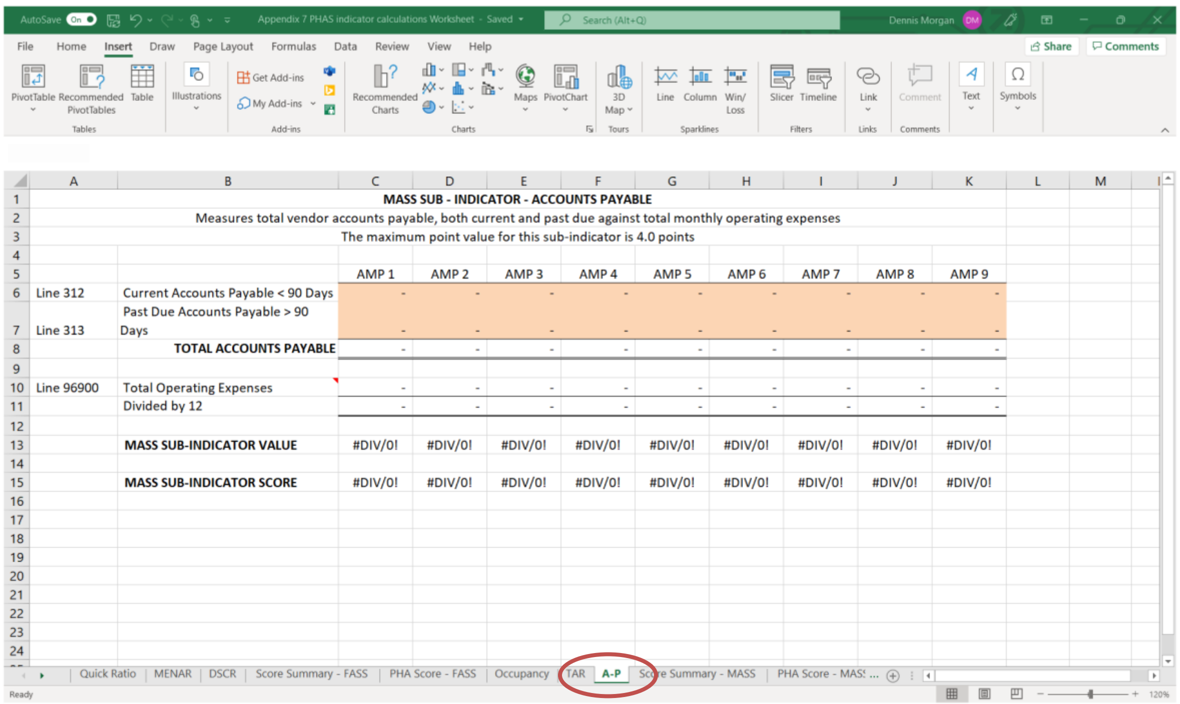
Accounts Payable (Worksheet Number 8)

From the FDS schedules for AMP 1:

- Enter FDS Account 312: Current Accounts Payable < 90 days
- Enter FDS Account 313: Past Due Accounts Payable > 90 days

The total operating expenses will be brought over from previous information entered into on worksheet Number 2.

Repeat process for each AMP in the PHA's portfolio.



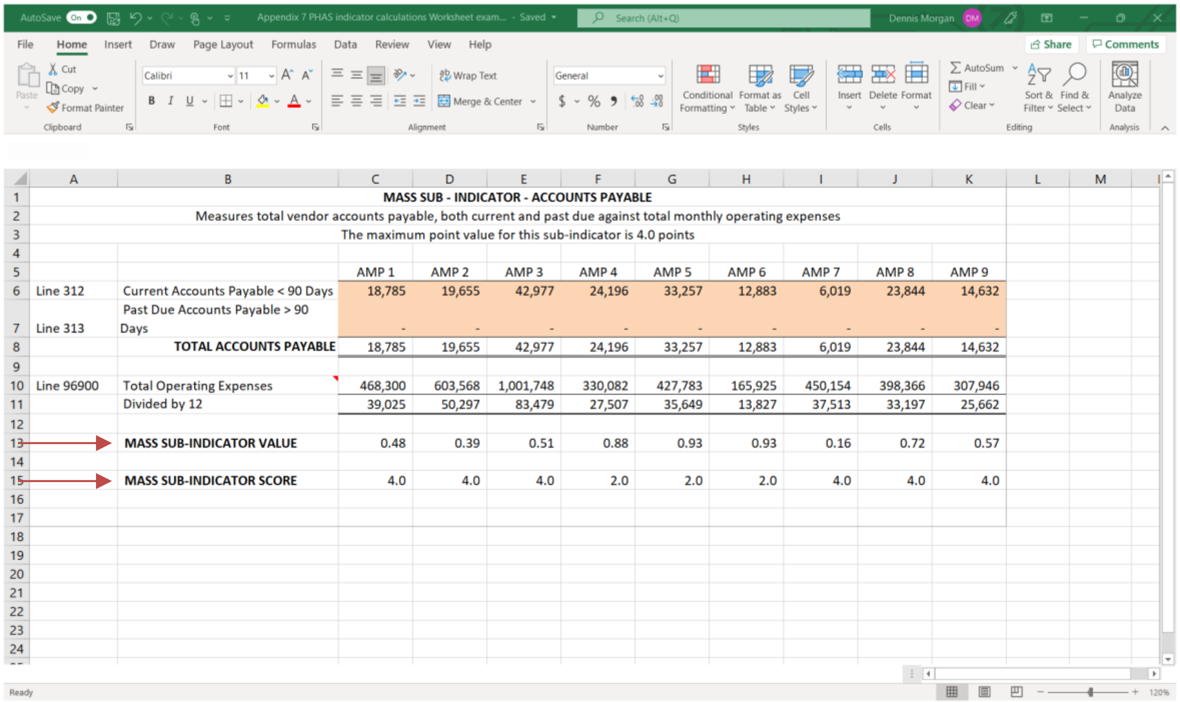
MASS SUB - INDICATOR - ACCOUNTS PAYABLE

Measures total vendor accounts payable, both current and past due against total monthly operating expenses

The maximum point value for this sub-indicator is 4.0 points

		AMP 1	AMP 2	AMP 3	AMP 4	AMP 5	AMP 6	AMP 7	AMP 8	AMP 9
Line 312	Current Accounts Payable < 90 Days	-	-	-	-	-	-	-	-	-
Line 313	Past Due Accounts Payable > 90 Days	-	-	-	-	-	-	-	-	-
	TOTAL ACCOUNTS PAYABLE	-	-	-	-	-	-	-	-	-
Line 96900	Total Operating Expenses	-	-	-	-	-	-	-	-	-
	Divided by 12	-	-	-	-	-	-	-	-	-
	MASS SUB-INDICATOR VALUE	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	MASS SUB-INDICATOR SCORE	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

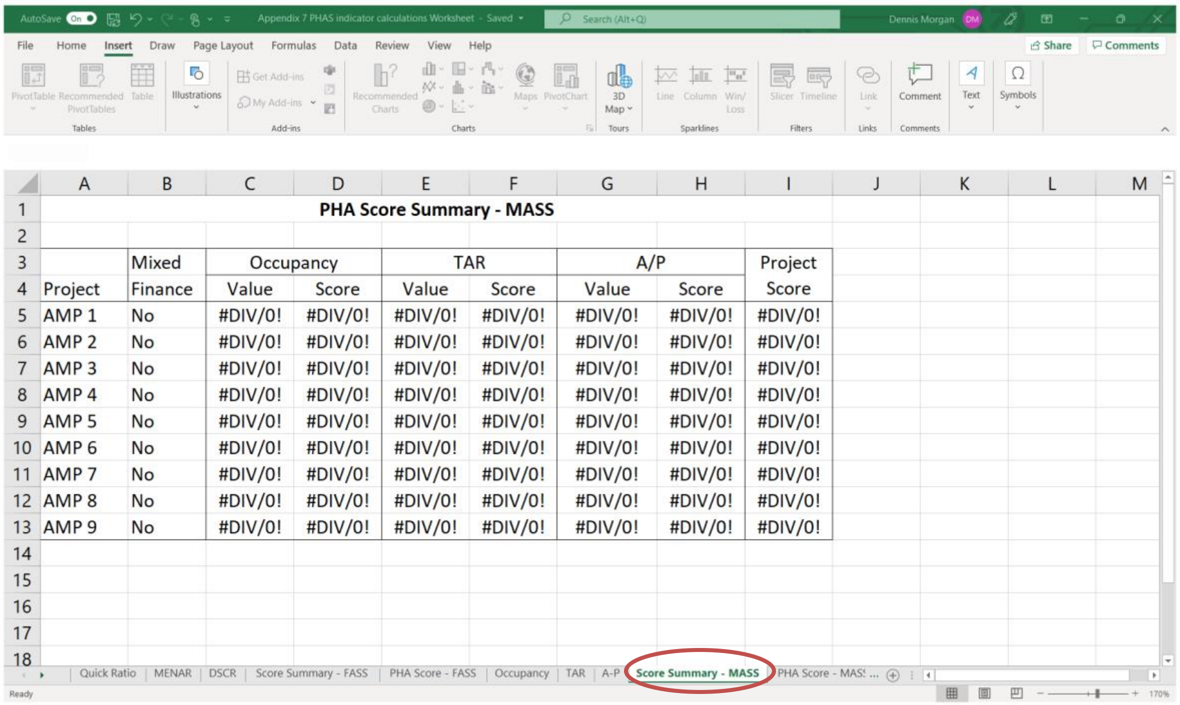
Once all the data is entered, at the bottom of the spreadsheet a MASS Sub-indicator Value will appear along with the MASS Sub-Indicator Score. The PHA is striving for an Accounts Payable of less than .75, which will generate a score of 4 points for the AMP. These will then be applied to the weighted average of the AMPs for a final score for the PHA MASS indicator that can be found on Worksheet Number 10.



		AMP 1	AMP 2	AMP 3	AMP 4	AMP 5	AMP 6	AMP 7	AMP 8	AMP 9
MASS SUB - INDICATOR - ACCOUNTS PAYABLE										
Measures total vendor accounts payable, both current and past due against total monthly operating expenses										
The maximum point value for this sub-indicator is 4.0 points										
Line 312	Current Accounts Payable < 90 Days	18,785	19,655	42,977	24,196	33,257	12,883	6,019	23,844	14,632
Line 313	Past Due Accounts Payable > 90 Days	-	-	-	-	-	-	-	-	-
	TOTAL ACCOUNTS PAYABLE	18,785	19,655	42,977	24,196	33,257	12,883	6,019	23,844	14,632
Line 96900	Total Operating Expenses	468,300	603,568	1,001,748	330,082	427,783	165,925	450,154	398,366	307,946
	Divided by 12	39,025	50,297	83,479	27,507	35,649	13,827	37,513	33,197	25,662
	MASS SUB-INDICATOR VALUE	0.48	0.39	0.51	0.88	0.93	0.93	0.16	0.72	0.57
	MASS SUB-INDICATOR SCORE	4.0	4.0	4.0	2.0	2.0	2.0	4.0	4.0	4.0

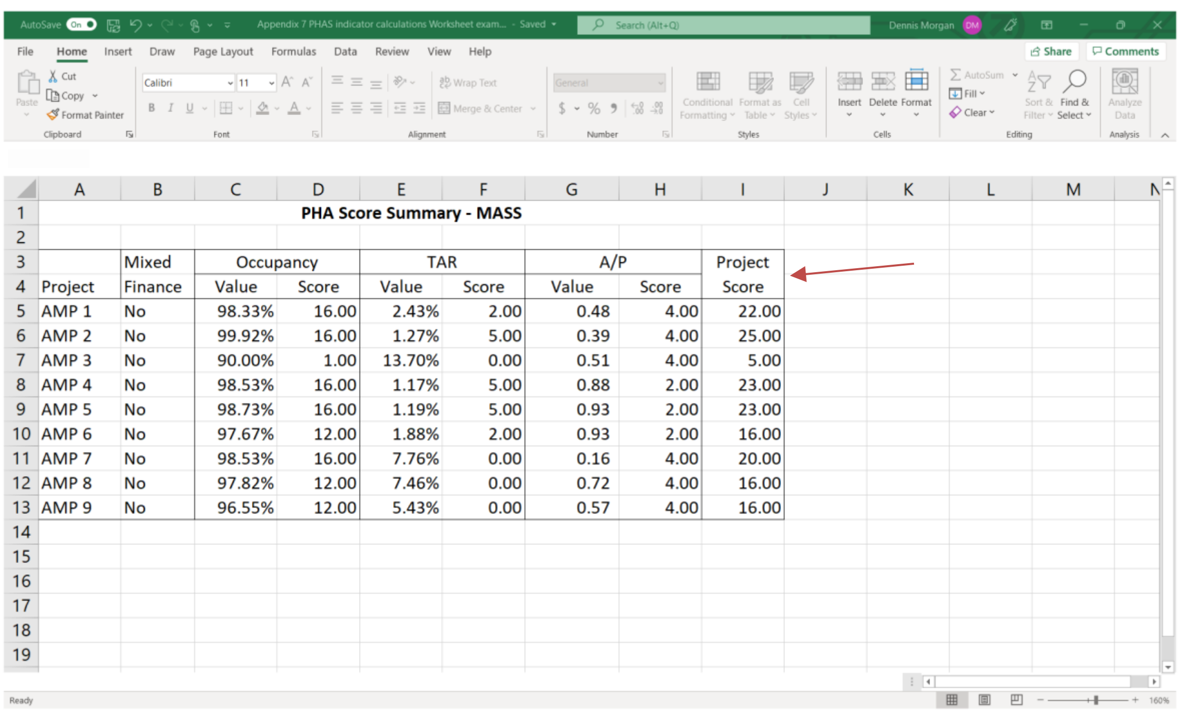
Score Summary PHAS MASS (Worksheet Number 9)

This worksheet will provide a summary of each AMP's value and score for the Occupancy, TARs, and Accounts Payable. It will further provide the cumulative project score for the AMP. If an AMP is scoring 25 points as a Project Score, then it would be performing well under the management indicator for that AMP. If less than 25 points, then further analysis can be done on which sub-indicator needs improvement



PHA Score Summary - MASS

	Mixed	Occupancy		TAR		A/P		Project
Project	Finance	Value	Score	Value	Score	Value	Score	Score
AMP 1	No	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
AMP 2	No	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
AMP 3	No	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
AMP 4	No	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
AMP 5	No	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
AMP 6	No	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
AMP 7	No	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
AMP 8	No	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
AMP 9	No	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

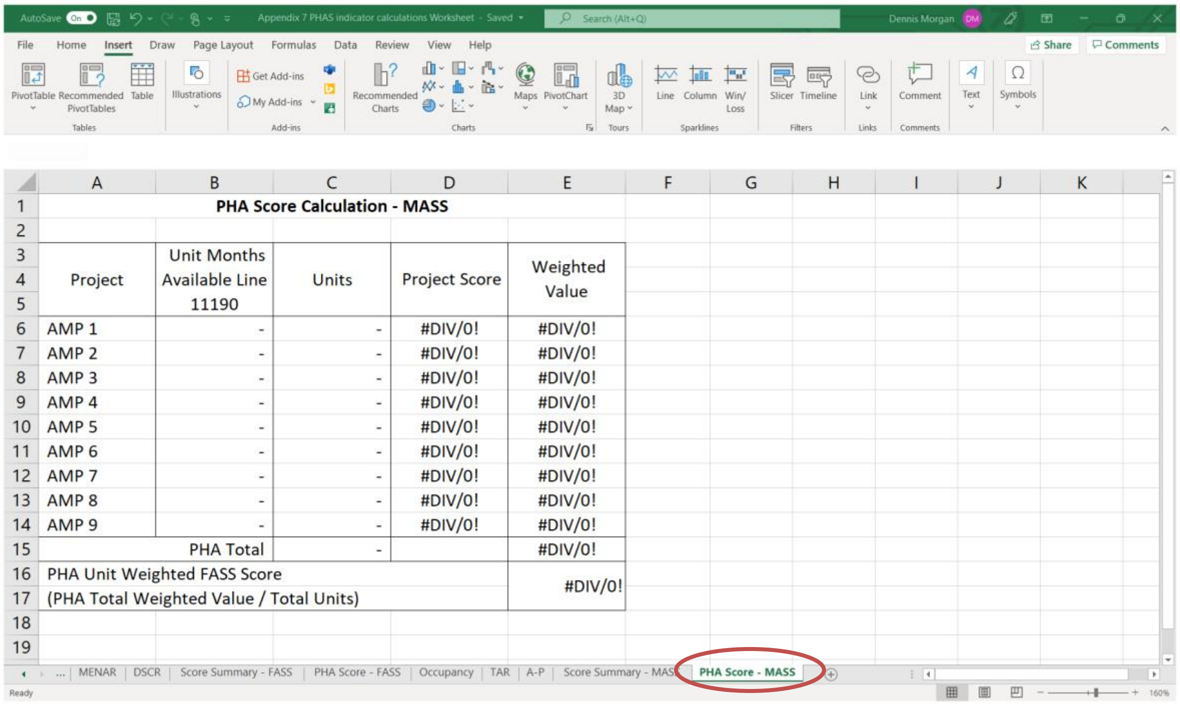


PHA Score Summary - MASS

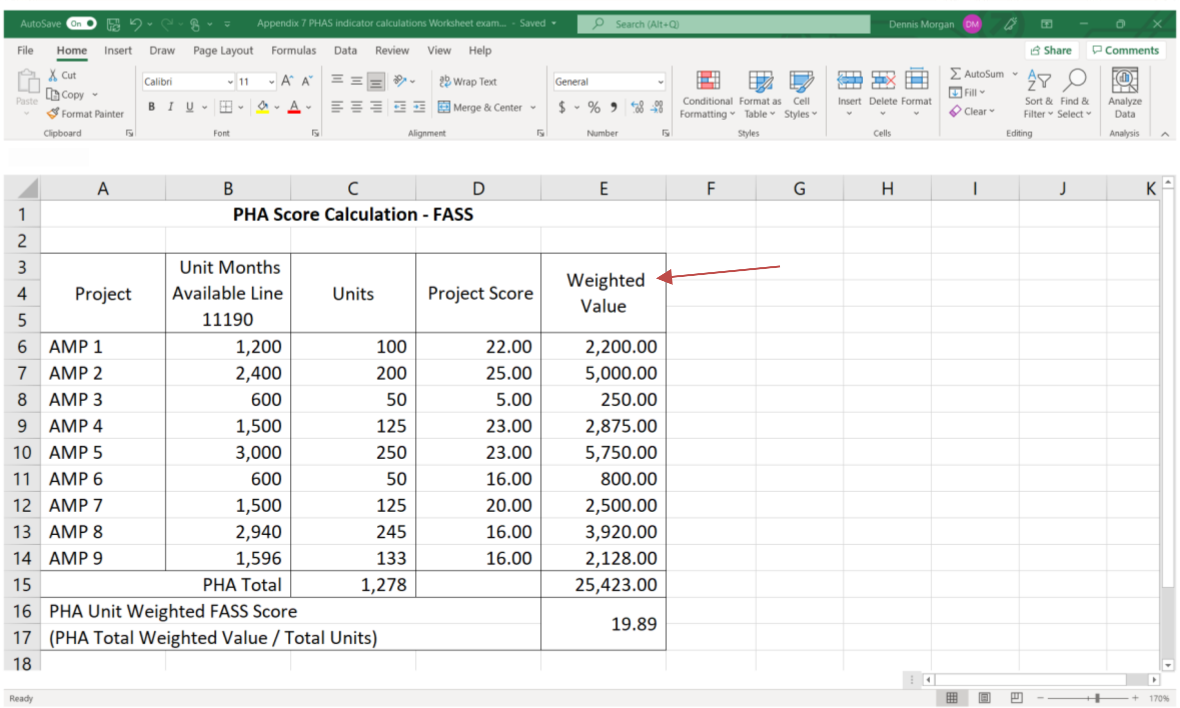
	Mixed	Occupancy		TAR		A/P		Project
Project	Finance	Value	Score	Value	Score	Value	Score	Score
AMP 1	No	98.33%	16.00	2.43%	2.00	0.48	4.00	22.00
AMP 2	No	99.92%	16.00	1.27%	5.00	0.39	4.00	25.00
AMP 3	No	90.00%	1.00	13.70%	0.00	0.51	4.00	5.00
AMP 4	No	98.53%	16.00	1.17%	5.00	0.88	2.00	23.00
AMP 5	No	98.73%	16.00	1.19%	5.00	0.93	2.00	23.00
AMP 6	No	97.67%	12.00	1.88%	2.00	0.93	2.00	16.00
AMP 7	No	98.53%	16.00	7.76%	0.00	0.16	4.00	20.00
AMP 8	No	97.82%	12.00	7.46%	0.00	0.72	4.00	16.00
AMP 9	No	96.55%	12.00	5.43%	0.00	0.57	4.00	16.00

PHA Score MASS Calculations (Worksheet Number 10)

The weighted Average Score will be automatically calculated by multiplying the units by the project score. The worksheet will the automatically calculate the weighted average, provide a PHA total for the AMPS and provide the final score for the PHA total score under this MASS indicator. A score of 25 points would be the maximum score under this indicator and further indicate that each AMP is performing at a high level under MASS.



PHA Score Calculation - MASS				
Project	Unit Months Available Line 11190	Units	Project Score	Weighted Value
AMP 1	-	-	#DIV/0!	#DIV/0!
AMP 2	-	-	#DIV/0!	#DIV/0!
AMP 3	-	-	#DIV/0!	#DIV/0!
AMP 4	-	-	#DIV/0!	#DIV/0!
AMP 5	-	-	#DIV/0!	#DIV/0!
AMP 6	-	-	#DIV/0!	#DIV/0!
AMP 7	-	-	#DIV/0!	#DIV/0!
AMP 8	-	-	#DIV/0!	#DIV/0!
AMP 9	-	-	#DIV/0!	#DIV/0!
	PHA Total	-		#DIV/0!
PHA Unit Weighted FASS Score (PHA Total Weighted Value / Total Units)				#DIV/0!



PHA Score Calculation - FASS				
Project	Unit Months Available Line 11190	Units	Project Score	Weighted Value
AMP 1	1,200	100	22.00	2,200.00
AMP 2	2,400	200	25.00	5,000.00
AMP 3	600	50	5.00	250.00
AMP 4	1,500	125	23.00	2,875.00
AMP 5	3,000	250	23.00	5,750.00
AMP 6	600	50	16.00	800.00
AMP 7	1,500	125	20.00	2,500.00
AMP 8	2,940	245	16.00	3,920.00
AMP 9	1,596	133	16.00	2,128.00
	PHA Total	1,278		25,423.00
PHA Unit Weighted FASS Score (PHA Total Weighted Value / Total Units)				19.89

U.S. Department of Housing and Urban Development

OFFICE OF PUBLIC AND INDIAN HOUSING
REAL ESTATE ASSESSMENT CENTER

Public Housing Assessment System (PHAS) Score Report for Interim

Report Date: 07/20/2026

PHA Code:	CA011
PHA Name:	Housing Authority of the County Contra Costa
Fiscal Year End:	03/31/2024

PHAS Indicators	Original Score	Adjustment	Net Score	Maximum Score
Physical	0	29	29	40
Financial	0	0	0	25
Management	16	0	16	25
Capital Fund	7	0	7	10
Late Penalty Points	-	0	0	
PHAS Adjustment	-	0	0	
PHAS Total Score	**23**	**29**	**52**	**100**
Designation Status:			**Troubled**	

Published 03/06/2026 Initial published 03/06/2026

Financial Score Details Submission Type:Unaudited/Single Audit	Score	Maximum Score
1. FASS Score before deductions	18.57	25
2. Audit Penalties	0.00	
Total Financial Score Unrounded (FASS Score - Audit	18.57	25

Capital Fund Score Details	Score	Maximum Score
Timeliness of Fund Obligation:		
1. Timeliness of Fund Obligation %	90.0	
2. Timeliness of Fund Obligation Points	5	5
Occupancy Rate:		
3. Occupancy Rate %	95.02	
4. Occupancy Rate Points	2	5
Total Capital Fund Score (Fund Obligation + Occupancy Rate):	7	10

Notes:

1. The scores in this Report are the official PHAS scores of record for your PHA. PHAS scores in other systems are not to be relied upon and are not being used by the Department.
2. Due to rounding, the sum of the PHAS indicator scores may not equal the overall PHAS score.
3. "0" FASS Score indicates a late presumptive failure. See 902.60 and 902.92 of the Interim PHAS rule.

U.S. Department of Housing and Urban Development
San Francisco Regional Office - Region IX
One Sansome Street, Suite 1200
San Francisco, California 94104-4430
www.hud.gov
espanol.hud.gov

April 6, 2026

Board of Commissioners
c/o Candace Andersen, Chair
Housing Authority of the County of Contra Costa
3133 Estudillo Street
P. O. Box 2759
Martinez, CA 94553
candace.andersen@bos.cccounty.us

Dear Commissioners:

On March 6, 2026, the Housing Authority of the County of Contra Costa (HACCC) was designated Troubled by HUD's Real Estate Assessment Center ("REAC") based on a failing Public Housing Assessment System (PHAS) audited Financial score of zero (of 25), Physical score of 29 (of 40), Management score of 16 (of 25), Capital Fund score of 7 (of 10), and an overall score of 52 (of 100) for the Fiscal Year ending March 31, 2024, as shown in the enclosed PHAS Score Report. The Financial score of zero is based on a Late Presumptive Failure (for failure to make required financial indicator submissions).

PHA Recovery Plan Due Within 30 Days

It is critical that the Agency assesses its current situation to determine if recovery is feasible or if alternative options for affordable housing should be considered. The Board of Commissioners/Governing Body of the HACCC should take immediate action to identify the sources(s) of the performance deficiencies and develop and implement a plan to recover its PHAS score and ensure long-term sustainability at an acceptable level of performance.

Recovery Agreement and Score Improvement Requirements

Please be advised that HUD is initiating actions to develop and execute a binding Recovery Agreement with the HACCC, as required by federal statute, to document and ensure that recovery efforts have been put in place and the Agency achieves and sustains acceptable performance or identifies other opportunities for affordable housing. If HUD's assessment determines that Public Housing can be sustained and improved, the Recovery Agreement will include recovery benchmarks in accordance with statutory requirements, implemented by regulations found at 24 CFR 902.75(d). **Specifically, the HACCC must meet two sequential benchmarks after being designated Troubled:** 1) a 50% recovery of the Troubled PHAS score on the first released PHAS assessment that is at least 12 months after the Troubled designation – that is to say, a minimum PHAS score for that period of 56 and 2) a full recovery to a PHAS score of 60 or higher on the next sequential fiscal year PHAS assessment.

Noncompliance and Substantial Default

Please also be advised that a failure by the HACCC to comply with HUD requirements under the United States Housing Act of 1937, as amended, may result in the referral of your agency to HUD's Assistant Secretary for Public and Indian Housing for a declaration of substantial default. If HACCC is determined to be in substantial default under section 6(j)(3)(A) of the Act and 24 CFR 907, HUD may seek any available remedy, including any one or several of the following actions consistent with the Act and its implementing regulations:

- Solicit competitive proposals from other PHAs and private housing management agents to manage all or part of HACCC public housing program and project(s);
- Petition for the appointment of a judicial receiver for HACCC;
- Solicit competitive proposals from other PHAs and private entities with experience in construction management to oversee implementation of HACCC's public housing Capital Fund;
- Take possession of all or part of HACCC, including all or part of its public housing program and project(s);
- Require HACCC to make any other arrangements acceptable to HUD, in its full discretion, for managing all or part of the public housing program and project(s).

The following list of actions is offered as common suggestions to the Board to use in self-diagnosing the source(s) of its deficiencies and identifying solutions to recover its performance for long-term sustainability.

<u>Financial</u>

Typically, when a public housing agency faces financial challenges, it must either: (1) increase revenue; (2) decrease expenses; or (3) implement a combination of both.

Revenue

- Evaluate tenant screening, lease enforcement, and rent collection policies and actions to increase tenant rental revenue.
- Consider establishing or raising minimum rents.
- Consider obtaining approval from HUD to sell non-performing Public Housing property or non-residential property covered under a HUD Declaration of Trust.
- Consider selling unencumbered property.
- Consider obtaining supplemental funding from State or local government agencies to cover budget deficits and cost overruns of its Public Housing or non-federal programs.
- Consider reducing the scope of non-federal programs to operate within their financial means.
- Determine whether all portability revenue is being collected from the issuing public housing agencies in the Housing Choice Voucher program.

Expenses

- Consider reducing salaries and employee benefits to levels that stay within budget parameters.
- Consider reducing management and line staffing levels.
- Evaluate utility consumption, energy policies, and consider implementation of energy conservation measures and agreements to reduce energy costs.
- Evaluate all existing contracts for cost and necessity.
- Evaluate and re-price insurance costs.
- Evaluate the need and usage of fleet vehicles.
- Consider contracting property management or maintenance of Public Housing to another entity or public housing agency.

<u>Late Presumptive Failure</u>

Late Presumptive Failure typically results from: (1) failure of a public housing agency to prepare financial statements and submit them timely; (2) failure of a public housing agency to procure and oversee an independent auditor timely and properly; or (3) for a public housing agency that is a component of local government, local regulatory or statutory obstacles.

Financial Statement Preparation and Submission

- Evaluate management/staff ability to prepare financial statements.
- Consider procuring a fee accountant to prepare financial statements.
- Confirm that the Board receives and approves financial statements timely and in advance of regulatory deadlines.
- Verify that staff are correctly identified in and have access to HUD systems.

Audit Procurement and Oversight

- Evaluate the solicitation and procurement process for the independent auditor.
- Confirm that the independent auditor's contract allows sufficient time between the notice to proceed, and the regulatory deadline for submission.
- Evaluate staff's oversight of the independent auditor's contract to ensure that contract requirements and deadlines are met.

Regulatory and Statutory Obstacles

- Identify any local and State requirements that may be impacting the public housing agency's ability to complete its audit timely.
- Determine if the public housing agency's audit is a component part of a larger local or State audit.
  - Determine whether the amount of funding to the public housing agency meets the local or State thresholds for inclusion.
  - Determine if the local or State audit timelines are compatible with the HUD's requirements for submission.

- Consider requesting an exception to local and State requirements to allow the public housing agency to submit its own audit.

Physical

When a public housing agency has achieved low scores on the PHAS Physical Condition indicator, it typically has either: (1) failed to prioritize capital funding; or (2) failed to correct deficiencies identified in previous REAC inspection reports.

Capital Funding

- Evaluate current contracts for priority and necessity in relationship to needed capital funding.
- Account for the amount of capital funds received and purchases made to date.
- Verify that capital funds are not being used for non-capital purposes.
- Evaluate the most recent physical needs assessment or conduct a new one.
- Evaluate the use of resources for underfunded maintenance and modernization needs rather than for development.

Physical Inspection Deficiencies

- Verify that required annual inspections by the public housing agency are being conducted and that generated work orders are being completed timely.
- Evaluate maintenance staffing levels, skill levels, and performance as well as how maintenance staff are deployed.
- Evaluate the maintenance plan as well as the planning efforts for REAC inspections.
- Evaluate the use of previous REAC inspection reports for capital fund and maintenance planning.
  - Verify whether health and safety deficiencies, which are cause for heavily weighted point deductions, are being targeted for immediate repairs. (These include tripping hazards, sharp edges, blocked exits, mold and mildew, exposed electrical wiring, fire hazards, improper storage of flammable or volatile materials, and pest infestations.)
  - Verify whether critical and severe deficiencies, which are cause for a magnitude of point deductions for each inspectable area, are being targeted for repairs. (These include site issues such as fences, grounds, mailboxes, graffiti/litter, parking lots, driveways, roads, walkways and steps, play areas, refuse disposal areas, and storm drains; and building systems issues such as sanitary systems, domestic water systems, elevators, HVAC systems, sprinkler systems for fire protection, emergency power records and auxiliary lighting, and electrical systems.)
  - Verify whether the most common and frequent deficiencies are being repaired sufficiently. (These include damaged interior and exterior walls, roof components, common area hallways and stairways, utility closets/rooms, kitchen appliances, window screens and locks, door surfaces and hardware/locks, and peeling paint.)
- Consider contracting maintenance of Public Housing to another entity or public housing agency.

- Consider a repositioning strategy for the agency's assets if conversion to the Section 8 platform would allow for improved management of the properties.

Management

Generally, when a public housing agency achieves low scores on the PHAS Management indicator, it has failed to maintain an acceptable occupancy level in its developments.

- Evaluate waiting list, tenant selection, and initial certification processes to ensure coordination with property managers and timely preparation for move-ins.
- Assess existing new tenant intake policies and practices and consider implementing those that would contribute to quicker lease up, such as starting the certification process earlier or limiting the number of unit-offer turn-downs for new tenants.
- Assess existing continued occupancy policies and practices and consider implementing those that would reduce the frequency of move-outs, such as educating tenants on lease enforcement and how to be good renters or limiting transfers for existing tenants.
- Assess the impact of current operating protocols for late rent payments as well as timely payments to vendors.
- Evaluate the turn-around time of vacant units for occupancy, including the time it takes maintenance to make-ready units and the time it takes property managers to lease up units.
- Assess the feasibility and desirability of under-occupied developments, e.g. physical condition and configuration, rehabilitation costs and lifespan, neighborhood factors such as crime and proximity to employment, transportation, and services, etc., and consider repositioning options if appropriate.
- Ensure that units taken offline for modernization, special use, or other allowed reasons have been approved by HUD, do not exceed their permissible time limitations, and are correctly classified in HUD systems.
- Consider contracting property management of Public Housing to another entity or public housing agency.

Capital Fund

Losing points in the Capital Fund indicator results from failure of the public housing agency to obligate its Capital Funds timely.

- Evaluate management/staff performance, timeliness, and effectiveness in procurement and contracting functions, e.g., preparing solicitations, evaluating bids, entering obligation information into HUD systems, and maintaining documentation.
- Evaluate management/staff ability to prepare award recommendations for Board review and approval.
- Confirm that the Board receives and approves contract awards timely and in advance of obligation deadlines.
- Verify that staff are correctly identified in and have access to HUD systems.

Please provide the San Francisco PIH Office with a proposed recovery plan within thirty (30) days of receipt of this letter. Your plan will be reviewed by a Recovery Team of subject matter experts to determine further assistance to be provided by HUD and actions to be taken. If you have any questions or need assistance in developing your plan, please contact Sarah J. Dean, Portfolio Management Specialist, at sarah.j.glover-johnson@hud.gov or 415-489-6448.

Sincerely,

DANIEL ESTERLING

Digitally signed by: DANIEL ESTERLING
DN: CN = DANIEL ESTERLING C = US O = U.S. Government OU = Department of Housing and Urban Development, Office of Public and Indian Housing
Date: 2026.04.06 09:14:25 -07'00'

Dan Esterling
Acting Director
Office of Public Housing, San Francisco

Enclosure
PHA Score Report

cc:

Diane Burgis, Board Member
Housing Authority of the County of Contra Costa
3133 Estudillo Street
P. O. Box 2759
Martinez, CA 94553
supervisor_burgis@bos.cccounty.us

John Gioia, Board Member
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Shanelle Scales-Preston, Board Member
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Ken Carlson, Board Member
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supervisorcarlson@bos.cccounty.us

Joseph Villarreal, Executive Director
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3133 Estudillo Street
P. O. Box 2759
Martinez, CA 94553
jvillarreal@contracostahousing.org

Internal HUD Distribution:		
9APH	Official File: Contra Costa County – General Correspondence	
9APH	Chron	
9APH	Originator: S. Dean, PMS Date 4/2/2026 Telephone 415-489-6448	

Identification Lines:
File: J:/01 Concurrence/01 Trevor/ CA011 Contra Costa - PHARS Troubled TAL Letter 202604

Correspondence Code	Originator 9APH	Concurrence 9APH	Concurrence 9APH	Concurrence	Concurrence	Concurrence
Name	DEAN	RODRIGUEZ	ESTERLING			
Date	**4/2/2026**					

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
San Francisco Field Office
1 Sansome Street, Suite #1200
San Francisco, CA 94104

OFFICE OF PUBLIC HOUSING

July 16, 2026

Joseph Villarreal
Executive Director
Housing Authority of the County of Contra Costa
3133 Estudillo Street
P.O. Box 2759
Martinez, CA 94553

Re: Public Housing Agency Recovery & Sustainability (PHARS) On-Site Assessment

Dear Mr. Villarreal:

On March 6, 2026, the Housing Authority of the County of Contra Costa was designated Troubled by HUD based on a failing Public Housing Assessment System unaudited financial score of 0 (of 25), physical score of 29 (of 40), management score of 16 (of 25), Capital Fund score of 7 (of 10), and an overall score of 52 (of 100) for the fiscal year ending March 31, 2024, as shown in the enclosed PHAS Score Report. The financial score of zero is based on a Late Presumptive Failure (for failure to make required financial indicator submissions).

This letter is to confirm that the HUD PHARS Team will conduct an on-site assessment, of the Housing Authority of the County of Contra Costa on August 25 – August 26, 2026. The Team would like to hold an entrance conference with Housing Authority of the County of Contra Costa other key staff at 9:00 am on Tuesday, August 25, 2026. This will be the first day of the on-site assessment. The TEAM will close the on-site assessment with an exit conference at 3:00 pm on Wednesday, August 26, 2026, the final day. We will also need to schedule a meeting with the Board Chair, Candace Andersen, sometime during the site visit. We ask that the Housing Authority of the County of Contra Costa provide the HUD PHARS TEAM with working/meeting space for up to five people.

The scope of the on-site assessment will cover April 1, 2023, through March 31, 2026. The HUD PHARS Team requests Housing Authority of the County of Contra Costa provide the following documents and/or information for The Team’s review no later than August 10, 2026:

- FY24 and FY25 Audit Reports and Audit contracts
- FY24, FY25, and FY26 Board approved budgets – (Public Housing and COCC)
- FY24, FY25, and FY26 last completed month Board package that includes the financial information

- FYE 03/31/24, FYE 03/31/25, and FYE 03/31/26 YTD financial statements that include balance sheet and income statement (with actual vs budgeted data) (Public Housing and COCC)
- FYE 03/31/24 and FYE 03/31/25 general ledgers. (Public Housing and COCC)
- FYE 03/31/24, FYE 03/31/25, and FYE 03/31/26 Bank Statements and Reconciliations on all bank accounts. (Public Housing and COCC)
- Chart of Accounts (Public Housings and COCC)
- Current tenant account receivables report including aging tenant rents and other receivables list
- Current accounts payable report including aging payables
- All board approved financial policies and procedures (ex. Accounts payable and receivable, petty cash, internal control, financial management, depreciation, check writing, capitalization, disposition, bank reconciliation etc.)
- Current Insurance policies (Public Housing)
- List of current investments (Public Housing and COCC)
- List of all Bank Accounts and description of purpose (Public Housing and COCC)
- Bank Signature Cards for all bank accounts. (Public Housing and COCC)
- FY24 and FY25 Board Minutes
- AMP operating budgets
- COCC budget
- Payroll records
- Legal records establishing affiliate
- PHA procurement policy
- Maintenance procedures
- Work order procedures
- Annual inspection procedures
- Vacant unit turnaround process
- Organizational Chart (including maintenance staff)
- Annual inspection plan
- Physical Needs Assessment (PNA)
- Repositioning plans (if applicable)
- Capital Needs Assessment (CNA) or Replacement Reserve Study
- Environmental review for relevant projects
- 5-Year Capital Action Plan

In addition, we will contact the Housing Authority of the County of Contra Costa for assistance in pre-arranging interviews with the following stakeholders to be held in person during our visit, if possible:

- Candace Andersen, Board Member
- Diane Burgis, Board Chair
- John Gioia, Board Member
- Ken Carlson, Board Vice Chair
- Shanelle Scales-Preston, Board Member
- PHA Executive Director

- Deputy Executive Director
- Director of Finance
- Director of Assisted Housing Programs
- Director of Asset Management
- Finance Staff
- Maintenance & Capitalization Staff
- Public Housing Intake Staff
- Resident Council

Additional information or interviews may be requested during or after the review.

We appreciate the Housing Authority of the County of Contra Costa's cooperation and look forward to working with the agency to recover and achieve sustainable performance.

If you have any questions, please contact Rudy Rodriguez, at Rudy.Rodriguez@hud.gov.

Sincerely,

Rudy Rodriguez

Rudy Rodriguez
Acting Director
Office of Public Housing

cc:
Board of Commissioners
c/o Diane Burgis, Board Chair
3133 Estudillo Street
PO BOX 2759
Martinez, CA 94553

Ken Carlson, Board Vice Chair
3133 Estudillo Street
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Martinez, CA 94553

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CONTRA COSTA COUNTY

Staff Report

1025 ESCOBAR STREET
MARTINEZ, CA 94553

File #: 26-3273 **Agenda Date:** 8/11/2026 **Agenda #:** D.3

To: Contra Costa County Housing Authority Board of Commissioners

From: Joseph Villarreal, Executive Director

Report Title: Report on the Shortfall Funding Status of the Housing Choice Voucher Program

☐Recommendation of the County Administrator ☐ Recommendation of Board Committee

RECOMMENDATIONS:
CONSIDER accepting a report on the shortfall funding status of the Housing Authority's (HACCC) Housing Choice Voucher (HCV) program.

BACKGROUND:
Shortfall in the Housing Choice Voucher (HCV) program is when a housing authority does not receive enough annual renewal funding to continue housing everyone on their program currently. There are many reasons a housing authority could face shortfall, but, in general, Congressional funding for the voucher program has not kept up with rent inflation nationally, which has been historically high over recent years. As a result, the United States Department of Housing and Urban Development (HUD) has been inundated with an increasing number of housing authorities across the country who have fallen into shortfall, and it has been difficult for HUD to juggle funding to keep everyone housed nationally.

Nationally, the HCV program received $38.4 billion in funding for 2026, with $400 million set aside to fund housing authorities in shortall, a number that is about double what had previously been set aside for this purpose. However, HUD is currently projecting that shortfall will actually total somewhere between $600-$800 million this year. To compound matters, it is impossible for HUD to truly gauge the expected scale of shortfall by year's end since not every housing authority is good at projecting their costs. Last year HUD had housing authorities who did not realize they would be in shortfall for 2025 until December, including one that needed $35 million in additional funding in the middle of the month. It is hard to imagine how these agencies were not aware they would be in shortfall until that late in the year.

Staff have made several initial changes to HACCC's HCV operations that have resulted in our projected shortfall dropping by about $1.3 million this year. Staff are currently analyzing more substantive policy and subsidy changes and will bring these to the Board in September. The decisions our agency needs to make center around the balance of how much risk we are willing to take that HUD will have enough funding if we need more by the end of the year versus how much more rent burden we are willing to place on our families. Staff have also had several productive conversations with HUD staff and will update the Board at the August 11, 2026, meeting.

FISCAL IMPACT:
The United States Department of Housing and Urban Development (HUD) is projecting a shortfall in 2026 voucher funding for HACCC's HCV program of approximately $11,000,000. This is down from $13,320,654 in

July.

CONSEQUENCE OF NEGATIVE ACTION:
None. Informational Item Only.

Shortfall Payment Standard Study: July 2026

Summary

Option	Strategy	Biggest Upside	Biggest Downside	Protected Families Impacted	Avg. Increase (Protected)	Other Families Impacted	Avg. Increase (Other)	Overall Rent Burden (31%+)	Total families impacted	Annual HAP Savings	
Option 1	Maximum Savings Strategy	Generates the highest annual HAP savings ($5.77 million), providing the greatest budget relief.	Achieves those savings by affecting 3,253 families with relatively high average rent increases.	921	$122.34	2,332	$147.88	40%	3253	$5,772,544	*Maximize annual HAP savings while accepting broader tenant impacts.
Option 2	Deep Targeted Reduction	Reduces the number of affected families by approximately 37% compared with Option 1 while still generating more than $3 million annually.	Produces some of the highest average rent increases for both protected and other families.	278	$154.48	1,254	$165.65	30%	1532	$3,045,384	
Option 3	Balanced Savings Plan	Provides one of the strongest overall balances between budget savings, number of families affected, and average rent increases.	Does not lead any single category—it neither maximizes savings nor minimizes family impacts.	326	$99.98	1,481	$126.56	30%	1807	$2,744,358	*Balance budget savings with the number of families affected and the size of rent increases.
Option 4	Broad Moderate Adjustment	Produces the second-highest annual HAP savings while keeping average rent increases relatively moderate.	Affects the largest number of families (2,940) of any option.	825	$91.65	2,115	$105.93	36%	2940	$3,737,295	
Option 5	Uniform Minimal Adjustment	Produces the lowest average rent increases for both protected and other families while still generating nearly $2.5 million in annual savings.	Still affects more than 2,600 families, resulting in a relatively low savings-per-family-impacted ratio.	715	$69.07	1,888	$79.00	33%	2603	$2,467,715	
Option 6	High-Impact Concentrated Strategy	Limits payment standard reductions to the fewest families among the original high-savings options.	Produces the highest average rent increases for every family that is affected.	138	$184.05	888	$195.37	29%	1026	$2,405,392	
Option 7	Selective Optimization	Offers a balanced middle ground with fewer families affected than Options 4 and 5 while maintaining relatively moderate rent increases.	Produces less savings than the higher-performing options while still affecting nearly 2,000 families.	345	$91.77	1,632	$107.83	31%	1977	$2,558,264	
Option 8	Measured Savings Strategy	Generates more than $2.18 million in annual savings while reducing impacts compared with the more aggressive savings strategies.	Protected households that are affected still experience relatively large average rent increases (approximately $120).	482	$120.27	932	$128.77	33%	1414	$2,184,885	
Option 9	Moderate Family Impact Strategy	Reduces both the number of families affected and average rent increases while still generating approximately $1.73 million annually.	Produces noticeably less savings than the higher-performing options without minimizing impacts as much as the lowest-impact alternatives.	443	$103.74	841	$112.50	31%	1284	$1,733,445	
Option 10	Minimal Protected Impact Strategy	Achieves approximately $1.33 million in annual savings while keeping the average increase for protected households below $90, the lowest among the targeted reduction strategies.	Requires affecting more households (and higher ratio of protected households) than Option 11 to achieve the additional savings.	394	$88.76	750	$96.71	30%	1144	$1,327,654	
Option 11	Low-Impact Budget Relief	Produces the fewest families affected overall (672 total) while still generating just over $1 million in annual HAP savings.	Protected households that are affected still experience average increases above $110, concentrating impacts on a relatively small group.	126	$112.06	546	$127.97	27%	672	$1,031,963	*Minimize impacts on participating families and administrative burden while still producing meaningful budget savings.

* Red highlight = Above the median threshold of "harm". However, each column represents a different type of impact, and some measures may be more important than others depending on priorities.

File #: 26-3275 **Agenda Date:** 8/11/2026 **Agenda #:** C.1

To: Contra Costa County Housing Authority Board of Commissioners

From: Joseph Villarreal, Executive Director

Report Title: Investment Report for the Quarter Ending June 30, 2026

☐Recommendation of the County Administrator ☐ Recommendation of Board Committee

RECOMMENDATIONS:
RECEIVE the Housing Authority of the County of Contra Costa's investment report for the quarter June 30th, 2026

BACKGROUND:
California Government Code (CGC) Section 53646 requires the Housing Authority of the County of Contra Costa (HACCC) to present the Board of Commissioners with a quarterly investment report that provides a complete description of HACCC's portfolio. The report is required to show the issuers, type of investments, maturity dates, par values (equal to market value here) and the current market values of each component of the portfolio, including funds managed by third party contractors. It must also include the source of the portfolio valuation (in HACCC's case it is the issuer). Finally, the report must provide certifications that (1) all investment actions executed since the last report have been made in full compliance with the Investment Policy and; (2) HACCC will meet its expenditure obligations for the next six months. (CGC 53646(b)).

The state-mandated report has been amended to indicate the amount of interest earned and how the interest was allocated. The amended report is attached.

In summary, HACCC had $33,305.71 in interest earnings for the quarter ending June 30th, 2026. That interest was earned within discrete programs and most of the interest earned is available only for use within the program which earned the interest. Further, interest earnings may be restricted to specific purposes within a given program.

The Housing Choice Voucher Program reserve as of 12/31/2013 held in cash and investments was transitioned to HUD held program reserve account.

Non-restricted interest earnings within both the voucher and public housing programs must be used solely within those programs, but such interest earnings can be used for a wider range of purposes within the individual programs. The interest earned in the State and Local fund can be used for any purpose within HACCC's scope of operations.

The interest earned for the quarter ending June 30th,2026 is shown below. A more detailed report is attached.

Public Housing	Housing Choice Vouc Fund		Central Office	State & Local
Unrestricted Interest Earned	Restricted Interest Ea	Unrestricte Interest Earned	Unrestricted Interest Earned	Unrestricted Interest Earned
			$24,557.65	$8,748.06

FISCAL IMPACT:
None. For reporting purposes only.

CONSEQUENCE OF NEGATIVE ACTION:
Should the Board of Commissioners elect not to accept the investment report, it would result in an audit finding of non-compliance and could ultimately affect future funding from the U.S. Department of Housing and Urban Development (HUD).

HOUSING AUTHORITY OF CONTRA COSTA COUNTY
INVESTMENT REPORT : PORTFOLIO HOLDINGS BY TYPE
For Period Ending: 6/30/2026

Issuer	Investment Type	Amount Invested	Yield	Investment Date	Maturity Date	Estimated Value@ Maturity Date
Cantella & Company						
Fidelity Market Reserves	Money Market	49,679.71	3.310%	ongoing	ongoing	49,679.71
Sally Mae Bank	Certificate of Deposit	75,000.00	1.050%	9/23/21	9/22/26	78,937.50
Synchrony Bank	Certificate of Deposit	100,000.00	0.950%	9/24/21	9/24/26	104,752.60
Federal Home Loan bank	Govt Agency	110,000.00	1.750%	2/04/22	1/27/27	119,588.08
American Express national Bank	Certificate of Deposit	247,000.00	2.000%	3/09/22	3/09/27	271,713.53
Capital One Bank, USA	Certificate of Deposit	230,000.00	2.250%	3/23/22	3/23/27	255,889.18
BMO Harris Bank	Certificate of Deposit	150,000.00	3.300%	6/15/22	6/15/27	174,763.56
Morgan Stanley Bank	Certificate of Deposit	150,000.00	3.750%	6/30/22	6/30/27	178,140.41
Discover Bank	Certificate of Deposit	140,000.00	3.300%	7/20/22	7/20/26	158,492.66
CIBC Bank USA	Certificate of Deposit	150,000.00	4.350%	5/16/23	5/15/28	182,642.88
Texas Trust Credit Union	Certificate of Deposit	150,000.00	5.000%	8/09/23	8/09/27	180,020.55
Greenstate Credit Union	Certificate of Deposit	130,000.00	5.000%	8/29/23	8/29/28	162,535.62
Toyota Financial Bank	Certificate of Deposit	100,000.00	4.600%	5/24/24	5/24/29	123,012.60
Farmer Mac	Govt Agency	200,000.00	4.790%	1/31/25	1/28/30	247,847.51
Federal Home Loan Mort Corp	Govt Agency	150,000.00	4.250%	5/29/25	5/20/30	181,735.27
Morgan Stanley Private Bank	Certificate of Deposit	110,000.00	4.350%	6/23/25	6/21/30	133,911.89
Fannie Mae	Govt Agency	200,000.00	4.000%	8/26/25	8/26/30	240,021.92
Goldmans Sach Bank	Certificate of Deposit	200,000.00	3.900%	2/03/26	2/03/31	239,021.37
Sallie Mae Bank	Certificate of Deposit	150,000.00	3.900%	2/04/26	2/04/31	179,266.03
J P Morgan Chase Bank	Certificate of Deposit	240,000.00	4.000%	2/18/26	2/20/31	288,078.90
UBS Bank USA	Certificate of Deposit	249,000.00	3.950%	2/18/26	2/18/31	298,204.45
Optum Bank Inc	Certificate of Deposit	245,000.00	3.700%	3/11/26	3/11/31	290,349.84
Toyota Financial Savings Bank	Certificate of Deposit	145,000.00	4.050%	5/07/26	5/07/31	174,378.59
GRAND TOTALS		**3,670,679.71**				**4,312,984.64**

L.A.I.F. (Acct # 25-07-003)	Liquid Account	125,416.14	3.92%	ongoing	ongoing	125,416.14
GRAND TOTALS		**3,796,095.85**				**4,438,400.78**

HOUSING AUTHORITY OF CONTRA COSTA COUNTY
INVESTMENT REPORT BY FUND
For Period Ending 6/30/2026

Issuer	Amount Invested	Amount Invested by Fund: Public Housing	Management	Central Office	Housing Choice Voucher	Rental Rehabilitation
Cantella & Company						
Fidelity Market Reserves	49,679.71		14,383.14	35,296.57		
Sally Mae Bank	75,000.00			75,000.00		
Synchrony Bank	100,000.00			100,000.00		
Federal Home Loan bank	110,000.00			110,000.00		
American Express national Bank	247,000.00			247,000.00		
Capital One Bank, USA	230,000.00			230,000.00		
BMO Harris Bank	150,000.00			150,000.00		
Morgan Stanley Bank	150,000.00			150,000.00		
Discover Bank	140,000.00			140,000.00		
CIBC Bank USA	150,000.00		150,000.00			
Texas Trust Credit Union	150,000.00			150,000.00		
Greenstate Credit Union	130,000.00			130,000.00		
Toyota Financial Bank	100,000.00		100,000.00			
Farmer Mac	200,000.00			200,000.00		
Federal Home Loan Mort Corp	150,000.00		150,000.00			
Morgan Stanley Private Bank	110,000.00		110,000.00			
Fannie Mae	200,000.00			200,000.00		
Goldmans Sach Bank	200,000.00		200,000.00			
Sallie Mae Bank	150,000.00			150,000.00		
J P Morgan Chase Bank	240,000.00			240,000.00		
UBS Bank USA	249,000.00			249,000.00		
Optum Bank Inc	245,000.00			245,000.00		
Toyota Financial Savings Bank	145,000.00			145,000.00		
GRAND TOTALS	**3,670,679.71**	**-**	**724,383.14**	**2,946,296.57**	**-**	**-**

L.A.I.F. (Acct # 25-07-003)	125,416.14	-	-	-		125,416.14
GRAND TOTALS	**3,796,095.85**	**-**	**724,383.14**	**2,946,296.57**	**-**	**125,416.14**

HOUSING AUTHORITY OF CONTRA COSTA COUNTY

Report per CGC 53646 CURRENT MARKET VALUE

For Period Ending 6/30/2026

Issuer	Investment Type	Maturity Date	Amount Invested	Current Market Value (at 6/30/26)	Yield
Cantella & Company					
Fidelity Market Reserves	Money Market	ongoing	49,679.71	49,679.71	3.31%
Sally Mae Bank	Certificate of Deposit	9/22/2026	75,000.00	74,481.75	1.05%
Synchrony Bank	Certificate of Deposit	9/24/2026	100,000.00	99,270.00	0.95%
Federal Home Loan bank	Govt Agency	1/27/2027	110,000.00	108,528.20	1.75%
American Express national Bank	Certificate of Deposit	3/09/2027	247,000.00	243,537.06	2.00%
Capital One Bank, USA	Certificate of Deposit	3/23/2027	230,000.00	226,998.50	2.25%
BMO Harris Bank	Certificate of Deposit	6/15/2027	150,000.00	148,854.00	3.30%
Morgan Stanley Bank	Certificate of Deposit	6/30/2027	150,000.00	149,448.00	3.75%
Discover Bank	Certificate of Deposit	7/20/2026	140,000.00	139,931.40	3.30%
CIBC Bank USA	Certificate of Deposit	5/15/2028	150,000.00	150,277.50	4.35%
Texas Trust Credit Union	Certificate of Deposit	8/09/2027	150,000.00	151,398.00	5.00%
Greenstate Credit Union	Certificate of Deposit	8/29/2028	130,000.00	132,056.60	5.00%
Toyota Financial Bank	Certificate of Deposit	5/24/2029	100,000.00	100,825.00	4.60%
Farmer Mac	Govt Agency	1/28/2030	200,000.00	199,532.00	4.79%
Federal Home Loan Mort Corp	Govt Agency	5/20/2030	150,000.00	149,911.50	4.25%
Morgan Stanley Private Bank	Certificate of Deposit	6/21/2030	110,000.00	109,366.40	4.35%
Fannie Mae	Govt Agency	8/26/2030	200,000.00	198,234.00	4.00%
Goldmans Sach Bank	Certificate of Deposit	2/03/2031	200,000.00	196,260.00	3.90%
Sallie Mae Bank	Certificate of Deposit	2/04/2031	150,000.00	147,193.50	3.90%
J P Morgan Chase Bank	Certificate of Deposit	2/20/2031	240,000.00	234,691.20	4.00%
UBS Bank USA	Certificate of Deposit	2/18/2031	249,000.00	244,826.76	3.95%
Optum Bank Inc	Certificate of Deposit	3/11/2031	245,000.00	238,179.20	3.70%
Toyota Financial Savings Bank	Certificate of Deposit	5/07/2031	145,000.00	143,041.05	4.05%
			3,670,679.71	**2,234,095.62**	
L.A.I.F. (Acct # 25-07-003)	Liquid Account	ongoing	125,416.14	125,416.14	3.92%
GRAND TOTALS			**3,796,095.85**	**2,359,511.76**	

HOUSING AUTHORITY OF CONTRA COSTA COUNTY

Investment Interest Earnings Report

For Period Ending 6/30/2026

			Interest Earned this Quarter by Fund				
150189	Amount Invested	Interest Earned this Qtr	Public Housing	Management	Central	Rental Rehab	Housing Voucher
			Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted
Cantella & Company							
Fidelity Market Reserves	49,679.71	405.47	-	117.39	288.08	-	-
Sally Mae Bank	75,000.00	194.18	-	-	194.18	-	-
Synchrony Bank	100,000.00	234.25	-	-	234.25		-
Federal Home Loan bank	110,000.00	474.66	-	-	474.66		-
American Express national Bank	247,000.00	1,218.08	-	-	1,218.08		-
Capital One Bank, USA	230,000.00	1,276.03	-	-	1,276.03		-
BMO Harris Bank	150,000.00	1,220.55	-	-	1,220.55		-
Morgan Stanley Bank	150,000.00	1,386.99	-	-	1,386.99		-
Discover Bank	140,000.00	1,139.18	-	-	1,139.18		-
CIBC Bank USA	150,000.00	1,608.90		1,608.90			-
Texas Trust Credit Union	150,000.00	1,849.32	-		1,849.32		
Greenstate Credit Union	130,000.00	1,602.74	-	-	1,602.74		
Toyota Financial Bank	100,000.00	1,134.25	-	1,134.25	-		
Farmer Mac	200,000.00	2,362.19	-	-	2,362.19		
Federal Home Loan Mort Corp	150,000.00	1,571.92	-	1,571.92	-		
Morgan Stanley Private Bank	110,000.00	1,179.86	-	1,179.86	-		
Fannie Mae	200,000.00	1,972.60	-	-	1,972.60		
Goldmans Sach Bank	200,000.00	1,923.29	-	1,923.29	-		
Sallie Mae Bank	150,000.00	1,442.47	-	-	1,442.47		
J P Morgan Chase Bank	240,000.00	2,367.12	-	-	2,367.12		
UBS Bank USA	249,000.00	2,425.19	-	-	2,425.19		
Optum Bank Inc	245,000.00	2,235.21	-	-	2,235.21		
Toyota Financial Savings Bank	145,000.00	868.81	-	-	868.81		
-	**3,670,679.71**	**32,093.26**	**-**	**7,535.61**	**24,557.65**	**-**	**-**
L.A.I.F. (Acct # 25-07-003)	125,416.14					1,212.45	
GRAND TOTALS	**3,796,095.85**	**33,305.71**	**-**	**7,535.61**	**24,557.65**	**1,212.45**	**-**