**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.

<u>Rehabilitation-focused properties:</u> 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.