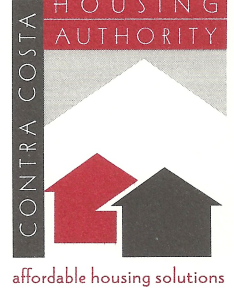


# HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA



September 21, 2012

Mr. Steve Szalay, Local Government Consultant  
California Department of Finance  
State Capitol, Room 1145  
Sacramento, CA 95814

Dear Mr. Szalay:

I am responding to your September 17, 2012 letter and email concerning the former redevelopment agency (RDA) functions of the City of Hercules. As requested, the Housing Authority of the County of Contra Costa (HACCC) is responding to your inquiry by September 21, 2012.

HACCC is aware that the City of Hercules has declined to retain the responsibility for performing the housing functions of its former RDA and that the City has notified HACCC of this intent. However, at this point it is not accurate to state that HACCC has refused to assume responsibility for performing the former RDA's housing functions. The City of Hercules declined to retain the responsibility for performing the housing functions of its former RDA because "there are extremely complex and burdensome monitoring and reporting requirements that the City cannot afford to perform and for which the City would not be reimbursed; and there is no economic benefit to the City for taking on the burden of administering the Successor Housing Agency."

As your agency should be aware from discussions with the United States Department of Housing and Urban Development (HUD) and the California Association of Housing Authorities, most housing authorities in the state, including HACCC, have no expertise managing RDA programs. Further, most housing authorities in the state, including HACCC, receive all or virtually all of their funding from HUD to manage the Section 8 and public housing programs. HUD prohibits housing authorities from using funding for these programs for any other purposes and HACCC's continued federal funding would be jeopardized if those funds are used to manage the housing functions of any former RDA.

HACCC has recently retained a consultant to help the agency determine whether any funding sources exist that would allow HACCC to perform former RDA housing functions. As you know, the low and moderate income housing fund is unavailable to HACCC pursuant to Health and Safety Code Section 34177. HACCC will continue to attempt to identify adequate funding to manage these functions. However, HACCC is not willing to take any action that would endanger the federal housing assistance it provides to nearly 8,000 families in Contra Costa County. If the Department of Finance has any suggestions for viable funding sources that HACCC could pursue for the purposes of performing former RDA housing functions, please let us know.

As you suggested in your letter, I will contact Justyn Howard to discuss this matter in more detail with him. Please let me know if you have any questions. I can be reached at (925) 957-8011.

Sincerely,

A handwritten signature in blue ink, appearing to read 'JVillarreal', with a long horizontal flourish extending to the right.

Joseph Villarreal  
Executive Director

cc: Board of Commissioners, Housing Authority of the County of Contra Costa  
cc: Contra Costa County Counsel