



Office of the City Manager



**MEETING OF THE
3X3 COMMITTEE OF THE
BERKELEY CITY COUNCIL AND THE BERKELEY HOUSING AUTHORITY
Classrooms A&B, North Berkeley Senior Center
1901 Hearst Avenue
Wednesday, September 7, 2016
5:30 p.m. to 7:00 p.m.**

Berkeley City Council:
Mayor Tom Bates
Councilmember Darryl Moore
Councilmember Jesse Arreguin

Berkeley Housing Authority (BHA) Commission:
Commission Chair Carole Norris
Commissioner Adolph Moody

This meeting will be conducted in accordance with the Brown Act, Government Code Section 54653. Any member of the public may attend this meeting. Questions regarding this matter may be addressed to Dee Williams-Ridley, City Manager, at 510-981-7000.

AGENDA

1. Call to Order
2. Public Comment
3. Approval of Minutes: July 16, 2015 (Attachment 1)
4. Housing Advisory Commission Report on the Berkeley Housing Authority Recommendations
5. Status of Below Market Rate Ordinance
6. Adjourn

NOTES: Attendees at public meetings are reminded that other attendees may be sensitive to various odors, whether natural or manufactured, in products and materials. Please help respect these needs.

- **Communication Access Information (A.R.1.12)**



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- **SB 343 Disclaimer**

Any writings or documents provided to a majority of the Committee regarding any item on this agenda will be made available for public inspection at the City Clerk’s Department located at 2180 Milvia Street, 1st Floor, during their normal business hours.

- **Communications Disclaimer**

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3 x 3 Committee Meeting of the City Council and the
Berkeley Housing Authority
July 16, 2015
North Berkeley Senior Center, 1901 Hearst Avenue
Meeting Notes

1. **Call to Order**

5:40 pm: Present: Tom Bates, Darryl Moore, Carole Norris, Adolph Moody.
Absent: Jesse Arreguin, Marjorie Cox

2. **Public Comment**

3 speakers.

3. **Approval of Meeting Notes**

M/S/C: All Ayes

4. **Update on Berkeley Housing Authority**

a. Project-Based Section 8 Contracts and Allocation Process

BHA Executive Director Tia Ingram provided an update on the Low Income Public Housing Disposition process.

M/S/C: Bates, Moore; 3-1 (Moody No) to accept Ms. Ingram's written presentation.

BHA is utilizing 89% of its Section 8 vouchers but using 97% of budget authority. Payment standards are 110%. Details of BHA's current status were set forth in the written report. Ms. Ingram walked the Committee through the report.

Payment of proceeds from Disposition to BHA was \$2.7 million but HUD must approve release of the funds to BHA each year.

Ms. Ingram provided information about the Project-based Section 8 Projects University Neighborhood Apartments: 17 vouchers expired but all tenants remain with individual vouchers.

177 vouchers are expiring by January 2019.

BHA only has 22 vouchers remaining which include the 17 returned from University Neighborhood Apartments (UNA)

Mayor Bates asked: What happens to UNA if the tenants move out?

Commissioner Norris responded that the project's rents are regulated by its funding source, for example tax credits. The rents are based on the requirements of the funding. BHA is interested in becoming the leasing agent for project-based projects that lose tenant vouchers.

Councilmember Moore asked whether the Grayson Project will be considered for the 22 project-based vouchers that are available. Ms. Ingram responded that it could be considered as part of a competition process or a City based process. Ms. Ingram explained that only 20% of the BHA's program can be project based.

Councilmember Moore asked whether HUD approve a higher payment standard thus translating into additional project-based vouchers and how do project based Section 8 vouchers assist with developing units. Ms. Ingram responded that 1 Project-based voucher yields \$90,000 value over 15 years.

Ms. Ingram indicated that HUD does not pay administrative costs for the BHA to issue project-based vouchers and suggested that the City should cover those costs.

Commissioner Moody suggested that the affordable housing mitigation fee should be raised to provide additional units.

Mr. Moore asked for clarification as to whether any fees had been paid to date. City Manager Christine Daniel confirmed no fees had been paid to date.

Commissioner Norris requested that the BHA be involved in the next analysis of the Nexus study and that BHA needs to be considered as part of that process.

Ms. Ingram explained that every voucher that is project-based is a voucher that is not available for a tenant-based voucher. And if a tenant in a project-based unit leaves after one year they receive a tenant-based voucher.

Commissioner Norris stated that BHA believes that projects can be underwritten with assumption that project-based vouchers will expire after 15 years and replaced by tenant vouchers.

Councilmember Moore asked whether BHA's rationale for not extending the project-based vouchers is to make vouchers available for other projects. Commissioner Norris indicated that was correct.

Councilmember Moore asked if tenant based vouchers are not used, could the project be converted to project based? Ms. Ingram responded no, because the total is capped at 20%.

Councilmember Moore asked whether BHA was sure that HUD would not allow conversion of unused vouchers. Commissioner Norris indicated that was correct, but that BHA is asking HUD for approval of 30% or even 50%.

Councilmember Moore asked for the BHA payment amounts.

Ms Ingram indicated: 1 Bedroom = \$1,386
 2 Bedroom = \$1,743

She added that BHA is considering acting as the leasing agent for low income projects so that vacant units are leased to prospective tenants on the Section 8 list.

Mayor Bates asked whether if a project was 20% affordable and half of that was required to be available at 50% of Area Median Income, could the BHA make a voucher available?

Commissioner Norris: Yes and the BHA could charge an administrative fee to administer the placement system.

Mayor Bates asked how much is in the Housing Trust Fund?

Health Housing & Community Services Department Housing Services Manager Kristen Lee indicated there is about \$250,000 that has not been programmed for projects.

Ms. Ingram indicated that BHA is interested in charging fees to developers to apply for project-based vouchers like Alameda County did recently.

5. **Update on BHA Budget**

Ms. Ingram reported that BHA is at 89% lease up due to limited unit unavailability so administrative fees have decreased. BHA's deficit is projected at \$290,000 with 12 FTE's. BHA could survive 30 years if HUD approves use of disposition proceeds, but only 9 years if staffing is increased to 14 FTE.

If lease up increases to 98% and HUD proration increases to 85%, BHA could break even.

Commissioner Moody stated that if BHA transfers to Alameda County, the percentage allowed for Fair Market Rent (FMR) could be reduced, like it is in other Alameda County areas. The only way BHA is going to prosper is to work with the civic side and get more investments in affordable housing.

Councilmember Moore indicated he is strongly in support of a fee for project-based voucher applications and incentive pay for BHA handling the wait list. He also suggested a "per door fee" to BHA that City would pay to administer the Section 8 voucher program. He said BHA should evaluate how much that would generate for them.

Commissioner Norris stated that there are several alternatives:

- (1) BHA stays in Berkeley as-is; makes sure it runs without a deficit and is fully staffed.
- (2) BHA is absorbed into Alameda County. But Alameda County may or may not take BHA and would not have an office in Berkeley nor commit vouchers to Berkeley.
- (3) Similar to City of Alameda, the Housing Authority acts as the City's Housing Dept. and manages its CDBG and Shelter Plus Care programs.
- (4) BHA could become part of the City again and the cost of BHA is integrated into the City.

Mayor Bates asks who makes decisions about use of disposition proceeds?
Ms. Ingram stated that it is ultimately HUD headquarters.

Commissioner Norris informed the Committee that the BHA Executive Director (Ms. Ingram) expects to retire in January and the BHA Board approved a transition committee to consider staffing moving forward.

Mayor Bates asked if the BHA workload has changed since disposition of the low income public housing units. Ms. Ingram stated that the impact has been very minimal because all tenants became Section 8 voucher holders and BHA still needs to do all the re-certifications, etc.

Councilmember Moore asked whether it makes sense for BHA to run the City's Shelter Plus Care program or explore moving BHA back into the City. He also stated the need to recognize the work of the Board and Ms. Ingram for all hard work and commitment in taking a troubled agency and making it high performing.

City Manager Daniel expressed that the Shelter Plus Care program is a critical element of the City's coordinated service delivery for homeless services and any changes to Shelter Plus Care would need to be carefully considered for their impact on homeless services.

Councilmember Moore requested additional meetings of the Committee.

Mayor Bates identified future Agenda topics:

- Fiscal health of BHA;
- HUD's position on BHA-funding;
- Exploring what Alameda County would do to accept BHA;
- Determining whether the disposition money can be used for another purpose.

Mayor Bates stated the next steps prior to the next meeting:

- Commissioner Norris and Mayor Bates will meet.
- Commissioner Norris will meet with HUD.
- Mayor Bates will talk with developers about the impact of the Nexus study.
- Commissioner Norris and the BHA Board will discuss staffing needs.
- Mayor Bates expressed that he is also interested in meeting with HUD to understand restrictions on the use of the funding

6. **Adjourn**

M/S/C Moore/Norris to adjourn the meeting at 7:05 p.m. All ayes.