




**Berkeley Housing Authority**

1901 Fairview St., Berkeley, CA 94703  
Telephone: (510) 981 5470 Fax: (510) 981 5480

*Office of the Executive Director*

Item 4C  
CONSENT CALENDAR  
September 16, 2010

To: Honorable Chairperson and  
Members of the Berkeley Housing Authority

From:  Tia M. Ingram, Executive Director

Subject: Consideration of a resolution authorizing the adoption of a new Payment Standard schedule for the Section 8 Tenant Based and Project Based Voucher Programs and the Moderate Rehabilitation, Single Room Occupancy Program effective December 1, 2010

RECOMMENDATION

Approve a resolution authorizing the adoption of a new Payment Standard schedule for the Section 8 Tenant Based and Project Based Voucher Programs effective December 1, 2010.

BACKGROUND

Every Public Housing Authority (PHA) is required to maintain a Payment Standard (PS) schedule for the Section 8 Housing Choice Voucher Program. Payment Standards are utilized to calculate the maximum amount a housing authority may pay for a Section 8 contracted unit, the amount of which is inclusive of: (a) the subsidy BHA pays on behalf of the Section 8 program participant to the owner (or Housing Assistance Payment, "HAP"), (b) the amount the Section 8 program participating family pays to the owner (Tenant Rent Portion) and, (c) the amount of utility allowance that the Section 8 program participating family will receive for any utilities paid by the family.

Payment Standards must be set at a level that is sufficient to allow a family a reasonable opportunity to rent a unit in the jurisdiction. The PHA has the authority to set the PS anywhere between 90% and 110% of the Fair Market Rents (FMRs) as established by HUD annually. If the PHA determines that the PS at 110% is insufficient given current market rents, the PHA may appeal to HUD for an exception PS, up to 120% of FMR. In determining the Payment Standard the Housing Authority must:

- a. Start with the Fair Market Rents. *At least once each year (usually in October) the U.S. Department of Housing and Urban Development (HUD) issues a final rule publishing of the new Fair Market Rents (FMR).*

- b. Review average rents in the jurisdiction, typical utility allowances, and average income for assisted households. *This will help determine the amount of rental subsidy required to successfully compete for available units.*
- c. Review existing contracts and determine the extent to which families are paying more than 30% of income for rent, when they are housed in an appropriate sized unit. *This will help determine if the Payment Standard is set too low, for existing tenancies.*
- d. Consider the impact on program size. *The amount of funding HUD provides for rental subsidy is fixed. Thus a PS above 100% increases the maximum amount of subsidy any one family can qualify to receive, and has the potential of reducing the maximum number of families that can be assisted. For example, with \$1,000 in annual funding a PS of \$100 results in assistance to 10 households. A PS at \$110 results in assistance to 9 households.*

Rental rates in the City of Berkeley have remained high, and vacancy rates low for rentals, even during this current economic crisis. FMRs have increased slightly over the past several years, and the PS effective December 1, 2009 was set at 110% of FMR. With few exceptions, families have been able to rent units without forfeiting any of the allowed utility allowance.

On August 4, 2010, HUD issued notice of the proposed 2011 Fair Market Rents. The proposed rates are slightly higher than the adopted 2010 rates. To maintain the maximum PS possible (without HUD approval), we are proposing that the Board approve new Payment Standards at 110% of FMR effective December 1, 2010.

Unit Size	SRO*	0	1	2	3	4
Current Payment Standard	794	1,059	1,278	1,515	2,054	2,543
Proposed HUD FMR for 2011 (10/1/10)*	xxxxx	986	1,191	1,411	1,913	2,369
Proposed PS: 110% of FMR (12/1/10)	814	1,085	1,310	1,552	2,104	2,606
Variance (current PS minus Proposed PS)	20	26	32	37	50	63

The new Payment Standards, at 110% of the FMRs, provide an increase in the maximum subsidy payable for units of all bedroom sizes. \*The PS for units in the Moderate Rehabilitation, Single Room Occupancy (SRO) program is 75% of the PS for a studio unit.

**STATUS**

To ensure on-time completion of the Annual Recertifications, including 30-day advance notice to families of any increase in family rent portion, staff works 60-90 days in advance. Thus, recertifications effective on October 1<sup>st</sup> and November 1<sup>st</sup> 2010 have already been processed, and the process of advising families and landlords of the new rent portions has begun. To avoid the need to revise these transactions and others that are in process, we propose the effective date of the new PS be December 1<sup>st</sup>. Adoption at this meeting will allow staff to reflect the new rates as the December recertifications are processed. The “current” rates will remain within the range of 90 and 110% of the new FMRs, thus BHA will remain in compliance with the applicable HUD requirement.

CONTACT PERSON

Tia Ingram, Executive Director, Berkeley Housing Authority, 981-5471.  
Jesy Yturralde, Finance Manager, 981-5488

Attachments:

1. Resolution
2. Payment Standard Schedule

RESOLUTION NO. 10-\_\_\_\_\_

AUTHORIZING THE ADOPTION OF A NEW PAYMENT STANDARD SCHEDULE FOR THE SECTION 8 TENANT BASED AND PROJECT BASED VOUCHER PROGRAMS, AND THE MODERATE REHABILITATION, SINGLE ROOM OCCUPANCY PROGRAM, EFFECTIVE DECEMBER 1, 2010

WHEREAS, the Housing Authority is required to establish a Payment Standard schedule for all bedroom sizes; and

WHEREAS, the U.S. Department of Housing and Urban Development publishes new Fair Market Rent amounts every October; and

WHEREAS, the Housing Authority is allowed to establish the Payment Standard amounts between 90 and 110% of the Fair Market Rent (FMR); and

WHEREAS, on August 4, 2010 HUD issued the proposed Fair Market Rents for the upcoming Federal fiscal year; and

WHEREAS, the current Payment Standards are within 90-110% range of FMRs; and

WHEREAS, staff needs information on applicable Payment Standards to continue processing of annual and interim recertifications.

NOW THEREFORE, BE IT RESOLVED, that the Housing Authority Board authorizes adoption of a new Payment Standard Schedule for the Berkeley Housing Authority's Section 8 Tenant Based Voucher Programs and the Moderate Rehabilitation, Single Room Occupancy Programs, attached hereto and identified as Exhibit A, effective December 1, 2010.

The foregoing Resolution was adopted by the Board of the Berkeley Housing Authority on September 16, 2010 by the following vote:

Ayes:

---

Noes:

Absent:

Abstain:

Attest: \_\_\_\_\_  
Tia M. Ingram, Secretary

## Exhibit A

**Proposed Payment Standards  
Sectin 8 Housing Choice Voucher and  
Moderate Rehabilitation, Single Room Occupancy Program**

Effective December 1, 2010

Effective Date	SRO	0-Studio	1-Bed-room	2-Bed-rooms	3-Bed-rooms	4-Bed-rooms
12/01/10	814	1,085	1,310	1,552	2,104	2,606
12/01/09	794	1,059	1,278	1,515	2,054	2543
08/02/09	747	996	1,202	1,554	2,107	2,608
12/01/08	746	995	1,202	1,425	1,932	2,393
12/17/07	715	953	1,151	1,363	1,848	2,288
05/01/07	721	961	1,160	1,472	2,034	2,474
03/01/07	721	961	1,160	1,375	1,864	2,080