



Berkeley Housing Authority

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Office of the Executive Director

Item 5

MEMORANDUM

Date: June 12, 2014
To: Honorable Chairperson and
Members of the Berkeley Housing Authority Board
From: Tia M. Ingram, Executive Director *Tia Ingram*
Subject: Status of Berkeley Housing Authority Operations

This report summarizes the highlights of our current activities and advises upcoming projects:

HUD REPORTING/COMPLIANCE

- 1. 50058 Reporting. As required, we submit certifications to HUD via the PIC system – documenting completion of the annual recertification for continued eligibility conducted by the four Housing Specialists [review of household composition, income, assets and eligible expenses], required annual unit inspection [to ensure the unit is safe, decent and sanitary], interim recertifications [where an unexpected change in household income requires the Housing Specialists to change the family’s rent portion] and other related transactions for each participating household [i.e. pre-contract unit inspections, end of participation, move outs, etc.] Data reported in this system also is utilized in assessing the BHA’s performance under the Section Eight Management Assessment Program (SEMAP). To avoid sanctions, and to earn maximum points under SEMAP, BHA must score 95% or higher (utilization) and 98% or better for annual functions:

	<u>Mar 2014</u>	<u>Apr 2014</u>	<u>May 2014</u>	<u>June 2014</u>
Utilization	93.6% (1,812)	93.3% (1,807)	93.13% (1,802)	92.67% (1,793)
Annual Recert	98%	97.46%	97.18%	
Annual Inspect	99%	97%		

As we approach the end of our Fiscal Year (FY), we are reviewing the information in the database, and in particular, the cases showing as “late” annual recertifications or late unit inspections. While some were “missed” and not scheduled by staff, we have found two primary causes for the bulk of the reports: failure on the part of the receiving housing authority to process a “port-in”, and challenges with PIC accepting certifications where the family has “VASH” (special program for Veterans) assistance.

It is important that the data be scrubbed so that we report accurately; we have reliable information for the number of households assisted; and we can measure the monthly

work load for our housing specialists and inspector. Further, it is our goal to end the year with minimal cases in arrears.

2. Capital FUND

We received confirmation of a FY 2014 capital fund allocation of \$112,344. However, given the February 14, 2014 transfer to Berkeley 75, we have advised HUD that we decline this grant.

ADMINISTRATION

1. Human Resources

- a. Human Resource Consultant. On May 20th staff issued a Request for Qualifications (RFQ) for a human resource management consultant to review of our entire human resource function; draft and/or revise policies; assist in obtaining required approvals/certifications; and make appropriate recommendations. Responses are due June 4th. This is critical to our effort to ensure that we are fully compliant with all the requirements of a public sector employer.
- b. Receptionist. On June 9th we welcomed Megan Hodges, Office Assistant I, to BHA. Ms. Hodges' appointment effectively fills the receptionist position that was vacant (filled with temporary staff) for more than six months. Ms. Hodges will serve a six month probationary period.
- c. Labor Contracts. At the May 10th meeting Chairperson Norris create a single purpose committee (Commissioner Rossi and Finance Committee members Commissioners Agostino and Cox), and tasked them to meet with our negotiating team to provide direction for the upcoming negotiations. The committee had a very effective, productive meeting Friday, May 20th. The Board will be briefed during closed session.
- d. Ergonomic assessment. An ergonomic assessment was performed on May 29. The consultant met individually with each staff member, listened to what staff had to share, took measurements, and made recommendations to mitigate injuries, and increase productivity.

OPERATIONS

1. Program Utilization/Leasing

We are currently authorized for 1,935 units. As of May 31st, 1,793 households are receiving rental assistance, including 161 that are residing outside Berkeley. We are approaching the time of year (fiscal year end) when PHAs evaluate a decision to absorb existing incoming port contracts to maximize earned income, while continuing to

manage new incoming ports so as not to become over-leased. Via our project based program and the tenant protection voucher program, we anticipate an additional 97 contracts:

17 units from the LIPH disposition/Berkeley 75 project that we anticipate going under contract this fiscal year (with a lease date on or before June 1st);

57 units from the LIPH disposition project with lease dates between June 2nd and December 1st, 2014 (Fiscal Year 2014-15); and

23 units from the Strawberry Creek Lodge project (leasing is planned for August 2015 (Fiscal Year 2015-16).

Note – BHA only earns an Admin Fee if the unit is under lease on the 1st day of the month. Thus, while leasing is ongoing (Berkeley 75), BHA will not earn any fee this Fiscal Year for units with lease dates effective June 2-June 30. Leasing by Berkeley 75 is at approximately 5% of the rate initially proposed; this translates to a reduction in anticipated income (admin fee) of approximately \$6,400 this fiscal year.

In addition, we are processing applications from the tenant based wait list, with a goal of a net increase in leasing of 5-7 units per month; the first briefing (6-10 households) is scheduled for Monday, June 16th.

2. S8Project Based Program

BHA's first allocation of project based vouchers was 17 units to Adeline Street Apartments in 2003. The initial term expired, and in 2013, we renewed 17 vouchers for a new 5-year term (as requested by the property owner). The next allocation of 17 project based vouchers was awarded to University Neighborhood Apartments in 2005. The initial term of these vouchers expires in June 2015. In accordance with the Administrative Plan (Attachment 1) we have advised the owner of the Master HAP contract expiration, and extended an opportunity to apply for renewal of some or all of the PBVs. Given the very limited number of PBVs that can be awarded, we have asked the property owner to consider a smaller renewal of PBVs, and rely on the rental income stream (same dollar amount) derived from a S8 tenant based contract in lieu of a project based contract. The rental income to the property, and the rent paid by the family will be the same with either type of subsidy. We currently provide S8PV voucher assistance at 17 developments (including the multi-site "dispo" project currently in the leasing stage).

3. Owner Retention/Expansion

Competition for rental units remains fierce as market rents continue to rise; students vie for units further and further away from the university; and individuals who work in San Francisco are priced out of the SF rental market.

We are excited about an upcoming opportunity to participate in a workshop with landlords with rental units in Northern Alameda County and Contra Costa County, offered by East Bay Rental Housing Association (EBRHA) in August. The discussion topic is the S8 voucher program; the program includes an overview and a question and

answer period. Individual housing authorities will have an opportunity to share features/procedures unique to the agency. Most if not all of the Bay Area housing authorities will participate.

4. Rent Burden/Over-housed

Through our public housing program, we saw first-hand what happens when families age in-place: they become empty nesters. The same phenomenon occurs in the S8 program, but there is a striking difference with regard to the payment of rent. We are increasingly concerned about the number of elderly (62 and older) and near elderly (50-61) that are over-housed, and becoming rent burdened as owners demand market rent for their units. The program is intended to provide families with an affordable rent – 30% of adjusted monthly income. This past month we processed eight cases where the rent, following a reasonable rent determination for the unit, resulted in the family paying 64- 71% of adjusted income for rent. Concerted appeals to the landlords resulted in delays in implementation of the increase to allow the family additional time (beyond the standard 60-days) to identify a suitable (affordable) unit. In some instances the family, wanting to remain in *its home* at any cost, has made a decision to pay the higher rent. In addition to concerns that the family will not be able to pay the rent, and might be unable to maintain utilities – there is a concern that the family will receive financial assistance from family and friends to pay the rent. If this additional income is not reported, the family is in jeopardy of voucher termination.

5. Informal Hearings

There were six Informal Hearings in May:

Cause	Decision	Hearing Officer
Failure to maintain basic utilities	Overturned. Client provided evidence that service had been restored.	Rent Board
Failure to maintain basic utilities	Overturned. Client provided evidence that service had been restored.	Rent Board
Illegal activity	Affirmed. Client did not appear.	Rent Board
Illegal activity/drugs	Affirmed	Rent Board
Rent determination	Pending. Client requested to reschedule.	BHA
Rent determination	Pending. Client requested to reschedule.	BHA

6. Wait List Management

There are three wait lists for admission to BHA’s rental subsidy programs. BHA manages the S8 tenant based and S8 project based wait lists; the third list is for the SRO mod rehab program, and that list is managed by John Stewart Co. Property Management at the sites of UA Homes (1040 University) and Erna P. Harris Court (1330 University). You may recall that when the S8 tenant based, and S8 project based

wait lists opened for 5 days in 2010 we received over 37,000 applicants for both programs; we conducted a random lottery, and placed 1,500 applicants on each list. Some three years later there are approximately 1,100 active on the tenant based wait list, and an additional 470 active on the project based wait list [there is some overlap as individuals applied to both lists]. In addition, BHA maintains a 3/4 bedroom project based wait list; this list was created in 2012; Berkeley 75 is using this list to fill current vacancies. We are tracking this closely, as there is a possibility that leasing for this project will exhaust the four-bedroom list. Also opened in 2012 were project based waitlists for: those with HIV/AIDS (“HOPWA” – Housing Opportunities for People with Aids); seniors over the age of 62; and emancipated youth from the foster care system.

All of the S8 wait lists (tenant based, plus the various project based lists, are closed, and we are not accepting new applications. An indication of the great need for affordable housing is evident from the inquiries we receive on a regular basis (phone, email and in office), each of which describes extreme situations and critical need. We track the email inquiries, and calendar year to date, we have received inquiries from 48 individuals asking how they can apply (staff also receives inquiries from callers/walk-ins at a rate of approximately 25-35 per week).

	Senior	Disabled	Single Parent	Family	Not identified
Jan-May 2014	4	10	2	3	29

OTHER

Rodney Bellard, a friend of BHA and 20+ year S8 landlord participant, passed away, Sunday, June 1, 2014. I ask that the meeting be adjourned in his memory.

CONTACT PERSON

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Attachment:

1. Excerpt from Admin. Plan, Project-based Chapter

inspects the housing units. For newly constructed or rehabilitated housing the HAP contract must be executed after BHA has inspected the completed units and has determined that the units have been completed in accordance with the Agreement to enter into HAP, and the owner furnishes all required evidence of completion.

BHA Policy

For existing housing, the HAP contract will be promptly executed, pursuant to BHA's determination that all units pass HQS.

For rehabilitated or newly constructed housing, the HAP contract will be executed promptly, pursuant to BHA determining that the units have been completed in accordance with the agreement to enter into HAP, all units meet HQS, and the owner has submitted all required evidence of completion.

Term of HAP Contract [FR Notice 11/24/08]

BHA may enter into a HAP contract with an owner for an initial term of no less than one year and no more than 15 years.

BHA Policy

The initial term of all PBV HAP contracts will be 15 years unless a shorter term is negotiated

At least annually, BHA will consider requests for an extension of the HAP term from projects with Project Based vouchers that expire within the next 12 months. BHA may extend the term of the contract administratively, without an open competition, for an additional term of up to 15 years if BHA determines an extension is required for the project to continue providing housing for low-income families at or below 50% AMI. Subsequent extensions are subject to the same limitations. All extensions must be on the form and subject to the conditions prescribed by HUD at the time of the extension. HUD does not allow for more than a cumulative total of 30 years of Project-based subsidy per master HAP contract.

BHA will provide the owner 18 to 12-month's notice of the expiration of the a PBV HAP contract, and invite the owner to submit a letter requesting an extension. The BHA Board will act upon the staff recommendation at least six months prior to the HAP contract expiration.

BHA Policy

Extensions of master HAP contracts will be considered on a case by case basis, including whether (a) to extend for a full 15 years or a shorter timeframe, and (b) the project is able continue housing families at or below 50% AMI with a smaller number of PBVs than originally approved (i.e. reduce the number of PB units at the property). When determining whether or not to extend an expiring PBV contract, for how long, and the number of units, BHA will consider several factors including, but not limited to:

- The cost of extending the contract and the amount of available budget authority;
- The condition of the contract units;
- The owner's record of compliance with obligations under the HAP contract and lease(s);

- Whether the location of the units continues to support the goals of deconcentrating poverty and expanding housing opportunities;
- The extent to which projects that are serving families, elderly or disabled household include 1, 2, and 3 bedroom units
- Evidence of financial needs of the property (including an examination of operating, reserve, and other budgets and financial documentation);
- Demonstrated need of the minimum number of project based vouchers required to (i) finance debt for rehabilitation activity and (i) meet contractual obligation to rent to households at or below 50% of AMI, and (ii) cover a reasonable operating deficit.
- Number of vacancy loss claims during the initial 15 year term;
- Current demand for the units by households with tenant based or project based assistance; and
- Whether the funding could be used more appropriately for project-based assistance at another property requesting/needing PBV assistance (or new construction project), or in the tenant based voucher program.

Termination by BHA [24 CFR 983.205(c)]

The HAP contract must provide that the term of BHA's contractual commitment is subject to the availability of sufficient appropriated funding as determined by HUD or by BHA in accordance with HUD instructions. For these purposes, sufficient funding means the availability of appropriations, and of funding under the ACC from such appropriations, to make full payment of housing assistance payments payable to the owner for any contract year in accordance with the terms of the HAP contract.

If it is determined that there may not be sufficient funding to continue housing assistance payments for all contract units and for the full term of the HAP contract, BHA may terminate the HAP contract by notice to the owner. The termination must be implemented in accordance with HUD instructions.

Termination by Owner [24 CFR 983.205(d), FR Notice 11/24/08]

If in accordance with program requirements the amount of rent to an owner for any contract unit is reduced below the amount of the rent to owner at the beginning of the HAP contract term, the owner may terminate the HAP contract by giving notice to BHA. In this case, families living in the contract units must be offered tenant-based assistance.

At its discretion BHAs may specify in the HAP contract that the maximum rent on a unit will not be less than the initial rent.

Remedies for HQS Violations [24 CFR 983.207(b)]

BHA may not make any HAP payment to the owner for a contract unit during any period in which the unit does not comply with HQS. If BHA determines that a contract does not comply with HQS, BHA may exercise any of its remedies under the HAP contract, for any or all of the contract units. Available remedies include termination of housing assistance payments,