



Berkeley Housing Authority

1936 University Ave, Suite 150 Berkeley, CA 94704
Telephone: (510) 981-5470 Fax: (510) 981-5480

Office of the Executive Director

Item 5

NEW BUSINESS

November 12, 2015

To: Honorable Chairperson and
Members of the Berkeley Housing Authority Board

From: Tia M. Ingram, Executive Director

Subject: Status Report

Program Utilization

- Utilization in units dropped from 1701 (Sept 30th) to 1,696 (Oct 31st).
- Utilization in annual budget authority dropped from 99.1% (Sept 30th) to 98.7% (Oct 31st).
- Average HAP cost increased from \$1,092 to \$1,095 .
- Ongoing dialogue with Berkeley Rental Housing Association (Attachments 1 and 2).

Administration

- Developed and shared Employee Employer Organization Relation Resolution (EEOR) with SEIU Local 1021 and Local One for comments; should advance to Board for approval at the December meeting.
- Working in collaboration with the Housing Authorities of Alameda City, Alameda County, Livermore and Oakland to develop a county-wide Affirmatively Furthering Fair Housing (AFFH) Plan [extended invitation to City staff, which was accepted].

Project Based Vouchers

- The Board requested that we pursue an increase in the 20% cap for project basing vouchers.
- We estimated capacity to award an additional 25 project based vouchers.
- Consistent with Board action at the October meeting, we advised HUD of our intent to award up to 25 additional PBVs.
- We received notice from HUD (Oct 28th) (Attachment 3) advising their calculation of less than 1% capacity, if we were to award 25 new PBVs.
- On November 2 we advised all parties with current PBV awards of the RFP for new awards.
- Given that we are contemplating a 125% Emergency Payment Standard, it is not prudent to award any new PBVs (see agenda Item 6C).
- We are alerting SAHA that we may not be able to entertain any extension of the 39 PBVs awarded to Sacramento Senior Homes, that expires September, 2016.

Fair Market Rents/Administrative Fee

- BHA is very active in the coordinated effort to have HUD delay implementation of the 2016 FMRs, and adopt more appropriate standards including:
 - Coordinated letter writing campaign (Attachment 4 and 5)
 - Encouraging letters from Senator Hancock, Mayor Tom Bates, East Bay Community Law Center, Bay Area Legal Aid (Attachment 6)
- October 19th conference call with Secretary Castro and Congresswoman Barbara Lee
- Contributing to press by San Francisco Chronicle
- Contributing to future story by KQED.

Increase in Affordable Housing Units

- Productive meeting with Mayor Bates (Oct 29th) on issue of better coordination/leverage of S8 assistance as means of maintaining economic and ethnic diversity in Berkeley, in particular BMR units and Project Based Vouchers.
- Invited to present during City Council Workshop: December 1st, 5:30 p.m.
 - Encouraging S8 Vouchers to deepen affordability in BMR units
 - Modify Housing Trust Fund process to include preference for projects ageing to utilize BHA S8 wait list for vacancies.
 - Incentives to owner retention/attraction including
 - Relief from increase in business license taxes
 - Damage claim (loss guarantee) for units that will recycle to another family with S8 assistance.
- Move-Up Program: graduating homeless individuals through the housing continuum
- Invited to present during City of Berkeley's Housing Advisory Commission Meeting: December 3rd, 7:00 p.m.
 - Encouraging S8 Vouchers to deepen affordability in BMR units.
 - Modify Housing Trust Fund process to include preference for projects ageing to utilize BHA S8 wait list for vacancies.
 - Incentives to owner retention/attraction including
 - Relief from increase in business license taxes
 - Damage claim (loss guarantee) for units that will recycle to another family with S8 assistance.
- Move-Up Program: graduating homeless individuals through the housing continuum

Role in Furthering Affordable Housing

- Presentations before City Council and HAC scheduled for December
- Quarterly meetings with City Manager [next meeting December 15th]
- Discussions with Jon Gresley, former Exec. Director, Oakland Housing Authority; NAHRO consultant.

HUD

- Seeking approval of emergency Exception Payment Standard of 125% of 2016 FMRs.
- Meeting requested with followed proposed agenda:
 - 50% cap for PBV (I understand SFHA has already gained such approval).

- 120% exception payment standard. Still hoping for a region wide resolution, but in the meantime, we need this relief. Lease up continues to decline, and we are losing owners at every turn (Attachment 8).
- Roll-over program. This is a program to “graduate” formerly homeless from permanent supportive housing, to tenant based S8 assistance (I understand OHA has a similar program). Need to determine what is needed for formal HUD approval.
- FSS Program
 - a. We are on target to implement the program by the March 2016 deadline, but will need a waiver from reporting under SEMAP (for FY ending June 30, 2016).
- Dispo proceeds
 - a. Revision for FY 14-15 request [related to GASB 68]
 - b. Revision for FY15-16 budget and request
 - c. Streamline use of proceeds process going forward.

CONTACT PERSON

Tia Ingram, Executive Director, Berkeley Housing Authority, 981-5471

Attachments:

1. Berkeley Rental Housing Association email dated November 8, 2015
2. Berkeley Rental Housing Association letter dated November 3, 2015
3. Letter from HUD regarding calculation of the 20 percent limit under the Project-Based Voucher Program dated October 28, 2015
4. Letter to HUD/Barbara Lee’s Office
5. Joint Letter to HUD regarding FMR’s dated September 17, 2015
6. Emails from East Bay Community Law Center and Bay Area Legal Aid with regards to FMR’s dated October 10, 2015 and October 14, 2015
7. A. Supplemental Communication and Reports 2 – City Council Item – U.S. Department of Housing and Urban Development (HUD) Decrease in Fair Market Rents (FMR) for FY 2016
8. Email from HUD regarding guidance regarding the effective date of 2016 FMR’s dated November 5, 2015

Aguilar-Vasquez, Celinda

From: Ingram, Tia
Sent: Monday, November 09, 2015 12:39 PM
To: Aguilar-Vasquez, Celinda
Subject: FW: Property Owners & Section 8

From: Krista Gulbransen [mailto:krista@bpoa.org]
Sent: Monday, October 26, 2015 9:47 AM
To: Ingram, Tia <TIIngram@ci.berkeley.ca.us>
Subject: Property Owners & Section 8

Hi Tia,

Good catching up with you this morning. As mentioned in my phone conversation, as much as I would like to be able to get in conversation with the Section 8 program and some of our property owners that are a part of the organization, I am getting little interest in participation. This primarily stems from the fact that those that are in the program are experiencing severe frustration over a system they believe to be broken and in need of reform.

Unfortunately, it did not much help to hear this past week that HUD is considering *lowering* the payment standard for the Bay Area. We are unclear as to what data they are using that shows rents are decreasing in the Bay Area, but even a slight decline in the payment standard would likely prove to be another reason for current Section 8 property owner participants to drop out of the program and for prospective ones not to enter the program. Pair that with the inability to opt-out if the program is not meeting their business needs and I'm in a tough position to get more property owners to support the program.

I think many property owners support the theory of Section 8 housing and want affordable housing within our community but at this time are having a hard time supporting Section 8 in practice.

Regards,

Krista C. Gulbransen
Executive Director
Berkeley Rental Housing Coalition
510.304.3575

Honorable Mayor and City Council Members
Office of the Clerk
2180 Milvia Street
Berkeley, CA 94704



Berkeley
Rental Housing
Coalition

NOVEMBER 3, 2015

DEAR HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL,

The Berkeley Rental Housing Coalition would like to express its support to adopt a Resolution opposing the proposed decrease in Fair Market Rents (FMR) for the Oakland-Fremont, CA HUD Metro FMR Area (HMFA).

Our Coalition members include those rental housing providers that participate in the Section 8 program. I have been in conversation with HUD Executive Director Tia Ingram around the issue of this participation. Our current Section 8 property owners believe wholeheartedly in the theory of the program, but are having difficulty supporting it in practice due to the many challenges the program continues to have. It did not help to hear this past week that HUD had lowered their payment standard for the Bay Area as of October 1. We are unclear as to what data they are using that shows rents are decreasing in the Bay Area but even this slight decline in the payment standard would likely prove to be another reason for current Section 8 property owner participants to drop out of the program, and for prospective ones not to enter. Creating additional barriers will only continue to harm a program that is struggling to survive in the current market.

We hope that HUD will seriously consider the Resolution and hold the 2015 payment standard until further data can be collected.

Sincerely,

Krista C. Gulbransen

Krista Gulbransen

Executive Director



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-5000

OFFICE OF PUBLIC AND INDIAN HOUSING
OFFICE OF FIELD OPERATIONS

10/28/2015

Tia M. Ingram, Executive Director
Berkeley Housing Authority
1936 University Avenue, Suite 150
Berkeley, CA 94704

Subject: Calculation of the 20 Percent Limit under the Project-Based Voucher Program
PHA: CA058

Dear Mrs. Ingram:

Thank you for your email notification to The Department of Housing and Urban Development, dated 10/26/2015, regarding your plans for additional Project-Based Voucher (PBV) activity. Presently, the review of these notifications is being conducted centrally. The Department's estimate confirms that the proposed PBV activity, as described, is within the 20% limit of budget authority as stated in PIH Notice 2015-05; however, our estimate was calculated as being less than 1% of the PBV cap remaining with the estimate of 25 units. We encourage close monitoring to avoid exceeding the 20% limit.

This letter does not constitute any other PBV-related approval. We encourage you to read carefully the important requirements for PBV activity contained in the following notices and regulation:

- PIH 2015-05: Project Based Voucher Guidance
- PIH 2013-11: Administrative Guidelines; Subsidy Layering Reviews for Proposed Section 8 Project-Based Voucher Housing Assistance Payments Contracts
- PIH 2011-54: Guidance on the Project Based Voucher Program
- 24 CFR Part 983 PBV Regulations

Also attached is a checklist you may find helpful in ensuring compliance with PBV requirements.

Contact your HUD Field Office for further information.

A handwritten signature in black ink that reads "Patricia A. Knight".

Patricia A. Knight – signed electronically
Director
Recovery and Prevention Corps

cc: Jesse Wu, Acting PH Director, San Francisco Field Office

BARBARA LEE

13TH DISTRICT, CALIFORNIA

DEMOCRATIC STEERING AND POLICY COMMITTEE

COMMITTEE ON APPROPRIATIONSMember, Subcommittee on
Labor, Health and Human Services, Education,
and Related AgenciesMember, Subcommittee on
State, Foreign Operations, and Related Programs**COMMITTEE ON THE BUDGET****Congress of the United States
House of Representatives
Washington, D.C. 20515-0509**

REPLY TO OFFICE CHECKED

WASHINGTON OFFICE
2267 Rayburn House Office Building
Washington, D.C. 20515
Phone: (202) 225-2661
Fax: (202) 225-9817

DISTRICT OFFICE
1301 Clay Street, Suite 1000N
Oakland, CA 94612
Phone: (510) 763-0370
Fax: (510) 763-6538

website: lee.house.gov

October 23, 2015

The Honorable Julián Castro
Secretary of the U.S. Department of Housing and Urban Development
451 7th Street S.W.
Washington, DC 20410

Dear Mr. Secretary:

On behalf of my constituents, I write to express my concerns over the proposed FY2016 Fair Market Rent (FMR) for the Oakland-Fremont Metropolitan Statistical Area. As a representative of communities who are grappling with a rampant increase in rental costs, I fear that any reduction in the current FMR will accelerate the displacement of families in the East Bay.

As you may know, the Bay Area faces a growing demand to live in the region, resulting in diminishing housing stock and increased property values that incentivize owners to sell rental properties. As it stands, many landlords express a desire to opt out of the Section 8 voucher program in search of maximizing their cash flow. While our Public Housing Authorities (PHAs) are doing extensive outreach to landlords, they continue to struggle to bridge the financial gap. Even at the current rate, the FMR for the Oakland-Fremont area is failing to keep pace with the prevailing market rates. Therefore, any reductions in the current FMR, coupled with an accelerating rental market, will derail our PHAs' overburdened system, pushing families out and defeating the purpose of the Section 8 voucher program.

I understand that HUD is presently exploring its options to address the needs of our communities. I respectfully request that HUD postpone the implementation of the proposed FY2016 FMR and allow our PHAs to submit a local rent survey, and that our PHAs be reimbursed for the full cost of the rent survey. Moving forward, I also ask that HUD revise its FMR methodology so that it incorporates regional data.

We thank you for your responsiveness on this issue and for your consideration of this request.

Sincerely,

Barbara Lee
Member of Congress



Housing Authority of the
County of Alameda

22941 Atherton Street, Hayward, CA 94541

Tel. 510.538.8876 TDD 510.727.8551 Fax 510.537.8236 www.haca.net

September 17, 2015

Regulations Division, Office of General Counsel
U.S. Department of Housing and Urban Development
451 7th Street SW., Room 10276
Washington, DC 20410-0001

Re: Docket No. FR-5885-N-01 (Title: Proposed Fair Market Rents for the Housing Choice Voucher Program, Moderate Rehabilitation Single Room Occupancy Program and Other Programs; Fiscal Year 2016)

To Whom It May Concern:

These comments are submitted by the eight housing authorities located in the counties of Alameda and Contra Costa, California:

Alameda County

Alameda City Housing Authority
Alameda County Housing Authority
Berkeley Housing Authority
Livermore Housing Authority
Oakland Housing Authority

Contra Costa County

Contra Costa County Housing Authority
Pittsburg Housing Authority
Richmond Housing Authority

We are dismayed that the Fair Market Rents (FMR) proposed for the Oakland-Fremont MSA, which covers Alameda and Contra Costa Counties, have *decreased* from the FY 2015 FMRs and don't understand how this can be correct in one of the fastest growing rental markets in the country.

Proposed FMRs vs. Reality

The proposed FMRs reflect the following decreases:

Studio	-1.35
1 bedroom	-1.98
2 bedroom	-1.45
3 bedroom	-1.63
4, 5, 6 bedroom	-10.65

Yet, information developed by DTZ, a global leader in commercial real estate services, shows quite the opposite. We've attached DTZ's Second Quarter 2015 Bay Area *Multi-Family Snapshot* but highlight some excerpts below:

- "The average asking rent in the Bay Area is now \$2,423 per month. This number is up 12.3% over the \$2,158 reading posted exactly one year ago."
- "The region's average asking rent has increased by over 60% during the past five years."
- "Lastly, the gap in rents between the Highway 101 Corridor markets and the East Bay (Alameda and Contra Costa counties) will continue to drive large levels of in-migration to the sunny side of the Bay. The East Bay (3.4% vacancy) already is one of the tightest markets in the region; rental rate growth is accelerating rapidly there and this trend will only continue... The East Bay has actually outpaced the rest of the Bay Area markets in terms of rent appreciation, growing its average rate nearly 26% from two years ago. The key driver is (that) Oakland is undergoing the same metamorphosis that took place in Brooklyn starting in the mid-1990s..."
- "Demand is being driven not just by a rebounding economy but by skyrocketing pricing across the Bay. The current average asking rent for multi-family space in the East Bay... has surpassed the \$2K mark at \$2,049 per month. This number has risen by 13.5% over the past year and the pace of this growth is accelerating. Alameda County's average asking rate is \$2,200 per month (up 14.1% annually) while Contra Costa County's current average monthly rent is \$1,804, (up 12.1% in the last year)."

The Breitbart News Network, in a June 4, 2015 on-line article, states, "Overall, the *San Francisco Chronicle* reports that the San Francisco Metropolitan region is the fastest growing rental market in the USA. According to Zillow, the entire Bay Area shows a sizzling-hot rental market over the last year. Skyrocketing rents in Oakland are up 21.6%; Berkeley, up 30.9%; Emeryville, up 29.5; and San Jose, up 14%. Even rents in Daly City are up over 200%."

SocketSite, an on-line real estate trends report, states in a September 3, 2015 article, "At the same time, the average asking rent for an apartment in the East Bay has increased to a record \$2,049 a month, up 5 percent over the past three months and 13.5 percent higher, year-over-year. The average rent for an apartment in Alameda County is now \$2,200 per month, up 14.1 percent since the second quarter of 2014. Asking rents for apartments in the East Bay have increased 26 percent over the past two years, higher than anywhere else in the Bay Area. And the vacancy rate for apartments in Alameda County currently measures 3.2 percent, up 0.1 percent from the first quarter of the year with 400 new units delivered in the first quarter of 2015 (versus a total of 900 in all of 2014)."

Although the above sources document the white-hot real estate market conditions in Alameda and Contra Costa counties, we don't need experts to tell us what we see in our Section 8 Housing Choice Voucher programs every day. And that is:

- The Alameda County Housing Authority opened its Section 8 wait list for one week in August and received over 42,000 applications. The Alameda City Housing Authority opened its list in January and received over 30,000 applications.
- Our percentage of units leased averages only 90 percent at a time when homelessness remains a serious issue and income inequality is increasing;

- Our voucher success rates (i.e., vouchers issued compared to vouchers used) have dropped to 30-50 percent so that a family that has waited on our waiting list for 10 years and who finally gets a voucher can't find a home in which to use the voucher;
- The average number of days voucher holders require to locate a unit is 90-120 days, if they can find a unit at all; and
- Tenants are paying an increasing percentage of their income for rent (upwards of 40-50 percent) and foregoing any allowance for tenant-paid utilities as the FMRs cap our payment standards at levels far below the market. As winter approaches, we anticipate an increase in families that face perils of no heat, or ability to cook, as well as possible eviction (and termination of their vouchers) because they are unable to pay for basic utilities.

Lowering FMRs in the face of historic rent increases will significantly negatively impact seniors, the disabled and other vulnerable populations in our communities, including by:

- increasing the exodus of landlords from the Section 8 program, further displacing low and very low income families, especially from areas like West Oakland where displacement and rapid gentrification is taking place.
- increasing the migration of low and very low income households assisted by HUD into neighborhoods with lower rent, lower performing schools, poor health outcomes, and dramatically less opportunity;
- uprooting families to distant Central Valley communities to find new employment or experience long, expensive and soul-deadening commutes; and
- frustrating the Moving to Opportunity initiatives that HUD sets out in its new Affirmatively Furthering Fair Housing regulations.

HUD's FMR Methodology

HUD develops the Fair Market Rents for metropolitan areas and non-metropolitan areas using the six steps shown below. Our comments reflecting problems with the methodology follow each step.

Step 1. 2009-2013 5-Year American Community Survey (ACS) estimates of 2-bedroom adjusted standard quality gross rents calculated for each FMR area are used as the new basis for FY2016, provided the estimate is statistically reliable. The test for reliability is whether the margin of error for the estimate is less than 50% of the estimate itself.

Comment: The use of the 2009-2013 5-year ACS survey as the baseline for 2016 FMRs is grossly inaccurate for Metropolitan Statistical Areas in the Bay Area. As indicated by reputable representative rental market data sources such as those cited above, rents in the Bay Area have risen sharply since the fourth quarter in 2013. HUD's 5-year estimates do not capture these increases.

It is our understanding that ACS data is available each year by December but that procurement delays prevent HUD from getting the data until the following May. Timely procurement of the ACS data may well have allowed HUD to use 2014 ACS data rather than 2013 data. Doing so may have, not only, increased the accuracy of the FMRs, but also simplified the HUD methodology by precluding the necessity of Step 4.

We request that HUD use the 2014 1-year ACS data and change the base 5-year period from 2009-2013 to 2010-2014.

Step 2. HUD calculates a recent mover adjustment factor by comparing a 2013 1-year 40th percentile recent mover 2-bedroom rent to the 2009-2013 5-year 40th percentile adjusted standard quality gross rent.

No Comment.

Step 3. HUD calculates the appropriate recent mover adjustment factor between the 5-year data and the 1-year data and applies this to the 5-year base rent estimate.

Comment: In an attempt to adjust the FMR for both recent in-movers (who have to locate housing units in the current market as opposed to the calculated ACS rents for all units), HUD uses the 2013 1-year 40th percentile renter mover 2-bedroom rent. For the Oakland-Fremont MSA, this results in an adjustment factor of 1.125. We do not believe that the 1.125 adjustment factor – calculated by dividing the 1 year estimate to the 5 year estimate – is sufficient to overcome either the 5 year estimate weakness (which is skewed to periods when the housing market was weak) or the rapid increase in our rents occurring after September 2013..

As we state above in our comment to Step 1, part of the problem of not capturing the sharp increases in our rents occurring after September 2013 could have been solved by using the 2010-2014 ACS data rather than the 2009-2013 data. Further, however, HUD needs to revise Step 3 of its methodology to adequately capture changes in MSAs like the Oakland-Fremont MSA where the rate of increase in rents accelerates in the latter part of the 5-year period.

Step 4. Rents are calculated as of 2014 using the relevant (regional or local) change in gross rent Consumer Price Index (CPI) from annual 2013 to annual 2014.

Comment: As stated above in our comment to Step 1, this Step may well be unnecessary if HUD accelerates procurement of each year's ACS data.

Step 5. All estimates are then inflated from 2014 to FY2016 using a trend factor based on the average annual change in national gross rents over the most recent 5 years.

Comment: HUD's use of a trend factor based on "the average annual change in national gross rents over the most recent 5 years" to inflate rents from 2014 to FY2016 doesn't capture the degree to which the local rental market differed from (i.e., increased *far faster* than) the national change during this time period. Many parts of the U.S. have yet to see a full housing recovery since the Great Recession, which has made the rate of national growth in rents much lower than what is being experienced by residents of the Oakland-Fremont MSA.

HUD needs to revise Step 5 of its methodology to adequately capture changes in MSAs like the Oakland-Fremont MSA where the rate of increase in rents from 2014 to 2016 increased *far faster* than the national rate of change.

Step 6. FY2016 FMRs are then compared to a State minimum rent, and any area whose preliminary FMR falls below this value is raised to the level of the State minimum.

No Comment.

HUD's FMR Release Timing and Effective Date

Section 12.4 of HUD's Housing Choice Voucher Guidebook states, "The PHA should initiate reexamination procedures 90 to 120 days before the date reexamination results are to take effect". HUD's release of the final FMRs on or about October 1, their effective date, virtually assures that PHAs will have to re-process reexaminations it already completed and re-notify tenants and owners of their new rent portions **for one-quarter to one-third of a PHA's families.**

In order to provide adequate time for development and formal adoption of new payment standards, and required 30-day notice of new TPP and rent, HUD should make final FMRs effective at least 120 days after the date of final fair market rents publication in order to prevent PHAs from having to retroactively correct reexaminations that have already been processed based on the former FMRs and payment standards. This would reduce confusion for our families and landlords while greatly reducing the administrative burden of having to process reexaminations twice.

Rent Survey

In 2013, the housing authorities in Alameda and Contra Costa counties, along with the County of Alameda and others, were required to pay \$53,000 for a statistically-valid rent survey when HUD's proposed FMRs in that year decreased. After reviewing the survey results HUD accepted them and increased our FMRs by approximately 16 percent.

The eight housing authorities submitting this letter, along with Alameda and Contra Costa counties, several cities in the counties and local non-profit organizations, are again procuring the services of a firm to conduct another study. We are confident that the study will, like last time, demonstrate that our FMRs should be *much* higher than the proposed FMRs. It is clear to us that HUD's FMR methodology cannot address rents in an admittedly rapidly escalating rental market but is more geared to markets where there is a steady, modest increase in rents. Nevertheless, it is neither fair nor appropriate that we are obliged to conduct and pay for our own study every couple years when it is HUD's responsibility to determine the correct FMRs for our market area. If HUD's methodology design cannot take into account a skyrocketing rental market, perhaps HUD should partner with us and reimburse us for the rental study we do to correct the proposed FMRs.

Requested HUD Action

In summary, as stated above, we urgently request immediate intervention by HUD to correct this year's anomalies, and prevent the negative impacts on our families, our property owners, and our communities. We request that HUD:

- use the 2014 1-year ACS data and change the base 5-year period from 2009-2013 to 2010-2014.;

- revise Step 3 of its methodology to adequately capture changes in MSAs like the Oakland-Fremont MSA where the rate of increase in rents accelerates in the latter part of the 5-year period;
- revise Step 5 of its methodology to adequately capture changes in MSAs like the Oakland-Fremont MSA where the rate of increase in rents from 2014 to 2016 increased *far faster* than the national rate of change;
- make final FMRs effective at least 120 days after the date of publication of the final FMRs in order to prevent PHAs from incurring the avoidable administrative burden of retroactively correcting reexaminations that have already been processed based on the former FMRs and payment standards; and
- since accomplishing the bullets immediately above will, beyond doubt, require more time to accomplish than housing programs in the Oakland-Fremont MSA can wait without creating a crippling impact on their programs, reimburse the consortium of local agencies paying for the rental study we are currently commissioning to correct HUD's proposed FMRs.

We are happy to answer any questions about our comments. Our contact persons are Vanessa Cooper at 510-747-4320, vcooper@alamedahsg.org and, as regards the comments regarding HUD's survey methodology, Ron Dion at 510-727-8541, rondion@haca.net.

Very truly yours,



Christine Gouig
Executive Director
Housing Authority of the County of Alameda

CC: Representative Barbara Lee
Representative Eric Swalwell
Representative Mike Honda
Representative Mike Thompson
Representative Mark DeSaulnier
Lourdes M. Castro Ramirez, HUD
Katherine O'Regan, HUD
Ophelia Basgal, HUD

Aguilar-Vasquez, Celinda

Subject: FW: Section 8 Reductions

From: Laura Lane [mailto:lane@ebclc.org]
Sent: Saturday, October 10, 2015 10:15 AM
To: Ingram, Tia <TIngram@ci.berkeley.ca.us>
Cc: Gracie Jones <graciej@ebclc.org>; Jacqueline Zaneri <jzaneri@ebclc.org>; Housing <housing@ebclc.org>
Subject: Re: Section 8 Reductions

Yes of course! thank you for reaching out to us.

Sent from my iPhone

On Oct 9, 2015, at 10:37 AM, Ingram, Tia <TIngram@ci.berkeley.ca.us> wrote:

Good morning, I wonder if EBCLC would join us in expressing outrage at HUDs plan to reduce Fair Market Rents for this area? I get it that they followed a standing formula in determining the proposed rates – but how could any person accept the conclusion that FMRs can go down in today’s market? The once golden ticket voucher” isn’t worth the paper it is written on. Lest I go on and on and on ... I am attaching letters that have already been submitted, and a draft I prepared for Berkeley City Council. {see in particular the letter from David Levin}. I would appreciate it greatly if EBCLC would submit a letter to Secretary Castro as well. He and Congresswoman Lee are scheduled to be in town next week. I will keep you posted in the event you can join us.

I so value our partnership☺ Thank you and have a great weekend.

<wong-001.pdf>

<Oakland-Fremont MSA_2015-2016 FMR Comments_09-18-15 final.pdf>

<Proposed 2016 FMR - HCD Comment Ltr.pdf>

<San Leandro comments re Docket No. FR-5885-N-01.pdf>

<Secretary Julian Castro.docx>

<David Levin FMR Comment Letter 10-7-15.pdf>

<David Levin FMR Comment Letter 10-7-15.pdf>

Aguilar-Vasquez, Celinda

From: Ingram, Tia
Sent: Monday, November 09, 2015 12:40 PM
To: Aguilar-Vasquez, Celinda
Subject: FW: Section 8 Reductions
Attachments: BayLegal Comments on Proposed 2016 FMRs.pdf; Proposed HUD FMR 2016 CoCo Comments 10.8.15.pdf

From: Lisa Greif [mailto:LGreif@baylegal.org]
Sent: Wednesday, October 14, 2015 10:21 AM
To: Ingram, Tia <TIngram@ci.berkeley.ca.us>
Subject: RE: Section 8 Reductions

Tia,

Thanks for the email on the critical situation regarding HUD's proposed FMRs. We are very aware of how this will impact our clients and submitted the attached comment letters last week. As you can see the letter from me also mirrored the sample letter sent out by EBHO and referenced the letter sent by the PHAs from Alameda and Contra Costa County. I have heard that these letters often do little good but, as you say, this is a critical fight.

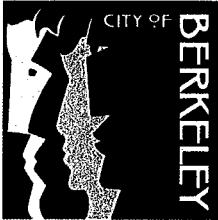
Definitely keep me posted!

Lisa S. Greif | Staff Attorney | Bay Area Legal Aid | 510-663-4744, ext. 5211

From: Ingram, Tia [mailto:TIngram@ci.berkeley.ca.us]
Sent: Tuesday, October 13, 2015 9:41 AM
To: Lisa Greif
Subject: Section 8 Reductions

Good morning Lisa, I wonder if Bay Area Legal Aid would join us in expressing outrage at HUDs plan to reduce Fair Market Rents for this area? I get it that they followed a standing formula in determining the proposed rates – but how could any person accept the conclusion that FMRs can go down in today's market? The once golden ticket voucher" isn't worth the paper it is written on. Lest I go on and on and on ... I am attaching letters that have already been submitted, and a draft I prepared for Berkeley City Council. I would appreciate it greatly if Legal Aid would submit a letter to Secretary Castro as well. He and Congresswoman Lee are scheduled to be in town this week. I will keep you posted in the event you can join us.

This fight is so critical for our families. Thanks in advance.



CITY COUNCIL

Darryl Moore
Councilmember District 2

CONSENT CALENDAR
November 3, 2015

To: Honorable Mayor and Members of the City Council

From: Councilmember Darryl Moore

Subject: U.S. Department of Housing and Urban Development (HUD) Decrease in Fair Market Rents (FMR) for FY2016

RECOMMENDATION:

Adopt a Resolution opposing the proposed decrease in Fair Market Rents (FMR) for the Oakland-Fremont, CA HUD Metro FMR Area (HMFA). The City Clerk send a copy of the resolution with a letter to the U.S. Secretary of Housing and Urban Development, with copies to Congresswoman Barbara Lee and U.S. Senators Barbara Boxer and Dianne Feinstein.

BACKGROUND:

The San Francisco Bay Area boasts some of the highest rents in the country, posting double digit increases year after year. In Alameda County, rents increased over 14% in just last year alone.

Local housing authorities and homeless rental assistance programs report increasing demand and increasing difficulty for low-income voucher holders to locate housing below the *current* FMRs. Many local housing authorities and homeless rental assistance programs have already adopted payment standards at 110% of the FMR, the maximum allowed, with limited increase in units available to voucher holders. The proposed decrease will make it even more difficult for those who are awarded Section 8 Housing Choice Vouchers or Shelter Plus Care certificates to find adequate housing.

The proposed FMRs for FY2016 will most likely exacerbate our current crisis of homelessness and/or displace a large number of voucher holders from their homes.

FINANCIAL IMPLICATIONS:

The proposed decrease in FMRs in FY 2016 could require a drastic increase in costs associated with services for the homeless

CONTACT PERSON:

Councilmember Darryl Moore District 2 510-981-7120

Attachments:

1. Resolution
2. Letter to the Secretary of HUD

RESOLUTION NO. ##,###-N.S.

OPPOSE THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
(HUD) DECREASE IN FAIR MARKET RENTS (FMR) FOR FY2016

WHEREAS, the Alameda/Contra Costa Counties rental markets have experienced astronomical increases – fueled in part by the vast improvement in the local economy, impacting an explosion in rents in neighboring San Francisco; and

WHEREAS, Berkeley's market is particularly impacted as we are one quick commute stop away from a BART train and AC transit bus to and from the City of San Francisco, which compounds the existing housing needs of students attending UC Berkeley; and

WHEREAS, rents have risen significantly in each of the last five years, with some reports indicating an increase of 14.1% in Alameda County in the last year; and

WHEREAS, rent for a 2-bedroom unit in the poorest parts of town are easily renting for \$2,500; out of reach at our 2015 Payment Standard of \$1,743 (110% FMR), with an even wider gap under the proposed FMRs; and

WHEREAS, the vulnerable populations that we serve are struggling to find affordable housing; and

WHEREAS, this decrease will make it more difficult for those fortunate enough to obtain a Section 8 Housing Choice Voucher or Shelter Plus Care certificate, to find adequate housing in Berkeley; and

WHEREAS, it is the role of the Housing Authority to provide access to safe and decent housing to extremely low-income households, which becomes increasingly impossible to achieve when HUD fails to recognize the actual cost of rental housing, and provide sufficient funds for rental subsidy payments; and

WHEREAS, HUD's insistent reliance on an outdated methodology for calculating Fair Market Rents that does not reflect current market conditions is utterly illogical; and

WHEREAS, an owner will only decide to participate in the S8 program and make housing available to extremely low-income households if it makes economic sense and many have been patiently waiting news from HUD that might make accepting voucher-holders more economically feasible, either HUD's approval of BHA to implement 120% Payment Standard for all bedroom sizes or the 2016 FMRs that would allow us to increase our rent to something closer to market rent.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that it hereby opposes the proposed HUD FMR's for FY2016, as it will drastically exacerbate our current housing crisis and offer three recommendations to HUD that might help mitigate our current shortage of affordable housing:

1. Do not implement the 2016 Fair Market Rents; extend the 2015 Fair Market Rents until such time that an appropriate rent study is conducted.
2. Devise a methodology formula based on real-time, market rents, and projected rents in the next 12 month period.
3. Reimburse the estimated cost of \$75,000-\$100,000 for the market rent study contract procured by Bay Area Housing Authorities to produce a statistically sound market rent study. This cost represents a huge hit against Administrative Fee which has already been prorated, and insufficient to cover the cost of administering the program

Aguilar-Vasquez, Celinda

Subject: FW: FMR Guidance

From: "Glover-Johnson, Sarah J" <Sarah.J.Glover-Johnson@hud.gov>

Date: November 5, 2015 at 3:59:15 PM PST

To: "juliep@beniciahousingauthority.org" <juliep@beniciahousingauthority.org>, "CA - Berkeley HA, tingham" <tingram@ci.berkeley.ca.us>, "Contra Costa HCV (bsmargiasso@contracostahousing.org)" <bsmargiasso@contracostahousing.org>, Crescent City <mmiller@crescentcity.org>, "Heather Addison (heathera@eureka-humboldt-hsg.org)" <heathera@eureka-humboldt-hsg.org>, "Holloway, Nicole (nholloway@fairfield.ca.gov)" <nholloway@fairfield.ca.gov>, "Krager, Marianne (mkrager@fairfield.ca.gov)" <mkrager@fairfield.ca.gov>, Lake <jwicks@dss.co.lake.ca.us>, "Jenny Panetta (JennyP@hacosantacruz.org)" <JennyP@hacosantacruz.org>, Suisun <klawton@suisun.com>, "Solano & Vacaville (Dee.Gilliland@cityofvacaville.com)" <Dee.Gilliland@cityofvacaville.com>, "Mark Failor (mark@hacosantacruz.org)" <mark@hacosantacruz.org>, "Anne Putney (Anne.Putney@cityofvallejo.net)" <Anne.Putney@cityofvallejo.net>

Subject: FMR Guidance

Hello everyone,

We just received some direction on the 2016 FMRs. Please follow this guidance (until we hear otherwise) regarding the effective date of 2016 FMRs.

The FY 2016 FMRs will become effective upon publication, although there is a chance that they will be made retroactively effective to October 1. OGC is making a determination on that issue. The FMR package is in clearance, so hopefully we will get an answer soon on the effective date; the current Federal Register preamble reads "effective upon publication."

PHAs should plan on implementing the proposed FMRs once they become final and the effective date will be when the final FMRs are published.

Many apologies for the inconvenience I know this has caused.

--

Sarah Glover Johnson
 Portfolio Management Specialist, PIH
 US Department of Housing & Urban Development
 San Francisco Regional Office
 (415) 489-6448