Office of the Executive Director

Item 5B
NEW BUSINESS
March 12, 2020

To: Honorable Chairperson and
Members of the Housing Authority Commission

From: Rachel Gonzales-Levine, Acting Deputy Director/Management Analyst

Subject: Informational Report and Discussion on the Project-based Section 8 Program

BACKGROUND
At the Board meeting in February, staff provided a basic primer on the Project-based Section 8 Program (PBV Program). During that meeting, the Board requested staff to reach out to the developers with current plans to build affordable housing in Berkeley to find out the minimum number of PBVs each project would need in order to make the projects feasible. The purpose of the request for information is to better assist the Board with determining how many PBVs to consider allocating in a 2020 calendar year PBV round.

Responses from Developers

Three responses were received:

<table>
<thead>
<tr>
<th>Developer</th>
<th>Project Name</th>
<th>Address</th>
<th>Total # Units</th>
<th>Min # PBVs Needed</th>
<th>Population served as allowed by HOTMA</th>
</tr>
</thead>
<tbody>
<tr>
<td>RCD</td>
<td>Maudelle Miller Shirek Community</td>
<td>2001 Ashby Ave</td>
<td>87</td>
<td>12</td>
<td>Homeless</td>
</tr>
<tr>
<td>SAHA</td>
<td>Blake Apartments</td>
<td>2527 San Pablo</td>
<td>63</td>
<td>25</td>
<td>Disabled with supportive services.</td>
</tr>
<tr>
<td>BRIDGE</td>
<td></td>
<td>1740 San Pablo</td>
<td>61</td>
<td>60</td>
<td>Elderly, disabled with supportive services.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Total 97</td>
</tr>
</tbody>
</table>

HUD allows a maximum of 25 units or 25% of total units in a development to be Project-based (whichever is greater), with the following exceptions:
- Units serving exclusively elderly households
- Units housing households eligible for supportive services available to all families receiving PBV assistance in the project
- Units in a census tract with poverty rate of 20% or less may request up to 40% of the project as PBVs.

Next steps
As the Board is aware, BHA has 175 PBVs remaining to allocate, and considerations to include in deliberating the number of PBVs to potentially issue in 2020 are:
- possible additional projects in the pipeline that may not be ready for this round of PBV allocations—note: we heard from RCD about plans to develop additional housing for homeless individuals at Peoples Park, in 2023, potentially needing between 31 – 74 PBVs depending on other funding streams the project is able to obtain;
- a new interest on behalf of the Board to explore possible future development partnerships for BHA; and,
- upcoming existing Master HAP PBV contracts that will be expiring, necessitating invitations to developers to request extensions of those contracts, if financially necessary, and to provide documentation justifying the need—see chart below for next several contracts to expire.

<table>
<thead>
<tr>
<th>Project</th>
<th>Developer</th>
<th>#PBVs</th>
<th>Population</th>
<th>Date of Expiration</th>
<th>Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sac. Sr. Homes</td>
<td>SAHA</td>
<td>39</td>
<td>Seniors</td>
<td>Aug. 2021</td>
<td>15/20 yrs, 1st term</td>
</tr>
<tr>
<td>Helios Corner</td>
<td>SAHA</td>
<td>59</td>
<td>Seniors</td>
<td>June 2022</td>
<td>15/20 yrs, 1st term</td>
</tr>
<tr>
<td>Ashby Lofts</td>
<td>SAHA</td>
<td>20</td>
<td>Families, disabled</td>
<td>July 2022</td>
<td>15/20 yrs, 1st term</td>
</tr>
<tr>
<td>Adeline St Apts</td>
<td>RCD</td>
<td>18</td>
<td>disabled</td>
<td>April 2023</td>
<td>20/20 yrs, 1st term</td>
</tr>
</tbody>
</table>

Our process for expiring contracts is to reach out to developers in the year prior to the expiration, inviting them to apply for an extension of the master HAP contracts, for 1-20 years, and requiring provision of fiscal documentation to justify the need for the extension including operating budgets, financial statements, a clear indication of reserves, physical needs assessments, and plans for rehabilitating units/common areas/building systems.

The Board makes a determination on the extension, and may approve extending anywhere between zero, or 1 – 20 years, depending on the needs of the project. If a project is denied an extension, all PBV holders will automatically receive a Tenant-based voucher for utilization within the building, or they may choose to move with that voucher. The Board has, on one occasion, determined it will not renew a master PBV HAP contract, and that project still has 15 tenant-based households residing in it as of today, out of 17 PBV units in total that were previously under contract.

**Shortfall Considerations**
In 2017 and 2018, BHA was designated by HUD as a shortfall agency, meaning we were not fully funded in our HAP budget and had to request special shortfall funds from HUD to backfill the HAP deficit. During the shortfall designation period, we were subjected to certain restrictions imposed by HUD, including the inability to issue new tenant-based vouchers or make new PBV allocations. BHA does not anticipate going into shortfall this calendar year (2020), however, we are not certain if it will be the same for 2021, as we are continuing to issue vouchers from our existing Tenant Based and Project Based Waitlists.

**FISCAL IMPACTS OF RECOMMENDATION**
No direct impact at this time.

**CONTACT PERSON**
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