



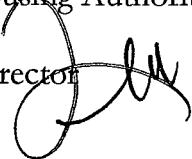
Berkeley Housing Authority

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Office of the Executive Director

Item 5B
NEW BUSINESS
March 12, 2015

To: Honorable Chairperson and
Members of the Berkeley Housing Authority

From: Tia M. Ingram, Executive Director 

Subject: Strategic Planning Update

In February 2014 Berkeley Housing Authority (BHA) consummated the sale of all 75 units of rental housing in its inventory, and became a Section 8 Only Authority. As a means of creating a vision and forging a path for BHA, the Board and staff embarked on a Strategic Planning effort. A contract was let with the Center for Collaborative Policy (CCP) to gather information, identify strategies, and facilitate discussions. The two principles (Facilitators) on the project are Surlene Grant and Ana Cortez. The first study session was held on Friday, February 6, 2015; facilitation by Ana Cortez [Ms. Cortez's affiliation with CCP has since terminated as she embarked on a new job opportunity; Ms. Grant's affiliation with CCP terminates in April]. A draft report was provided by CCP in February; the final report is attached (Attachment 1).

DISCUSSION

Commission and staff examined three possible directions that evolved from the SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis conducted by CCP and from the presentations earlier in the day. These options included:

1. Continue operating until the disposition proceeds run out. The period that can be supported by proceeds will depend on staffing levels [and subject to HUD approval on an annual basis].
2. Merge with another similar agency such as a public housing authority or city department [i.e. Alameda County Housing Authority].
3. Stay open and revamp activities to diversify funding away from sole reliance on HUD/S8 income.

After discussing these options, Commission and Staff agreed that for the next year, it would pursue option 3 and revamp activities to diversify funding. The Commission agreed that further

development was necessary to better evaluate this option. The Commission agreed to create a committee that would be Commission-led, to include staff and subject matter experts as needed.

Similar to the “Feasibility Committee” that was established to engage the Commission in the “disposition” project, a “Strategic Design Committee” (SDC) was established. The committee consists of: Chairperson Norris, and Commissioners Rossi and Moody.

In further exploring the preferred option, we have grouped the issues into three categories:

I. Collaboration with City to increase housing supply

We rely on landlords to provide rental units for households with Section 8 rental assistance. The market is such that our Payment Standard is not currently competitive with market rents, and participating owners are leaving the program at turnover.

SDC

SDC members will be meeting with various City officials regarding the feasibility of changing existing policies (inclusionary zoning, density bonuses, below market rate units) to increase the supply of units for extremely-low income households in new construction projects.

Chairperson Norris is exploring a joint meeting of the various Boards with a role in affordable housing policy: BHA, Berkeley Rent Stabilization, and Housing Advisory Commission.

Staff

BHA’s Executive Director, and Jane Micallef, City’s Housing Director, have agreed to quarterly meetings to discuss housing policies, current and anticipated activities and challenges, and explore areas where we can more effectively collaborate. The first such meeting is scheduled for March 19th.

II. Financial Support from the City

BHA, with its 1,935 S8 Vouchers, is the largest provider of affordable housing in the City, and leverages \$22.8 mil annually to Berkeley’s economy, yet does not receive any financial assistance from the City: no General Fund allocation; no CDBG Allocation; and no funding from the Housing Trust Fund. The City funds various programs administered by City staff and community agencies to help those that are *literally homeless* transition from the streets, to temporary housing, but is constrained to provide assistance that affords long-term affordable housing. BHA’s Vouchers are an ideal vehicle to help these same households transition from temporary, to permanent affordable housing. A topic for consideration is how, if at all, the City can provide General Fund assistance to support the preservation of a single jurisdiction Berkeley Housing Authority, with offices located in Berkeley.

SDC

The SDC members will develop various options to share with City officials for their consideration.

III. New Revenues/Non-Profit Affiliate

BHA will continue to operate at a deficit if (a) HUD Admin Fee is less than 100%, and (b) lease-up is less than 95%. We anticipate HUD will approve a 74% pro ration in the current calendar year (2015). It is highly unlikely HUD will restore Admin Fee proration to 100% anytime in the near future, and lease-up continues to suffer in this very demanding rental market.

As a public housing authority, BHA has three capacities/assets capable of generating revenue:

1. Project-based Revenue: HUD rules allow BHA to project base up to 20% of the total vouchers awarded; 387 in our case. Just as the project based vouchers made the Berkeley 75 project feasible (and cash flow generator), BHA has an opportunity to utilize Project Based vouchers in a way to generate revenue. This can be in the form of assessed fees for Project-based vouchers issued, or a share of the developer fee in future awards and master HAP contract renewals. At this time, BHA has capacity between 81 and 90 vouchers to award (plus an additional 17 PBV's expiring in June 2015).
2. Eligibility Determination/Re-certification Revenue: BHA staff has expertise that is transferable to other projects. For example, BHA staff is trained to review income, assets and expenses – and determine eligibility for rental assistance. This expertise can be brokered to property owners with rent affordability criteria (i.e. Low Income Tax Credits, Below Market Rent units), who must have an outside agency certify the income certifications performed by their staff.
3. Inspections Management Revenue: Over the past 10 years, BHA has successfully managed a comprehensive inspections unit for our 1,935 vouchers including scheduling, customer service, correspondence, and utilization of most up to date technology. There are units of local government that operate housing programs, such as Shelter + Care, for which HUD required inspections must occur. For a fee, BHA could manage the entire inspections process for other local units of government.

A thorough analysis of the benefit over cost to administer these expanded services must be undertaken by staff as this option progresses.

Why is a non-profit affiliate important to the longevity of BHA?

Creating a non-profit affiliate allows BHA to (a) apply for grants from public sources and private foundations, (b) participate in development projects in a limited partnership role, and (c) contract for services – with the receipts/revenues outside the control of HUD. A separate report seeking authorization to create the non-profit appears on the Agenda. Without a diversification of BHA's revenue, the agency is projected to be viable for another 5-9 years.

STATUS

The primary role of CCP, Surlene Grant, Senior Facilitator, was to gather information, identify feasible options, and facilitate discussions with the Board. Staff has spoken with Ms. Grant, and confirmed that she will, within the funds remaining in the contract, provide the additional information requested on February 6th complete the meeting notes, and convene the initial meeting of the SDC if it can be scheduled before the end of April. The objective of this final meeting is to pass along additional information requested at the February 6th meeting, develop a work plan, and review and clarify Committee roles.

In the meantime, staff has begun meeting with City staff to discuss housing policy, identify possibilities to strengthen our collaboration, and enhanced service to our shared client base. Staff is also in talks with other Housing Authorities regarding project basing, and specifically methods used to generate revenues.

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Attachments:

1. Final Strategic Planning Report (to be delivered)