



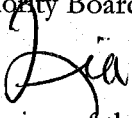
Berkeley Housing Authority

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Office of the Executive Director

Item 5.C
NEW BUSINESS
July 9, 2015

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

From: Tia M. Ingram, Executive Director 

Subject: Approve a resolution authorizing submission of the Section Eight Management Assessment Program (SEMAP) certification for Fiscal Year ending June 30, 2015

RECOMMENDATION

Approve a Resolution authorizing the Executive Director to submit the annual Section Eight Management Assessment Program (SEMAP) certification for Fiscal Year 2014-15, to the U.S. Department of Housing and Urban Development (HUD) when completed, and no later than the August 29, 2015 deadline.

BACKGROUND

As a Public Housing Authority that administers a Section 8 Housing Choice Voucher (HCV) Program, BHA is required to submit an annual report certifying to 14 performance standards plus the *Deconcentration of Poverty "bonus" indicator* under SEMAP (though BHA will be certifying to 13 of the 14 indicators, due to our existing HUD waiver for operation of the Family Self Sufficiency program).

The report is due to the U.S. Department of Housing and Urban Development (HUD) 60 days after the end of the Fiscal Year (FY); our report is due on or before August 29, 2015. The report must be submitted on-line, and via hard copy, accompanied by an authorizing resolution from the Board of Commissioners. Since the Board is on recess in August, the July meeting is typically when the Board authorizes the submission of SEMAP.

HUD is required to "score" the Housing Authority within 120 days of the end of the Fiscal Year (October 30th). Our current "High performer" rating qualifies us to self-certify to our score. We were selected at random for a "remote" quality control review of our 2013 certification; I am pleased to report our score was affirmed, with no noted discrepancies.

The minimum *score* for "high performer" is 90%; minimum for "standard performer" is 60%; less than 60% is "troubled." An effort is made to monitor progress on the Indicators throughout the year to avoid any year-end surprises. In previous years we drew actual random samples, and performed quality control reviews of participant files each quarter. This allowed management to address any systematic errors through training and re-training. Unfortunately, staffing shortages and other pressing demands prevented quarterly review of case files during the last two quarters. Instead, participant files were reviewed in response to questions raised by staff, and cases that required

manager approval to approve a new contract, or change contract rent, rental subsidy, and/or family rent. Staff will perform all the required reviews (in July/August) prior to finalizing the certification. Quality control inspections of assisted units were performed each quarter as required by HUD's SEMAP regulations.

The SEMAP certification is a combination of Indicators whereby BHA conducts random quality control checks and provides the data (Indicators 1 - 8 and the deconcentration of poverty "bonus") and four Indicators scored by HUD based on data in the "PIC" (Public and Indian Housing Information Center) system, including information on annual recertifications and annual unit inspections (information we report to the Board each month). PIC Scores through June will not be updated until July 6th; however, based on May data, including our leasing rate *for the year* of 97% based on budget authority expended (91% *for the year* based on units leased), we are confident we will score maximum points for each of the 4 indicators (we would score an automatic "0" for each of the 4-indicators if leasing were below 95%).

Based on the results of our on-going work during the fiscal year and early sampling efforts (Indicators: 2, Reasonable Rent; 4, Utility Allowance Schedule; 5, HQS Quality Control Inspections; and 8, Payment Standards), we are confident that we will score maximum points under each of these Indicators. Until the quality control file reviews (determination of adjusted income, correct tenant rent calculations) are conducted later this month, we cannot opine on the score for Indicators 3 "Determination of Adjusted Income" or 10 "Correct Tenant Rent calculations."

In prior years we were confident of a "high performer" certification. However, we (as did many other Executive Directors in the Bay Area) began advising the Commission earlier this year about concerns relative to the FY2014-15 certification; primarily due to poor leasing/utilization resulting from skyrocketing rents, and staffing reductions due to declining administrative fee. A PHA can fail an indicator by the simplest error. For example, one can score poorly on wait list management because 1 family in a batch of 50 being processed, received a voucher before another in the group with a lower wait list position. One can score poorly on income and rent determination because the wrong utility allowance was applied (i.e. allowance for a house was used rather than the allowance for an apartment). The dollar value of the error might be minimal, nevertheless the file "fails."

We have remained a "high performer" these past 5 years because of the extraordinary efforts of staff. I am confident we will score at least "standard" FY 14-15, but caution the Board that absent some intervention, we could easily fall to/remains "standard" or even "troubled" for FY 15-16.

Please see attachment 2 illustrating three scenarios for the FY 14-15 certification. Note, in each of the three scenarios we assume leasing will be between 95 and 97%, so we will score 15, not the maximum possible 20 in the Leasing indicator:

Scenario 1: assumes we score maximum points under all categories. This cannot be confirmed until we review wait list processing and complete the quality control file reviews.

Scenario 2: assumes we score 0 for wait list management, and maximum score for file review (income and rent determinations).

Scenario 3: assumes we score 0 for file review (income and rent determinations), and maximum points for wait list management.

Scenario 4: assume we score 0 for wait list management, and 0 for file review (income and rent determination).

The Commission is further alerted to two concerns for FY 15-16:

Family Self Sufficiency. The new mandate for FY 15-16, when the Family Self Sufficiency (FSS) waiver expires. We have begun the planning effort, and I am confident we will successfully implement the program during the Fiscal Year. However, I am not as confident that we will reach full enrollment; have any graduates; or any significant escrow accounts to report. Thus, I will be advising HUD of our progress, and requesting that we not be scored on this indicator for FY 15-16.

Leasing/Utilization. Absent a major change in the rental market and/or extraordinary revision of HUD's Fair Market Rents, I am concerned that we will not realize 95% leasing for FY 15-16. We achieved 97% leasing (budget authority) and 91% leasing (units) for Fiscal Year 2014-15 because we started the year at 93% lease up in units and dollar utilization has improved due to rent increases. However, we will begin Fiscal Year 15-16 at 89% lease up in units. If we fall below 95% of budget authority expended we will earn 0 points next year.

STATUS

Staff views the annual SEMAP certification as a means of validating the hard work done throughout the year. Managing the S8 program in lean financial times, serving families that are all the more challenged by the various government reforms, and seeking to remain competitive in a rental market with rents that exceed our Payment Standard (even at 110% of FMR) has been extremely challenging. Staff scours rental opportunities posted on the internet; calls landlords listed on "for rent signs" while driving through Berkeley; literally begs current landlords with tenants moving out to re-enlist with our Section 8 Program; and still the most current weekly unit listing contains one unit on it: a studio.

That said, we are encouraged by 5 years of satisfactory compliance in operating all aspects of our Section 8 Program, and cautiously optimistic of a 5th consecutive year as a "High Performer." A draft of the SEMAP submission is attached (Attachment 3). Upon completion of the quality control reviews, the report will be ready for submission. Our goal is to submit the report in advance of the August 29, 2015 deadline.

We will complete and submit the report to HUD on or before the August 29 deadline, and provide a copy to the Commission at the annual meeting in September.

CONTACT PERSON

Tia M. Ingram, Executive Director, 981-5471

Rachel Gonzales-Levine, Management Analyst, 981-5485

Attachments:

1. Resolution
2. SEMAP Scenarios (FY 2014-15)
3. Draft SEMAP Certification

RESOLUTION NO. 15-

APPROVE A RESOLUTION AUTHORIZING SUBMISSION OF THE SECTION EIGHT MANAGEMENT ASSESSMENT PROGRAM (SEMAP) CERTIFICATION FOR FISCAL YEAR ENDING JUNE 30, 2015

WHEREAS, the Housing Authority is required to comply with the Department of Housing and Urban Development (HUD) requirements for program and operational evaluations; and

WHEREAS, HUD requires an annual Section Eight Management Assessment Program (SEMAP) report certifying to performance under fourteen Indicators; and

WHEREAS, information for four of the indicators is scored directly from HUD's PIC system: Annual Reexams (Indic. 9), Correct Tenant Rent Calculations (Indic. 10), Precontract HQS Inspections (Indic. 11), and Annual HQS Inspections (Indic. 12); and

WHEREAS, staff is preparing the data to complete the report; and

WHEREAS, the SEMAP certification is to be submitted to HUD electronically no later than 60 days after the close of the Fiscal Year.

NOW THEREFORE, BE IT RESOLVED that the Executive Director is hereby authorized to finalize the SEMAP report and submit it to the U.S. Department of Housing and Urban Development before the August 29, 2015 deadline.

The foregoing Resolution was adopted by the Board of the Berkeley Housing Authority on July 9, 2015 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

Attest: _____
Tia M. Ingram, Secretary

Indic.	Topic	Max. # Possible Points	Best Case Scenario 2014-15 Self- Scoring Estimate A	2014-15 Self- Scoring Estimate B	2014-15 Self- Scoring Estimate C	2014-15 Self- Scoring Estimate D
1	Selection from Waitlist	15	15	0	15	0
2	Reasonable Rent	20	20	20	20	20
3	Determination of Adjusted Income	20	20	20	0	0
4	Utility Allowance Schedule	5	5	5	5	5
5	HQS Quality Control Inspections	5	5	5	5	5
6	HQS Enforcement	10	10	10	10	10
7	Expanding Housing Opportunities	5	5	5	5	5
8	Payment Standards	5	5	5	5	5
9	Annual Reexams	10	10	10	10	10
10	Correct Tenant Rent Calculations	5	5	5	0	0
11	Precontract HQS Inspections	5	5	5	5	5
12	Annual HQS Inspections	10	10	10	10	10
13	Lease Up	20	15	15	15	15
14	FSS (N/A: Waiver expires May 2016)	N/A	N/A	N/A	N/A	N/A
15	Deconcentration Bonus	5	5	5	5	5
TOTAL POSSIBLE POINTS		140	135	120	110	95
TOTAL POINTS SEMAP			140	140	140	140
Percentages = SEMAP SCORE			96%	86%	79%	68%

Section 8 Management Assessment Program (SEMAP) Certification

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing

OMB Approval No. 2577-0215
(exp. 11/30/2016)

Public reporting burden for this collection of information is estimated to average 12 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and you are not required to respond to, a collection of information unless it displays a currently valid OMB control number.

This collection of information is required by 24 CFR sec 985.101 which requires a Public Housing Agency (PHA) administering a Section 8 tenant-based assistance program to submit an annual SEMAP Certification within 60 days after the end of its fiscal year. The information from the PHA concerns the performance of the PHA and provides assurance that there is no evidence of seriously deficient performance. HUD uses the information and other data to assess PHA management capabilities and deficiencies, and to assign an overall performance rating to the PHA. Responses are mandatory and the information collected does not lend itself to confidentiality.

Instructions Respond to this certification form using the PHA's actual data for the fiscal year just ended.

PHA Name	For PHA FY Ending (mm/dd/yyyy)	Submission Date (mm/dd/yyyy)
Berkeley Housing Authority	06/30/2015	

Check here if the PHA expends less than \$300,000 a year in Federal awards
Indicators 1 - 7 will not be rated if the PHA expends less than \$300,000 a year in Federal awards and its Section 8 programs are not audited for compliance with regulations by an independent auditor. A PHA that expends less than \$300,000 in Federal awards in a year must still complete the certification for these indicators.

Performance Indicators

- Selection from the Waiting List.** (24 CFR 982.54(d)(1) and 982.204(a))

(a) The PHA has written policies in its administrative plan for selecting applicants from the waiting list.

PHA Response Yes No

(b) The PHA's quality control samples of applicants reaching the top of the waiting list and of admissions show that at least 98% of the families in the samples were selected from the waiting list for admission in accordance with the PHA's policies and met the selection criteria that determined their places on the waiting list and their order of selection.

PHA Response Yes No
- Reasonable Rent.** (24 CFR 982.4, 982.54(d)(15), 982.158(f)(7) and 982.507)

(a) The PHA has and implements a reasonable written method to determine and document for each unit leased that the rent to owner is reasonable based on current rents for comparable unassisted units (i) at the time of initial leasing, (ii) before any increase in the rent to owner, and (iii) at the HAP contract anniversary if there is a 5 percent decrease in the published FMR in effect 60 days before the HAP contract anniversary. The PHA's method takes into consideration the location, size, type, quality, and age of the program unit and of similar unassisted units, and any amenities, housing services, maintenance or utilities provided by the owners.

PHA Response Yes No

(b) The PHA's quality control sample of tenant files for which a determination of reasonable rent was required shows that the PHA followed its written method to determine reasonable rent and documented its determination that the rent to owner is reasonable as required for (check one):

PHA Response At least 98% of units sampled 80 to 97% of units sampled Less than 80% of units sampled
- Determination of Adjusted Income.** (24 CFR part 5, subpart F and 24 CFR 982.516)

The PHA's quality control sample of tenant files shows that at the time of admission and reexamination, the PHA properly obtained third party verification of adjusted income or documented why third party verification was not available; used the verified information in determining adjusted income; properly attributed allowances for expenses; and, where the family is responsible for utilities under the lease, the PHA used the appropriate utility allowances for the unit leased in determining the gross rent for (check one):

PHA Response At least 90% of files sampled 80 to 89% of files sampled Less than 80% of files sampled
- Utility Allowance Schedule.** (24 CFR 982.517)

The PHA maintains an up-to-date utility allowance schedule. The PHA reviewed utility rate data that it obtained within the last 12 months, and adjusted its utility allowance schedule if there has been a change of 10% or more in a utility rate since the last time the utility allowance schedule was revised.

PHA Response Yes No
- HQS Quality Control Inspections.** (24 CFR 982.405(b))

A PHA supervisor (or other qualified person) reinspected a sample of units during the PHA fiscal year, which met the minimum sample size required by HUD (see 24 CFR 985.2), for quality control of HQS inspections. The PHA supervisor's reinspected sample was drawn from recently completed HQS inspections and represents a cross section of neighborhoods and the work of a cross section of inspectors.

PHA Response Yes No
- HQS Enforcement.** (24 CFR 982.404)

The PHA's quality control sample of case files with failed HQS inspections shows that, for all cases sampled, any cited life-threatening HQS deficiencies were corrected within 24 hours from the inspection and, all other cited HQS deficiencies were corrected within no more than 30 calendar days from the inspection or any PHA-approved extension, or, if HQS deficiencies were not corrected within the required time frame, the PHA stopped housing assistance payments beginning no later than the first of the month following the correction period, or took prompt and vigorous action to enforce the family obligations for (check one):

PHA Response At least 98% of cases sampled Less than 98% of cases sampled

7. Expanding Housing Opportunities. (24 CFR 982.54(d)(5), 982.153(b)(3) and (b)(4), 982.301(a) and 983.301(b)(4) and (b)(12)).

Applies only to PHAs with jurisdiction in metropolitan FMR areas.

Check here if not applicable

(a) The PHA has a written policy to encourage participation by owners of units outside areas of poverty or minority concentration which clearly delineates areas in its jurisdiction that the PHA considers areas of poverty or minority concentration, and which includes actions the PHA will take to encourage owner participation.

PHA Response Yes No

(b) The PHA has documentation that shows that it took actions indicated in its written policy to encourage participation by owners outside areas of poverty and minority concentration.

PHA Response Yes No

(c) The PHA has prepared maps that show various areas, both within and neighboring its jurisdiction, with housing opportunities outside areas of poverty and minority concentration; the PHA has assembled information about job opportunities, schools and services in these areas; and the PHA uses the maps and related information when briefing voucher holders.

PHA Response Yes No

(d) The PHA's information packet for voucher holders contains either a list of owners who are willing to lease, or properties available for lease, under the voucher program, or a list of other organizations that will help families find units and the list includes properties or organizations that operate outside areas of poverty or minority concentration.

PHA Response Yes No

(e) The PHA's information packet includes an explanation of how portability works and includes a list of neighboring PHAs with the name, address and telephone number of a portability contact person at each.

PHA Response Yes No

(f) The PHA has analyzed whether voucher holders have experienced difficulties in finding housing outside areas of poverty or minority concentration and, where such difficulties were found, the PHA has considered whether it is appropriate to seek approval of exception payment standard amounts in any part of its jurisdiction and has sought HUD approval when necessary.

PHA Response Yes No

8. Payment Standards. The PHA has adopted current payment standards for the voucher program by unit size for each FMR area in the PHA jurisdiction and, if applicable, for each PHA-designated part of an FMR area, which do not exceed 110 percent of the current applicable FMR and which are not less than 90 percent of the current FMR (unless a lower percent is approved by HUD). (24 CFR 982.503)

PHA Response Yes No

Enter current FMRs and payment standards (PS)

0-BR FMR <u>\$1,039</u>	1-BR FMR <u>\$1,260</u>	2-BR FMR <u>\$1,585</u>	3-BR FMR <u>\$2,213</u>	4-BR FMR <u>\$2,716</u>
PS <u>\$1,142</u>	PS <u>\$1,386</u>	PS <u>\$1,743</u>	PS <u>\$2,434</u>	PS <u>\$2,987</u>

If the PHA has jurisdiction in more than one FMR area, and/or if the PHA has established separate payment standards for a PHA-designated part of an FMR area, attach similar FMR and payment standard comparisons for each FMR area and designated area.

9. Annual Reexaminations. The PHA completes a reexamination for each participating family at least every 12 months. (24 CFR 982.516)

PHA Response Yes No

10. Correct Tenant Rent Calculations. The PHA correctly calculates tenant rent in the rental certificate program and the family rent to owner in the rental voucher program. (24 CFR 982, Subpart K)

PHA Response Yes No

11. Precontract HQS Inspections. Each newly leased unit passed HQS inspection before the beginning date of the assisted lease and HAP contract. (24 CFR 982.305)

PHA Response Yes No

12. Annual HQS Inspections. The PHA inspects each unit under contract at least annually. (24 CFR 982.405(a))

PHA Response Yes No

13. Lease-Up. The PHA executes assistance contracts on behalf of eligible families for the number of units that has been under budget for at least one year.

PHA Response Yes No

14a. Family Self-Sufficiency Enrollment. The PHA has enrolled families in FSS as required. (24 CFR 984.105)

Applies only to PHAs required to administer an FSS program.

Check here if not applicable

PHA Response

a. Number of mandatory FSS slots (Count units funded under the FY 1992 FSS incentive awards and in FY 1993 and later through 10/20/1998. Exclude units funded in connection with Section 8 and Section 23 project-based contract terminations; public housing demolition, disposition and replacement; HUD multifamily property sales; prepaid or terminated mortgages under section 236 or section 221(d)(3); and Section 8 renewal funding. Subtract the number of families that successfully completed their contracts on or after 10/21/1998.)

or, Number of mandatory FSS slots under HUD-approved exception

b. Number of FSS families currently enrolled

c. Portability: If you are the initial PHA, enter the number of families currently enrolled in your FSS program, but who have moved under portability and whose Section 8 assistance is administered by another PHA

Percent of FSS slots filled (b + c divided by a)

14b. Percent of FSS Participants with Escrow Account Balances. The PHA has made progress in supporting family self-sufficiency as measured by the percent of currently enrolled FSS families with escrow account balances. (24 CFR 984.305)
Applies only to PHAs required to administer an FSS program.

Check here if not applicable

PHA Response Yes No

Portability: If you are the initial PHA, enter the number of families with FSS escrow accounts currently enrolled in your FSS program, but who have moved under portability and whose Section 8 assistance is administered by another PHA

Deconcentration Bonus Indicator (Optional and only for PHAs with jurisdiction in metropolitan FMR areas).

The PHA is submitting with this certification data which show that:

- (1) Half or more of all Section 8 families with children assisted by the PHA in its principal operating area resided in low poverty census tracts at the end of the last PHA FY;
- (2) The percent of Section 8 mover families with children who moved to low poverty census tracts in the PHA's principal operating area during the last PHA FY is at least two percentage points higher than the percent of all Section 8 families with children who resided in low poverty census tracts at the end of the last PHA FY;
- or
- (3) The percent of Section 8 mover families with children who moved to low poverty census tracts in the PHA's principal operating area over the last two PHA FYs is at least two percentage points higher than the percent of all Section 8 families with children who resided in low poverty census tracts at the end of the second to last PHA FY.

PHA Response Yes No

If yes, attach completed deconcentration bonus indicator addendum.

I hereby certify that, to the best of my knowledge, the above responses under the Section 8 Management Assessment Program (SEMAP) are true and accurate for the PHA fiscal year indicated above. I also certify that, to my present knowledge, there is not evidence to indicate seriously deficient performance that casts doubt on the PHA's capacity to administer Section 8 rental assistance in accordance with Federal law and regulations.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Executive Director, signature

Chairperson, Board of Commissioners, signature

Date (mm/dd/yyyy) _____

Date (mm/dd/yyyy) _____

The PHA may include with its SEMAP certification any information bearing on the accuracy or completeness of the information used by the PHA in providing its certification.