



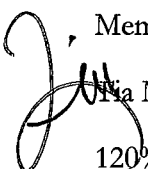
**Berkeley Housing Authority**

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*Office of the Executive Director*

Item 5E  
**NEW BUSINESS**  
February 12, 2015

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

From:  Julia M. Ingram, Executive Director

Subject: 120% Exception Payment Standard schedule for the Section 8 Tenant Based and Project Based Voucher Programs, and the Moderate Rehabilitation, Single Room Occupancy Program

**RECOMMENDATION**

Authorize implementation of a 120% Exception Payment Standard for the Section 8 Tenant-Based and Project-Based voucher programs, and the Moderate Rehabilitation, Single Room Occupancy (SRO) program, effective date to be determined.

**BACKGROUND**

The U.S. Department of Housing and Urban Development (HUD) issues a new schedule of Fair Market Rents (FMR's) each October. These rents are the result of HUD authorized market rent studies, and represent the average rent for modest units in a particular geographical area.

Public Housing Authorities (PHAs) have the discretion (obligation) to adopt a Payment Standard that is between 90 and 110% of the FMR's -- and sufficient to allow reasonable access to modest units by voucher holders.

Rental rates in the Bay Area, and Berkeley is no exception, continue to sky rocket. A recent article in the Oakland Tribune (Attachment 2) shares information from *Rentjungle.com* "the average one-bedroom apartment rents for \$2,720 in Berkeley; the average two-bedoom rents for \$3,439. The current BHA Payment Standard, set at 110% of FMR (the maximum allowed without HUD approval) is \$1,386 for a one-bedroom unit, and \$1,743 for a two-bedroom unit; a difference of more than \$1,000 per month.

The rise in market rents is further corroborated in the declining number of vacant units owners post on our Available Unit Listing report. The attached list (Attachment 3) from February 5, 2015 is unfortunately representative of what we have experienced this past year, a huge decline in landlords with avialable units willing to rent to our participating families.

Our new clients (those coming from the Wait List receiving a S8 Voucher) are experiencing a success rate—measuring the ability to lease up in a unit within the voucher "tolling time"—of a mere 25%. Those that are eligible to do so, request permission to transfer their assistance to another jurisdiction; still others search in vain for the full 120-days, and request one or more extenstions before the voucher expires. It is truly heartbreaking to witness family after family, finally being issued a voucher

after remaining on our waitlist for years (tenant-based waitlist last opened in 2010), only to not find a unit to utilize their assistance, causing them to remain in their current situation.

Increasing our Payment Standard to 120% of FMR requires approval by the HUD San Francisco Field Office. It is important to note approval, if obtained, is not accompanied by increased funding. The net result is the universe of units within the Payment Standard will increase; BHA will be able to pay a larger share of the contract rent; families with Vouchers will have access to more units from which to choose. In the short term it should allow us to increase program utilization within the City; long-term it will mean our funds will support only a portion of the maximum 1,935 allocated vouchers (households).

**STATUS**

Staff is gathering the data necessary to support the request for a 120% exception Payment Standard. A key element is current median rents. Our partners at the Rent Board are assembling this information for us (by address and census tract) from rents registered in 2014. Our goal is to submit the request to HUD by the end of the month.

If approved the new Payment Standard will be:

	<b>SRO*</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
<b>HUD Final 2015 FMR</b>	\$779	\$1,039	\$1,260	\$1,585	\$2,213	\$2,716
<b>BHA 110% of FMR</b>	\$856	\$1,142	\$1,386	\$1,743	\$2,434	\$2,987
<b>BHA 120% of FMR</b>	\$935	\$1,246	\$1,512	\$1,902	\$2,655	\$3,259
<b>Increase</b>	\$79	+\$104	+\$126	+\$159	+\$221	+\$272

\*The HUD PS formula for Mod. Rehab. SRO units is 75% of the 0 BR PS

Because the Board meets monthly, we are requesting prior approval so that we can implement the change (for new contracts) immediately upon receipt. The new rates will apply to existing tenancies two months later (to avoid having to revise annual recertifications which are performed 60-90 days in advance).

**FINANCIAL IMPLICATIONS OF ACTION**

A Payment Standard in excess of 100% of FMR results in a higher per unit cost, and thus potentially the ability to serve fewer families. A Payment Standard not sufficiently high, can result in: (a) landlords disinterested in participating in the Section 8 program; (b) families not being able to secure a modest unit without being rent burdened; and (c) decreased Administrative Fee earnings for BHA.

Because we have been under leased throughout the fiscal year, our fund balance is more than sufficient to absorb the increase in monthly subsidy. As lease-up increases it will be important to track carefully the fund balance to avoid a situation where there are insufficient funds to support all existing contracts.

**CONTACT PERSON**

Tia Ingram, Executive Director, Berkeley Housing Authority, 981-5471  
 Jesy Yturralde, Finance Manager, 981-5488

Attachments:

1. Resolution & Exhibit A – Payment Standard Schedule (current and historical)
2. “Seniors call for affordable housing” (Oakland Tribune, February 3, 2015)
3. Available Unit Listing Report, Feb. 5, 2015

RESOLUTION NO. 15-\_\_\_\_\_

AUTHORIZING REVISION OF THE PAYMENT STANDARD SCHEDULE FOR THE SECTION 8 TENANT BASED AND PROJECT BASED VOUCHER PROGRAMS, AND THE MODERATE REHABILITATION, SINGLE ROOM OCCUPANCY PROGRAM, TO 120% OF THE FY2015 FAIR MARKET RENTS (FMRs), EFFECTIVE THE DATE OF APPROVAL BY THE HUD SAN FRANCISCO REGIONAL OFFICE FOR NEW CONTRACTS, AND TWO MONTHS LATER FOR EXISTING CONTRACTS

WHEREAS, the Housing Authority is required to establish a Payment Standard schedule for all bedroom sizes; and

WHEREAS, the U.S. Department of Housing and Urban Development has published 2015 Fair Market Rent; and

WHEREAS, the final Fair Market Rents were published on October 3, 2014; and

WHEREAS, on October 30, 2014, BHA adopted Payment Standards at 110% of the Fair Market Rent; and

WHEREAS, the current rental market is making it increasingly difficult to retain and attract owners to the S8 Voucher program; and

WHEREAS, a higher Payment Standard may provide an incentive for owner participation; and

WHEREAS, staff has concluded that the proposed increase in Payment Standard will not create any imminent threat to current assisted tenancies, and may in fact serve to protect them; and

WHEREAS, the proposed Payment Standard is 120% of the Fair Market Rent for 0 to 4 bedrooms and 75% of the 0 BR PS for SRO units; and

WHEREAS, the proposed Payment Standard of 120% of Fair Market Rent will require the HUD San Francisco Field Office approval;

NOW THEREFORE, BE IT RESOLVED, that the Board of the Berkeley Housing Authority authorizes adoption of a new Payment Standard Schedule at 120% of Fair Market Rent, upon HUD San Francisco Field Office approval, for the Berkeley Housing Authority's Section 8 Tenant Based and Project Based Voucher Programs, and the Moderate Rehabilitation, Single Room Occupancy Program, attached hereto and identified as Exhibit A, effective the date of approval by the HUD San Francisco Regional office for new contracts and two months later for existing contracts.

The foregoing Resolution was adopted by the Board of the Berkeley Housing Authority on February 12, 2015 by the following vote:

Ayes:

Noes:

Absent:

Abstain:

Attest: \_\_\_\_\_

Tia M. Ingram, Secretary

## Exhibit A

**Proposed Payment Standards**  
**Section 8 Housing Choice Voucher, Project Based and**  
**Moderate Rehabilitation, Single Room Occupancy Programs**

<b>Eff. Date</b>	<b>SRO</b>	<b>0-Studio</b>	<b>1 BR</b>	<b>2 BR</b>	<b>3BR</b>	<b>4BR</b>
TBD		\$1,246	\$1,512	\$1,902	\$2,655	\$3,259
11/1/14 New 01/01/15 Existing	857	1,142	1,386	1,743	2,434	2,987
10/15/2013-New 12/1/13-existing	854	1,139	1,380	1,736	2,424	2,974
12/1/2012	736	981	1,190	1,497	2,091	2,565
12/1/11	794	1,023	1,235	1,463	1,983	2,280
7/15/11 Areas 2, 4, 5	767	1,023	1,235	1,463	1,983	2,280
7/15/11 Areas 1, 3	767	1,071	1,294	1,532	2,078	2390
12/01/10	803	1,071	1,294	1,532	2,078	2,573
12/01/09	794	1,059	1,278	1,515	2,054	2,543
08/02/09	747	996	1,202	1,554	2,107	2,608
12/01/08	746	995	1,202	1,425	1,932	2,393
12/17/07	715	953	1,151	1,363	1,848	2,288
05/01/07	721	961	1,160	1,472	2,034	2,474
03/01/07	721	961	1,160	1,375	1,864	2,080

# Berkeley: Residents worry about housing affordability amid rapid rise in rents and property values

*By Tom Lochner  
Contra Costa Times*

November 24, 2014

BERKELEY -- A public meeting to review the city's affordable housing efforts and hear from the community about its needs afforded a preview of what seems to be shaping up as a growing political issue: gentrification.

At a joint hearing last week of the Housing Advisory, Homeless, Youth & Recreation, and Human Welfare and Community Action commissions, speaker after speaker bemoaned skyrocketing rents and property values, the increasing scarcity of affordable housing and what they perceived as insufficient action by public officials to address a budding crisis. The meeting opened with a report on recent city housing efforts by Community Services Specialist Kristen Lee.

Once the panel opened the floor to public comment, several people came up to praise the nonprofit LifeLong Medical Care acupuncture clinic. But mostly the discussion centered around housing, with about a dozen people venting frustration over its worsening affordability.

Edith Hallberg, who described herself as a housing activist for over 40 years, complained that seniors have difficulty finding anything larger than a studio, paying about \$800 a month or more.

"That's what's happening to seniors: They're being squeezed out by development," Albert said.

James Reagan, a Berkeley Human Welfare Commissioner, said there is "not enough programmatic structure" for homeless people and that Berkeley needs to do more.

Sue Retherford of the nonprofit child care referral agency Bananas advocated more subsidies for child care, noting that availability "keeps parents earning and children learning."

Christina Murphy, a housing specialist for the nonprofit Berkeley Drop-In Center, complained that long-term residents are increasingly priced out of Berkeley and forced to move, to places such as Richmond and Vallejo, or, in her own case, North Richmond.

She said people with children have an especially hard time finding housing in Berkeley. More and more, she said, several generations of a family are forced to squeeze into one home, a trend she blamed on gentrification.

Several seniors said they fear that renovations being undertaken by the landlord at their senior residence complex could foreshadow a sale and lead to raised rents and evictions.

Alejandro Soto-Vigil, who sits on the Berkeley Rent Stabilization Board, said the city should tax "mega-landlords." He said he is working to get a measure on the ballot in 2016 that would impose a 5 percent tax on gross receipts of vacancy-decontrolled apartments, with proceeds to go into the city's housing trust fund, rather than the general fund.

Earlier in the meeting, held at the South Berkeley Senior Center, Lee reported that Berkeley received about \$2.5 million in fiscal year 2013-14 in federal Community Development Block Grant funds, plus \$650,000 under the federal HOME Investment Partnership Program and \$169,000 in Emergency Solutions Grant homelessness prevention funds, as well as \$125,691 in program income.


As of June 30, the end of Year 4 of a five-year plan, Berkeley had achieved 52 percent of its new affordable housing construction goal, with 111 of 215 planned units completed. In the meantime, Berkeley vastly exceeded the plan's housing rehabilitation goals, having completed 245 units, or seven times the five-year goal of 35, according to a staff report.

Additionally, the city performed health and safety repairs on more than 130 homes, including four wheelchair ramps or lifts; served more than 1,700 people with issues related to homeless sheltering, internships, employment training and fair housing complaints; renovated eight public facilities; and assisted 80 homeless people in 55 households to become housed.

The report is available at [bit.ly/1usxNAU](http://bit.ly/1usxNAU).


Contact Tom Lochner at 510-262-2760. Follow him at [Twitter.com/tomlochner](https://twitter.com/tomlochner).

## Berkeley Housing Authority Rental Listing 020515

Date listed	Unit Address	Rent	Dep.	Unit Size	Bath	Type	Phone	Contact	pets	S	R	W	G	
1/29/2015	937 Channing Way #F	1350	1000	1	1	Apt.	510-590-6540	Ray		x	x		x	
1/29/2015	2416 5th	1386		1	1	Duplex	925-858-5574	Don Sabin		x	x		x	
1/22/2015	1021 University #207	1386	2500	1	1	Apt.	510-843-7241	Vicki		x	x	x	x	
10/2/2013	3101 Mabel St.#H	1550	995	2	1	Apt.	510-567-4123	Earl Jones		x	x		x	
12/11/2014	1021 University #205A	1743	3000	2	1	Apt.	Tim 510-593-7250 Vicki 510-843-7241			x	x	x	x	

1. The security deposit listed is the amount requested by the owner. If payment of the security deposit is a financial obstacle to you, you may either be able to negotiate with the owner to allow you to pay the security deposit over a series of months or you may qualify for a security deposit program through Seasons of Sharings, CRIL, Rubicon, ECHO Housing, Operation Dignity or Catholic Charities.

2. If you are interested in renting the unit, you are encouraged to visit the site at different times of the week and different times of the day and night to get a true feel for the neighborhood.

Legend: S - Stove; R - Refrigerator; W - Water; G- Garbage;  - wheelchair accessible.