



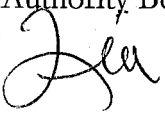
**Berkeley Housing Authority**

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*Office of the Executive Director*

Item 6B  
NEW BUSINESS  
October 22, 2015

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

From: Tia M. Ingram, Executive Director 

Subject: Approve a resolution revising the Section 8 Administrative Plan:  
Chapter 17 –Project Based Vouchers

RECOMMENDATION

Approve a resolution revising Chapter 17, Project Based Vouchers as defined in Attachment 2.

BACKGROUND

We have spent considerable time over the past few years exploring the pros and cons of administering the *voluntary* Project Based Voucher (PBV) program including:

- a. the type of projects (including bedroom size) that best meet the needs of the families on our wait list;
- b. contemplating priorities for awards: new development or rehabilitation;
- c. prioritization for special needs populations;
- d. HUD imposed caps on program size;
- e. utilization of awards for new projects or renewals; and
- f. revenue sharing with the developers.

DISCUSSION

Rental units created with PBVs have long been a primary source for development of long-term affordable rental housing. In this current rental market, with rents far in excess of Payment Standards (even at 110% of Fair Market Rent), and private landlords leaving the S8 tenant based program in droves – the need for long-term affordable (PBV) units is even greater if our communities are to remain inclusive, and economically diverse.

As required for any substantive change in the Administrative Plan, the proposed changes were announced to the public via a notice in the Oakland Tribune and El Mensajero, notifying that comment period commenced on August 24, 2015. In addition, we alerted the City Housing Department, RCD and SAHA of the proposed changes. The required 45-day comment period expired on Oct. 8 with no comments received. Had comments been

received, they would have been incorporated into the document, or rejected with an explanation.

The attached table identifies the substantive changes; provides a brief narrative explaining why the change is proposed; and includes any comments received during the 45-day public comment period.

In addition to the formal 45-day comment period, Chairperson Norris and Executive Director Ingram had opportunities to discuss the importance of PBVs to Berkeley in the creation of affordable rental units with Berkeley Interim City Manager Dee Ridley-Williams, City Council Member Laurie Capitelli, and Dan Sawislak, Executive Director, Resources for Community Development.

### STATUS

The 45-day public comment period expired on Oct. 8 with no comments received. There is much new housing development in the City, unfortunately, very few new opportunities for families at 30% - 50% Area Median Income (AMI). We are optimistic that we can make a case to the City, non-profit and for-profit developers that there is great value in partnering with BHA or its non-profit affiliate—utilizing PBVs to make affordable housing a reality, and compensating BHA for the resources and unique services required to administer the program.

Important next steps/considerations include:

1. Fee Structure. Staff is proposing adoption of a non-refundable application fee as an immediate first step; the fee policy is not part of the “Admin Plan;” see item 6C on this evening’s agenda. Other fees and revenue sharing ideas can be discussed, should the Board desire to assume a more active role in development, via creation of a non-profit affiliate.
2. HUD Waiver. We await the opportunity to apply for a waiver, singularly or as a part of the Bay Area collaboration, to increase PBV program size to 50% of Annual Budget Authority (current regulations allow for no more than 20% of ABA to be devoted to Project-basing).
3. Solicitation. Issuing a Request for Proposals for projects that are being contemplated: those with complete financing in place that could possibly benefit from the new 5-year option, and those seeking PBVs as leverage for funding. Per the Admin Plan, the Authority will consider a solicitation each October.

### FINANCIAL IMPACTS OF RECOMMENDATION

None

### CONTACT PERSON

Tia Ingram, Executive Director, 981-5471

Rachel Gonzales-Levine, Management Analyst, 981-5485

Attachments:

1. Resolution
2. Summary of Changes

BERKELEY HOUSING AUTHORITY  
RESOLUTION NO. 15-\_\_\_\_\_

REVISING THE BHA ADMINISTRATIVE PLAN, CHAPTER 17, PROJECT-BASED  
VOUCHERS

WHEREAS, housing authorities are required to submit Annual Plans to the U.S. Department of Housing and Urban Development ("HUD") which include changes to the Administrative Plan containing discretionary policies utilized in the administration of the Section 8 Voucher Programs; and

WHEREAS, BHA has submitted the 2015-16 Annual Plan/Admin. Plan updates, approved by HUD in May 2015 after the required 45-day comment period and public hearing; and

WHEREAS, the Board has spent time over the past year focusing on the Project-based Program, and understands the importance of Project-based vouchers in Berkeley, and their role in leveraging funding for low income housing as well as for the Housing Authority; and

WHEREAS, staff submitted changes that provide more detail in administering the Project-based program, available for public review and comment for the required 45-day period; and

WHEREAS, a public hearing has been conducted on October 22, 2015.

NOW THEREFORE, BE IT RESOLVED, that the Housing Authority Board approves revisions to Chapter 17 Project –Based Vouchers effective immediately.

The foregoing Resolution was adopted by the Board of the Berkeley Housing Authority on October 22, 2015 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

Attest: \_\_\_\_\_  
Tia M. Ingram, Secretary

	Change	Section/Page	Notes	Comment
1	Requirement to provide HUD 14-day notice prior to issuance of a Request for Proposals inviting proposals from developers		HUD Notice 2015-15; change required	
2	<b>Selection of Proposals/Additional scoring criteria for:</b> <ul style="list-style-type: none"> <li>▪ Identification of “chronically homeless” as special needs population</li> <li>▪ Wheelchair accessible units</li> <li>▪ Owners that utilize tenant screening policies that are appropriate for the population served</li> </ul>		As for-profit developers begin utilizing PBVs for projects, PHAs noting criteria (namely credit) that go beyond housing issues (rent and utilities)	
	<ul style="list-style-type: none"> <li>▪ projects that partner with BHA in leasing and compliance for BMR and other units requiring low income populations</li> </ul>		Utilizing BHA’s wait list creates new housing opportunities for families at 30% AMI, and provides higher cash flow for the owner; compliance is new venture opportunity for which BHA is highly qualified	
3	<b>HAP Contract Requirements</b> Clarification that HAP contract can only include units that are occupied by eligible households	Pg 17, 18	This applies to situations where there are in-place households that are not eligible for assistance, for example, over-income	
4	<b>Term of HAP Contract</b> <ul style="list-style-type: none"> <li>▪ Maximum 15 year contract</li> </ul>			
	<ul style="list-style-type: none"> <li>▪ 5 year term option</li> </ul>		A 5-year term is not sufficient for “loan” purposes, but can present an opportunity to house families at	

			30% (vs. 60%) AMI without loss of rental income.	
	<ul style="list-style-type: none"> <li>Extension of initial term to finance need for substantial, unanticipated rehabilitation</li> </ul>		A PBV contract should be used to leverage funds for rehabilitation, and create affordable housing opportunities, not to enrich the owner.	
	<ul style="list-style-type: none"> <li>BHA consideration of need for units offering wheelchair accessibility and/or meeting the needs of wait list applicants</li> </ul>		PBV units should mirror need of wait list applicants (i.e. no 3-bedroom senior units)	
5	<p><b>Amendments to HAP Contract</b></p> <ul style="list-style-type: none"> <li>Owner has 3 years from date of the Master HAP to put all PBV's in service</li> </ul>		This is an issue when PBV's are awarded to projects with in-place tenants. If the tenant is not eligible, the PBV can be reserved for 3 years.	
	<ul style="list-style-type: none"> <li>Contract must be revised to remove PBV designation if family is no longer eligible for the assistance</li> </ul>		If after initial assistance, the family is no longer eligible for PB assistance in the unit (i.e. over, under-housed), the family must, prior to or by the next anniversary, move, or the unit must be removed from the PBV contract	
6	<p><b>Wait List</b></p> <ul style="list-style-type: none"> <li>Two application intake options: general and restricted</li> <li>Options to supplement the wait list with names from other PHA wait list(s)</li> </ul>		Allows BHA to open for a specific bedroom size, age, HOPWA or other designation	Particularly for 3 and 4 bedrooms, ability to obtain names of applicants (with 5 or more members) from another PHA that

			<p>were not selected during a wait list lottery process.</p> <p>Provision allowing BHA, with HUD approval, to bypass the wait list, and offer a unit to a family that is a victim of domestic violence</p>	
7	<ul style="list-style-type: none"> <li>▪ Option to accommodate victims of domestic violence</li> </ul> <p><b>Preferences</b> Preference in leasing, for families that require wheelchair accessibility</p>	Pg 24	<p>Wheelchair reliance is not a preference for the wait list; it is however the application can receive preferential treatment with regard to referral to a wheelchair accessible unit</p>	
8	<p><b>Owner Responsibility</b></p> <ul style="list-style-type: none"> <li>▪ Monitoring of denials for non-mandatory items (i.e. credit, criminal and rental history)</li> </ul>	Pg 27	<p>Concern shared by many PHAs that for-profit developers apply standards that unfairly restrict access to units (i.e. poor credit score when family has positive rental and utility history)</p>	
9	<p><b>Security Deposit</b></p> <ul style="list-style-type: none"> <li>▪ Requirement to refund interest on security deposit to family</li> </ul>	Pg 30	<p>Units not exempt from the requirement to annually refund interest to the renter (Rent Control Ordinance)</p>	
10	<p><b>Redetermination of Rent</b></p> <ul style="list-style-type: none"> <li>▪ Cap on contract rent equivalent to Payment Standard less utility allowance</li> </ul>		<p>This ensures family will not pay more than 30% of adjusted income for rent, and will benefit from any applicable utility allowance</p>	