



Berkeley Housing Authority

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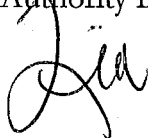
Office of the Executive Director

Item 6C

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 Non-Refundable Fee of \$3,000 for Applications submitted for
Project-Based Vouchers

RECOMMENDATION

Approve a resolution adopting a non-refundable application fee of \$3,000 for requests for Project-Based Vouchers.

BACKGROUND

The Annual Contributions Contract (ACC) between Berkeley Housing Authority and the U.S. Department of Housing and Urban Development (HUD) requires that we administer the Section 8 Housing Choice Voucher *Tenant Based Section 8 Program*.

HUD compensates BHA for administering the Tenant Based Section 8 Voucher program via a monthly Administrative Fee, that is *earned* for every unit under contract on the first of the month. There is considerable work BHA must perform (a) prior to a family going under contract, and (b) to maintain a family under contract for which there is no compensation. This is a tremendous concern to PHAs across the Country as the compliance requirements remain intact, notwithstanding proration of Admin Fee. In recent months local PHA Executive Directors have engaged in discussions about this challenge and the associated HUD-funded Administrative Fee Study.

Project-Based Voucher Program

PHAs have the option, if they so choose, to utilize a portion of funds allocated to the Tenant Based Program – to administer a Project Based Voucher Program. However, there is no additional funding for rental subsidy or increased administrative cost borne by the *Project Based Program*.

A project based voucher contract provides significant cash value/leverage to a project, allows for additional improvements and/or amenities, is viewed favorably in the tax credit allocation process, and reduces the level of income required to afford a unit to families at

30% Area Median Income. For the Housing Authority there is a significant body of work associated with the Project-Based voucher program, above and beyond what the Tenant-based Program requires. That said, the affordable housing units that are created (rehabilitated and/or preserved) by Project-Based Vouchers warrant the investment.

Application Fee

Application fees are not unusual in the affordable housing project realm. Quasi-governmental entities including the California Tax Credit Allocation Committee (TCAC) and the State Debt Limit Allocation Committee (SDLAC; bonds) both assess application fees: TCAC has an application fee of \$2,000, SDLAC charges \$600.

Public Housing Authorities (PHAs) are increasingly following this lead and assessing fees for their discretionary programs. Most recently Housing Authority of Alameda County (HACA) required a non-refundable application fee of \$2,500 as part of its Request for Proposals for Project Based Vouchers. Applicants included three non-profits, all of whom paid the non-refundable fee with no guarantee that they would be awarded any PBVs.

Status

Adopting a policy of requiring a modest application fee will help offset some of the administrative expense of operating the PBV program (see below) and fees BHA may incur for consultants or other technical assistance (activities not funded by HUD).

New Awards. The fee will cover some of the costs associated including solicitation and evaluation of proposals; evaluation of eligibility for any existing tenancies; environmental review and other HUD-required approvals; preparation/execution of the Agreement to enter a Housing Assistance Payment Contract (AHAP) and Housing Assistance Payment (HAP) Contracts; reports to obtain Board approval; initial lease-up activities; referrals for subsequent leasing of vacant PB units during the 15 year contract period; modifications to unit assignment; wait list openings and maintenance.

Renewals/Extensions. The fee will cover some of the cost of tracking the contract term; notification to the project owner of the expiration; determining capacity within the program; evaluating past performance and challenges associated with vacancies over the prior contract period; needs represented by the existing PBV wait list; review of budgets and proformas for the project; discussions with the project owner; Board reports.

The proposed fee is not excessive, and based on HACAs most recent experience – not a significant project cost. We advised the non-profits in mid-September of our intent to recommend a \$3,000 application fee for Project Based Vouchers (email), and had at least one informal conversation. I cannot report any substantial discussion, agreement or objection.

FINANCIAL IMPLICATIONS

\$3,000 per application. Revenue will vary depending on the number of solicitations, and responses received.

CONTACT PERSON

Tia Ingram, Executive Director, 981-5471.
Jesy Yturralde, Finance Manager, 981-5488

Attachments:

1. Resolution

BERKELEY HOUSING AUTHORITY
RESOLUTION NO. 15-_____

NON-REFUNDABLE APPLICATION FEE FOR PROJECT BASED VOUCHERS

WHEREAS, HUD funds operational expenses for housing authorities by issuing an Administrative Fee for every unit under contract as of the first of each month; and

WHEREAS, currently the Administrative Fee is prorated at 81% of the defined Administrative Fee; and

WHEREAS, HUD has conducted an Administrative Fee study whereby the formula for determining Admin. Fee if implemented, would, even further lower BHA's Admin. Fee earnings; and

WHEREAS, the Project-based program is discretionary for public housing authorities; and

WHEREAS, the additional administrative work required to operate the Project-based program is not funded by HUD; and

WHEREAS, the Project-based program is an important mechanism utilized to produce long term low income units and underwrite the rent to a level affordable at 30%-50% of Area Median Income; and

WHEREAS, the labor intensive steps to process Project-based voucher applications include issuing the RFP; convening a review committee; conducting analysis; producing environmental reviews; overseeing compliance with Davis Beacon Wage laws; entering into contracts; managing the Project-based waitlist (opening, updating); screening potential applicants; approving and adjusting unit assignment; tracking PBVs allocated but not in service; providing referrals for units at turnover; and

WHEREAS, quasi-governmental entities including the California Tax Credit Allocation Committee (TCAC) and the State Debt Limit Allocation Committee (SDLAC) both assess application fees with no guarantee of award; and

WHEREAS, other local housing authorities have issued Project-based RFPs that included application fees with no guarantee of award, most recently the Housing Authority of the County of Alameda's fee of \$2,500;

NOW THEREFORE, BE IT RESOLVED, that the Housing Authority Board approves issuance future RFP's for Project-based vouchers in the amount of \$3,000 per application.

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