



**Berkeley Housing Authority**

1936 University Ave., Suite 150, Berkeley, CA 94704

*Office of the Executive Director*

Item 7F

**NEW BUSINESS**

May 11, 2017

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

From: William E. Wilkins, Executive Director

Subject: Approval of extensions of the first terms of the existing Master Project-based Section 8 HAP Contracts for Helios Corner, Ashby Lofts, and Sacramento Senior Homes to the maximum HUD allowable period of 20 years

**RECOMMENDATION**

Approve first term Master HAP Project-based Contract extensions for the following:

- (a) 39 Project Based Vouchers for Sacramento Senior Homes for a period of 9 years (Sept. 2017 -Sept. 2026);
- (b) 59 Project Based Section 8 Vouchers for Helios Corner for a period of 10 years (June 2017 - June 2027); and
- (c) 20 Project Based Vouchers for Ashby Lofts for a period of 10 years (July 2017 - July 2027).

**BACKGROUND**

The Project-based Section 8 Program is designed to provide guaranteed housing solutions for households that qualify for the Section 8 Program, often with social services components available to the residents. The main difference between the Tenant-based (TB) Section 8 and the Project-based (PB) Section 8 programs is that in the PB program, the subsidy is attached to a unit(s) for a fixed period of time, while in the TB program, the assistance is "tied" to the family who is responsible to find a unit that will accept Section 8 subsidy.

Developers find the Project-based program enticing because of the ability to leverage other financing options with a PB award. The financing is used to either build new construction housing, as was the case for these three properties, or to rehabilitate existing housing. Project-based housing also has the benefits of increasing housing supply, guaranteed earned administration fee, and easing fluctuations in housing supply as impacted by market changes. In other words, they are a stable force of low income housing, and a "win/win/win" solution for all entities involved: BHA, developers, and most importantly, the families living in the PB units.

NEW BUSINESS

05.11 Extensions of existing Master Project-based Section 8 HAP Contracts

ITEM 7F

Page 1 of 10

The Project-based award, made by the housing authority Board, has two terms. All three properties were originally awarded 10 year first terms in their Project-based master HAP contracts, the maximum length HUD allowed for first terms of these contracts at that time (2006-07). A new HUD law, Housing Opportunity Through Modernization Act (HOTMA) of 2016, increases the length of time for the first term of a master Project-based contract to 20 years in total. Any number of extensions may be made by the housing authority for a total of 20 years in the first term. Subsequent extensions for a second term may be made, again up to a total of 20 years, or 40 years maximum for the two terms combined. This report covers only an extension to the first terms of these three Project-based Master HAP contracts.

### STATUS

Owned by Satellite Affordable Housing Associates (SAHA) two of the three properties house low income seniors over the age of 62 (Sacramento Senior Homes and Helios Corner), while Ashby Lofts houses families and disabled households.

BHA's Admin. Plan Chapter 17, regarding BHA operations of the Project-based Section 8 Program, describes how BHA is to consider requests for extensions of master HAP contracts (Attachment 1), including perhaps most importantly, the cost of extending the contract and the amount of available budget authority; as well as the need for rehabilitation to preserve and/or extend the viability of the housing stock.

Staff has considered these points and the requests from SAHA, and concludes that it is in the best interest of BHA, our clients, and our non-profit developer partners, to allow the extension of the first term of the contracts for each to the maximum amount time allowable. Absent the PB vouchers, households would be provided a tenant-based voucher. However, should the family move to another jurisdiction with its voucher, BHA likely would lose Admin. Fee earnings. Additionally, BHA is guaranteed Admin. Fee for every unit under PB contract, regardless of whether the unit is leased up or not. So, for example, if a vacant unit is undergoing turnover/maintenance prior to a new PB household moving in, BHA continues to earn Admin. Fee during that time.

Sacramento Senior Homes (Sacramento and Blake): this project was awarded 39 Project Based Vouchers in 2006. Residents must be over the age of 62, with some units set aside for both elderly and disabled households (including HOPWA – Housing Opportunities for People with AIDS). Resident services are available on site. In Sept. 2016, the Board approved a one year contract extension of the then-expiring Master HAP PB contract, while we took time to gather full information on SAHA's request. Thus the request today is to extend for 9 years, or total of 20 years in the first term, as HOTMA now allows

Helios Corner (University and Sacramento): the 80 unit building was awarded 40 PBVs in 2007 and an additional 19 PBVs in 2010, for a total of 59. There exists a very robust resident services component at this senior property, including individual meetings to identify barriers to aging in place, bus service, on site fitness classes and film nights. All units are either fully accessible for people with mobility challenges, or easily adapted; 5% of the units are equipped with features for people with vision/hearing impairments.

Ashby Lofts (Ninth and Ashby): this 54 unit family housing project was awarded 20 PBVs in 2007. The complex includes a community room with computer lab, laundry facility and a children's play structure. Onsite services provided by ToolWorks are available and targeted primarily to disabled households, but available to all.

For each of these three properties, SAHA reports that eliminating the PB contracts would jeopardize their financial stability, including operating loss increases, inability to recapitalize, and undergo planned renovations, which would in turn threaten commercial financing in place.

#### FINANCIAL IMPLICATIONS OF ACTION

Absent the continuation of PBV contracts, BHA risks losing Admin. Fee, should families opt to move to other jurisdictions with their TB vouchers.

#### CONTACT PERSON

William E. Wilkins, Executive Director, Berkeley Housing Authority, 981-5471

Rachel Gonzales-Levine, Management Analyst, 981-5485

#### Attachments:

1. Excerpt from BHA Admin. Plan, Ch. 17, Project-based Vouchers (pages 18–19)
2. Resolution – Sacramento Senior Homes
3. Resolution – Helios Corner
4. Resolution – Ashby Lofts

**Excerpt from BHA Admin. Plan  
Ch. 17, Project-based Vouchers (pages 18–19)**

When determining whether or not to extend an expiring PBV contract, for how long, and the number of units, BHA will consider several factors including, but not limited to:

- The cost of extending the contract and the amount of available budget authority;
- The condition of the contract units;
- The owner's record of compliance with obligations under the HAP contract and lease(s);
- Whether the location of the units continues to support the goals of deconcentrating poverty and expanding housing opportunities;
- The extent to which projects that are serving families, elderly or disabled household include 1, 2, and 3 bedroom units
- Demonstrated need of the minimum number of project based vouchers required to (i) finance debt for substantial, unanticipated rehabilitation activity and (i) meet contractual obligation to rent to households at or below 50% of AMI.
- Preservation of fully accessible/adaptable units for wheelchair users;
- Number of vacancy loss claims during the initial 15 year term;
- Current demand for the units by qualified households with tenant based or project based assistance; and
- Whether the funding could be used more appropriately for project-based assistance at a new construction project or another property requesting/needing PBV assistance, or in the tenant based voucher program.

BERKELEY HOUSING AUTHORITY  
RESOLUTION NO. 17-\_\_\_\_\_

AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A NINE YEAR EXTENSION OF THE FIRST TERM OF THE EXISTING PROJECT-BASED SECTION 8 MASTER HOUSING ASSISTANCE PAYMENT CONTRACT WITH SATELLITE AFFORDABLE HOUSING ASSOCIATES FOR 39 UNITS AT SACRAMENTO SENIOR HOMES, FOR A MAXIMUM OF 20 YEARS IN THE FIRST TERM

WHEREAS the original Master HAP contract with Affordable Housing Associates (now Satellite Affordable Housing Associates, SAHA) for 39 units was signed in 2007 for a 10-year term that expired in Oct. 2016; and

WHEREAS the BHA Board approved a 1 year contract extension in Sept. 2016, due to expire in Sept. 2017; and

WHEREAS HUD's Housing Opportunity Through Modernization Act (HOTMA) of 2016, increases the length of time for the first term of a master Project-based contract to 20 years in total; and

WHEREAS BHA earns Administrative Fee for each PB unit under Master HAP contract including the time it is vacant, being readied for leaseup; and

WHEREAS the project serves 39 senior households including two with HIV/AIDS; and

WHEREAS staff reviewed the Administrative Plan criteria in determining whether to recommend approval of the extension of the first term of the contract including the cost of extending the contract and the amount of available budget authority; the need for substantial, unanticipated rehabilitation to preserve and/or extend the viability of the housing stock; and

WHEREAS Project-based housing is a critical and stable, long term housing option for the households that BHA serves (those at 0% - 50% of Area Median Income); and

WHEREAS Project-based housing is a stable, long term housing option remaining in the midst of market fluctuations, while units in the Tenant-based Section 8 program are not contractually obligated for up to 40 years; and

WHEREAS on February 17, 2016, SAHA responded with a request for an extension to the Master HAP contract including supportive documentation such as financial information, physical condition assessment of the property; accessibility features; property management plan; maintenance standards; and 5-year operating expense forecasts with and without Project-based Section 8;

NOW THEREFORE BE IT RESOLVED THAT the Executive Director is authorized to enter into a nine year extension of the first term of the existing Project-based Section 8 Master HAP contract with Satellite Affordable Housing Associates for 39 units at Sacramento Senior Homes for senior and disabled households, for a total of 20 years in the first term.

The foregoing Resolution was adopted by the Board of the Berkeley Housing Authority on May 11, 2017 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

Attest: \_\_\_\_\_  
William E. Wilkins, Secretary

BERKELEY HOUSING AUTHORITY  
RESOLUTION NO. 17-\_\_\_\_\_

AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A TEN YEAR EXTENSION OF THE FIRST TERM OF THE EXISTING PROJECT-BASED SECTION 8 MASTER HOUSING ASSISTANCE PAYMENT CONTRACT WITH SATELLITE AFFORDABLE HOUSING ASSOCIATES FOR 59 UNITS AT HELIOS CORNER, FOR A MAXIMUM OF 20 YEARS IN THE FIRST TERM

WHEREAS the original Master HAP contract with Affordable Housing Associates (now Satellite Affordable Housing Associates, SAHA) for 40 units was signed in 2007 for a 10-year term that expires in Sept. 2017; and

WHEREAS the BHA Board approved 19 additional PBVs in 2010, for a total of 59 units (but expiration date of contract remained unchanged); and

WHEREAS HUD's Housing Opportunity Through Modernization Act (HOTMA) of 2016, increases the length of time for the first term of a master Project-based contract to 20 years in total; and

WHEREAS BHA earns Administrative Fee for each PB unit under Master HAP contract including the time it is vacant, being readied for leaseup; and

WHEREAS the project serves 20 family and disabled households; and

WHEREAS staff reviewed the Administrative Plan criteria in determining whether to recommend approval of the extension of the first term of the contract including the cost of extending the contract and the amount of available budget authority; the need for substantial, unanticipated rehabilitation to preserve and/or extend the viability of the housing stock; and

WHEREAS Project-based housing is a critical and stable, long term housing option for the households that BHA serves (those at 0% - 50% of Area Median Income); and

WHEREAS Project-based housing is a stable, long term housing option remaining in the midst of market fluctuations, while units in the Tenant-based Section 8 program are not contractually obligated for up to 40 years; and

WHEREAS on December 2, 2016, SAHA responded with a request for an extension to the Master HAP contract including supportive documentation such as financial information, physical condition assessment of the property; accessibility features; property management plan; maintenance standards; and 5-year operating expense forecasts with and without Project-based Section 8;

NOW THEREFORE BE IT RESOLVED THAT the Executive Director is authorized to enter into a ten year extension of the first term of the existing Project-based Section 8 Master HAP contract with Satellite Affordable Housing Associates for 59 units at Helios Corner for senior and disabled households, for a total of 20 years in the first term.

The foregoing Resolution was adopted by the Board of the Berkeley Housing Authority on May 11, 2017 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

Attest: \_\_\_\_\_  
William E. Wilkins, Secretary



BERKELEY HOUSING AUTHORITY  
RESOLUTION NO. 17-\_\_\_\_\_

AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A TEN YEAR EXTENSION OF THE FIRST TERM OF THE EXISTING PROJECT-BASED SECTION 8 MASTER HOUSING ASSISTANCE PAYMENT CONTRACT WITH SATELLITE AFFORDABLE HOUSING ASSOCIATES FOR 20 UNITS AT ASHBY LOFTS, FOR A MAXIMUM OF 20 YEARS IN THE FIRST TERM

WHEREAS the original Master HAP contract with Affordable Housing Associates (now Satellite Affordable Housing Associates, SAHA) for 20 units was signed in 2007 for a 10-year term that expires in Aug. 2017; and

WHEREAS HUD's Housing Opportunity Through Modernization Act (HOTMA) of 2016, increases the length of time for the first term of a master Project-based contract to 20 years in total; and

WHEREAS BHA earns Administrative Fee for each PB unit under Master HAP contract including the time it is vacant, being readied for leaseup; and

WHEREAS the project serves 59 senior households; and

WHEREAS staff reviewed the Administrative Plan criteria in determining whether to recommend approval of the extension of the first term of the contract including the cost of extending the contract and the amount of available budget authority; the need for substantial, unanticipated rehabilitation to preserve and/or extend the viability of the housing stock; and

WHEREAS Project-based housing is a critical and stable, long term housing option for the households that BHA serves (those at 0% - 50% of Area Median Income); and

WHEREAS Project-based housing is a stable, long term housing option remaining in the midst of market fluctuations, while units in the Tenant-based Section 8 program are not contractually obligated for up to 40 years; and

WHEREAS on November 30, 2016, SAHA responded with a request for an extension to the Master HAP contract including supportive documentation such as financial information, physical condition assessment of the property; accessibility features; property management plan; maintenance standards; and 5-year operating expense forecasts with and without Project-based Section 8;

NOW THEREFORE BE IT RESOLVED THAT the Executive Director is authorized to enter into a ten year extension of the first term of the existing Project-based Section 8 Master HAP contract with Satellite Affordable Housing Associates for 20 units at Ashby Lofts for family and disabled households, for a total of 20 years in the first term.

The foregoing Resolution was adopted by the Board of the Berkeley Housing Authority on May 11, 2017 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

Attest: \_\_\_\_\_  
William E. Wilkins, Secretary