



Berkeley Housing Authority

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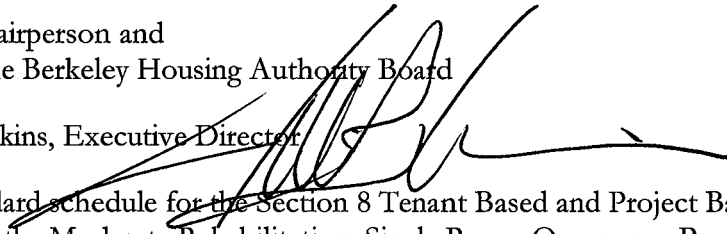
Office of the Executive Director

Item 7G

NEW BUSINESS

September 8, 2016

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

From: William E. Wilkins, Executive Director 

Subject: Payment Standard schedule for the Section 8 Tenant Based and Project Based Voucher Programs, and the Moderate Rehabilitation, Single Room Occupancy Program effective October 1, 2016 for new contracts and November 1, 2016 for existing contracts

RECOMMENDATION

Authorize revision of the current Payment Standard schedule for the Section 8 Tenant-Based and Project-Based voucher programs, and the Moderate Rehabilitation, Single Room Occupancy (SRO) program effective October 1, 2016 for new contracts and November 1, 2016 for existing contracts.

BACKGROUND

Normally the U.S. Department of Housing and Urban Development (HUD) issues *proposed* new schedules of Fair Market Rents (FMRs) each August. Because of a provision of the Housing Opportunities Through Modernization Act of 2016 (HOTMA): (a) proposed FMRs will no longer be published and (b) FMRs are considered final unless a Public Housing Authority (PHA) requests reevaluation of the FMRs. PHAs are required to review their existing Payment Standards (PS) and make sure that the rates are both:

- a. within 90 and 110% of the effective FMRs (except that the Moderate Rehabilitation SRO Program PS is set 75% of the 0 BR PS) and
- b. at a level sufficient to allow families a reasonable opportunity to secure assisted housing without paying more than 30% of adjusted monthly income for rent.

It is important to remember when establishing Payment Standards that the annual funding allocation from HUD for rental subsidies (Housing Assistance Payments or "HAP") is a fixed amount, and is not decreased (for PS below the FMR), nor increased (for PS above the baseline FMR).

DISCUSSION

On August 31st, 2016, HUD issued the Fair Market Rents (FMR) for 2017 to be effective Oct. 2016. We are pleased to report a slight increase in the FMRs from the most recently published FMRs of April 2016. You may recall that BHA and other Bay Area housing authorities paid for a regional, statistically sound rent study, in an effort to have HUD reevaluate the FMRs from this time last year, thus the FMR revision in April 2016.

Staff is seeking approval of a Payment Standard equal to 105% of the 2017 FMR (figures shown below).

STATUS

Staff proposes the Payment Standard be set at 105% of the published 2017 FMR. This is the current rate in effect at the moment (could be as high as 110% of FMR).

Effective dates will be as follows:

- **New Contracts.** Our Administrative Plan provides for the change in Payment Standard to be effective “immediately” for new contracts – to further leasing efforts.
- **Existing Contracts.** Because Housing Occupancy staff has started work on the reexaminations for October, the effective date for existing contracts will be Nov. 1, 2016.

	SRO*	0	1	2	3	4
Current PS	\$1,086	\$1,449	\$1,746	\$2,208	\$3,078	\$3,431
HUD 2017 FMR	\$---	\$1,435	\$1,723	\$2,173	\$3,017	\$3,477
BHA Proposed PS at 105% of HUD 2017 FMRs	\$1,129	\$1,506	\$1,809	\$2,281	\$3,167	\$3,650
Variance (New PS - Old PS)	+\$43	+\$57	+\$63	+\$73	+\$89	+\$219

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

FINANCIAL IMPLICATIONS OF ACTION

The increase in Payment Standard likely will increase: landlord incentive to participate in the Section 8 Program and the units available to voucher holders; program utilization; and administrative fee earnings. It will likely will cause an increase HAP expenditure because landlords will request rent increases up to the new Payment Standard.

CONTACT PERSON

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

1. Resolution
2. Exhibit A – Payment Standard Schedule (current and historical)

RESOLUTION NO. 16-_____

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 105% OF THE FY2017 FAIR MARKET RENTS (FMRs), EFFECTIVE OCTOBER 1, 2016 FOR NEW CONTRACTS AND NOVEMBER 1, 2016 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 the 2017 Fair Market Rent amounts which reflect a slight increase in Fair Market Rents for all bedroom sizes; and

WHEREAS, the Payment Standard must be within 90 and 110% of the Fair Market Rents; and

WHEREAS, an increase in the 2017 Fair Market Rents is an incentive to retention and attraction of landlords to the voucher programs; and

WHEREAS, with the Housing Opportunities Through Modernization Act of 2016 (HOTMA); (a) proposed FMRs will no longer be published and (b) FMRs are considered final unless a Public Housing Authority (PHA) requests reevaluation of the FMRs; and

WHEREAS, the 2017 Fair Market Rents are slightly higher than the 2016 Fair Market Rents;

NOW THEREFORE, BE IT RESOLVED, that the Board of the Berkeley Housing Authority authorizes adoption of a new Payment Standard Schedule for the Berkeley Housing Authority's Section 8 Tenant Based and Project Based Voucher Programs, and the Moderate Rehabilitation, Single Room Occupancy Program, equal to 105% of the 2017 Fair Market Rents, attached hereto and identified as Exhibit A, effective October 1, 2016 for new contracts and November 1, 2016 for existing contracts.

The foregoing Resolution was adopted by the Board of the Berkeley Housing Authority on September 8, 2016 by the following vote:

Ayes:

Noes:

Absent:

Abstain:

Attest: _____
William E. Wilkins, Secretary

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

Eff. Date	SRO	0-Studio	1 BR	2 BR	3BR	4BR
10/1/16 New 11/1/16 Existing	\$1,129	\$1,506	\$1,809	\$2,281	\$3,167	\$3,650
2/12/16 New 4/1/16 Existing	\$1,086	\$1,449	\$1,746	\$2,208	\$3,078	\$3,431
11/01/2015	\$845	\$1,127	\$1,358	\$1,718	\$2,394	\$2,669
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