



Berkeley Housing Authority

1901 Fairview St., Berkeley, CA 94703
Telephone: (510) 981 5470 Fax: (510) 981 5480

Office of the Executive Director

Item 6.D
ACTION CALENDAR
October 13, 2011

To: Honorable Chairperson and
Members of the Berkeley Housing Authority

From: Tia M. Ingram, 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 December 1, 2011

RECOMMENDATION

Adopt a resolution revising the Payment Standard schedule for the Section 8 Tenant Based and Project Based Voucher Programs, and the Moderate Rehabilitation, Single Room Occupancy Program, effective December 1, 2011.

BACKGROUND

The U.S. Department of Housing and Urban Development (HUD) issues a new schedule of Fair Market Rents each October. Public Housing Authorities (PHAs) are required to review their existing Payment Standards (PS) and make sure that the rates are (a) within 90 and 110% of the FMRs and (b) 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, the annual funding allocation from HUD for rental subsidies (HAP-Housing Assistance Payments) is a fixed amount, and is not decreased (for PS below the FMR), nor increased (for PS above the baseline FMR). Thus, the following decisions:

- Oct. 14, 2010 The (2010) annual review of the Payment Standards was completed, and the Board acted to adopt a revised single PS equivalent to 110% of the then current FMR (effective Dec. 1, 2010).
- June 28, 2011 Empowered with new data from the Rent Stabilization Program about rent for new (or turnover) tenancies in the City (by census tracts), in June, staff proposed, and the Board adopted a revision to the PS. The revision was two-fold: (a) we adopted a PS based on geographic area-resulting in 2 sub-markets, and (b) we deviated from the long-standing practice of adopting a PS at 110% of the FMR for all bedroom sizes. The two-tiered PS was designed (1) to ensure we could be competitive in all markets of the City, and (2) increase the availability of units available for program participants in low-poverty areas of the City (a HUD requirement and a SEMAP indicator).

July 15, 2011

The revised (lower) PS went into effect for all new contracts (this includes families porting in from other jurisdictions; families being admitted from the Wait List; and families transferring from one unit to another within the City of Berkeley).

We experienced some public push back from the two-tier PS, primarily from those wanting the higher PS to apply throughout the city, without regard to location or current average rent levels. Thus far we have not experienced any exodus from the program, and no owner has withdrawn a Request for Tenancy Approval (because of failed rent negotiations).

July, 2011

Staff raised concerns with the Finance Committee about decreasing HUD funding, and the possibility that we could exhaust all the available HUD funding before the end of the Fiscal Year, and be faced with a situation of having to terminate HAP contracts (assisted tenancies) – because we could not honor our contractual obligations. We appealed to HUD for a waiver of the regulation that requires a phase in period (second annual recertification) of a lower PS for any existing tenancy. We were advised on September 27, 2011 that our request was denied by HUD.

Oct 5, 2011

HUD published the Final 2012 FMRs. The amounts are slightly higher for all bedroom sizes by approximately 1%.

STATUS

The new, Final 2012 FMRs have been issued, and BHA is required to once again review its PS and make sure the rates are (a) sufficient to allow families reasonable access to available rental units, and (b) within 90 and 110% of the now current FMRs. Note – we believe the current rates (in areas 1 and 3) are still appropriate, and they are over 100% of the new FMRs. However, recognizing that rental rates may be beginning to rise, we propose adopting a PS that is equivalent to 105% of the current FMR, effective December 1, 2011. We further propose returning to a single PS for the City. While this may adversely impact our ability to penetrate new rental markets in the City, it addresses the concern some landlords expressed that BHA was making the program attractive to some landlords, while not valuing their units and/or their voluntary participation in the S8 program.

	SRO	0	1	2	3
2012 FMR	735	980	1,183	1,402	1,901
Current Areas 1 & 3	767	1,071	1,294	1,532	2,078
Current Areas 2, 4 & 5	767	1,023	1,235	1,463	1,983
Payment Std. (proposed for all areas)	772	1,029	1,242	1,472	1,996

The modest change in PS is not material, and based on year-to-date leasing, we believe there is sufficient funding for us to achieve and maintain 100% leasing. However, should this not be the case, and we find ourselves potentially unable to meet our financial obligations within the next 2-3 months, we can submit a new waiver request to HUD to apply a lower payment standard to all existing contracts.

It is important to note that the rent for every assisted tenancy must pass the "rent reasonableness" test, regardless of the "Payment Standard." Our experience has been that most landlords, when asked to specify the rent requested for a new tenancy, often respond "the payment standard." This has remained true over the past few months, as we implemented the new Payment Standards. We have revised our written materials (and instructions) to stay clear of discussing contract rent in the context of the Payment Standard, and replaced that language with references to *comparable market rent*.

CONTACT PERSON

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

Attachments:

1. Resolution
2. BHA Historical and Current Payment Standards

RESOLUTION NO. 11-_____

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, EFFECTIVE DECEMBER 1, 2011.

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 2012 Fair Market Rent amounts which are slightly higher than the current Fair Market Rents; and

WHEREAS, the Housing Authority is allowed to establish the Payment Standard amounts between 90 and 110% of the Fair Market Rent (FMR); and

WHEREAS, to remain competitive with the open market, BHA Payment Standards must remain slightly above the area average; and

WHEREAS, the proposed Payment Standard is 105% of the Fair Market Rent for 0 to 4 bedrooms and 75% for SRO, and high enough to allow families with assistance to be competitive in their housing search.

NOW THEREFORE BE IT RESOLVED, that the Housing Authority Board 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, attached hereto and identified as Exhibit A, effective December 1, 2011.

The foregoing Resolution was adopted by the Board of the Berkeley Housing Authority on October 13, 2011 by the following vote:

Ayes:

Noes:

Absent:

Abstain:

Attest:

Tia M. Ingram, Secretary

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

Effective Date	SRO	0-Studio	1-Bed-room	2-Bed-rooms	3-Bed-rooms	4-Bed-rooms
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 Only	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