

Berkeley Housing Authority's Role in Furthering Affordable Housing and Maintaining Socio-economic and Cultural Diversity in Berkeley

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Berkeley Housing Authority

- ❑ Berkeley Housing Authority (BHA) is an independent agency, authorized by Federal Statute and governed by Federal and State Law;

- ❑ BHA's jurisdiction is the City of Berkeley; the balance of Alameda County is served by the Oakland Housing Authority; the City of Alameda Housing Authority; the Livermore Housing Authority; or the Housing Authority of Alameda County

- ❑ BHA is a Section 8 Voucher only Authority [no Public Housing units]

- ❑ BHA is funded by the U.S. Department of Housing and Urban Development (HUD)
 - ❑ An annual grant (pass through) for rental subsidies paid to landlords on behalf of eligible families; and
 - ❑ “Administrative Fees” for operations: a fee *earned* each month, for every assisted household

“Section 8” is NOT an Entitlement Program

Section 8 Tenant Based Vouchers

- Berkeley’s maximum program size 1,935 units
- Households must apply during an open period; random lottery conducted to establish *manageable* wait list
- Assistance is assigned to the household, and is transferable (portable) to other jurisdictions
- Choice! Household must find a suitable unit for rent, and pass landlord screening for suitability [including a unit with more bedrooms than required to house the family]
- Households pay 30% of adjusted monthly income for rent and receive (a) an allowance for tenant paid utilities, and (b) deduction for medical or disability expenses [elderly or disabled households only]
- No term limit once admitted to program

Section 8 Project Based Vouchers

- Project-based vouchers are allocated to a specific project to support either substantial rehabilitation or new construction.
- The rent on the unit assigned the Project-based voucher is capped at the BHA’s Payment Standard, and the unit must be rented to household under 50% of area median income.
- The household rent is capped at 30% of adjusted monthly income and the Project-based voucher subsidy makes up the difference.
- HUD caps program size at 20% of Annual Budget Authority
- Projects can only be awarded “Project Based Vouchers” via a competitive process (by BHA or utilization of a prior competition that *did not include any* consideration of PBVs)
- *Anytime* after one year, the family may request a tenant based voucher and move off site; the project based voucher remains attached to the unit for the remainder of the 15 year term

Who is served by BHA?

1. BHA, with 1,935 Vouchers, and 98 Single Room Occupancy Units, is the single largest provider of deeply affordable housing in Berkeley, serving:
 - 726 elderly households;
 - 968 disabled households; and
 - 98 formerly homeless individuals
2. \$22 million in rental subsidy payments are distributed annually to:
 - 800 participating landlords; including
 - SAHA, RCD, NCLT, and Berkeley 75, in support of 300 units of permanently affordable rental housing through the Project-based Voucher program

3. BHA rental subsidy programs make it economically possible for lower-income minorities to reside in Berkeley
 - 69% African American
 - 22% White
 - 7% Hispanic
 - 2% Asian/Pacific Islander or Native Alaskan

\$1,097 Average monthly rental subsidy payment

\$380 Average family rent portion

Currently, 1,660 households are residing in Berkeley with rental assistance from BHA

BHA ... highlights

- S8 Voucher program increased size from 1,860 to 1,935 Vouchers
- Issued new assistance (Tenant-based Vouchers) to 430 households in the last four years
- Processed assistance on behalf of 97 applicants on the Project-based Voucher Wait List
- Awarded 105 Project Based Vouchers to properties in 2011
 - 23 to Strawberry Creek Lodge, Senior Housing Development (substantial rehabilitation)
 - 74 to Related California/Berkeley 75, Large Family housing development
 - 8 to Hearst Avenue, Disabled Housing development
- Annual distribution of approximately \$22 million in rental subsidies to approximately 800 private landlords
- Ensured the 75 units that were formerly troubled public housing were rehabilitated and continued to offer permanently affordable housing to large low-income families
- Provided opportunities for households to apply for rental assistance
 - S8 Tenant Based Wait List in 2010
 - S8 Project Based Wait List in 2012
 - Projected to open again early 2016
- Developed/enhanced partnership with local non-profits, and legal advocates
- Assumed a strategic role in the alliance with Alameda County, Alameda City, Contra Costa, and Oakland Housing Authorities to address HUD's Fair Market Rents and Admin Fee Formulas

Why is it important to preserve a Berkeley Housing Authority?

Maintaining the Berkeley Housing Authority

- 1) Is vital to Berkeley's ability to uphold its economic and racial diversity
- 2) Preserves 1,935 units of affordable housing for extremely-low income households for use in Berkeley
- 3) Ability to establish Payment Standard
- 4) Preserves \$22 million in rental income for owners of rental units in Berkeley
- 5) Enables use of 20% (possibly 50%) of Voucher Budget for Project Based Vouchers to further development of affordable rental housing for up to 30 years in Berkeley
- 6) Is the surest way of ensuring the continuation of a local office for families receiving assistance (currently 726 elderly and 804 disabled households [with some overlap]), and
- 7) Preserves the identity of Berkeley as a City that cares deeply about its diversity, both socio-economic and cultural, and demonstrates this commitment via resource allocation.
- 8) Maintains the Project-based voucher program for affordable housing development in Berkeley

Next for BHA

Operation “Move-Up”

This program is intended to help formerly homeless individuals (and families) transition from lack of housing to permanently affordable housing. BHA will provide an accelerated path to a S8 tenant based voucher for up to 10 households each year who have successfully completed the requirements of the Single Room Occupancy Program (4 participants) and/or Shelter Plus Care (6 participants) by demonstrating 12 months of stable income and lease compliance. The cycle will then repeat as the next homeless individual/family enters the homeless to housing continuum.

Family Self Sufficiency

The S8 Voucher Program was never intended as a destination, rather a stepping stone. In March 2016 BHA will implement a FSS Program providing enhanced services to up to 37 households in search of financial independence (possibly including relinquishment of the S8 rental assistance).

Housing for Veterans

Veterans’ housing is grossly underrepresented in BHA’s current portfolio. We look to responding to the next Notice of Funding Availability – and utilizing Project Based Vouchers to create affordable housing opportunities for this special needs population.

Everyone Home

HUD has announced opportunities for new funding (vouchers) to help residents that are able alone, or with in-home assistance, to transition from long-term care facilities to privately owned units in the mainstream population. This is a wonderful opportunity to help seniors and disabled individuals enjoy the comforts of “home.”

** The aforementioned are programs important to BHA’s mission, but lack funding from HUD.*

BHA is challenged by Significant Operating Budget Deficit

Because of continued cutbacks from HUD, and exacerbated by the current difficulty of finding appropriate units for the program, the projected deficit for Fiscal Year 2015-16 is \$610,000(based on our assumption of utilization (91% of Vouchers) and Admin Fee (74% proration); both factors beyond our control):

- 1) Admin Fee proration. HUD continues to fund operations at less than 100% (proration was as low as 69% in 2013, and just recently increased to 80% of the full Admin. Fee). The factor will change again (rate not determined) effective January 2016 (for every dollar we earn, HUD pays us at 80 cents)
 - 2) Low Utilization. BHA earns Admin Fee based on units under contract. However owner participation (supply) is on a steady decline the result of:
 - A. Low Fair Market Rents. The draft 2016 Fair Market Rents published by HUD are lower than the 2015 rates.
 - B. Low Payment Standards. The Payment Standards are restricted to 90 to 110% of the Fair market Rent. Thus, the reduction in Fair Market rents triggers a mandatory reduction in BHAs Payment Standard.
 - C. Escalating Market Rents. Steady and significant increases in market rent place the majority of rental units \$400 or more per month outside the range of BHA's 110% Payment Standard, thus even long-term landlords are leaving the S8 program.
- ✓ The situation is compounded our of fear that annual funding for rental subsidy will be reduced in future years, due to “lack of need” – as defined by poor utilization of funds in 2015. Thus, if the market changes, and we are able to recruit/retain owners, we will not have sufficient budget authority to cover the rental subsidy; and
- ✓ Declining Admin Fee restricts the ability to increase staffing to build out new programs and continue to support current operations

[1 and 2 combine reduce Admin fee by approximately \$30k from the previous year]

....and declining supply of affordable rental housing

- 1) Housing stock previously utilized in S8 program no longer within reach of voucher holders because of market rents
- 2) BHA experiencing loss of average of 16 units each month
- 3) Affordable units being built by private developers include affordable units (at 60% Area Median Income; BHA serves families 30-50% AMI)
- 4) The success rate for tenant based voucher holders seeking a unit is 15%
- 5) Housed families face owners who are demanding to “opt-out” of the program or pursuing “constructive evictions”

Solutions

Increase supply of affordable housing units and increase earned revenue

- Below Market Rate (BMR) Units

There are approximately 300 BMR (or density bonus) units in Berkeley. If these units were available to families at 30% AMI, they could be occupied by extremely-low income households.

- Off-Line Units

We estimate 600 or more rental units that are off-line, and not available to renters. A concentrated outreach to the owners may result in new housing opportunities, and reduced neighborhood blight.

- Project Based Voucher

Access to an award of Project Based Vouchers might stir new development by our local non-profit organizations, and possibly for-profit developers. Our program is currently at capacity; we have applied for a “waiver”, which if approved, will allow us to increase the cap from 20% up to 50% of our Annual Budget Authority.

Meet owner demands for market rent and protection against loss.

- BHA, along with other Bay Area Housing Authorities, is appealing to HUD to perform a valid market rent study, and not implement the 2016 Fair Market Rents (ironically lower than the 2015 FMRs)
- Apply to HUD for a 125% Emergency Exception Payment Standard (the SF Field office has forwarded BHA’s request to HUD Headquarters with a recommendation for approval)
- Implement a Damage Claim program, providing a grant of up to \$1,500 per unit, for losses at the end of tenancy, upon execution of a new S8 assisted tenancy*
- Offer financial relief from any increase in Berkeley business license tax *
- Encourage use of S8 vouchers in BMR units; this will generate more income for the property – while deepening the affordability for extremely-low income households, and compensating ownership for the additional compliance requirements.

** Proposed joint projects with the City of Berkeley*

How can the City partner with BHA?

In order to maintain a local housing authority in Berkeley, it is important that the city and Berkeley community work together to find solutions to increase unit supply and provide funding toward the work the BHA does. The city can:

1. Support Project Move Up “Move-Up” Program
2. Assist with Owner Retention by supporting the following incentive programs:
 - Provide BHA a one-time \$50,000 grant to fund a Damage Claim program (still in design)
 - Exempt owners from any increase in business license tax
 - Explicitly encourage use of S8 vouchers in BMR units.
 - Work with BHA to encourage landlords to accept Section 8 tenants
3. Modify the Housing Trust Fund regulations to require use of BHA as the first option for leasing all affordable units in the project. This will provide revenue to BHA and at the same time allow tenants to have a single place to apply for affordable rental units throughout the city.
4. Provide gap funding of \$10 per unit, per month (\$233,000 per year) for a maximum of three years to partly cover the deficit created from proration of Admin Fee and under-utilization.
5. Forgive the \$300,000 zero interest HTF loan due in April 2022 and grant amount to support BHA operations including continuity of Operation “Move-Up” Program.

Outcomes

- Furthers City goal of addressing problem of chronically homeless individuals – by supporting a program that can help provide permanently affordable housing.
- Furthers City goal of economic and racial diversity by supporting current and future low-income tenants.
- Uses existing housing stock to provide cost effective supply of rental housing affordable to extremely-low income households.
- Supports the efforts and preserves a Berkeley based Housing Authority, a high-performing Public Housing Authority, serving 1,935 extremely low income households in Berkeley, while efforts are made to address HUD funding and program utilization, and explore other revenue generating options.
- Support BHA’s demonstrative efforts to HUD that the Authority is:
 - Working in collaboration with the City to address the housing needs of extremely low-income households in Berkeley;
 - Thinking creatively to address the issue of homelessness
 - Thinking strategically to further family “choice” in where they reside by increasing the supply of affordable housing.