



Office of the Executive Officer

INFORMATION CALENDAR

February 17, 2004

To: Honorable Chairperson and
Members of the Housing Authority

From: *PK* Phil Kamlarz, Acting Executive Officer

Subject: Section 8 and Public Housing Update

INTRODUCTION

The purpose of this report is to update Board members on the status of several issues that impact the programmatic and budgetary objectives of the Berkeley Housing Authority (BHA). These issues include: the Section 8 lease-up activity for the first half of the current fiscal year; the proliferation of Emergency Prioritization Program (EPP) applicants since the inception of open enrollment for this preference category; the HUD-designated troubled status for the Public Housing and Section 8 programs; and the status of the Public Housing rehabilitation project and maintenance contract with Affordable Housing Associates (AHA).

CURRENT SITUATION AND ITS EFFECTS

Section 8 Lease-Up - As of February 1, 2004, the Section 8 lease-up rate totaled 1,704 units. This represents a net gain of 132 units for the first seven months of the current fiscal year. (Attachment A shows the lease-up performance and trends over the last three years.) Moreover, approximately 111 additional applicants have been issued Section 8 vouchers and are currently seeking qualified units to rent under the Section 8 Program. As a result of these favorable trends, the BHA continues to project that maximum lease-up (1,841 units) will be achieved by the end of this fiscal year.

Emergency Prioritization Program (EPP) - Contributing to the positive lease-up trends is the Section 8 open enrollment policy for Berkeley residents who qualify under the EPP that began in December 2002. That policy allows the BHA to accept applications on a continuous basis from persons and families seeking Section 8 admission under the EPP criteria. Under the adopted admission guidelines, EPP-qualified applicants have priority for voucher issuance over all other applicants on the established Section 8 waiting list.

Since the inception of the EPP open enrollment that began in December 2002, the BHA has received approximately 1,830 applications. (These applications are in addition to the 5,009 applications that remain on the Section 8 waiting list following the last open enrollment that was conducted in December 2001 for the entire public.) Of the EPP applications received, approximately 1,200 have been deemed ineligible. Of the remaining 630 EPP applications that were approved, approximately 300 have successfully secured Section 8 housing, 70 have

received vouchers and are looking to secure a unit, 30 are still being processed and will soon be issued vouchers, and 230 have expired vouchers or relocated out of the area.

Due to the large number of EPP applications still being processed and the large number of voucher holders currently looking for qualified Section 8 housing, the BHA risks exceeding its maximum allocation of units (1,841) by the end of the current fiscal year unless the number of Section 8 vouchers issued can be curtailed. Failure to keep within our allocation of units carries the risk of HUD sanctions including financial penalties. Consequently, the BHA intends to proceed with closing open enrollment for Section 8 applications under the EPP at least on a temporary basis. The plan is to close open enrollment effective March 1, 2004 for at least through the remainder of the fiscal year, while maintaining the option of reopening the application period if the agency experiences an unanticipated slowdown of its lease-up objectives. This will enable the BHA to control the number of vouchers issued by processing only applicants on the existing Section 8 waiting list by lottery-assigned numbers. This pending closure will not affect those currently on the Section 8 waiting list who might qualify for the EPP. These applicants will continue to be served before all other applicants on the waiting list.

Section 8 Waiting List - The BHA is still waiting for direction from HUD's Fair Housing Office with respect to the proposal to amend the Section 8 waiting list provisions by reducing the number of preferences from nine to three. The Board held a public hearing and considered such a change as part of this year's BHA Annual Plan Update in November 2003 but held over action until we are able to get guidance from HUD on whether they will accept such a change. This proposal is intended to enable the agency to streamline the eligibility process that is overly cumbersome and time-consuming under the current system with its nine preferences. Fair Housing is concerned that minority and disabled populations may be unfairly treated if we offer preferential consideration to Berkeley residents over non-Berkeley residents.

Public Housing Troubled Status - The BHA received an email notice from HUD, dated January 16, 2004, that the agency's FY 2002-2003 Public Housing program has been designated as troubled. The BHA received this designation for its FY 2001-2002 program as well in June 2003. This designation is based on the annual review conducted by HUD pursuant to the Public Housing Assessment System (PHAS) regulations. Housing Authorities that receive substandard scores are designated as troubled, triggering corrective action requirements and local HUD office oversight and monitoring of the agencies. The BHA reported to the Board in October 2003 that HUD was going through a reorganization that postponed HUD's intervention in working with the BHA to develop the requisite monitoring tools and performance goals intended to help the agency improve its performance. As we continue to wait for HUD to formalize its intervention strategy, the BHA has initiated actions intended to improve its Public Housing financial and programmatic performance.

In accordance with Board approval, the BHA has executed a six-month contract with AHA for the regular maintenance of its 75 units of public housing. The effective date of the contract is January 1, 2004 in the amount of \$209,000. BHA staff will work closely with AHA for a period of time to ensure a smooth transition of maintenance functions and oversight. We anticipate that

the combined efforts will continue through the end of March before AHA assumes full property management responsibilities. Among the objectives of this transition include improving the Public Housing lease-up rate that currently shows eight vacant units, ensuring that annual certifications are completed with timely submission of required documents to HUD, and satisfactory responsiveness to resident concerns and maintenance requests. With respect to the latter, AHA has agreed to have its community outreach consultant, Alton Management, attend four initial meetings with the residents to introduce the AHA/Alton Management team, discuss rules and responsibilities, and encourage resident feedback and participation. Shortly after the completion of the transition of property management function, the BHA will conduct a survey to obtain resident feedback on the effectiveness of the transition, including the responsiveness of AHA to maintenance requests and efforts to involve the residents in decisions that affect their quality of life. Further, the BHA will be releasing a new Request for Proposal to solicit other bids for the property management function with a contract start date of July 1, 2004.

Section 8 Troubled Status – The BHA has been informed that HUD has contracted with an independent consultant to work with our agency to improve our Section 8 Management Assessment Program (SEMAP) score to a passing mark. The consultant has developed a technical assistance plan and has scheduled an on-site schedule covering the period February 24 through March 4, 2004. Fortunately, the timing of this on-site visit coincides with the filling of the Senior Housing Assistance Supervisor position that has been vacant for approximately four months. This position is critical in supervising operations staff (eligibility and inspections) and performing quality control of new and annual recertifications and inspections. One of the primary tasks of this new position is to work with HUD to develop performance measures and target dates for improving agency performance for the Section 8 and Public Housing programs. The start date for the individual hired into this position is February 5, 2004.

Public Housing Rehabilitation Project - The BHA is continuing to renovate public housing units as they become vacant, drawing down on the Section 108 loan monies. However, HUD has instructed us not to proceed with additional rehabilitation work on the occupied units until they complete an assessment of and prioritize our agency's rehabilitation needs. HUD did complete the unit-by-unit inspection of all federal public housing sites in August; however, HUD has not yet provided us with the report nor has made any follow-up with us as of early February 2004. We are attempting to convene a meeting with HUD representatives to discuss this as well as other pending work program priorities.

Shifting Public Housing to Project-Based Section 8 - Lastly, the BHA is planning to enter into discussions with HUD and the State regarding the possibility of shifting the Public Housing programs to project-based Section 8. This shift will allow the BHA to maintain one uniform set of financial and administrative record keeping systems for its entire operations. The current setup requires a high level of staff resources to maintain three separate sets of record keeping systems (Section 8, Federal Public Housing, and State Public Housing). The BHA will apprise the Board with developments in this area in the near future.

POSSIBLE FUTURE ACTION

Board approval for a Public Housing property management contract, effective July 1, 2004 following issuance of the Request for Proposals in April 2004.

FISCAL IMPACTS OF POSSIBLE FUTURE ACTION

Negotiating and Board adoption of a cost-effective property management contract starting next year is imperative to balance projected Public Housing revenues and expenditures.

CONTACT PERSON

Stephen Barton – (510) 981-5400

Sharon Jackson – (510) 981-5471

Approved:



Stephen Barton, Housing Director

Attachment A: Monthly Status Chart for Section 8 Lease-Up

BERKELEY HOUSING AUTHORITY - SECTION 8 LEASE UP PERFORMANCE

(ATTACHMENT A)

JANUARY - DECEMBER 2001

| MONTH | LEASE-UP: 1st OF MONTH | NET GAIN OR LOSS |
|-------|---------------------------|---------------------|
| Jan | 1288 | ---- |
| Feb | 1288 | -16 |
| Mar | 1276 | -12 |
| Apr | 1266 | -10 |
| May | 1263 | -3 |
| June | 1266 | 3 |
| Jul | 1270 | 4 |
| Aug | 1279 | 9 |
| Sept | 1281 | 2 |
| Oct | 1287 | 6 |
| Nov | 1294 | 7 |
| Dec | 1300 | 6 |

JANUARY - DECEMBER 2002

| MONTH | LEASE-UP: 1st OF MONTH | NET GAIN OR LOSS |
|-------|---------------------------|---------------------|
| Jan | 1317 | 17 |
| Feb | 1324 | 7 |
| Mar | 1348 | 24 |
| Apr | 1364 | 16 |
| May | 1387 | 14 |
| June | 1386 | 8 |
| Jul | 1392 | 6 |
| Aug | 1393 | 10 |
| Sept | 1403 | 10 |
| Oct | 1403 | 0 |
| Nov | 1417 | 14 |
| Dec | 1436 | 19 |

JANUARY - DECEMBER 2003

| MONTH | LEASE-UP: 1st OF MONTH | NET GAIN OR (LOSS) |
|-------|---------------------------|-----------------------|
| Jan | 1456 | 20 |
| Feb | 1472 | 20 |
| Mar | 1492 | 20 |
| Apr | 1508 | 16 |
| May | 1516 | 8 |
| June | 1559 | 43 |
| Jul | 1572 | 13 |
| Aug | 1591 | 19 |
| Sept | 1612 | 21 |
| Oct | 1624 | 12 |
| Nov | 1641 | 17 |
| Dec | 1669 | 28 |

JANUARY - DECEMBER 2004

| MONTH | LEASE-UP: 1st OF MONTH | NET GAIN OR (LOSS) |
|-------|---------------------------|-----------------------|
| Jan | 1685 | 16 |
| Feb | 1704 | 19 |
| Mar | | |
| Apr | | |
| May | | |
| June | | |
| Jul | | |
| Aug | | |
| Sept | | |
| Oct | | |
| Nov | | |
| Dec | | |

SECTION 8 LEASE-UP PERFORMANCE

