


Office of the Executive Officer

ACTION CALENDAR

February 15, 2005

To: Honorable Chairperson and  
Members of the Housing Authority

From:  Phil Kamlarz, Executive Officer, Berkeley Housing Authority

Subject: Applications for Project-Based Section 8 Vouchers

RECOMMENDATION

Adopt a Resolution approving the allocation of 104 Project-Based Section 8 Vouchers for the following applications, with conditions, and authorizing the Executive Officer to execute Housing Assistance Payment Contracts and other documents related to these vouchers:

2121 7 <sup>th</sup> Street	12
1001 Ashby Avenue	20
2500 Hillegass	4
3132-3138 M.L.K.	4
2200 Fulton Street	24
1535 University Avenue	<u>40</u>
Total	104

FISCAL IMPACTS OF RECOMMENDATION

Following approval by the U.S. Department of Housing and Urban Development, the Berkeley Housing Authority (BHA) will enter into an agreement with the property owner to commit the vouchers upon completion of the renovation/construction. Upon completion, the BHA enters into a ten-year agreement for Housing Assistance Payments. The estimated value of the rental subsidies for 104 units over a period of 10 years is approximately \$13 million.

CURRENT SITUATION AND ITS EFFECTS

On January 18, 2005, the Housing Department received applications for a total of 104 Project-Based Vouchers for six housing developments that include new construction and rehabilitation of existing buildings. The developers, projects, locations, and number of Project-Based vouchers requested are the following: 1. Affordable Housing Associates / 2121 7<sup>th</sup> Street / for 12 units (existing 48 unit property); 2. Affordable Housing Associates / Ashby Lofts 1001 Ashby Avenue /for 20 units (proposed 55 unit property); 3. Affordable Housing Associates / 2500 Hillegass / for 4 units (existing 19 unit property); 4. Resources for Community Development / Oxford Plaza,

2200 Fulton Street / for 24 units (proposed 96 unit property); 5. Prince Hall Arms, Inc. / Prince Hall Arms Apartments, 3132-38 M.L.K., Jr. Way / for 4 additional units (proposed 42 unit property) 37 units were approved in May 2001; and 6. Satellite Housing / University Avenue Senior Housing, 1535 University Avenue / for 40 units (proposed 80 unit property).

The Housing Advisory Commission (HAC) at their monthly meeting on February 3, 2005 unanimously recommended approval of the allocations with the conditions as stated in the staff report.

### BACKGROUND

In early December 2004, the City of Berkeley published a Request for Proposals inviting owners and developers of rental property in the City of Berkeley to submit proposals for participation in the Section 8 Project-Based Voucher Program. HUD's Section 8 Project-Based Voucher Program allows the Berkeley Housing Authority (BHA) to use Housing Choice Voucher assistance in existing, rehabilitated, or newly constructed units under the Project-Based Voucher Program for a term of up to 10 years. The units to be assisted may be vacant or occupied by families who are income eligible to participate in the Section 8 Voucher program. Projects assisted usually provide supportive services for families. The Applicant's project composition and selection must comply with HUD regulations regarding the Project-Based Voucher Program.

Program participants are subject to all relevant Housing Choice Voucher Program regulations. The selection process of units/project for participation in the Section 8 Project-Based Voucher Program is required to be an open and competitive process. Up to 20% of the Section 8 Housing Choice Voucher Program administered by BHA, may be used for Project-Based assistance at the discretion of BHA with HUD concurrence. No more than 25% of the units in a proposed project may receive Project-Based assistance. Exceptions for projects housing elderly families, disabled families, and additional units can be approved over the 25% allocation on a project-by-project basis. Proposed sites should not be isolated from social, recreational, educational, commercial and health facilities and services that are at least equivalent to those typically found in neighborhoods of unassisted housing.

The additional revenue from the Section 8 Fair Market Rents often enable property owners to leverage the rental income subsidy with additional loans or cash flow to either build or make improvements thereby lowering the amount of other additional financing that might be needed from the City. When a Project-Based Voucher is allocated to a participant/tenant in a project accepting Project-Based Section 8 units, the tenant will have the right of portability after one year, subject to the availability of voucher funding, and will be subject to the BHA's guidelines in the Administrative Plan regarding portability.

To date the BHA has approved a total of 111 Project-Based Section 8 Vouchers. See Attachment C from the BHA FY 2004 Annual Plan for a status report.

### RATIONALE FOR RECOMMENDATION

BHA currently has HUD's approval to allocate up to 139 Project-Based units. Staff recommends that the Housing Authority approve five of the six application requests that were received along with the conditions listed below. Three of these projects (Ashby Lofts, Oxford Plaza, and University Avenue Senior Housing) had Housing Trust Fund reservations approved by City Council on January 25. Both the HAC and staff agree that all approvals for the Project Based Vouchers should have two years from the Housing Authority approval to secure HUD approval and enter into the Agreement to Provide Housing Assistance Payments Contract or the approval will be rescinded. This two-year commitment may be extended if BHA approves of the extension for any of the applicants.

Although, the staff recommends that six project applications be approved, the Affordable Housing Associates' project at 2500 Hillegass and the Prince Hall Arms' project at 3132-3138 M.L.K., Jr. Way should have the following additional conditions required as part of the recommendation of approval:

1. It is recommended that the Hillegass application submitted by Affordable Housing Associates, requesting four Project-Based units be approved on the condition that rehabilitation comply with all federal, state and local regulations regarding Accessibility Standards and Regulations.
2. That the 37 units previously approved for the Prince Hall Arms Apartments project should have two more years from the date of the Housing Authority approval of the additional four units to secure HUD approval and enter into the Agreement to Provide Housing Assistance Payments, or the approval of all 41 units will be rescinded.
3. That the Prince Hall Arms Apartments' Applicant will complete a financing structure that will permit the development to secure all funding commitments necessary to submit a Subsidy Layering Report to HUD for their approval.

### ALTERNATIVE ACTIONS CONSIDERED

By converting the vouchers to project rather than tenant-based assistance, the City is able to give direct subsidy to a housing project that will remain affordable over a long term and insure both rental assistance to the tenant, as well as provide guaranteed revenue to the project developer. This allows the City to provide additional assistance to affordable housing projects beyond the loans provided through the Housing Trust Fund (HTF). All of the applicants have received some form of subsidy for each project (Housing Trust Fund and/or HELP loan). Use of these federal funds reduces the amount of local subsidy needed for the projects.

In order for these affordable housing developments to obtain funds for construction and rehabilitation financing and/or permanent financing, it must be demonstrated that Section 8 Project-Based rents are a needed subsidy that can be secured to complete the necessary financing for these affordable housing developments to proceed. Other Federal Programs usually permit

the use of Project-Based vouchers to be used in combination with other public programs and have guidelines and regulations concerning combining such programs with the Section 8 Program. For instance, the HOME program requires that staff evaluate projects using HOME funds in combination with other governmental assistance to ensure that no more than the necessary amount of HOME Program funds are invested in only one project to provide affordable housing. Also, as part of the Section 8 Project-Based voucher approval process, BHA submits a Layering Review Report to HUD. This report evaluates the project itself, other funding sources, Section 8 application, the unit mix, rents to be charged, and the commitment of other funding sources, the appropriateness of the rents to be charged, and the Fair Market Rents for each project. HUD must approve this report before the each applicant can enter into an Agreement for Housing Assistance Payments for the Section 8 Project-Based Vouchers.

CONTACT PERSON

Stephen Barton, Housing Director, 981-5400

Approved:

  
Stephen Barton, Housing Director

RESOLUTION NO.

APPROVING THE ALLOCATION OF 104 PROJECT-BASED SECTION 8 VOUCHERS FOR THE FOLLOWING APPLICATIONS, WITH CONDITIONS, AND AUTHORIZING THE EXECUTIVE OFFICER TO EXECUTE HOUSING ASSISTANCE PAYMENT CONTRACTS AND OTHER DOCUMENTS RELATED TO THESE VOUCHERS

WHEREAS, in December 2004 the City of Berkeley Housing Department invited property owners in the City of Berkeley to apply for Project Based Section 8 Vouchers; and

WHEREAS, six applications were received by the Housing Department by the deadline of January 18, 2005; and

WHEREAS, the applications were reviewed and approved by staff in accordance with the unit selection guidelines previously approved by the Housing Authority Board; and

WHEREAS, the applications referenced herein were reviewed and recommended for approval by the Housing Advisory Commission on February 3, 2005.

NOW THEREFORE, BE IT RESOLVED by the Berkeley Housing Authority Board that the Executive Officer is hereby authorized to allocate Project-Based Section 8 Vouchers for the following properties:

Affordable Housing Associates Allston House 2121 7 <sup>th</sup> Street	12 units (existing 48 unit property)
Affordable Housing Associates Ashby Lofts 1001 Ashby Avenue	20 units (proposed 55 unit property)
Affordable Housing Associates 2500 Hillegass	4 units (existing 19 unit property)
Prince Hall Arms, Inc. Prince Hall Arms Apartments 3132-38 M.L.K., Jr. Way	4 units (proposed 42 unit property)
Resources for Community Development Oxford Plaza 2200 Fulton Street	24 units (proposed 96 unit property)
Satellite Housing University Avenue Senior Housing 1535 University Avenue	40 units (proposed 80 unit property)

BE IT FURTHER RESOLVED that the property owners will have two years from this date to secure approval for the Project-based Vouchers and enter into an Agreement to Provide Housing Assistance Payments and that this two-year commitment may be extended with BHA approval.

BE IT FURTHER RESOLVED that the two year limit will also apply to the 37 Project-based vouchers previously approved for the units at 3132-38 M.L.K., Jr. Way.

BE IT FURTHER RESOLVED that the Prince Hall Arms Apartments' Applicant will complete a financing structure that will permit the development to secure all funding commitments necessary to submit a Subsidy Layering Report to HUD for their approval.

BE IT FURTHER RESOLVED that the units at 2500 Hillegass are approved with the condition that rehabilitation comply with all federal, state and local regulations regarding accessibility.

BE IT FURTHER RESOLVED that the Executive Officer is authorized to execute housing assistance payment contracts and all other documents related to these vouchers. Record signature copies of said contracts and any amendments to be on file in the Office of the City Clerk.

**ATTACHMENT C**  
**Project-based Section 8 Vouchers**

The Berkeley Housing Authority has committed its resources to the development and permanent retention of affordable housing units within the jurisdiction. As evidence of its commitment, the Housing Authority had adopted the following goals and strategies in this Agency Plan:

**Five-Year Plan**

*HUD Strategic Goal: Increase the availability of decent, safe and affordable housing.*

PHA Goal: Expand the supply of assisted housing

Objectives: Leverage private or other public funds to create additional housing opportunities;  
Acquire or build units or developments;  
Support individual affordable housing projects proposed within the City.

PHA Goal: Increase assisted housing choices

Objectives: Conduct outreach efforts to potential voucher landlords;  
Increase voucher payment standards;  
Implement public housing or other homeownership programs;  
Achieve 100% utilization of Section 8 funding.

**Annual Plan: PHA Fiscal Year 2004**

The Berkeley Housing Authority has approved 111 units since the Section 8 Project-based Voucher Program was approved in 2000. Below is a status report on the projects including activities anticipated during the period July 1, 2004 to June 30, 2005.

Adeline Apartments at 3222-24 Adeline Street is a 19-unit development for persons with disabilities that was completed in the spring of 2003. The Housing Assistance Payment contract is with Adeline Apartments, L.P. There are 18 project-based vouchers and one manager's unit.

University Neighborhood Apartments (UNA) at 1719-25 University Avenue is a 27 unit universally designed housing development for physically disabled and their families. An agreement to enter into a Housing Assistance Payment Contract was executed in October 2003. There will be 17 Project-based Section 8 units. The project is currently under construction, expected to be completed in March 2005.

Sacramento Senior Homes is a 40-unit new construction senior housing development planned at 2517 Sacramento Street. The sponsor has received permits and has all the necessary funding committed to start construction. A package has been submitted to HUD for layering review for this project. There will be 39 project-based units and one manager's unit.

Prince Hall Arms is a 37-unit new construction senior housing development at 3132-38 Martin Luther King, Jr. Way approved by the Berkeley Housing Authority Board in 2000. The sponsor has worked with various consultants to rework the proposal and obtain the necessary financing.

The BHA will amend Chapter 19 of the Administrative Plan for Project-Based Section 8 to comply with changes in the Code of Federal Regulations enacted in 2000. Once these changes are approved, the BHA intends to advertise for proposals from owners and developers and will seek approval of an additional 139 units for a total of 250 Project-based Section 8 vouchers.

