



Office of the Executive Officer

CONSENT CALENDAR

December 13, 2005

To: Honorable Chairperson and
Members of the Housing Authority

From: *PK* Phil Kamlarz, Executive Officer

Submitted by: Stephen Barton, Director, Housing

Subject: Payment Standard: Project-Based Section 8

RECOMMENDATION

Adopt a Resolution approving a new Payment Standard schedule for Project-Based Section 8 units, effective January 1, 2006.

FISCAL IMPACTS OF RECOMMENDATION

Project-Based developments expand housing opportunities for Section 8 Housing Choice Voucher participants by providing additional housing resources in a climate where affordable housing is critical. As these developments are either new construction or newly renovated, units at these sites must receive comparable market rents for the projects to be feasible. Thus, project-based rents are historically higher than non-project based units, which increases the average monthly HAP costs for the BHA. BHA management must carefully monitor the expense of the Housing Choice Voucher program to effectively utilize resources. However, as the HUD published Fair Market Rents reflect a decrease in all categories except Studio units, no impact on the BHA budget is anticipated as a result of the new Payment Standard.

CURRENT SITUATION AND ITS EFFECTS

Under the Project-Based Section 8 program, the City is able to make a ten-year commitment that provides a guaranteed revenue base in the form of rental subsidies for affordable housing projects. The amount of subsidy is based on the number of approved project-based units and the adopted Payment Standard that establishes the maximum rent subsidies permitted under the program.

Payment Standards are between 90% and 110% of the Fair Market Rents (FMRs) published by the U.S. Department of Housing and Urban Development (HUD). On October 1, 2005, HUD published revised FMRs, therefore staff is proposing to revise the Payment Standards for Project-Based Section 8 units. The current Project-Based Payment Standards were previously adopted under Resolution #701.

The following compares the current Payment Standard for Project-Based units in effect since December 1, 2004, the new HUD published FMR rates as revised on October 1, 2005, and the proposed new Payment Standards for Project-Based Section 8 units.

<u>Bedroom Size</u>	<u>Current Pay Standard</u>	<u>10/1/2005 HUD-FMR</u>	<u>Proposed Payment Standard Project Based Units</u>
0 BR	\$ 1,029	\$ 943	\$ 1,037
1 BR	1,245	1,130	1,243
2 BR	1,476	1,339	1,472
3 BR	2,141	1,865	2,051
4 BR	2,522	2,288	2,516

Note that under the October 1, 2005 published FMRs, reductions are required in all bedroom categories except in the Studio.

BACKGROUND

The BHA is required to maintain a Payment Standard schedule for the Project-Based Section 8 Voucher program. The Payment Standard establishes the maximum monthly subsidy payment permitted for varying unit sizes under the program.

As HUD allows Payment Standard amounts at any level between 90% and 110% of the published FMRs, Project-Based Payment Standards at 110% of the FMRs are more in parity with private market rents for equivalent unit sizes and will expand housing opportunities for Section 8 Voucher holders and maintain lease-up rates for the Berkeley Housing Authority.

RATIONALE FOR RECOMMENDATION

Adoption of the new Payment Standard schedule will allow the BHA to maintain a consistent leasing rate and make a greater portion of the rental market affordable to Section 8 Voucher holders.

CONTACT PERSON

Sharon Jackson, BHA Housing Manager, Housing Department

Attachments:

1: Resolution

Exhibit A: Project-Based Payment Standards

RESOLUTION NO.-N.S.

APPROVING NEW PROJECT-BASED PAYMENT STANDARDS

WHEREAS, the current Project-Based Payment Standard has been in effect since December 1, 2004 per Resolution No. 701; and

WHEREAS, HUD recently published new Fair Market Rents effective October 1, 2005; and

WHEREAS, Payment Standards must be 90% to 110% of the published Fair Market Rents.

NOW THEREFORE, BE IT RESOLVED that the Berkeley Housing Authority, establishes a revised Payment Standard Schedule for the Berkeley Housing Authority Project-Based Section 8 Voucher Program effective January 1, 2006, attached hereto as Exhibit A and made a part hereof.

BE IT FURTHER RESOLVED, that Resolution No. 701, which established the Section 8 Project-Based Payment Standard in effect since December 1, 2004 is hereby rescinded.

EXHIBIT A

**BERKELEY HOUSING AUTHORITY
PROJECT-BASED
PAYMENT STANDARDS
HOUSING CHOICE VOUCHER PROGRAM
EFFECTIVE JANUARY 1, 2006**

0BR	1BR	2BR	3BR	4BR	5BR	6BR
\$1,037	\$1243	\$1,472	\$2,051	\$2,516	\$2,894	\$3,271