

Office of the Executive Officer


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CITY OF BERKELEY

INFORMATION CALENDAR
February 21, 2006

To: Honorable Chairperson and
Members of the Housing Authority

From:  Phil Kamlarz, Executive Officer

Submitted by: Stephen Barton, Housing Director

Subject: Monthly Status Update on BHA

INTRODUCTION

This report details the steps that the Berkeley Housing Authority is currently taking to increase its rating under the Section 8 Management Assessment Program. This report is in response to the December 13, 2005 Berkeley Housing Authority Board directive that the agency commit whatever resources are necessary to eliminate the BHA's troubled status and return with a detailed work plan.

The new Acting BHA Manager has not had an adequate period of time to thoroughly review and analyze the circumstances at this time. Therefore, this status report reflects few changes from the report presented at the January 17, 2006 meeting.

FISCAL IMPACTS OF THIS REPORT

Approximately \$6,000 has been spent to date in recovery efforts. It is estimated that a total of \$60,000 will be spent by June 30, 2006 in staff and contract costs, split between overtime payments, temporary staff and improved security and software installation, to be paid by surplus BHA funds.

CURRENT SITUATION AND ITS EFFECT

Attached is an updated action plan outlining actions taken, procedures implemented, and actions planned to achieve the minimum SEMAP goal of 60%. This update is based on the activities detailed in the status report provided to the Board on January 17, 2006.

- *Automation Upgrade* -- Due to ongoing data conversion issues, the transition to the new software has been delayed from February 1 until March 6, 2006. The BHA staff are working with the City's IT and Finance departments, as well as the vendor, to address concerns regarding the accuracy of the data conversion and the seamless transition to the new system. Staff estimates that the BHA will have to be closed to the public for six (6) business days (February 28 to March 7) to allow for staff training, data conversion and system testing before going live to the public on March 8, 2006. Signs will be posted on the BHA office and the City's website notifying of the closure dates no later than Thursday, February 23, 2006. In addition, the BHA voicemail message will be updated with the closure information. During the closure, staff not attending the various training

modules will be assigned to answer telephones, filing, and other duties not dependent upon the housing software.

If the software conversion does not happen as planned, the BHA plan "B" is to hold off on conversion until after July 1, 2006. Data clean up, waitlist purging, and other functions will have to be performed manually. This will require additional staff currently not included in the BHA budget.

- *Quality Control* – The BHA has implemented a quality control process for 100% of the active client files for accuracy of rental calculations, 25% for file completeness, and 100% of the required HQS Quality Control Inspections. Staff is working with the Finance Department to begin the random sampling of the active client files, which should begin no later than end of the month. The Acting BHA Manager and the Senior Housing Assistance Supervisor have conducted most of the required HQS Quality Control Inspections and should be completed by mid-March.
- *New Staff Hires and Overtime Commitments* – An Acting BHA Manager has been hired from within the City's existing staff to assist with resolving the BHA's troubled status. A temporary employee has been hired to perform client file reviews and specifically to perform rent calculation audits. Requests have been submitted for additional temporary staff to perform basic clerical duties such as filing, telephone and front desk assistance. In addition to current staff working overtime, the cost of the additional temporary staff is estimated at \$20,000, which will be offset by the \$100,000 projected surplus for this fiscal year.
- *Improved Security and Internal Communication* – BHA has identified several areas that can be improved upon to address the draft findings.
 1. *Physical Security* – A new security system, similar to the one in the Civic Center Building, will be installed by the end of the month. The new system will require a key card to enter the building and will identify and record individual staff entering the building.
 2. *Computer Security* – Staff have changed their passwords to the City's intranet system. Once online with the new housing software, each employee will have a separate password that will track individual transactions. All of these procedures have been implemented to make the data and transactions as secure as possible. Staff has been informed that they are not to share or provide access to their passwords.
 3. *Procedures* – The Acting BHA Manager holds weekly "All Staff" meetings and uses that time to discuss and reinforce City and BHA procedures. As situations arise, the Acting Manager uses them as teaching opportunities for staff. Once the BHA has reached a combined score of 88 points, which is necessary to get rid of the troubled status, the Acting Manager will develop and implement an ongoing in-house training schedule for all staff.

- *SEMAP Indicators* – This section provides a detail of the current status of the 14 performance indicators and the actions taken to improve or maintain the current score.

1. SEMAP Indicator 1: Selection From Waiting List

Goal: Achieve a 98% compliance rating in selecting applications from the Section 8 waiting list for admission, in accordance with the Administrative Plan.

Current Efforts: Staff is reviewing the files to make sure that proper documentation exists to support the voucher awards, as required by HUD. In addition, staff is working to clean up and purge the waiting list, which will be completed as soon as the software conversion is complete. To date, 42 applicants have been selected for Section 8 enrollment in FY06.

2. SEMAP Indicator 2: Reasonable Rent

Goal: Achieve a minimum 80% compliance rate in determining reasonable rents based on current rents for comparable unassisted units at the time of initial leasing and before any increase in rent to owner.

Current Efforts: The BHA is conducting a quality control file review of to check for complete documentation, correct rent calculation and physical inspection report. One temporary employee is currently conducting the file review.

3. SEMAP Indicator 3: Determination of Adjusted Income

Goal: Achieve a minimum 90% compliance rate in calculating tenant-adjusted incomes, while conforming to third-party verification, expense and utility allowance regulations and standards.

Current Efforts: The BHA has completed the review of the required files. Staff is in the process of correcting outstanding findings, which will enable us to meet the goal that 90% of the tenant files have complete and accurately adjusted income.

4. SEMAP Indicator 4: Utility Allowance Schedule

Goal: Update the utility allowance schedule by June 30, 2006.

Current Efforts: The BHA has obtained bids from firms that specialist in updating utility allowances for public housing authorities. The BHA anticipates formal adoption of revised utility allowance no later than May 2006.

5. SEMAP Indicator 5: HQS Quality Control Inspections

Goal: Conduct quality control re-inspections on a minimum sample of 35 units that were inspected for HQS by Housing Authority Representatives.

Current Efforts: The Senior Housing Assistance Supervisor and the Acting BHA Manager have begun the quality control inspections. To date, 18 inspections have been completed and the remaining 17 are scheduled over the next two weeks. Upon

completion of the remaining inspections, the BHA will have satisfied the requirements for this indicator.

6. SEMAP Indicator 6: HQS Enforcement

Goal: Any cited life-threatening HQS deficiencies are corrected within 24 hours from the inspection and within 30 days for all other deficiencies. In order to receive points for this indicator, a quality control sample of case files with failed HQS inspections (at least 35) must show that 100% of the life-threatening deficiencies were corrected within 24 hours and 98% of all other deficiencies were corrected within 30 days. If deficiencies were not corrected during the applicable time frame, the BHA must show that it stopped housing assistance payments beginning no later than the first of the month following the correction period.

Current Efforts: The BHA has begun to address this indicator with vigorous follow-up to failed inspections. Unfortunately, due to lack of follow through during the first half of the year, the BHA cannot meet the requirements and, therefore, cannot claim the point value associated with the indicator.

7. SEMAP Indicator 7: Expanding Housing Opportunities

Goal: Adopt and implement a written policy to encourage participation by owners of units outside areas of poverty or minority concentration, prepare maps and informational materials to assist owners and tenants with program participation, and analyze and follow up on difficulties that voucher holders have regarding finding housing in areas outside areas of poverty or minority concentration.

Current Efforts: The BHA has a policy in its annual and five-year plans and it authorizes Housing Assistance Payments at up to 110% of the Fair Market Rent (FMR), which provides tenants with a wider range of rental possibilities. In addition, the City's inclusionary zoning ordinance opens up rentals in newly constructed rental buildings. Housing Department staff has begun compiling mapping data, and related explanatory materials, in order to meet the indicator requirements. The BHA estimates that this goal will be met by the April 2006 BHA Board meeting.

8. SEMAP Indicator 8: Fair Market Rent Limits and Payment Standards

Goal: Ensure that the BHA-adopted payment standards comply with the current Fair Market Rent and HUD-approved exception rent limits and that staff assign rents within the established limits.

Current Efforts: The BHA Board adopted the new payment standards schedule on December 31, 2005. BHA staff is conducting quality control review of new leases and renewals to verify that rent amounts are in compliance with the adopted payment standards. In addition, the Finance Department will be conducting a third-party review of a random sample of 25% of the files to verify that the calculations are correct and in compliance.

9. SEMAP Indicator 9: Annual Re-Examinations

Goal: Conduct 90% of re-examinations within 12 months of previous re-examination date.

Current Efforts: The BHA has not met the requirements for this indicator. Staff is currently conducting scheduling for delinquent re-examinations, sending out notices of non-compliance to participants, and making every effort to eliminate the backlog.

10. SEMAP Indicator 10: Correct Tenant Rent Calculations

Goal: 98% of tenant rent calculations are computed correctly, as reflected in the electronic submissions to HUD.

Current Efforts: The BHA utilizes the MTCS online system to identify errors in the tenant rent calculation submissions to HUD. In addition, staff is conducting a quality control review of at least 25% of the files to verify completeness and accuracy of calculations.

11. SEMAP Indicator 11: Pre-Contract HQS Inspection

Goal: Ensure that all newly leased units pass HQS inspections on or before the beginning date of the assisted lease and HAP contract.

Current Efforts: The BHA has begun quality control review of units leased in FY06 to verify compliance.

12. SEMAP Indicator 12: Annual HQS Inspections

Goal: Complete 90% of annual inspections within 12 months of previous inspection date.

Current Efforts: The BHA has initiated a contract with an outside vendor to assist with the delinquent inspections backlog. BHA staff is reconciling the electronic report with tenant files to ensure that the delinquency is not due to an error in transmission. Files that have been confirmed to be delinquent will be given to the contractor to perform the inspections. BHA staff will continue to perform inspections for current and upcoming due dates. The new software, which has a target date installation date of March 6, 2006, will improve the BHA's ability to schedule and track inspections.

13. SEMAP Indicator 13: Lease-Up

Goal: Achieve 98% of lease-up or fund utilization for the Section 8 Housing Choice Voucher Program through June 30, 2006.

Current Efforts: Finance staff is in the process of reviewing the allocated budget authority to determine if the goal has been met. The BHA fiscal unit staff continues to monitor the lease-up and expenditure of funds to ensure that it does not fall below the minimum 95% requirement.

The BHA is also investigating the possibility of contracting out the functions of purging the current Section 8 and Public Housing waiting lists and the opening of the project-based waiting list for elderly housing. The estimated cost of the contract for these services is \$15,000. By contracting out these functions, BHA staff can concentrate on complying with the SEMAP requirements while providing accurate and timely waitlist information as needed.

14. SEMAP Indicator 14: Family Self-Sufficiency

Goal: Increase enrollment of families in the FSS program to 30 or more and at least 15 of the participating families with escrow accounts.

Current Efforts: The mandatory number of FSS Program slots for the BHA is 49. In order to meet the requirements for this indicator, the BHA must show an enrollment of at least 30 families and 15 families with escrow accounts. To date, the BHA can verify enrollment of 24 families in the program and 6 families with escrow balances. The FSS Coordinator is currently working with potential families to increase both enrollment and the number of families with escrow balances.

15. Non-SEMAP Indicator: Correction of MTCS/PIC Data Errors and Omissions

Goal: Ensure that 100% of 50058 forms are reported to MTCS through PIC with a 5% or less error rate.

Current Efforts: One BHA staff person has been assigned to correct errors on all 50058 submissions in order to meet the requirements. Failure to maintain 100% reporting compliance could result in the loss of points for indicators 9, 10, 11, 12 and 14.

POSSIBLE FUTURE ACTION

Updates will be presented to the BHA Board each month on the actions taken and the impact on the individual SEMAP indicators. Beginning next month staff plans to be able to distribute these reports at the end of the week prior to the BHA Board meeting.

FISCAL IMPACTS OF POSSIBLE FUTURE ACTION

Additional funds may be needed to cover the cost of temporary staff, contracts, training, and other resources needed to achieve a passing SEMAP score for FY06 and beyond. Needs will be assessed on an on-going basis and presented as appropriate.

CONTACT PERSON

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Attachments:

1: SEMAP Indicators Update

ATTACHMENT 1

	SEMIP INDICATOR	TARGET	CURRENT STATUS (7/31/06)	MAXIMUM SEMIP POINTS	BHA SEMIP POINT GOAL	CURRENT POINT STATUS
1	Selection from Waiting List	98% Compliance Rate	98%	15	15	15
2	Reasonable Rent (leases-5%-increases)	98% Compliance Rate	100%	20	20	20
3	Adjusted Income	80-89% Compliance Rate	78%	15	15	0
4	Utility Allowance Schedule	Update Allowance Schedule by June 30, 2006	0%	5	5	0
5	HQS Quality Control Inspections	100% of 35 units Inspected	51%	5	5	0
6	HQS Enforcement	100% of life-threatening deficiencies corrected in 24 hours; 98% of all other deficiencies in 30 days	0%	10	0	0
7	Expanding Housing Opportunities	100% Compliance to all requirements	50%	5	5	0
8	FMR Limits and Payment Standards	98% Compliance Rate	100%	5	5	5
9	Annual Re-certifications	90% Compliance Rate	78%	10	0	0
10	Correct Tenant Rent Calculations	98% Compliance Rate	99%	5	5	5
11	Pre-Contract HQS Inspections	98% Compliance Rate	97%	5	5	0
12	Annual HQS Inspections	90% Compliance Rate	68%	10	0	0
13	Lease-Up/Budget Expended	98% Compliance Rate	97%	20	20	15
14	Family Self-Sufficiency Enrollment	60% of Mandatory Enrollment 30% of Families with Escrow Balances	49% 12%	10	8	0
		TOTAL		140	108	60
		%		100%	77%	43%
	Misc: MTCS/PIC Corrections	100% Completed - 50058 Forms Submitted		N/A	N/A	
		95% Compliance - Error Free		N/A	N/A	