



Office of the Executive Officer

INFORMATION CALENDAR

December 12, 2006

To: Honorable Chairperson and  
Members of the Housing Authority

From:  Phil Kamlarz, Executive Officer

Submitted by: Stephen Barton, Housing Director

Subject: Status of Housing Authority Operations

INTRODUCTION

This report is prepared to update the Authority Board on the status of improvement efforts at the BHA.

CURRENT SITUATION AND ITS EFFECTS

1. SEMAP. We are still awaiting notice from the U.S. Department of Housing and Development (HUD) as to when they will conduct the confirmatory review of our Section 8 Management Assessment Program (SEMAP) certification.

You may recall that staff certified to “standard” based upon actual staff performance, but was later deemed “troubled” after HUD disallowed points for 3 indicators due to the failure to meet the 95% reporting threshold by September 30, 2006. The troubled rating requires that the BHA provide a Corrective Action Plan (CAP) describing the efforts to address all indicators scored “0”. The CAP (Attachment 1) was submitted on December 4, 2006.

The penalty for failure to meet the 95% reporting requirement is a sanction of 10% of the Administrative Fee, or \$12,141 per month. The sanction remains in effect until the minimum reporting rate is achieved. On November 22, 2006 HUD (received on November 29, 2006) provided notice that the sanction could be delayed if the BHA does not have sufficient administrative fees to cover operational costs. Accordingly, staff submitted a forbearance request (Attachment 2).

2. Wait List Update. In accordance with HUD regulations requiring periodic purging of the Wait List, on October 30, 2006, an update form was mailed to the 4,700 applicants on the Section 8 Housing Choice Voucher Wait List. To remain active, applicants were required to complete and mail the form to our vendor. The results of the purge are as follows:

- a. 985 were completed and returned;
- b. 6 have submitted a written request asserting that they were on the list and should have received a form;

- c. Approximately 1,600 were returned by the post office undeliverable (primarily moved, left no forwarding address). Note, if an item was returned with a forwarding address, staff mailed a new form.

Given the low response rate, it may be necessary to open the wait list for new applications during the first quarter of 2007. During the next few weeks staff will:

- a. Investigate the six cases, and as appropriate, provide them an opportunity to update their applications.
- b. Remove those applicants that could not be reached at the last known address;
- c. Remove those applicants that did not respond.

On or before January 20, 2007 staff will finalize the new wait list, and mail confirmation to all the wait list families. We will also begin calling families in for a full eligibility determination and issuance of Vouchers.

3. Reduced Payment Standards. The Board will consider adoption of a new, higher payment standard this evening. The new standards are higher than the ones in effect now, but still less than what they were a year ago. Even with the new payment standards, existing tenants with a March 2007 renewal will be subject to a lower payment standard. Of the approximately 159 families scheduled for recertification in March, approximately 60 are in a situation where the current rent is greater than the reduced payment standard. Staff has prepared written notice that will be mailed to these landlords and families (Attachments 3 and 4) alerting them to the potential challenge and requesting that they make every effort to resolve the situation without creating hardship to either landlord or tenant.

4. Public Housing. Other than responding to crisis, adequate staffing resources have not been assigned to monitor the management services contract with Affordable Housing Associates (AHA).

- a. Public Housing Assessment System certification report. The need to submit this report to HUD highlighted some long-standing staff concerns about maintenance, unit turnover, and resident relations. Staff has requested that AHA provide a series of reports on a monthly basis that will allow staff to access their performance under the contract. The first reports have not been received.
- b. Management Contract. The existing contract with AHA expires December 31, 2006. Staff is assessing the effectiveness of the contract, and how to best meet the needs and demands of the program in the future. Given that we have not issued a Request for Proposals, one option is to continue the AHA contract on a month-to-month basis.
- c. Resident Relations. A public housing resident addressed the Board at the last meeting. She expressed concern about mold in her unit, and requested relocation. Initial efforts to relocate the family to another unit were not successful. Staff has offered the resident a Housing Choice Voucher that would allow her to seek housing in the open market, and insuring continued affordability; she is currently considering the offer. As an immediate solution to the problem staff has offered to cover the cost of housing the family at a local hotel/motel.

Many Public Housing residents remain apprehensive about AHA's commitment to them. To the extent possible, BHA staff has attempted to mediate the issues and help things move forward.

POSSIBLE FUTURE ACTION

1. Administrative Plan Revision. We were unable to meet our goal of November 17<sup>th</sup> for completion of the draft plan. Our new goal is completion and circulation for comments by January, and Board adoption in February. The next major project for staff is completion of the Administrative Plan.
2. Section 8 Housing Choice Voucher Wait List. The poor response rate for the wait list purge project is not unusual, given that some of the oldest applications were submitted in 1996. It is likely that we will open the Wait List in March or April for new applications.

FISCAL IMPACTS OF POSSIBLE FUTURE ACTION

The financial impacts vary depending on the action. Appropriate reports with cost estimates and budget sources will be provided at the appropriate time.

CONTACT PERSON

Tia M. Ingram, Acting Housing Authority Manager, (510) 981-5471

Attachments:

1. Corrective Action Plan
2. Forbearance Request (95%)
3. Owner Notice-Lower Payment Standards
4. Families-Lower Payment Standards



Housing Department  
Housing Authority Division

December 1, 2006

Stephen Schneller, Director  
Office of Public Housing  
U.S. Department of Housing and Urban Development  
San Francisco Regional Office – Region IX  
600 Harrison Street  
San Francisco, CA 94107-1387

Re: SEMAP/Corrective Action Plan

Dear Mr. Schneller:

Attached for your review, revision and/or approval, is the proposed Corrective Action Plan (CAP) addressing the indicators in our Fiscal Year 2006 Section 8 Management Assessment Program (SEMAP) certification that scored “0” points.

As you will see we have already implemented many of the changes necessary for an efficient operation of the Section 8 Housing Choice Voucher Program. I want to acknowledge the technical assistance and support we have received from Andrew Nguyen of your staff.

We indicate a specific date and “ongoing” for a number of plan elements. This is done for those activities where we have taken an initial step in on ongoing activity. For example, we have staff meetings every two weeks, and conclude each session with a one-hour training session with occupancy staff.

I look forward to the opportunity to discuss the proposed CAP and any modifications you believe would be beneficial.

Sincerely,

A handwritten signature in black ink, appearing to read "Tia M. Ingram". The signature is written in a cursive style with a long, sweeping tail that extends to the right.

Tia M. Ingram  
Acting BHA Manager

Attachments: Corrective Action Plan  
Proposed Organization Chart

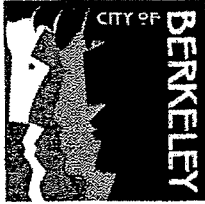
cc: Phil Kamlarz, City Manager  
Stephen Barton, Housing Director

**BERKELEY HOUSING AUTHORITY  
SEMAP CORRECTIVE ACTION PLAN**

SEMAP Coordinator: Tia Ingram

<i>Indicator #</i>	<i>Indicator</i>	<i>Key Tasks</i>	<i>Lead</i>	<i>Goal</i>	<i>Target Completion Date</i>	<i>Actual Completion Date</i>
3	Adjusted Income	Implement automated system for verification of TANF/GA/Food stamps Implement automated system for verification of Full Time Student Status Develop database of names, telephone and fax numbers for local schools not reported electronically Train staff on proper use of EIV	Ingram Ingram Ward/Hayes Hayes/Ward/ Ingram	Contract w/Alameda County Contract with Student Clearinghouse Source document for staff Proper registration of all occupancy staff; practical training exercises; satisfactory file review Board resolution adopting new plan		September 2006 November 2006 November 2006 August 2006
		Revise Admin Plan to reflect required verification and alternate documentation Revise and/or develop forms to capture required information Train staff on required documentation of 3 <sup>rd</sup> party verification Implement ongoing training program for income, asset and expense calculation	Ingram Ingram/Smith Ward/Ingram Ward/Ingram	Binder of approved forms 100% compliance at file review Proficient staff; accurate calculations	Feb 2007 Sep 2006/ Mar 2007 Sep 2006/ Ongoing	
6	HQS Enforcement	Implement system of tracking 24-hour failed inspections and response including sanction against HAP Implement system for tracking all 2 <sup>nd</sup> failed inspections; automate hold on HAP	Ward/Hayes/ Baraghani Ward/Hayes/ Baraghani	Maintain documentation of all 24-hour fail items; insure physical verification of correction Provide timely notice of failed inspection; perform reinspection for	Dec 2006/ Ongoing	August 2006

9	Annual Reexaminations	Identify and/or develop and implement management reports in computer system to track staff performance Develop notices to participants to encourage on time completion of mandatory process Develop and implement appropriate staffing plan Implement system of weekly transmission of 50058 Implement system of weekly review and correction of error reports Develop and implement minimum performance standards for occupancy and inspection staff	Hayes/Ward/Ingram Ward/Ingram Ingram/Ward Baraghani Hayes/Ingram Hayes/Ingram Ingram/Ward	all fail items 20-30 days after notice of violation System generated exception/variance reports Revised notice of annual recertification; periodic newsletters Board approval; identification of funding Minimal 1/12 reporting each month Gradual, consistent reduction in errors Concurrence with local unions; Annual performance appraisals of all staff;	Jan 2007/ Ongoing Ongoing Feb 2007 Oct 2006 Nov 2006 Mar 2007	
10	Correct Tenant Rent Calculations	Implement ongoing training program on all eligibility factors Perform quality control reviews of case files Insure adequate lead time for modification to Utility Allowance and Payment Standards	Ward/Ingram Ward/Hayes Ingram/Ward	Regularly scheduled training for staff Quarterly audit of random sample of files Board approval 90-days prior to effective date	Ongoing Ongoing Ongoing August 2006 October 2006 December 2006	
12	Annual HQS Inspections	Coordinate completion of HQS with completion of eligibility review Continue contract services to address backlog and duplicate inspections required to get schedule in sync	Hayes/Ward/ Sterling- contractor Ward/Baraghani	Perform necessary inspections to get in sync with recertifications Extend contract through June 2007	Mar 2007 Nov 2006	Nov 2006



Housing Department  
Housing Authority Division

November 29, 2006

Mr. Stephen Schneller, Director  
Office of Public Housing  
U.S. Department of Housing and Urban Development  
San Francisco Regional Office – Region IX  
600 Harrison Street  
San Francisco, CA 94107-1387

Re: HUD-50058 Assessment

Dear Mr. Schneller:

In accordance with the electronic message received on November 21, 2006, I am writing to request forbearance of the sanctions for failure to meet the 95% reporting rate.

The Berkeley Housing Authority (BHA) has been troubled for many years. Over the past four months we assessed our strengths and weaknesses, and developed and implemented a series of corrective actions necessary for sustained performance. We also confirmed that our active participation in "portability" has contributed significantly to our error rate, and thus the overall low reporting rate.

Notwithstanding the above, for the first time in many years, based on our performance, we were able to certify to standard performer. However, due to the sub-par reporting rate, we were required to forfeit points for indicators 10, 11 and 13, which resulted in a troubled rating.

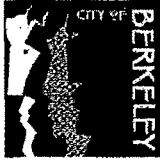
We are continuing our ramped up efforts over the next 6-12 months with a goal of developing a viable infrastructure, processing past due recertifications and inspections so that we are working 90-days in advance (including contracting for services), establishing HUD compliant policies and procedures and training staff accordingly.

The full Administrative Fee is not sufficient to cover our most basic operating cost. Our financial situation is further challenged as we incur additional one-time cost for services required for our performance improvement activities, and we do not have any program reserves. Recognizing the dire situation faced by the Housing Authority, the Berkeley City Council allocated one-time funds to bridge the financial gap. Any reduction in Administrative Fee would have an immediate impact on our day-to-day operations and would further curtail our ability to direct additional resources to reducing the various backlogs.

Thank you for your consideration of our request.

Sincerely,

Tia M. Ingram  
Acting BHA Manager



Housing Department  
Housing Authority Division

December \_\_, 2006

Draft

Dear Housing Partner,

Everyone, regardless of income, needs a safe, decent place to live. As a property owner you get to choose who you will assist by providing this most basic need. Because of you approximately 2,000 families, seniors and disabled individuals served by the Berkeley Housing Authority (BHA) have a place to call home. Thank you!

2006 was full of challenge at the BHA. We are taking a close look at what we do and how we do it. We have found lots of room for improvement. With your patience, cooperation and constructive feedback, we will make it.

2007 promises to be even more challenging. The much talked about lowered Payment Standards currently apply to new contracts only. They begin applying to existing tenancies with recertifications effective March 1, 2007. We are continuing our effort to get the U.S. Department of Housing and Urban Development (HUD) to agree that the rental market in the City of Berkeley warrants *exception rents* – allowing us to pay up to 120% of the Fair Market Rent for *quality units with quality amenities and services*. This would allow us to maintain the higher payment standard and even allow for small rent increase in some cases. However, we may not get a final answer from HUD until January 2007, and in order to be timely in our work we need to begin preparations for the March 1, 2007 recertifications now.

While we are waiting to hear from HUD, on behalf of your good tenants, we ask two things of you:

1. Begin discussions with your tenants. Many are fearful that they will be forced into the streets on March 1, 2007. That can only happen if the rent is above the payment standard, they are unable to pay and you move to evict them. We are optimistic that this can be avoided in most cases; and
2. If the current rent will be above the new payment standard, consider freezing or possibly even lowering your rents to the March 2007 payment standard if HUD does not agree to maintain it at the current level. If you do decide to lower the rent, we need something in writing from you. The new payment standard is:

0-Bdrm	1-Bdrm	2-Bdrm	3-Bdrm	4-Bdrm
\$961	1,161	1,375	1,865	2,309

Most of our program participants are so financially strapped that even a modest increase in rent over the payment standard could create a severe hardship. Without this relief, your tenants will pay 30% of income (affordable) PLUS 100% of the amount over the Payment Standard. In the worst case, if the family is not able to pay, you and the tenant could face the costly and time consuming process of eviction and/or the expense of moving to another unit. In such cases, as long as the tenant agrees to move the BHA would issue the family a transfer voucher so that they can take their assistance to another less expensive unit.

December \_\_\_\_, 2006

Housing Partner  
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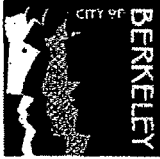
I realize that if you grant the family relief, your rental income will be reduced. I wouldn't ask you to consider that if I had any other options, and I continue to be hopeful that we will succeed in preventing the reduction in payment standards. But we must prepare in case our efforts with HUD are not successful.

I regret that we don't have a better track record. I can't change the past, but I can pledge that we will do better, when times are better. As stated above, we are continuing our appeal to HUD, and we will keep you apprised of any developments.

Sincerely,

*Tia M. Ingram*

Acting BHA Manager



Housing Department  
Housing Authority Division

December \_\_\_\_\_, 2006

Draft

Dear Participant,

You are receiving this letter because your Section 8 Voucher/assisted lease is up for recertification effective March 1, 2007. In the next few weeks you will receive your packet, and you and your landlord will receive notice of the annual inspection of your unit.

You may have heard or read that the U.S. Department of Housing and Urban Development has the Payment Standards for housing assistance in our area, and as a result many families assisted by the Section 8 program could have to pay more for rent. We strongly believe that the rental market in the City of Berkeley warrants *exception rents* – allowing us to continue to pay at our current for *quality units* with *quality amenities* and *services*. We are continuing our effort to get the U.S. Department of Housing and Urban Development (HUD) to agree and allow us to maintain exception rents, and eliminate the requirement to lower the payment standard for all assisted units.

However, March 1, 2007 is a significant date because it is the date we must begin applying the new lowered payment standards (below) to existing contracts unless we receive approval from HUD before that date. The new payment standards for 2007 will be:

0-Bdrm	1-Bdrm	2-Bdrm	3-Bdrm	4-Bdrm
\$961	1,161	1,374	1,865	2,309

Three factors will determine if you are impacted by the change, and if so, how much: (1) Your voucher size, (2) the size of the unit you occupy, and (3) the contract rent. For example:

Let's assume you have a one-bedroom voucher, you are living in a one-bedroom unit, and the contract rent is \$1,100. The contract rent is less than \$1,150, so you would be required to pay 30% of your income as you do now. Impact \$0.

Now let's assume you have a one-bedroom voucher, you are living in a one-bedroom unit, and the contract rent is \$1,205. The contract rent is more than \$1,161, so you would be required to pay 30% of your income plus the difference between the contract rent and the payment standard (\$1,205 – 1,161). Impact \$44.

Now let's assume you have a one-bedroom voucher, you are living in a two-bedroom unit, and the contract rent is \$1,300. The contract rent is more than \$1,161 (based on your voucher size), so you have already been paying 30% of your income plus the difference between the contract rent and the payment standard (1,300-1,205=95). You would be required to continuing paying 30% of your income plus the new difference (\$1,300 – 1,161). Impact increase in additional rent from \$95 to \$139.

We realize that any increase in your rent portion could create a financial hardship for you and that many of you fear being tossed into the streets without a safety net. We won't let that happen. While we are waiting to hear from HUD, we have written every landlord participating in the program and asked them to help us, help you, by capping their rent at the payment standard even if it means reducing the existing rent. We also asked your landlord to begin discussions with you about how he/she will respond to the lowered payment standards, if HUD does not grant us the requested approval. This will give us time to assist you in the transfer process, should it become necessary for you to move to a less expensive unit. You will not lose your voucher, and over the past year no family member has been unable to rent a unit with their voucher when they decided to move.

We also need you to help us, help you by:

1. Being a responsible tenant by paying your rent on time each month;
2. Remaining current with any utilities you are required to pay (if you need assistance contact the City of Berkeley Energy Office @ 644-8544);
3. Taking care of the unit, and preventing any tenant caused damage to the property and/or appliances; and
4. Cooperating with your landlord.

We hope this information will help you manage your very real concerns. As stated above, we are continuing our appeal to HUD, and we will keep you apprised of any developments.

Sincerely,

*Tia M. Ingram*  
Acting BHA Manager