



Office of the Executive Officer

ACTION CALENDAR
February 27, 2007

To: Honorable Chairperson and
Members of the Housing Authority
From: *PK* Phil Kamlarz, Executive Officer
Submitted by: Stephen Barton, Director, Housing
Subject: Section 8 Housing Choice Voucher Payment Standards

RECOMMENDATION

Adopt a Resolution approving a new Payment Standard schedule for the Section 8 Housing Choice Voucher program effective May 1, 2007.

FISCAL IMPACTS OF RECOMMENDATION

The higher payment standard will result in higher per unit housing assistance payments. Therefore, depending on the overall BHA funding, this could reduce the number of people the BHA is able to serve. Further information from HUD regarding the BHA budget allocation and additional staff analysis will be necessary to determine the actual effects.

CURRENT SITUATION AND ITS EFFECTS

On January 25, 2007, HUD approved the BHA request for exception payment standards for two, three and four bedroom units. The following table shows the Payment Standard prior to March 1, 2006, the current Payment Standard set by the Board for March 1, 2007 and the proposed new Payment Standards for the Section 8 Housing Choice Voucher program. The proposed standards bring the BHA as close as possible to the previous payment standards.

<u>Bedroom Size</u>	<u>Previous Payment Standard</u>	<u>Current Payment Standard</u>	<u>Proposed Payment Standard</u>
0 BR	\$ 996	\$ 961	\$ 961
1 BR	\$1,205	\$1,160	\$1,160
2 BR	\$1,472	\$1,375	\$1,472
3 BR	\$2,051	\$1,864	\$2,034
4 BR	\$2,474	\$2,308	\$2,474

Payment Standards were previously modified by HUD directive effective March 1, 2006 because the FMR for the Oakland-Fremont Metropolitan Area, which includes Berkeley, had been reduced from the 50th percentile to the 40th percentile. The reduction in FMR will be effective for people who were in the program prior to March 1, 2006 when their contracts are renewed on

or after March 2007. Approximately 750 of the 1,750 BHA tenants would have been affected by this reduction, and if their rent was previously set at the maximum allowable level, the share of the rent that they could have to pay will increase by up to \$35 per month for tenants in studios, \$44 for tenants in one-bedroom units, \$97 for tenants in two-bedroom units, and \$186 for tenants in three-bedroom units. If the new proposed payment standard is adopted by the Board, there will be no effect on the 550 tenants in two, three and four bedroom units. Of the remaining 200 tenants affected, approximately 25 have studio vouchers. Elderly or disabled tenants with studio vouchers can be issued one-bedroom vouchers if necessary in order to avoid impact on these tenants.

The BHA continues to look for ways to reduce or eliminate the impact of the lower payment standard on the 175 tenants with one-bedroom vouchers. Where the rent level exceeds the new payment standard, the BHA will contact the landlord to explain the impact on the tenant and asks their cooperation in this effort. The BHA Manager will bring up to date information to this meeting on the responses from landlords so far, and the current impacts of the reduced payment standard.

The BHA works on annual renewals three months in advance. For that reason, we propose to make the new payments standard effective May 1, 2007. The BHA can redo the annual recertification for the small number of tenants who will be severely affected by renewals in March and April. If the new Payment Standard was made effective on March 1, 2007, the BHA staff would have to repeat all of its recertifications for those months, and this would create a severe administrative burden that would disrupt efforts to meet HUD standards for annual recertifications.

The BHA has not yet received the full details of the annual funding that will be available to it from HUD in this calendar year. This information is expected in early March. Once that is available, the BHA will need to carefully analyze the current subsidy structure in order to be certain that there is enough funding to cover all the current vouchers (approximately 1,735), and the authorized project-based vouchers for the University Avenue Senior Housing (40 vouchers) and the Ashby Lofts (20 vouchers). At some point in the future, the BHA may need to consider future reductions in the payment standards if other means are not sufficient to balance the available resources with the maximum 1,841 tenant households that the BHA desires to serve.

BACKGROUND

The BHA is required to maintain a Payment Standard schedule for the Section 8 Housing Choice Voucher program. The Payment Standard establishes the maximum monthly subsidy payment permitted for varying unit sizes 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) unless otherwise approved by HUD. The attached letter from HUD allows the BHA to set the Payment Standard at 120% of the published FMRs for two, three and four bedroom units.

RATIONALE FOR RECOMMENDATION

The proposed new payment standard allows a greater subsidy for tenants in the program than otherwise would be possible and avoids hardship for tenants who would otherwise have to pay more than 30% of their income even with no increase in the current rent. As an alternative, the Board could delay implementation of the increase in payment standard until the BHA receives full information regarding its calendar year 2007 funding and is able to make projections regarding its ability to sustain housing assistance payments at these levels. However, this would place the immediate burden on the affected tenants, and there will be time to make adjustments over the coming months.

CONTACT PERSON

Tia Ingram, BHA Manager, 981-5470

Attachments:

1. Resolution and Exhibit A: Payment Standards
2. Communication from Stephen Schneller, Director - Office of Public Housing

RESOLUTION NO. ###

APPROVING NEW SECTION 8 VOUCHER PAYMENT STANDARDS

WHEREAS, the current Payment Standards were established on December 12, 2006 as required by the United States Department of Housing and Urban Development; and

WHEREAS, HUD approved exception payment standards for the BHA for two, three and four bedroom units on January 25, 2007;

NOW THEREFORE, BE IT RESOLVED that the Housing Authority Board establishes a revised Payment Standard Schedule for the Berkeley Housing Authority's Section 8 Housing Choice Voucher Program effective May 1, 2007, attached hereto as Exhibit A and made a part hereof.

BE IT FURTHER RESOLVED, that Resolution No. 729, which established a Section 8 Payment Standard previously in effect is hereby rescinded.

EXHIBIT A

**BERKELEY HOUSING AUTHORITY
PAYMENT STANDARDS
HOUSING CHOICE VOUCHER PROGRAM
EFFECTIVE MARCH 1, 2007**

0BR	1BR	2BR	3BR	4BR	5BR	6BR
\$961	\$1,160	\$1,472	\$2,034	\$2,474		



U.S. Department of Housing and Urban Development
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Mr. Stephen Barton
Berkeley Housing Authority
Housing Director
2180 Milvia Street
2nd Floor
Berkeley, CA 94704

JAN 25 2007

Dear Mr. Barton:

SUBJECT: Exception Payment Standards

This refers to your letter dated November 29, 2006, requesting HUD approval for exception rents at 120% of the 2006 Fair Market Rent for the Oakland-Fremont, CA Metropolitan Area for two, three, and four bedrooms as allowed under 24 CFR 982.503 (c) (2).

Based on a review of the data submitted by the Housing Authority of the City of Berkeley (BHA) along with an analysis provided by HUD's Regional Economist, we approve an increase in the exception payment standards for the citywide request. The maximum payment standards for two, three, and four bedrooms are as follows:

<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>
\$1,500	\$2,034	\$2,519

If you have any questions, please contact Andrew Nguyen, Public Housing Revitalization Specialist, at (415) 489-6443.

Sincerely,

A handwritten signature in cursive script that reads "Stephen Schneller".

Stephen Schneller
Director
Office of Public Housing