

Berkeley Housing Authority

Status of BHA's Programs & Operations:

- Housing programs & impacts in Berkeley
- Fiscal constraints/opportunities
- Discussion of a strategy for retaining a public housing authority in Berkeley

Presentation for 3 x 3 Meeting

October 9, 2019



Berkeley Housing Authority

BHA Accomplishments

- Named a High Performing agency by HUD every year from 2010 to 2019
- Successfully converted 75 scattered site public housing units into fully-rehabilitated, permanently-affordable Project-based S8 units, generating millions in disposition proceeds
- Currently assisting 1,547 low income households (equating to 2,693 people) with S8 rental vouchers; 448 vouchers still available (depending on funding availability)
- Households served include 685 elderly households, 893 disabled households, 419 families; ~20 emancipated youth; over 100 homeless; 20 veterans; ~20 people with HIV/AIDS.

BHA Snapshot

- 1,249 current Tenant-based Section 8 contracts
- 405 Project-based units (306 PBV units with existing contracts and 99 in the pipeline)
- 98 SRO units for homeless/disabled in two properties (UA Homes/Erna P Harris)
- 20 VASH vouchers for homeless veterans (recently applied to HUD for an additional allocation)
- 40 Mainstream Vouchers for homeless/at risk/disabled (recently applied to HUD for an additional allocation)
- Staff of 12 handling: waitlists, annual reexams, annual inspections, fiscal management, payment of monthly housing assistance payments (HAP), payroll, HR, Family Self-Sufficiency program, collaborations, HUD-required reporting, program plans & documents/annual updates, quality control assessments, reasonable accommodations, fraud investigations, hearings, etc.

BHA: Berkeley Impact

- Brings in \$30 million annually to owners of rental units in Berkeley
- Serves 12.27% of the people below poverty level living in Berkeley
- Regularly applies for new allocations of vouchers to expand service in Berkeley (VASH, Mainstream, homeless study)
- Actively partners with City programs/departments, affordable housing developers, Homeless Hub
- Expands the stock of *long-term* low income housing options throughout Berkeley:
 - Section 8 Program (1,995 vouchers), for as long as participant qualifies; eviction under good cause only.
 - Project-based program (405 units), contracts with non profit developers up to 40 years – *see next page*.
 - SRO/Mod Rehab (98 homeless units), annual renewal by HUD, expected to continue.
- Helps maintain socio-economic & cultural diversity in Berkeley
- ***BHA's management of the Section 8 Voucher & Other Rental Subsidy Programs is the difference between an affordable home or homelessness for 2,800 Berkeley residents.***

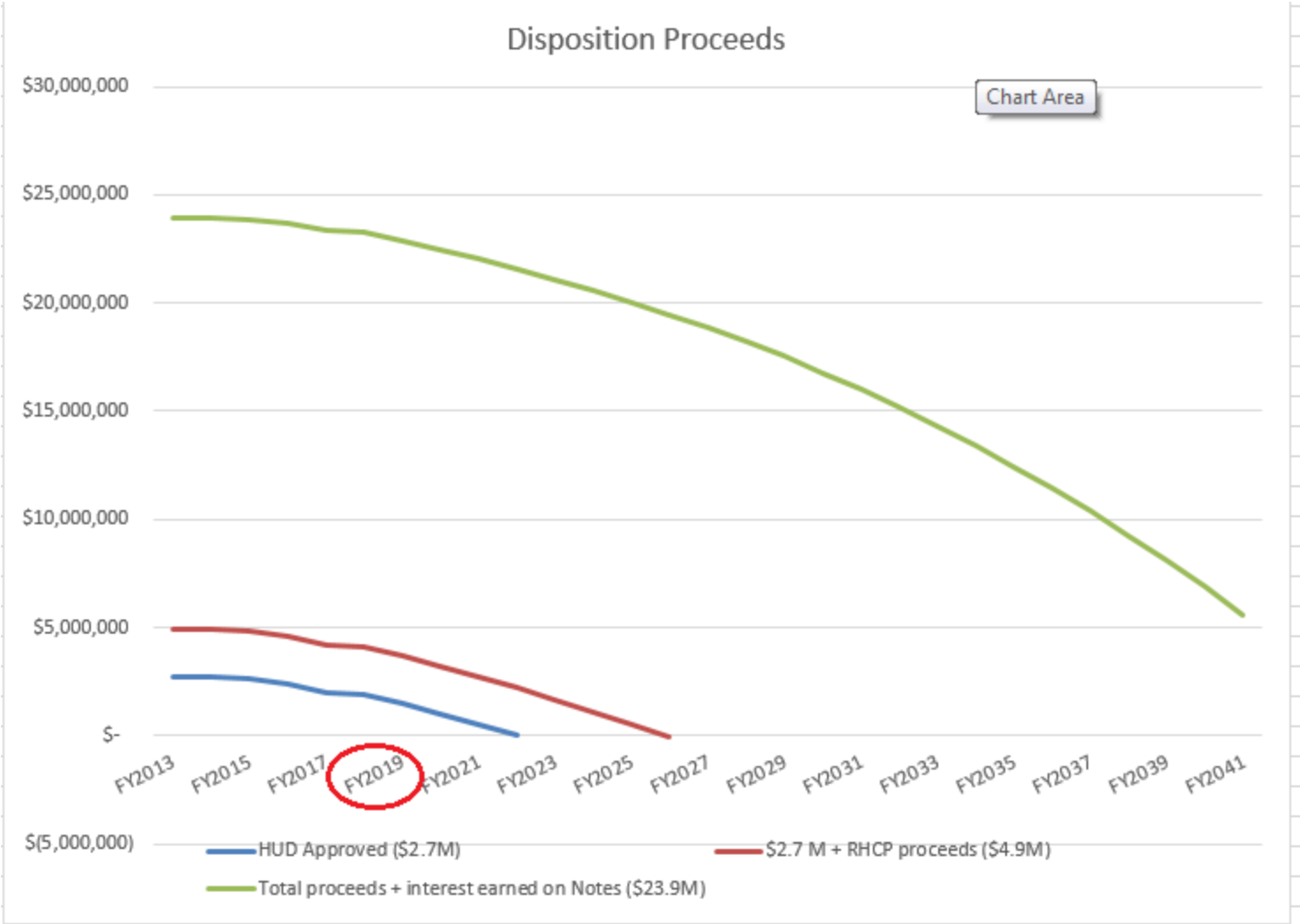
Project-based Voucher Long-term BHA Contracts (up to 40 years)

	Property	Owner/ Developer	Address	TOTAL PBVs
1	Adeline St Apartments	RCD	3224 Adeline St	18
2	Allston House	SAHA	2121 7th Street	4
3	Creekside Apts.	RCD	1155 San Pablo Ave	2
4	Hillegass Apts.	SAHA	2610 Hillegass Ave	4
5	NCLT	NCLT	1342, 1348 Blake St	2
6	NCLT	NCLT	3011 Shattuck Ave., #3	1
7	NCLT	NCLT	2425 California St., #6	1
8	Ashby Lofts	SAHA	2919-9th St	20
9	Helios Corner	SAHA	1531 University	59
10	Shattuck Senior Homes	SAHA	2425 Shattuck Avenue	5
11	Sacramento Sr Homes	SAHA	1901 Blake St	39
12	Oxford Plaza	RCD	2175 Kittredge	24
13	Harmon Gardens	SAHA	3240 Sacramento St	5
14	Berkeley 75	B75	Scattered Sites	74
	Strawberry Creek			
15	Lodge	SAHA	1320 Addison St	23
16	Hearst Avenue Apts.	RCD	Hearst/Delaware	8
17	Grayson St. Apts	SAHA	2748 San Pablo	17
18	1601 Oxford	SAHA	1601 Oxford	24*
19	Hope Ctr	BFHP	2012 Berkeley Way	53*
20	2012 Berk Way	BRIDGE	2012 Berkeley Way	22*
			Grand Total	405

BHA: Current Constraints

- **BHA is at a turning point**: operational deficits, approx. \$400,000 as budgeted this year, can be covered with **HUD-approved** disposition proceeds, approximately \$1.14 million remaining, through the year 2023.
- That leaves \$20-\$22 million in disposition proceeds, which have **not been approved by HUD** to cover **future** operational deficits.
- BHA could ask HUD to use remaining disposition proceeds to cover future operational deficits; however:
 - Unclear if HUD will approve future disposition proceeds for use of operations: it is possible HUD will deny and may opt to recapture the funds.
 - With affordable housing development so sorely needed, is use of disposition proceeds for ongoing operations an optimal use of \$22 million?

BHA: Disposition Proceeds Timeline & Approved Utilization for Operations



Options for BHA's Future

A. Status Quo – continue operating as an independent housing authority

- Will run out of disposition proceeds currently-approved for use in operations in 2023. If so, BHA may have to close doors, and leaves remaining disposition proceeds “hanging out” for possible HUD recapture
- If HUD approves the use of the remaining disposition proceeds for operations, BHA could continue operating until 2043.

B. Merge with another housing authority

- No guarantee of a Berkeley presence in terms of vouchers for Berkeley families
- No guarantee that a local Berkeley office shall be maintained
- Disposition proceeds and potential rental revenue likely will be diverted to other jurisdictions
- Provides unclear future for existing long-term Project-Based S8 contracts with nonprofit owners—another housing authority may not wish to renew
- Thus far there are no housing authorities willing to take BHA into their fold.

C. Become a quasi-independent housing authority, within the City auspices, similar to the Library and Rent Board models

- Will continue to provide \$30 million annually in rental subsidies to low income households in Berkeley
- Up to \$22 million in disposition proceeds will be available to the Housing Trust Fund for future development of low income housing in Berkeley over the next 20 years
- Will enhance coordination between BHA resources, especially Project-Based S8, and the City's housing development programs
- Will stabilize BHAs operational costs; will eliminate redundancies and promote greater economies of scale in terms of operating expenses
 - *The BHA Board and BHA leadership believe this is the wisest option for maintaining a long term housing authority in Berkeley while enhancing the City's affordable housing development efforts.*

Maintaining BHA's Future

Short term goal (by Dec. 2019):

- Hire permanent ED.
- Approve new Board members – currently 2 vacancies.

Medium-term goals (in 2020), BHA Board asks CoB to:

- Begin to plan for rental of City office space to BHA at below-market rent: BHA must decide whether to remain in market rate lease by **March 2020**; lease expires **Dec. 2020**; \$10K/mo. under current lease; need approx. 4,500 square feet (previously requested of CoB).
- Waive/subsidize \$55K in IT costs starting in FY2019-20 and going forward (previously requested of CoB).
- Provide \$50,000 to BHA for S8 owner incentives/retention program (previously approved by City Council but \$ not received).

Maintaining BHA's Future

Longer-term goals (planning now through 2023):

- BHA becomes a quasi-independent agency under the City's auspices (per Library or Rent Board models)
- Remainder of disposition proceeds (total approx. \$20-\$22 million) deposited into the Housing Trust Fund for development of affordable housing, consistent with HUD rules and subject to BHA Board approval
- BHA staff become CoB staff
- BHA Board remains the governing body over BHA (per Library or Rent Board models)
- **Note:** operational expenses will decrease significantly due to economies of scale, savings in HR, Payroll, therefore operational deficit will be greatly reduced. Estimations of savings, based on current year budget are a reduction in operational deficit of approx. \$100,000.