



Berkeley Housing Authority

1947 Center St., 5th Floor, Berkeley, CA 94704
Telephone: (510) 981-5470 Fax: (510) 981- 5480

Office of the Executive Director

Item 7A

NEW BUSINESS

June 19, 2025

To: Honorable Chairperson and
Members of the Berkeley Housing Authority Board

From: Jesy Yturralde, Finance Manager

Subject: ADOPTION OF THE FISCAL YEAR 2025-2026 BUDGET OF THE BERKELEY HOUSING
AUTHORITY

RECOMMENDATION

Approve a resolution adopting the Fiscal Year 2025-2026 Budget for the Berkeley Housing Authority with a projected net operating income for all programs of \$6,211 after use of available operating reserves; and HAP funding through MTW fungibility.

PROGRAM	FY2025-2026 OPERATING INCOME (DEFICIT) BEFORE USE OF HAP \$\$ & RESERVES	USE OF HAP FUNDING* AND OP. RESERVES	FY2025-2026 NET OPERATING INCOME (DEFICIT)
HCV	(921,166)	\$921,166*	-
Mod Rehab	(\$100,069)	\$100,069	-
Mainstream	(\$30,500)	\$30,500	-
EHV	(\$22,537)	\$22,537	-
Other Local Program	\$6,211		\$6,211
Total Operating Income (Deficit)	(\$1,089,209)	\$1,095,202	\$6,211

BACKGROUND

The Berkeley Housing Authority (BHA) is a Public Housing Authority as defined in Section 8 of the United States Housing Act of 1937, as amended and a public body corporate and politic established pursuant to the California Housing Authorities Law, Health and Safe Code Sections 34200. BHA administers housing choice and special purpose vouchers, and with full funding could potentially utilize 2,259 vouchers, comprising of:

- 1,949 Section 8 Housing Choice Vouchers (S8 HCV);
- 40 VASH (for Veterans);
- 121 Mainstream vouchers (for non elderly disabled & homeless and at risk of homelessness);
- 45 Emergency Housing Vouchers (for individuals and families who are homeless, at-risk of homelessness, fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking, or were recently homeless or have a high risk of housing instability);
- 25 Foster Youth Independence Program (housing assistance for youth who transitioning from foster care); and
- 98 Moderate Rehabilitation certificates (for homeless in single room occupancy, SRO units).

BHA's primary source of funding is the U.S. Department of Housing and Urban Development (HUD) for both rental subsidy (Housing Assistance Payments or "HAP") and operational funding (Administrative Fee earned for each unit under contract).

BHA is governed by a seven member Board of Commissioners including two Resident Commissioners, all appointed by the Mayor. The BHA Board has a fiduciary obligation to take actions in the best interest of the Authority including adoption of an annual budget. They are responsible for governance, which includes establishing and monitoring policies, goals and direction for BHA.

BHA became an MTW agency under the Landlord Incentives Cohort in April 2022. The main objective of this cohort is to increase supply of rental housing units by exercising certain flexibilities to attract, engage and maintain landlords' participation in the Section 8 program. The FY2026 MTW Supplement includes the following waivers:

- Employing standard utility allowance for its HCV households. This will streamline recertification for HCV households.
- Elimination of the utility reimbursements. The goal is to increase revenue for the authority while making households more self-reliant.
- Waive requirement to operate the FSS Program.
- Elimination of Earned Income Disregard. This will increase operational efficiencies by reducing the time it takes to administratively process EID's.
- Raise payment standard to 120% of the Fair Market Rent (FMR) for PBV, Mainstream and FYI vouchers.
- Biennial Reexamination. This restructuring will allow families to have a more consistent rent portion over a longer period of time, and it will create more time for the BHA staff to attend to other business affairs. On the off years, when tenants are not required to complete a full reexamination, tenants will be required to complete a brief check-in with the BHA.
- Increase asset self-certification from \$5,000 to \$50,000. This will lessen the regulatory responsibilities of BHA.
- Vacancy loss for landlords of deceased tenants. Allows landlords to receive one month of rent as long as the landlord agrees to rent the unit to another HCV participant.
- Unit Turn-over Program. Allows landlords to reimburse up to \$1,500 of expenses to ready a vacant unit for lease up in the HCV Program.
- Pre-Qualifying Unit Inspections. BHA will allow vacant units to be pre-inspected prior to occupancy.
- Biennial inspections
- Payment Standards – Small Area Fair Market Rents.
- Increase PBV Program CAP from 20% to not to exceed 50%.
- Increase cap on the percentage of PBV that can be project based in a building or project from 25% to 100%.
- Elimination of PBV Selection Process for PHA-owned Projects Without Improvement, Development, or Replacement (HCV).
- Alternative PBV Selection Process (HCV)
- Housing Development Program (LNT)

DISCUSSION AND ANALYSIS

HAP Revenue and Expenses

	DESCRIPTION HUD Authorized Units ==>	Grand Total PROPOSED BUDGET FY2026 (a) = (b + c + d + e + f)	HUD PROGRAMS				(RESTRICTED) Other Federal Programs (Dispo Proceeds) (f)	(UNREST.) Other Local Programs (g)
			HCV Program 1,989 Units (b)	Mod. Rehab Program 98 Units (c)	Mainstream 121 Units (d)	EHV 51 Units (e)		
1	HOUSING ASSISTANCE PAYMENTS (HAP)							
1.a	HAP Revenue from HUD (HAP Funding + RNP from 12/31/2024)	\$ 43,463,361	\$ 38,443,081	\$ 1,021,944	\$ 2,865,459	\$ 1,132,877		
1.b	HAP Expenses to Owners	\$ (45,086,361)	\$ (40,725,315)	\$ (1,021,944)	\$ (2,208,111)	\$ (1,130,992)		
1.c	Augment Initial Restore-Rebuild Rents for 50 Permanent supportive hsg	\$ (1,123,740)	\$ (1,123,740)					
1.d	Augment Initial Restore-Rebuild Rents for 11 vouchers to an approxi	\$ (276,820)	\$ (276,820)					
1.e	MTW eligible expenses	\$ (120,000)	\$ (120,000)					
1.f	Transfer to Operating Revenue	\$ (921,166)	\$ (921,166)					
1.g	Estimated excess (shortfall) in HAP revenue	\$ (4,064,727)	\$ (4,723,960)	\$ -	\$ 657,348	\$ 1,885	\$ -	
1.h	Unrestricted Net Reserve to be used for HAP		\$ 4,723,960					
1.i			\$ -					
	UTILIZATION - BUDGET		83%	100%	85%	95%		

Housing Assistance Payment (HAP) revenue is funding used to make rental assistance payments to landlords on behalf of our program participants. As an MTW designated agency, BHA may exercise fungibility of its MTW program funds including use of HAP revenue for operating expenses. The proposed FY2025-2026 Budget assumes total HAP revenue of \$43,463,361 (line 1.a) and \$45,086,361 (line 1.b) in HAP expenses for all programs. The expenses also include \$1,123,740 and \$276,820 (lines 1.c & 1.d) for the initial restore-rebuild rents of the 61 fair cloth vouchers; and \$120,000 MTW eligible expenses (line 1.e). The proposed budget also assumes \$921,166 in HAP funding will be transferred to operating revenue to cover various administrative expenses (Line 1.f and 2.e)

1. **HCV Program** (column b):

The projected FY2025-2026 HAP revenue and expenses and anticipated administrative fee revenues are derived from the Two-Year-Tool, calculated as follows:

					Col A	\$ 162.50				
					Col B	\$ 151.68				
					Proration	89%				
HCV										
HAP REVENUE & EXPENSES										
FY2026	HAP REVENUE	RNP	Total Revenue	HAP Expenses	UML	%	PUC	ADMIN FEES		
					1989					
TWO YEAR TOOL										
Jul-25	3,113,064.42	104,129	3,217,194	3,048,113	1,581	79%	1,927.96	219,205.37		
Aug-25	3,113,064.42	104,129	3,217,194	3,101,644	1,591	80%	1,949.56	220,548.15		
Sep-25	3,113,064.42	104,129	3,217,194	3,170,032	1,608	81%	1,971.39	222,852.34		
Oct-25	3,113,064.42	104,129	3,217,194	3,240,966	1,626	82%	1,993.47	225,251.57		
Nov-25	3,113,064.42	104,129	3,217,194	3,313,001	1,644	83%	2,015.80	227,644.80		
Dec-25	3,113,064.42	104,129	3,217,194	3,386,153	1,661	84%	2,038.38	230,032.04		
Jan-26	3,074,112.92	115,873	3,189,986	3,418,455	1,677	84%	2,038.38	232,171.31		
Feb-26	3,074,112.92	115,873	3,189,986	3,524,638	1,691	85%	2,084.29	234,061.26		
Mar-26	3,074,112.92	115,873	3,189,986	3,576,686	1,697	85%	2,107.64	234,866.52		
Apr-26	3,074,112.92	115,873	3,189,986	3,613,229	1,695	85%	2,131.24	234,643.80		
May-26	3,074,112.92	115,873	3,189,986	3,648,426	1,693	85%	2,155.11	234,313.65		
Jun-26	3,074,112.92	115,873	3,189,986	3,683,972	1,690	85%	2,179.25	233,984.32		
Total	37,123,064	1,320,017	38,443,081	40,725,315	19,854	83%	2,051.20	2,749,575.12		

The proposed HCV budget anticipates that HAP revenue will be short by \$4,723,960 to cover HAP expenses, restore-rebuild initial year rents, MTW expenses and operating shortfall. BHA will utilize the available Unrestricted Net Position (UNP) or unrestricted administrative reserve to close the shortfall. The table below shows the impact on the UNP balance on 06/30/2026.

			With Restore-Rebuild Rents	Without Restore-Rebuild Rents
Projected impact of initial restore-rebuild rents on Unrestricted Reserves:				
1	HOUSING ASSISTANCE PAYMENTS (HAP)			
1.a	HAP Revenue from HUD (HAP Funding + RNP from 12/31/2024)		\$ 38,443,081	\$ 38,443,081
1.b	HAP Expenses to Owners		\$ (40,725,315)	\$ (40,725,315)
1.c	Augment Initial Restore-Rebuild Rents for 50 Permanent supportive hsg		\$ (1,123,740)	
1.d	Augment Initial Restore-Rebuild Rents for 11 vouchers to an approximately 60 Unit Affordability		\$ (276,820)	
1.e	MTW eligible expenses		\$ (120,000)	\$ (120,000)
1.f	Transfer to Operating Revenue		\$ (921,166)	\$ (921,166)
1.g	Estimated excess (shortfall) in HAP revenue		(4,723,960)	(3,323,400)
1.h	Unrestricted Net Reserve to be used for HAP		\$ (4,723,960)	\$ (3,323,400)
PROJECTED UNRESTRICTED RESERVE BALANCE, 07/01/2025			\$ 5,447,329	\$ 5,447,329
PROJECTED BALANCE OF UNRESTRICTED RESERVE , 06/30/2026			\$ 723,369	\$ 2,123,929

- Mod Rehab** (column c): HAP revenue and expenses for the Moderate Rehabilitation program is based upon a 100% utilization of our Mod Rehab vouchers (98) at an average per unit cost of \$869. (98 certificates x \$869 x 12 months = \$1,021,944)
- Mainstream Program** (column d):

The projected FY2025-2026 HAP revenue and expenses and anticipated administrative fee revenues are derived from the Two-Year-Tool, calculated as follows:

					Col A	\$ 162.50
					Col B	\$ 151.68
					Proration	89%
MAINSTREAM						
FY2026	HAP REVENUE	HAP Expenses	UML	%	PUC	ADMIN FEES
			121			
TWO YEAR TOOL						
Jul-25	238,788.25	163,826	99	82%	1,650.71	14,353.39
Aug-25	238,788.25	166,549	100	82%	1,669.20	14,430.37
Sep-25	238,788.25	169,032	100	83%	1,687.90	14,483.30
Oct-25	238,788.25	172,147	101	83%	1,706.80	14,586.81
Nov-25	238,788.25	175,382	102	84%	1,725.92	14,696.32
Dec-25	238,788.25	178,663	102	85%	1,745.25	14,805.46
Jan-26	238,788.25	195,208	104	86%	1,764.79	15,041.00
Feb-26	238,788.25	195,208	104	86%	1,784.56	15,041.00
Mar-26	238,788.25	197,085	105	87%	1,804.55	15,185.63
Apr-26	238,788.25	197,085	105	87%	1,824.76	15,185.63
May-26	238,788.25	198,962	106	88%	1,845.20	15,330.25
Jun-26	238,788.25	198,962	106	88%	1,865.86	15,330.25
Total	2,865,459	2,208,111	1,234	85%	1,789.37	178,469.42

4. **Emergency Housing Voucher (EHV) Program** (column e):

The projected FY2025-2026 HAP revenue and expenses and anticipated administrative fee revenues are derived from the Two-Year-Tool, calculated as follows:

					Col A	\$ 162.50
					Col B	\$ 151.68
EHV					Proration	89%
FY2026	HAP REVENUE	HAP Expenses	UML	%	PUC	ADMIN FEES
			45			
TWO YEAR TOOL						
Jul-25	104,809.08	96,647	45	100%	2,186.35	6,508.13
Aug-25	104,809.08	97,208	45	100%	2,210.83	6,508.13
Sep-25	104,809.08	97,773	44	98%	2,235.59	6,363.50
Oct-25	104,809.08	98,341	44	98%	2,260.63	6,363.50
Nov-25	104,809.08	98,912	43	96%	2,285.95	6,218.88
Dec-25	104,809.08	99,487	43	96%	2,311.55	6,218.88
Jan-26	84,003.67	91,896	42	93%	2,337.44	6,074.25
Feb-26	84,003.67	91,896	42	93%	2,363.62	6,074.25
Mar-26	84,003.67	89,708	41	91%	2,390.10	5,929.63
Apr-26	84,003.67	89,708	41	91%	2,416.87	5,929.63
May-26	84,003.67	89,708	41	91%	2,443.93	5,929.63
Jun-26	84,003.67	89,708	41	91%	2,471.31	5,929.63
Total	1,132,877	1,130,992	512	95%	2,208.97	74,048.00

Operating Revenue and Expenses

The total projected operating revenue in FY2025-2026 is \$4,616,561 (line 2), of which \$921,166 (line 2.e) are transferred from HAP funding, and \$404,378 (line 2.h) are interest earned from a restricted asset attributable to the 61 federal units that BHA sold in 2014. The total operating expenses and capital expenditures are \$4,359,079 (line 8+line 9), resulting in a projected annual operating deficit of \$37,011 (line 11), and a net operating income of \$22,466 (line 13) after utilization available administrative reserves in the various programs to cover the deficit.

DESCRIPTION	Grand Total PROPOSED BUDGET FY2026	HUD PROGRAMS				(RESTRICTED)	(UNREST.)	MODIFIED BUDGET FY2025	Increase (Decrease)	%
		HCV Program 1,989 Units	Mod. Rehab Program 98 Units	Mainstream 121 Units	EHV 51 Units	Other Federal Programs (Dispo Proceeds)	Other Local Programs			
HUD Authorized Units =>	(a) = (b + c + d + e + f)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i) = (a - h)	
2 OPERATING REVENUE										
2.a Administrative Fees	\$ 3,195,693	\$ 2,749,575	\$ 193,600	\$ 178,469	\$ 74,048			\$ 2,941,783	\$ 253,910	9%
2.b Administrative Fee earned for managed incoming ports	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -	0%
2.c Administrative Fee Paid for managed outgoing ports	\$ (80,830)	\$ (53,003)	\$ -	\$ (13,251)	\$ (14,576)			\$ (75,894)	\$ (4,936)	7%
2.d Net Administrative Fee	\$ 3,114,863	\$ 2,696,572	\$ 193,600	\$ 165,219	\$ 59,472			\$ 2,865,889	\$ 248,974	9%
2.e Transfer from HAP funding	\$ 921,166	\$ 921,166						\$ 1,405,065	\$ (483,899)	
2.f BHA Oversight Fee	\$ 7,130	\$ 7,130	\$ -					\$ 6,922	\$ 208	3%
2.g Miscellaneous Income	\$ 86,200	\$ 81,200	\$ 5,000					\$ 80,000	\$ 6,200	8%
2.h Interest Income on Disposition Proceeds	\$ 487,203					\$ 404,378	\$ 82,825	\$ 497,803	\$ (10,600)	-2%
2 Total Operating Revenue	\$ 4,616,561	\$ 3,706,068	\$ 198,600	\$ 165,219	\$ 59,472	\$ 404,378	\$ 82,825	\$ 4,855,679	\$ (239,118)	-5%
OPERATING EXPENSES										
ADMINISTRATION										
3.a Salaries	\$ 1,771,383	\$ 1,491,289	\$ 119,047	\$ 77,619	\$ 31,453		\$ 51,975	\$ 1,447,840	\$ 323,543	22%
3.b Employee Benefits	\$ 1,225,087	\$ 1,038,980	\$ 83,410	\$ 55,565	\$ 22,493		\$ 24,639	\$ 1,095,176	\$ 129,911	12%
3 Sub-total salaries and employee benefits	\$ 2,996,470	\$ 2,530,269	\$ 202,456	\$ 133,184	\$ 53,946		\$ 76,614	\$ 2,543,016	\$ 453,454	18%
4 Total Administrative Expenses	\$ 960,809	\$ 847,376	\$ 70,589	\$ 22,147	\$ 20,696	\$ -	\$ -	\$ 989,602	\$ (28,793)	-3%
5 Total Tenant Services	\$ 30,000	\$ -	\$ -	\$ 30,000	\$ -	\$ -	\$ -	\$ 80,000	\$ (50,000)	-63%
6 Total Routine Maintenance	\$ 5,860	\$ 5,157	\$ 410	\$ 176	\$ 117	\$ -	\$ -	\$ 5,860	\$ -	0%
7 Total General Expenses	\$ 115,940	\$ 103,265	\$ 7,714	\$ 2,711	\$ 2,250	\$ -	\$ -	\$ 113,147	\$ 2,793	2%
8 TOTAL OPERATING EXPENSES	\$ 4,109,079	\$ 3,486,067	\$ 281,169	\$ 188,219	\$ 77,009	\$ -	\$ 76,614	\$ 3,731,625	\$ 377,453	10%
9 TOTAL CAPITAL EXPENDITURE	\$ 250,000	\$ 220,000	\$ 17,500	\$ 7,500	\$ 5,000	\$ -	\$ -	\$ 95,000	\$ 155,000	163%
10 OPERATING SURPLUS (DEFICIT)	\$ 257,483	\$ 0	\$ (100,069)	\$ (30,500)	\$ (22,537)	\$ 404,378	\$ 6,211	\$ 1,029,054	\$ (771,571)	-75%
11 INTEREST INCOME TRANSFERRED TO REST ACCT.										
11.a Interest Income on Notes Receivable and Dispo Proceeds	\$ (404,378)					\$ (404,378)		\$ (362,878)	\$ (41,500)	11%
11 NET SURPLUS AND DEFICIT	\$ (146,896)	\$ 0	\$ (100,069)	\$ (30,500)	\$ (22,537)	\$ -	\$ 6,211	\$ 666,176	\$ (813,072)	-122%
12 USE OF PROGRAM RESERVES	\$ 153,106	\$ (0)	\$ 100,069	\$ 30,500	\$ 22,537	\$ -	\$ -	\$ 59,476		
13 NET SURPLUS (DEFICIT)	\$ 6,211	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,211	\$ 725,652		
PROJECTED UNRESTRICTED RESERVE BALANCE, 07/01/2025		\$ 5,447,329	\$ 128,452	\$ 30,500	\$ 62,000					
1.b Unrestricted Net Reserve to be used for HAP		\$ (4,723,960)								
12 TOTAL NON-ROUTINE EXPENSES / CAPITAL IMPROVEMENTS	\$ -	\$ 0	\$ (100,069)	\$ (30,500)	\$ (22,537)					
PROJECTED BALANCE OF UNRESTRICTED RESERVE, 06/30/2026		\$ 723,369	\$ 28,383	\$ (0)	\$ 39,463					

Operating Revenue (\$4,616,561): (Line 2)

- a. Administrative Fee is the fee received from HUD for every voucher in service on the first of the month. The projected administrative fee revenue, net of estimated administrative fee paid for managed outgoing portable vouchers is \$3,114,863 (line 2.d). This amount reflects HUD’s S8 Administrative Fee rates in effect for calendar year (2025) at 89% pro-ration; and at different utilization levels as reflected in tables above. The projected Administrative Fee revenue in the Mod Rehab Program assumes 100% utilization of all 98 units program.
- b. HAP funding to be used for Non-HAP expenses, \$921,166 (line 2.e)
- c. BHA Oversight Fee (\$7,130) (Line 2.f) for operation oversight of the scattered site units pursuant to the Disposition, Development and Loan Agreement (DDLA) with Berkeley 75.
- d. Miscellaneous income (\$86,200) primarily interest earned from investments/deposits placed with the State Treasurer Local Agency Investment Fund (LAIF) and and other de minimis income such as collection of fraud recoveries, copying requests for large documents, and others. (see Line 2.h)
- e. \$487,203 in interest income on disposition proceeds and Note Receivable from Berkeley 75, of this total \$404,379 are restricted for development of affordable housing and cannot be used for operating expenses. (see Line 2.i)

Operating Expenses (\$4,359,079): (Line 8 + Line 9)

- a. Salary and benefits (\$2,996,470) (see line 3) About 72% of our total operating expenses is attributable to salary and benefits. The salary and benefit budget for FY2026 is expected to exceed the FY2025 modified budget by \$453,454 (18%). The total amount projected is based on the following assumptions:

- 15 full time equivalent (FTE) staff, including a new Director of Operations (est \$233,561 in salary and benefits) and new Housing Specialist (est \$165,245 in salary and benefits).
- The proposed budget assumes 4.5% COLA adjustments for all classifications as per existing MOUs with the two bargaining units (Local One and Local 1021).
- CALPERS employer contributions are 17.02% for classic members (up by 0.07% from FY2024 rate); and 8.27% for PEPRA members.
- Assumes a 4% increase in Kaiser premium beginning January 1, 2026.
- Includes an actuarial based adjustment for Pension and Other Post Employment Benefits (OPEB) estimated to be \$200,000. Recognition of this adjustment is required by Government Accounting Standard Board (GASB) pronouncements.
- All other benefits remain the same as in the prior year.

b. Projected administrative expenses are \$990,809. *(line 4)* This includes among other things, the following:

- Legal (\$50K)

- Consultant fees (\$218K)

Fee - General consultants		
Negotiator	-	
HR Consultant (Rhonda Willis)	30,000.00	
HCV/PBV Consultant	50,000.00	
MTW Consultant (Shara Jones)	-	
Technical Assistant (Jonathan Zimmerman)	32,000.00	
SWOT Analysis	30,000.00	
ADP - payroll services	21,600.00	
Carahsoft - Income verification	24,000.00	
Hearing officer	5,000.00	
Actuarial valuation report, Retirement medical and CALPERS	6,600.00	
Rent Grow - criminal background check (\$250 x 12 months)	3,000.00	
Language Line - interpreter	1,800.00	
EBS (Commuter check administration: \$145 x 12 months)	1,740.00	
Utility Allowance Study	1,500.00	
Real Quest	690.00	
Miscellaneous	10,000.00	217,930

- Office rent (\$186,550) Assumes rent at current office, plus \$40K estimated increase for the new office.
- Computer Service Fee (\$125,000) – Assumes Cost of City of Berkeley IT Cost (\$101K) and telephone answering service (\$24K)
- Software Maintenance (\$103,071) – Includes hosting and maintenance of the Elite software.
- Other expenses including audit fees, administrative piece of inspections, staff training, transportation, subscriptions, telephone, equipment lease, utilities, supplies, advertising, postage and other administrative expenses.

c. Tenant services, \$30,000 includes expenses pertaining to the tenant assistance expenses that will be funded by available funds in the Mainstream. *(Line 5)*

d. Routine maintenance (\$5,860) includes file shredding services, and other office maintenance expenses. *(Line 6)*

e. General expenses (\$115,940) include premium for general liability and workers' compensation insurance, depreciation and other contingency expenses. *(Line 7)*

- f. Capital Expenditure (\$250,000) which include \$70K for the creation and development of the BHA website, and \$180K for relocation expenses.

We project the FY2026 budget for operating expenses will exceed FY2025 amended budget by \$532,453 primary coming from salary and benefits and capital expenditure

Reserves and other funds available to close/cover deficit and balance the proposed FY2026 budget:

- HCV Operating reserves. The Berkeley Housing Authority anticipates an operating reserve balance in the HCV program as follows:

Projected impact of initial restore-rebuild rents on Unrestricted Reserves:		With Restore-Rebuild Rents	Without Restore-Rebuild Rents
1	HOUSING ASSISTANCE PAYMENTS (HAP)		
1.a	HAP Revenue from HUD (HAP Funding + RNP from 12/31/2024)	\$ 38,443,081	\$ 38,443,081
1.b	HAP Expenses to Owners	\$ (40,725,315)	\$ (40,725,315)
1.c	Augment Initial Restore-Rebuild Rents for 50 Permanent supportive housing Augment Initial Restore-Rebuild Rents for 11 vouchers to an approximately 60 Unit	\$ (1,123,740)	
1.d	Affordable Housing Project	\$ (276,820)	
1.e	MTW eligible expenses	\$ (120,000)	\$ (120,000)
1.f	Transfer to Operating Revenue	\$ (921,166)	\$ (921,166)
1.g	Estimated excess (shortfall) in HAP revenue	(4,723,960)	(3,323,400)
1.h	Unrestricted Net Reserve to be used for HAP	\$ (4,723,960)	\$ (3,323,400)
PROJECTED UNRESTRICTED RESERVE BALANCE, 07/01/2025		\$ 5,447,329	\$ 5,447,329
PROJECTED BALANCE OF UNRESTRICTED RESERVE , 06/30/2026		\$ 723,369	\$ 2,123,929

- \$1,556,589 remaining from the \$2.7 million disposition proceeds previously approved by HUD to be used for operations through FY2030.
- Proceeds from the sale of 14 former RHCP units (\$1.6 Million now in bank)

CONTACT PERSON

Jesy Yturralde, Finance Manager, 981-5488

Attachments:

1. Resolution
EXHIBIT A: Proposed FY2025-2026 Budget

BERKELEY HOUSING AUTHORITY

Resolution 24-__

ADOPTION OF THE FISCAL YEAR ENDING 2025-2026 BUDGET OF THE BERKELEY HOUSING AUTHORITY WITH A NET OPERATING INCOME OF \$6,211.

WHEREAS, The Berkeley Housing Authority (“BHA” or “Authority”) is a public body, corporate and politic, organized pursuant to the Housing Authorities Law, California Health and Safety Code Section 34200 et. seq.; and

WHEREAS, BHA operates on a July 1-June 30 fiscal year and HUD funding is on a calendar year; and

WHEREAS, operating budgets for the BHA’s various programs must be adopted prior to the beginning of the fiscal year July 1, 2025 – June 30, 2026; and

WHEREAS, formal adoption of a fiscal year budget by Board Commissioners is one of the duties of the Board of the Authority; and

WHEREAS, the budget for Fiscal Year Ending 2025-2026 includes the various HUD programs administered by BHA, including Section 8 Housing Choice Voucher, Moderate Rehabilitation, Mainstream and Emergency Housing Voucher Programs; and

WHEREAS, the budget for Fiscal Year Ending 2025-2026 utilized data from HUD’s Two Year Tool for HAP revenue and expenses and assumed CY2025 administrative fee rates and 89% pro-ratio; and

WHEREAS, the proposed FYE2025-2026 Budget includes provision for initial restore-rebuild rent augmentation for the 50 permanent supportive housing and 11 vouchers to an approximately 50 unit affordable housing project; and

WHEREAS, the proposed FYE2025-2026 assumes utilization of \$4,723,960 to cover shortfall in HAP funding; and

WHEREAS, the proposed FYE2025-2026 Budget assumes 15 FTE, including a new Director of Operations and a fourth Housing Specialist; and

WHEREAS, the proposed FYE2025-2026 Budget reflects a 4% COLA adjustment for represented and unrepresented employees as per existing labor union contracts with Local 1021 and Local One; and the Unrepresented Employee Agreement; and

WHEREAS, the proposed FYE2025-2026 Budget exercised MTW fungibility by using \$921,166 in HAP funding for Non-HAP expenses; and

WHEREAS, the proposed FY2025-2026 Budget reflects a projected annual operating income of \$6,211 after utilization of available administrative fee reserves; and

WHEREAS, staff and the Board are continuing to engage in strategic analysis of Authority operations, including critical decisions on public housing development, contract services, programs, and staffing levels; and

NOW, THEREFORE BE IT RESOLVED that the proposed FYE2025-2026 BHA Budget, including 15 Full Time Equivalent positions, attached as Exhibits A, is approved.

The foregoing Resolution was adopted by the Board of the Berkeley Housing Authority on June 19, 2025 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

Attest: _____
James E. Williams, Secretary

EXHIBIT A
FY2025 – 2026 Budget