



Berkeley Housing Authority

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Item 7G
NEW BUSINESS
June 19, 2025

Office of the Executive Director

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

From: James Williams, Executive Director

Subject: Approve an Extension of the Project-based Master HAP Contract Northern California Land Trust Apartments 1340 -48 Blake St, 3011 Shattuck and 2425 California St., for a period of 5 years (2025 - 2030)

RECOMMENDATION

Extend the existing Project-based Master HAP contract for 2 units at 1340-48 Blake St, 1 unit at 3011 Shattuck Ave and 1 unit at 2425 California Street Apartments for a period of an additional 5 years, resulting in an initial term of 5yrs and cumulative term contract total of 20yrs.

BACKGROUND

The Project-based Section 8 Program is designed to provide guaranteed housing options for households that qualify for the Section 8 Program, often with social services components available to the residents, and housing populations with special needs (homeless, seniors, disabled, youth emancipated from the foster care system, etc.). With the Project-based Section 8 program, the subsidy is attached to a unit for a fixed period of time.

The Project-based program allows developers to leverage other financing options using the long-term rent subsidy commitment from the housing authority. The financing is used to either build new construction housing, or to rehabilitate existing housing. Project-based housing also has the benefits of increasing housing supply, guaranteed earned administration fee, and easing fluctuations in low income affordable housing options during high rental markets, since the PBV units do not “compete” in the open market for tenants. In the Tenant-based program, the assistance is tied to the family, responsible for finding a unit of their choosing.

First awarded Project-based Vouchers The term of the initial Housing Assistance Payment (HAP) Agreement between Northern California Land Trust and BHA was for a 15-yr term period commencing in April of 2003.

Pursuant to Chapter 17-PBV of BHA’s Administrative Policy, BHA may extend the term of the contract administratively, without an open competition, for an additional term of up to 20 years if BHA determines an extension is required to secure funding to perform substantial, unanticipated rehabilitation. Subsequent extensions are subject to the same limitations. Extensions of master HAP contracts will be considered on a case by case basis, including

whether (a) to extend for a full 20 years or a shorter timeframe, and (b) the need for substantial, unanticipated rehabilitation to preserve and/or extend the viability of the housing stock.

When determining whether or not to extend an expiring PBV contract, for how long, and the number of units, BHA will consider several factors including, but not limited to:

- The cost of extending the contract and the amount of available budget authority;
- The condition of the contract units;
- The owner's record of compliance with obligations under the HAP contract and lease(s);
- Whether the location of the units continues to support the goals of deconcentrating poverty and expanding housing opportunities;
- The extent to which projects that are serving families, elderly or disabled household include 1 and 2 bedroom units.
- Demonstrated need of the minimum number of project-based vouchers required to (i) finance debt for substantial, unanticipated rehabilitation activity and (i) meet contractual obligation to rent to households at or below 50% of AMI.
- Preservation of fully accessible/adaptable units for wheelchair users; and,
- Whether the funding could be used more appropriately for project-based assistance at additional new construction projects, whether partially or completely owned by BHA, or another property requesting/needing PBV assistance, or in the tenant based voucher program.

Northern California Land Trust., and its development sponsor, sent a letter (Attachment 3) to BHA of their desire for an extension of the Master HAP contract to increase financial leveraging of the project and permit a rehab that will address current critical property needs and extend the life of the property to continue to serve its resident community and subsequently submitted documents requested by BHA to consider an extension.

STATUS

Northern California Land Trust., submitted a request for a 5-year extension for all 4 units (Attachment 3), citing the fact that the PBVs allow the property to house people with disabilities at the lowest income levels—with an average income of 12,720 per year.

Pursuant to BHA's Administrative Plan, *without an open competition*, BHA, subject to Board approval, can only extend the HAP contract for an additional 5yrs in a cumulative extension of 20 years. This will allow NCLT to keep the property safe and in good working order for the future, and for the long-term recapitalizing and renovation of the property.

Staff supports an approval of a 5-year extension resulting in a contract term of 20-years. Absent the PBVs, households would be provided a tenant-based voucher. However, should a family move to another jurisdiction with its voucher, BHA would lose Administrative Fee earnings.

Additionally, BHA is guaranteed Administrative Fees for every unit under a PBV contract, regardless of whether the unit is leased up or not. If a vacant unit is undergoing turnover/maintenance prior to a new PBV household moving in, BHA continues to earn Administrative Fees during that time, which is not the case in the Tenant-based program.

FINANCIAL IMPLICATIONS OF ACTION

PBV's have guaranteed units and administrative fees. Absent the continuation of PBV contracts, BHA risks losing these fees, should families opt to move to other jurisdictions with their Tenant-based vouchers.

CONTACT PERSON

James Williams, Executive Director

Attachments:

1. Excerpt from BHA Admin. Plan, Ch. 17, Project-based Vouchers (page 17-21)
2. Resolution
3. April 30, 2025, NCLT Letter to Request for Extension
4. Included in [this dropbox folder](#) are the following supporting documents:
 - Property financial overview
 - Capital needs assessments
 - Property management plan
 - Spreadsheet with vacancy, unit mix, services, and accessibility data

**Excerpt from BHA Admin. Plan
Ch. 17, Project-based Vouchers (page 17-21)**

Extensions of master HAP contracts will be considered on a case by case basis, including whether (a) to extend for a full 20 years or a shorter timeframe, and (b) the need for substantial, unanticipated rehabilitation to preserve and/or extend the viability of the housing stock.

When determining whether or not to extend an expiring PBV contract, for how long, and the number of units, BHA will consider several factors including, but not limited to:

- The cost of extending the contract and the amount of available budget authority;
- The condition of the contract units;
- The owner's record of compliance with obligations under the HAP contract and lease(s);
- Whether the location of the units continues to support the goals of deconcentrating poverty and expanding housing opportunities;
- The extent to which projects that are serving families, elderly or disabled household include 1, 2, and 3 bedroom units
- Demonstrated need of the minimum number of project based vouchers required to (i) finance debt for substantial, unanticipated rehabilitation activity and (i) meet contractual obligation to rent to households at or below 50% of AMI.
- Preservation of fully accessible/adaptable units for wheelchair users; and,
- Whether the funding could be used more appropriately for project-based assistance at additional new construction projects, whether partially or completely owned by BHA, or another property requesting/needing PBV assistance, or in the tenant based voucher program.

BERKELEY HOUSING AUTHORITY
RESOLUTION NO. 25-18

AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A TEN-YEAR EXTENSION OF THE EXISTING PROJECT-BASED SECTION 8 MASTER HOUSING ASSISTANCE PAYMENT (HAP) CONTRACT WITH ADELINE STREET APARTMENTS, L.P., FOR 18 UNITS AT ADELINE STREET APARTMENTS, FOR A TOTAL OF 30 YEARS

WHEREAS, the original Master HAP contract with Adeline Street Apartments, L.P., for 18 units was signed in 2001, effective in 2003 upon the completion of construction, for a 10-year term that expired in April 2013; and

WHEREAS the BHA Board approved a 5 year contract extension in 2013, which expired in April of 2018; and

WHEREAS the BHA Board approved a 5 year contract extension in 2018, which expired in April of 2023, for a cumulative extension period of 10yrs to date; and

WHEREAS, pursuant to the Berkeley Housing Authority's (BHA) Administrative Plan, BHA may extend the term of the contract administratively, without an open competition, for an additional term of up to 20 years if BHA determines an extension is required to secure funding to perform substantial, unanticipated rehabilitation. BHA has already approved an extension up to 10yrs, with an additional 10yr extension period available through an administrative approval without an open competition; and

WHEREAS, HUD's Housing Opportunity Through Modernization Act (HOTMA) of 2016, increases the length of time for an extended term of a master Project-based contract to 40 years in total; and

WHEREAS, BHA earns Administrative Fee for each PBV unit under Master HAP contract including the time it is vacant, being readied for lease up; and

WHEREAS the project serves 18 very low income households, and provides accommodations for people with disabilities and an on-site Resident Manager to handle services issues on an as-needed basis; and

WHEREAS staff reviewed the Administrative Plan criteria in determining whether to recommend approval of the additional extension of the contract including the cost of extending the contract and the amount of available budget authority; the need for substantial, unanticipated rehabilitation to preserve and/or extend the viability of the housing stock; and

WHEREAS, Project-based housing is a critical and stable, long term housing option for the households that BHA serves (those at 0% - 50% of Area Median Income); and

WHEREAS Project-based housing is a stable, long term housing option protected against market fluctuations; and

WHEREAS Adeline Street Apartments, L.P., sites major capital needs, and has plans to re-syndicate and refinance the property in order to conduct the necessary work.

NOW THEREFORE BE IT RESOLVED THAT the Executive Director is authorized to enter into a ten-year extension of the existing Project-based Section 8 Master HAP contract with Adeline Street Apartments, L.P., for 18 units at Adeline Street Apartments for very low income households, for a total of 30 years in the extended term.

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 Williams, Executive Director