



Berkeley Housing Authority

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Office of the Executive Director

Item 6D
NEW BUSINESS
September 12, 2024

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

From: James E. Williams, Executive Director

Subject: 2025 Payment Standard schedule for all new and existing contracts

RECOMMENDATION

Authorize Payment Standard schedule for all Section 8 programs Housing Choice Voucher Program-Tenant Based and VASH vouchers equal to 120% of the 2025 HUD Fair market Rents (FMR); and 110% of the 2025 HUD Fair Market Rents for EHV, Mainstream Programs and Project-based Section 8 Program, effective January 1, 2025.

BACKGROUND

Housing authorities utilize FMRs to establish annual Payment Standards, the maximum payment allowable for units in the Section 8 program per HUD regulations. Combined, client rent portion plus BHA's rental subsidy (Housing Assistance Payment, HAP) paid to the landlord, cannot be more than the Payment Standard.

Under normal circumstances, housing authorities set Payment Standards at amounts between 90% - 110% of the FMRs, and it is up to each agency to determine a Payment Standard that will be competitive enough to attract landlords so that households renting with a Section 8 voucher may find a unit. The HUD approved BHA MTW Supplement includes Activity 4 2.b allowing BHA to increase its payment standard up to 150% of the FMR for its housing choice vouchers. Additionally, in the recently published HUD-VASH Operating Requirements Federal Register Notice, PHA's are now allowed to establish a HUD-VASH payment standard up to 120% of the FMR and up to 140% exception payment standards as a reasonable accommodation.

Staff fully supports establishing the higher 2025 Payment Standards at 120% of the FMRs in order to continue to attempt to be competitive in the local rental market and encourage landlord participation in the HCV and VASH programs. Note: under the Project-based Voucher Program regulations, the maximum Payment Standard allowable is 110% of the FMR, thus the 120% figures only apply to the Housing Choice and VASH vouchers.

Unfortunately, the approved MTW waiver for a higher payment standard does not apply to Special Purpose Vouchers (SPV) like Mainstream and Emergency Housing Vouchers. Staff will request a waiver to HUD to allow the same higher payment standard for these special purpose vouchers. Therefore, until we obtain HUD approval a 110% payment standard will be applied to Mainstream and Emergency Housing Vouchers.

DISCUSSION

Below are the 2025 FMR figures for Alameda County as compared to the 2024 FMRs:

Final FY 2025 & Final FY 2024 FMRs By Unit Bedrooms					
Year	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
FY 2025 FMR	\$1,937	\$2,201	\$2,682	\$3,432	\$4,077
FY 2024 FMR	\$1,825	\$2,131	\$2,590	\$3,342	\$3,954

For all bedroom sizes, the FMRs have increased by 2.69% to 6.14%. The methodology used by HUD in calculating the FMR is found at

https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2025_code/2025summary.odn.

Below is a chart depicting the difference between current Payment Standards and the proposal to go to 120% of the 2025 FMRs for the Housing Choice and VASH vouchers—in all cases the Payment Standards increase.

	SRO*	Studio	1 BR	2 BR	3 BR	4 BR
2025 FMRs		\$1,937	\$2,201	\$2,682	\$3,432	\$4,077
PS: 120% of 2025 FMRs	\$1,743	\$2,324	\$2,641	\$3,218	\$4,118	\$4,892
2024 Current 110% PS	\$1,505	\$2,007	\$2,344	\$2,849	\$3,676	\$4,349
Difference	\$238	\$317	\$297	\$369	\$442	\$543

The 2025 Payment Standards for the Project-based Program and SPVs at 110% are as follows:

	SRO*	Studio	1 BR	2 BR	3 BR	4 BR
2025 FMRs		\$1,937	\$2,201	\$2,682	\$3,432	\$4,077
PS: 110% of 2025 FMRs	\$1,597	\$2,130	\$2,421	\$2,950	\$3,775	\$4,484
2024 Current 110% PS	\$1,505	\$2,007	\$2,344	\$2,849	\$3,676	\$4,349
Difference	\$92	\$123	\$77	\$101	\$99	\$135

*The HUD PS formula for SRO units is 75% of the 0 BR PS

AB 1842 Tenant Protection Act

Housing Specialists utilize the Payment Standards each day in their recertification work of our clients, and to process rent increases requested by landlords. We expect that most landlords will request a rent increase to the 2023 Payment Standards.

It is also important to note that even though a landlord may request a rent increase to the new Payment Standard, the California Tenant Protection Act of 2019 or AB 1842 will apply limiting rent increases to not more than 5% plus local CPI, or 10% whichever is lower.

HUD regulations also require staff to conduct a “Rent Reasonableness” determination, and are allowed to improve rent increases up to the highest rent comparable figure, which may or may not be at Payment Standard.

FINANCIAL IMPLICATIONS OF ACTION

BHA has sufficient HAP funding currently to support the new Payment Standards.

CONTACT PERSON

James E. Williams Executive Director, 981-5485
Jesy Yturralde, Finance Manager, 981-5488

Attachments:

1. Resolution
2. Exhibit A – Payment Standard Schedule (current and historical)

RESOLUTION NO. 24-_____

AUTHORIZING A PAYMENT STANDARD SCHEDULE, EFFECTIVE JANUARY 1, 2025 FOR THE SECTION 8 HOUSING CHOICE VOUCHER -TENANT BASED AND VASH VOUCHERS TO 120% OF THE HUD 2025 FAIR MARKET RENTS (FMRs); AND FOR EHV, MAINSTREAM AND PROJECT-BASED VOUCHERS EQUAL TO 110% OF THE HUD 2025 FAIR MARKET RENTS (FMRs).

WHEREAS, the Housing Authority is required to establish a Payment Standard schedule for all bedroom sizes; and

WHEREAS, in August 2024, the U.S. Department of Housing and Urban Development published the 2025 Fair Market Rent amounts which reflect an increase in Fair Market Rents for all bedroom sizes; and

WHEREAS, under normal circumstances the Payment Standard must be within 90 and 110% of the published HUD Fair Market Rents; and

WHEREAS, HUD approved the FY2023-2024 MTW Supplement allowing BHA to increase payment standards up to 150% of the applicable FMRs; and

WHEREAS, BHA submitted the FY2024-2025 MTW Supplement in April 2024 that includes the same MTW activity for payment standards; and

WHEREAS, staff believes Payment Standards for 2025, set at 120% of the Fair Market Rents will make BHA more competitive in the local rental market; and

WHEREAS, the HUD regulations for the Project-based Section 8 special purpose voucher programs have a limitation of Payment Standards to 110% of the FMRs;

WHEREAS, staff will request HUD waiver to allow the higher payment standards for the special purpose vouchers; and

NOW THEREFORE, BE IT RESOLVED, that the Board of the Berkeley Housing Authority authorizes adoption of a new Payment Standard Schedule for the Berkeley Housing Authority's Section 8 Programs (Housing Choice Voucher and VASH) equal to 120% of the 2025 Fair Market Rents, and equal to 110% of the 2025 Fair Market Rents for the Project-based Mainstream and EHV programs until such time HUD approves the higher payment standards for the special purpose vouchers;

FURTHER BE IT RESOLVED, attached Exhibit A reflects the Payments Standards effective January 1, 2025 for all new and existing contracts.

The foregoing Resolution was adopted by the Board of the Berkeley Housing Authority on September 12, 2024 by the following vote:

Ayes:

Noes:

Absent:

Abstain:

Attest: _____
James E. Williams, Secretary

Proposed Payment Standards
Section 8 Housing Choice Voucher, Project Based, SPVs

Eff. Date	SRO	0-Studio	1 BR	2 BR	3BR	4BR
Effective 1/1/2024 New and Existing- HCV & VASH	\$1,743	\$2,324	\$2,641	\$3,218	\$4,118	\$4,892
Effective 1/1/2024 New and Existing- PBV and SPV	\$1,597	\$2,130	\$2,421	\$2,950	\$3,775	\$4,484
Effective 1/1/2024 New and Existing	\$1,505	\$2,007	\$2,344	\$2,849	\$3,676	\$4,349
Effective 1/1/2023 New and Existing	\$1,491	\$1,989	\$2,362	\$2,886	\$3,772	\$4,447
Effective 1/1/2023: Project-based only	\$1,367	\$1,823	\$2,165	\$2,645	\$3,458	\$4,076
Effective 1/1/2022 New	\$1,383	\$1,845	\$2,224	\$2,728	\$3,607	\$4,293
Effective 1/1/2022 New	\$1,268	\$1,691	\$2,039	\$2,501	\$3,306	\$3,935
1/1/2021 New and Existing	\$1,227	\$1,636	\$1,988	\$2,462	\$3,346	\$4,092
1/1/2020 New and Existing	\$1,227	\$1,636	\$1,988	\$2,462	\$3,346	\$4,092
4/15/2019 New	\$1,161	\$1,549	\$1,876	\$2,338	\$3,217	\$3,945
11/1/2017 New and Existing	\$1,183	\$1,578	\$1,895	\$2,390	\$3,318	\$3,824
11/1/16 New 01/1/17 Existing	\$1,183	\$1,578	\$1,895	\$2,390	\$3,318	\$3,824
10/1/16 New 11/1/16 Existing	\$1,129	\$1,506	\$1,809	\$2,281	\$3,167	\$3,650
2/12/16 New 4/1/16 Existing	\$1,086	\$1,449	\$1,746	\$2,208	\$3,078	\$3,431
11/01/2015	\$845	\$1,127	\$1,358	\$1,718	\$2,394	\$2,669
11/1/14 New 01/01/15 Existing	857	1,142	1,386	1,743	2,434	2,987
10/15/2013 New 12/1/13 Existing	854	1,139	1,380	1,736	2,424	2,974
12/1/2012	736	981	1,190	1,497	2,091	2,565
12/1/11	794	1,023	1,235	1,463	1,983	2,280
7/15/11 Areas 2, 4, 5	767	1,023	1,235	1,463	1,983	2,280
7/15/11 Areas 1, 3	767	1,071	1,294	1,532	2,078	2,390
12/01/10	803	1,071	1,294	1,532	2,078	2,573

12/01/09	794	1,059	1,278	1,515	2,054	2,543
08/02/09	747	996	1,202	1,554	2,107	2,608
12/01/08	746	995	1,202	1,425	1,932	2,393
12/17/07	715	953	1,151	1,363	1,848	2,288
05/01/07	721	961	1,160	1,472	2,034	2,474
03/01/07	721	961	1,160	1,375	1,864	2,080