



Berkeley Housing Authority

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Office of the Executive Director

Item 6C
NEW BUSINESS
October 13, 2022

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

From: Rachel Gonzales-Levine, Acting Executive Director

Subject: 2023 Payment Standard schedule for all new and existing contracts

RECOMMENDATION

Authorize Payment Standard schedule, effective January 1, 2023, for all Section 8 programs (Housing Choice Voucher, VASH, EHV and Mainstream Programs equal to 120% of the 2023 HUD Fair Market Rents, and 110% of the 2023 HUD Fair Market Rents for Project-based Section 8 Program.

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. However, as the Board is aware, BHA has taken advantage of an opportunity under HUD’s “Streamlined Waiver” option to set Payment Standards for 2022 at 120% of the FMR, which is in place through December; and, HUD has recently notified housing authorities that they may apply for an extension to that waiver through calendar year 2023, which staff is preparing to submit.

Staff fully supports establishing the 2023 Payment Standards at 120% of the FMRs in order to continue to attempt to be competitive in the local rental market, as well BHA has excess HAP funds available to cover the increase in HAP expenses. 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 Special Purpose Vouchers.

DISCUSSION

Below are the FMR figures as compared to the 2022 FMRs:

Final FY 2023 & Final FY 2022 FMRs By Unit Bedrooms					
Year	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
FY 2023 FMR	\$1,658	\$1,969	\$2,405	\$3,144	\$3,706
FY 2022 FMR	\$1,538	\$1,854	\$2,274	\$3,006	\$3,578

For all bedroom sizes, the FMRs have increased. The Board may recall that HUD implemented a new methodology to establish the 2023 FMRs, which, rather than a 3 year look back at the American Community Survey, private data sources such as Zillow were utilized.

Below is a chart depicting the difference between current Payment Standards and the proposal to go to 120% of the 2023 FMRs for the Housing Choice, and Special Purpose Vouchers—in all cases the Payment Standards increase.

	SRO*	Studio	1 BR	2 BR	3 BR	4 BR
2023 FMRs		\$1,658	\$1,969	\$2,405	\$3,144	\$3,706
PS: 120% of 2023 FMRs	\$1,491	\$1,989	\$2,362	\$2,886	\$3,772	\$4,447
2022 Current PS	\$1,383	\$1,845	\$2,224	\$2,728	\$3,607	\$4,293
Difference	\$108	\$144	\$138	\$158	\$165	\$154

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

The 2023 Payment Standards for the Project-based Program at 110% are as follows:

	SRO*	Studio	1 BR	2 BR	3 BR	4 BR
2023 FMRs		\$1,658	\$1,969	\$2,405	\$3,144	\$3,706
PS: 110% of 2023 FMRs	\$1,367	\$1,823	\$2,165	\$2,645	\$3,458	\$4,076

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, HUD regulations 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.

Additionally, BHA, along with Alameda City Housing Authority, and the Housing Authority of Alameda County, have requested a waiver to increase the 2022 and 2023 Payment Standards up to 150% of the FMRs, however, we are awaiting a response from HUD, and are unsure of the possibility of approval, but rather may need to include it in the MTW plan, if still underleased at that time.

FINANCIAL IMPLICATIONS OF ACTION

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

CONTACT PERSON

Rachel Gonzales-Levine, Acting Executive Director, 981-5485
 Jesy Yturalde, Finance Manager, 981-5488

Attachments:

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

RESOLUTION NO. 22-_____

AUTHORIZING A PAYMENT STANDARD SCHEDULE, EFFECTIVE JANUARY 1, 2023 FOR THE SECTION 8 PROGRAMS (HOUSING CHOICE VOUCHER, VASH, EHV, AND MAINSTREAM PROGRAMS), TO 120% OF THE HUD 2023 FAIR MARKET RENTS (FMRs); AND FOR PROJECT-BASED VOUCHERS EQUAL TO 110% OF THE HUD 2023 FAIR MARKET RENTS (FMRs).

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

WHEREAS, on September 1, 2022, the U.S. Department of Housing and Urban Development published the 2023 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, except that HUD, per PIH Notice 2022-30 has indicated that housing authorities with an approved expedited waiver for Payment Standards at 120% of the FMRs for 2022 may request extending that Waiver into 2023; and

WHEREAS, staff has submitted that Waiver request for 2023 and expects HUD to approve; and

WHEREAS, BHA must set the Payment Standards to be competitive with the open market; and

WHEREAS, staff believes Payment Standards for 2023, 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 program have a limitation of Payment Standards to 110% of the FMRs;

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, VASH, EHV and Mainstream) equal to 120% of the 2023 Fair Market Rents, and equal to 110% of the 2023 Fair Market Rents for the Project-based Program, attached hereto and identified as Exhibit A, effective January 1, 2023 for all new and existing;

The foregoing Resolution was adopted by the Board of the Berkeley Housing Authority on October 13, 2022 by the following vote:

Ayes:

Noes:

Absent:

Abstain:

Attest: _____

Rachel Gonzales-Levine, Secretary

Proposed Payment Standards
Section 8 Housing Choice Voucher, Project Based

Eff. Date	SRO	0-Studio	1 BR	2 BR	3BR	4BR
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	2390
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