

On June 28, 2017, the Saint Paul Public Housing Agency (PHA) Board of Commissioners approved the following actions:

- Request for Proposals for Community Solar Garden Subscription Agreements
- Authorization to Begin Resident Consultation Regarding a Possible Application for HUD's Rental Assistance Demonstration (RAD) Program
- Fiscal Year 2018 Low Income Public Housing Operating Budget Revision No. 1
- Appointment of PHA Board Representative to the Pension Administrative Committee
- Appointment of City Employees' Union Local 363 Representative to the Pension Administrative Committee
- Resolution In Recognition Of Dedicated Service By Salay Her
- Janitorial and Training Services At McDonough Community Center; Contract No. 18-019

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Request for Proposals for
Community Solar Garden
Subscription Agreements

DATE June 28, 2017

Staff requests approval to issue a Request for Proposals (RFP) for providing additional community solar garden subscription agreements at the remaining buildings not under contract. Those buildings are Seal, Central, Neill, Ravoux, Cleveland, Dunedin and Montreal hi-rises; the Community Centers at McDonough, Roosevelt and Mt. Airy Homes; and a portion of the W. Andrew Boss Building (CAO).

In February, 2016 the PHA signed 25 solar garden subscription agreements with BHE Community Solar, LLC. These agreements were attached to three community solar garden sites built by Geronimo Energy, the project developer (each rated at 5 megawatts), subject to a State restriction that no more than 40% of the capacity from a single site could be committed to one subscriber. The agreements represented the average annual electricity usage (kilowatt hours) at ten hi-rises and a small portion of the W. Andrew Boss Building (CAO). The PHA has begun receiving credits on its electric energy bills from Excel, which are expected to save the PHA approximately \$120,000 annually and \$3 million over the 25-year duration of the subscription agreements.

If the Board approves, staff will advertise the RFP in newspapers and send it to the developers listed on the Minnesota Solar Energy Industries Association's website. Staff will evaluate the proposals and negotiate agreements that will be most advantageous to the Agency, then recommend them for final Board approval.

TDB

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Authorization to Begin Resident Consultation
Regarding a Possible Asset Preservation and
Homeownership Initiative

DATE June 28, 2017

Staff requests Board authorization to begin consulting with public housing residents, other stakeholders and community representatives on alternative strategies to preserve the deeply affordable rental assistance that public housing properties provide, and at the same time promote resident opportunities through a possible new homeownership initiative. A working title for this draft strategic plan is the Asset Preservation and Homeownership Initiative (APHI).

Staff recommends beginning this discussion as soon as possible, to respond to the reductions in federal funding for public housing over recent years and the far greater funding cuts that would happen under the Administration's proposed budget for HUD for Federal Fiscal Year 2018 that begins October 1, 2017. A summary of those actual and proposed funding reductions is attached.

With the Board's authorization, staff would immediately begin reaching out to residents and stakeholders inviting them to meetings to discuss the alternative models listed below, potential conversion plans to one or more of the alternative models, and provide residents and stakeholders with opportunities to ask questions and receive responses in accordance with applicable HUD requirements. The resident and stakeholder consultations would occur in a variety of settings, including but not limited to resident and resident council meetings, Resident Advisory Board (RAB) meetings (initiating the formal process to amend the Agency Plan), community meetings, etc. Staff would record all the comments, provide comprehensive written responses to the comments, and report the findings at the August 23, 2017 Board meeting. A staff

recommendation on how to proceed may also be presented for consideration at the August 23 Board meeting.

Some of the Asset Preservation and Homeownership Initiatives could be pursued simultaneously; others would be mutually exclusive. Some of the alternatives have timelines that dovetail with each other; others have distinct timelines. The draft Agency Plan amendment and resident notices would include the following:

1. RAD: HUD’s “Rental Assistance Demonstration” program allows a PHA to convert all or part of its public housing units to a form of Section 8 rental assistance that provides greater assurance of long-term funding stability while preserving deep rental subsidies for residents/participants. As discussed at the Board meetings on April 26 and May 24, 2017, staff submitted a “Letter of Interest” to HUD on April 20, 2017 to secure a place on the RAD waiting list. The May 24 staff report to the Board and supporting documents are attached.

Staff will discuss and seek resident comments on what a portfolio-wide RAD conversion might look like (for all PHA public housing properties totaling 4,274 units), as well as what a RAD conversion might look like for all PHA properties except the 418 scattered sites and duplexes ($4,274 - 418 = 3,856$ units). Residents and stakeholders will be provided with opportunities to ask questions and receive PHA responses on these draft plans in accordance with applicable HUD requirements.

A preliminary analysis of these two RAD conversion options is attached and would be shared with residents and stakeholders as the draft plan for resident review and comment. At this stage of our analysis, it appears that converting all PHA properties to RAD except scattered sites is financially viable. (Attachment 3)

HUD may notify the PHA and other agencies on the RAD waiting list at any time to proceed to the next step in the process, with only a 60-day timeline to respond, so staff is recommending an ambitious schedule of resident and stakeholder consultations regarding a possible RAD application. By soliciting input early in the process, the PHA can focus on solutions that best address the needs and concerns of residents and the community. The PHA can withdraw a RAD application at any time up to the final signing of contracts (which could be a year or more away), but missing a deadline for proceeding to the next step would bump the PHA’s application lower on the waiting list, and possibly result in less favorable funding if the RAD conversion were finally approved.

2. Voluntary Conversion: This HUD program/option provides another way for a PHA to convert public housing homes and apartments to Section 8 rent assistance, again for greater assurance of long-term funding stability while preserving deep rental subsidies for residents/participants. Metro HRA, Scott County HRA, and AEON used Voluntary

Conversion to secure more stable funding for homes and apartments that were formerly subsidized under the public housing program, by converting them to a form of Section 8 rent assistance. HUD has approved such conversions when PHAs have demonstrated that Section 8 assistance would require less HUD subsidy than maintaining the units as public housing over a 20 year period.

As another step in the PHA's exploration of asset preservation strategies with residents and stakeholders, the PHA would prepare a Voluntary Conversion cost analysis of its scattered site portfolio. If the calculations pan out, this option could provide a new opportunity to secure the long term viability of these properties. On the other hand, if the calculations do not work out, the PHA may be forced to look at selling all or a portion of these homes given their high cost to operate.

(At the time of preparing this Board Report, staff has not completed the Voluntary Conversion cost analysis of the scattered site portfolio. Once it is completed, we will know if this option is viable or not as it is strictly a function of "the numbers penciling out." If the financial analysis is positive, staff would draft a plan for Board consideration, outlining the details of how Voluntary Conversion of the scattered site portfolio could be a viable scattered site asset preservation option. Then with Board authorization, staff would start another round of resident notifications and input on the Voluntary Conversion Plan as required by HUD regulations. Residents and stakeholders will be provided with opportunities to ask questions and receive responses in accordance with applicable HUD requirements.)

3. HUD property "disposition application": If the Voluntary Conversion analysis of the PHA's scattered site portfolio is negative, then the PHA will need to explore selling some scattered site public housing single-family and duplex homes under HUD's disposition program, given that these properties are the most expensive to operate. Residents and stakeholders will be provided with opportunities to ask questions and receive PHA responses in accordance with applicable HUD requirements. The discussions would include various combinations of the following:
 - a. As possibly the highest "disposition" priority, staff would explore selling some of the scattered site portfolio to current residents of those homes. PHA Housing Managers estimate that perhaps 10% to 20% of current scattered site residents want to and would be in a financial position to purchase their current unit.
 - b. Related to 3(a) are the possible sales of some scattered sites to other public housing residents (current residents of the family developments and hi-rises) who may wish to purchase a scattered site home. This is not a HUD requirement but exploring this possibility could create positive outcomes and expanded choice for current public housing residents.
 - c. As possibly the next highest "disposition" priority, staff would explore selling the 50 or so "most challenged" scattered site properties to the public (including for-profit and non-profit organizations), "as is" and regardless of location. That list would include the properties with the highest costs to operate, properties with

disproportionate deferred capital needs, properties that are difficult to rent because of high automobile traffic, poor design, or other reasons.

- d. Staff would explore possible sales of some of the scattered site portfolio to non-profit community organizations that enable low-income families to become homeowners. Those organizations include, among others, Twin Cities Habitat for Humanity, Rondo Community Land Trust, NeighborWorks, and Neighborhood Community Development Corporations (NCDCs). They may be able to sell the homes to their own clients or possibly serve as intermediaries in selling the homes to public housing residents).
 - e. Staff would also explore possible sales of some scattered site homes to non-profit community organizations that provide affordable rental housing for low-income families, like Project for Pride in Living (PPL), CommonBond Communities, Twin Cities Housing Development Corporation (TCHDC), Model Cities, Beacon Interfaith Housing Collaborative, etc.
 - f. As a lower priority, the PHA could offer to sell some scattered sites to homebuyers in the private market.
 - g. The PHA may choose to retain some of the scattered site homes that are located in “areas of opportunity” even if these properties do not “pencil out” in the Voluntary Conversion financial analysis. Continuing to own and manage those homes would advance other important PHA goals including but not limited to Affirmatively Furthering Fair Housing, promoting resident economic self sufficiency and more. This option could be enhanced financially with the sale of other scattered site properties, by using some of those sale proceeds for operating and maintaining the remnant scattered site portfolio.
 - h. As stated above, a disposition plan could include some combination of the above options.
 - i. Finally, the PHA is prepared to discuss with residents and the broader community what the worst-case “asset preservation” option might look like if federal funding is cut as deeply as proposed in the Administration’s 2018 HUD budget. For example, the PHA would benefit from stakeholder input regarding other options to preserve this inventory if it indeed receives a 70% reduction in capital funding. This conversation could explore what appetite may exist for other governmental, non-profit, foundation, or lender/financial community resources (i.e., guarantees of annual funding sufficient to offset the loss of federal funding, LIHTC, etc.) to preserve this community asset.
4. New Homeownership Opportunities for Residents; further considerations:
- a. If some PHA scattered site homes might be offered for sale to existing public housing residents, the PHA would provide homebuyer counseling assistance (directly or through partner organizations). The PHA would draw upon its HOME program wherein 302 public housing residents and HCV participants successfully purchased homes over a 24 year period (1989 to 2014). (See attached HOME close-out Board Report).

- b. The PHA would also explore homeownership mortgage products that might exist or could be developed to help public housing residents purchase a scattered site home from the PHA.
 - c. If residents of scattered site homes cannot or do not wish to purchase the home the family currently lives in, they would be guaranteed the opportunity to relocate to other public housing homes (including those scattered site homes the PHA retains, or family developments or hi-rises) or to receive Section 8 HCV assistance to move elsewhere if their unit is sold. The PHA would follow all HUD Relocation guidelines, including developing a detailed Relocation Plan.
 - d. The PHA would seek HUD Tenant Protection Vouchers for all scattered site homes that might be sold with the goal of “no net loss” of PHA deep-subsidy affordable housing opportunities after the possible sale of some scattered site properties.
 - e. Other interesting “mobility” ideas” could be explored with PHA stakeholders. For example, the PHA could consider dedicating Tenant Protection Vouchers resulting from the sale of some scattered site homes, or an equivalent number of regular vouchers, for use in “areas of opportunity” in the City of St. Paul or throughout the metropolitan region as part of a broader partnership with the MPHA, Metro HRA, and other entities currently looking into these ideas. Something like this would have the dual benefit of reducing the PHA’s footprint in areas of high poverty (sale of scattered site homes there) while increasing choice for residents in areas of opportunity, both within the City of St. Paul and the metropolitan region.
5. Any other alternative solutions. Staff will continue to consult with national and local housing industry experts and colleagues, seeking other strategies that may provide resident opportunities while preserving the public housing stock. These alternative solutions include but are not limited to:
- a. HUD’s “Moving to Work” (MTW) demonstration program. MTW allows more flexibility in both the public housing and Housing Choice Voucher programs, potentially reducing the complexity while opening up new resident opportunities. MTW allows a select group of PHA’s to redesign both their public housing and Housing Choice Voucher programs in ways that streamlined procedures (benefiting residents and staff) and provided greater incentives for “work-able” residents to increase their incomes, while opening up new resident opportunities. MTW, however, does not provide additional funding to the PHA and currently there are no additional “slots” available. A summary of MTW is attached.
 - b. “Low Income Housing Tax Credits” (LIHTC). The PHA will continue to explore whether LIHTC, loans, mortgages, or other financing tools may be available to help offset declining federal subsidies and recapitalize and preserve the existing public housing stock (or produce new affordable housing alone or in partnership with non-profit or for-profit entities). A summary of LIHTC is attached. There are two LIHTC options: 9% credits and 4% credits. 9% LIHTC credits may not be

available to the PHA due to the highly competitive nature of this program, according to other agencies' initial responses to staff's inquiries. The 4% program provides a lower level of leverage but is generally available to all applicants.

Again, with the Board's authorization to proceed, staff will immediately begin reaching out to public housing resident organizations and other stakeholders scheduling a series of meetings on this draft Asset Preservation and Homeownership Initiative.

JMG/ FAH

Attachments:

1. Public Housing Funding History and Proposed Reductions
2. May 24, 2017 Board Report on Rental Assistance Demonstration (RAD)
 - a. Executive Summary of Interim RAD Report
 - b. Glossary of acronyms and other terms
3. RAD Conversion Financial Analysis
4. Voluntary Conversion Summary
5. HOME Program Summary
6. MTW Summary
7. LIHTC Summary

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Fiscal Year 2018 Low Income Public Housing
Operating Budget Revision No. 1

DATE June 28, 2017

Staff requests Board approval of Revision No. 1 to the Fiscal Year 2018 Operating Budget for Low Income Public Housing (FY 2018 LIPH), increasing expenses by \$359,000.

On March 22, 2017 the Board approved the original FY 2018 LIPH Operating Budget with revenue totaling \$31,256,955 and expenses totaling \$34,508,805, resulting in a projected deliberate draw on reserves of \$3,251,850. This budget revision request would increase the projected reserve draw to \$3,610,850. Staff believes drawing on the reserves is prudent to provide funds for the proposed Asset Preservation and Homeownership Initiative (APHI), given the bleak outlook in Washington with the Administration's current proposed budget for Federal Fiscal Year 2018.

A separate report on this meeting's agenda explains the proposed Asset Preservation and Homeownership Initiative in more detail, especially the potential conversion of public housing to other forms of HUD subsidy under the Rental Assistance Demonstration (RAD) program and Voluntary Conversion.

This recommended budget revision includes the following costs:

Consultants/Staff	Services to be provided	Cost
Expert Consultants (3)	To advise staff and the Board on the best strategies for preparing possible applications for RAD and Voluntary Conversions, and navigating through all of the required steps, if the Board decides to submit applications.	\$109,000
Expert Consultant	“Third party review” of the Agency’s documentation of its 20-year Capital Needs Assessment.	\$155,000
Expert Consultant	Environmental Impact Statement	
Temporary Staff	Salary and benefits for extending Housing Policy Director MaryAnn Russ’ temporary employment through May 31, 2018; to advise staff and Board on possible RAD and Voluntary Conversion applications as well as possible sale of some scattered site public housing homes.	\$65,000
	Travel costs for Ms. Russ to attend Board meetings and consult with staff onsite, as needed.	\$10,000
Administrative Costs	As needed	\$10,000
Contingencies	As needed	\$10,000
	TOTAL	\$359,000

Ms. Russ was previously budgeted through May 31, 2017 to assist staff and the Board in exploring asset preservation options, including possible disposition (sale) of scattered site public housing units. At the May 24, 2017 meeting the Board approved extending her temporary employment through May 31, 2018. The recommended budget revision formally earmarks funding for that purpose. With the recent retirement of the Human Resources Director, funds already budgeted for staff salary and benefits were available to continue her temporary employment past May 31. Ms. Russ is

compensated only for the hours she actually works on PHA business. Her expertise to date has been invaluable.

The Executive Director has made other temporary staff assignments to assist in developing the Asset Preservation and Homeownership Initiatives. At this time those decisions do not have budgetary implications.

Approval of the proposed budget revision would increase the total expected draw on LIPH operating reserves by \$359,000 from \$3,251,850 to \$3,610,850. The unaudited financial statements for Fiscal Year 2017 for the Low Income Public Housing program show the ending reserve balance of approximately \$16,540,007, which is approximately 5.8 months of routine operating expenses. This is well within the acceptable reserve level established by HUD and close to the PHA's own target of six months of routine operating expenses. Staff will continue monitoring this reserve balance during the current fiscal year.

JMG/RPM/AJH/FAH

Attachment

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Appointment of PHA Board
Representative to the Pension
Administrative Committee

DATE June 28, 2017

Staff recommends the interim appointment of Alicia Huckleby as the Board Representative to the HRA/PHA Pension Plan Administrative Committee for the current term ending June 30, 2018. Ms. Huckleby is the Resident Initiatives Director/Interim Human Resources Director, and she would fill the seat vacated by Mr. Mike McMurray, who recently retired as the PHA's Human Resources Director. Mr. McMurray was previously approved as the PHA Board's representative for a three-year term from July 1, 2015 through June 30, 2018.

Under the Pension Plan committee members are appointed for three-year terms. The Pension Administrative Committee has the responsibility to control and manage the operation and administration of the Pension Plan.

Other members currently serving on the Pension Administrative Committee are: Terri Gindorff, representing PHA Administrative employees; John Falzone, representing Local 363 employees; Peter McCall, representing the St. Paul City Council; and Gary Grabko, representing HRA employees.

ANH/

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Pension Plan Administrative
Committee; Appointment of
City Employees' Union Local 363
Representative

DATE June 28, 2017

Staff recommends the appointment of Les Unklesbay as the City Employees' Union Local 363 employees' representative to the HRA/PHA Pension Administrative Committee for a three-year term effective July 1, 2017 through June 30, 2020. Mr. Unklesbay is a Maintenance Mechanic in the Maintenance Department, and would replace John Falzone, a Work Order Mechanic, whose term is set to expire on June 30, 2017. Mr. Unklesbay has the City Employees' Union's support for this position.

Under the Pension Plan, Committee members are appointed for three-year terms. The Pension Administrative Committee has the fiduciary responsibility to control and manage the operation and administration of the Pension Plan.

Other members currently serving on the Pension Administrative Committee are: Terri Gindorff, representing PHA Administrative employees; and Gary Grabko, representing HRA employees.

ANH/

Attachment: Letter from City Employees' Union Local 363 Business Manager



RESOLUTION IN RECOGNITION OF DEDICATED SERVICE

By

SALAY HER

WHEREAS, Salay Her has served the people of Saint Paul as an employee of the Saint Paul Public Housing Agency (PHA) since April 16, 1987; and

WHEREAS, she has provided distinguished service in many ways including the following:

- She proved over her 30 years of service to be an expert caretaker of tenant needs, an accurate work order initiator and an adept communicator and translator, all while juggling the varied needs of multiple Maintenance Department staff;
- She supported staff production and workflow among Maintenance Department administrative and field staff;
- She was an exceptional colleague and friend to many PHA staff and residents, treating co-workers and residents alike with courtesy and respect;
- She consistently demonstrated her commitment to the Agency's mission by serving with professionalism, outstanding job knowledge and consistent pursuit of excellence in all aspects of her work, knowing that her successful work equated to timely repairs, happy customers and Agency goals met;
- In all these ways, she contributed to building the PHA's national reputation for excellence in public housing administration;

NOW THEREFORE BE IT RESOLVED, that we, the Board of Commissioners of the Saint Paul Public Housing Agency, on behalf of the Board, the staff, and residents, do recognize and hereby acknowledge with deep appreciation, respect and admiration the service provided to the Agency and the community by Salay Her and we wish her well in her retirement.

June 28, 2017

Resolution No. 17-6/28-01

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR

REGARDING Janitorial and Training Services
At McDonough Community Center
Contract No. 18-019

DATE June 28, 2017

Staff recommends Board approval to award a contract to Perfection Plus Cleaning Services of Eden Prairie, Minnesota to provide janitorial services, combined with training and employment programs for public housing residents at the McDonough Community Center. The monthly cost for these services is \$5,750, which is slightly less than the cost of the current contract (due in part to elimination of the sales tax on PHA purchases).

Janitorial services under this contract will be provided Monday through Friday beginning on August 1, 2017. In addition to typical janitorial cleaning, the contract includes yearly washing of the exterior windows at a separate cost of \$598 per cleaning. The contract will run for an initial period of one year with options to add additional years, up to a total of five years.

A Request for Proposals (RFP) for these services was advertised in newspapers and trade journals, and sent to local janitorial firms that have expressed an interest in working for the PHA. Proposals were received from four firms.

The responding firms were independently rated by PHA staff on the criteria stated in the RFP including related experience, best cost value, M/W/DBE participation, resident training program/Section 3 compliance, and general response to the RFP. Perfection Plus' proposal was rated highest, as shown on the attached summary of the proposal evaluations. Perfection Plus has not previously performed work for the PHA so Maintenance Contracts staff interviewed the contractor's representatives to verify their bid amount and their understanding of the work

involved. Maintenance Contracts staff also contacted references supplied by Perfection Plus and received positive feedback on their past performance on similar type work.

Copies of the Employer Information Reports for Perfection Plus and the second highest proposer, Linn Building Maintenance, are attached. The contractor will meet the PHA's Section 3 requirements by providing training and full-time employment for one PHA resident during the contract period. In addition they will be encouraged to employ public housing residents in their contract work at other locations.

Staff expects to spend approximately \$70,000 per year under this contract. Sufficient funding is available in the Operating Budget for this contract.

JTL

Attachment: Equal Employment Opportunity Reports, EEO-1
Summary of Proposal Evaluations