

On May 24, 2017, the Saint Paul Public Housing Agency (PHA) Board of Commissioners approved the following actions:

- Section 8 Management Assessment Program (SEMAP) Certification; High Performer Rating
- Violence Against Women Act (VAWA); Emergency Transfer Policy; Admissions and Occupancy Policies for Public Housing
- Catholic Charities Mary Hall Section 8 Moderate Rehabilitation Single Room Occupancy (SRO) Project; Support Conversion under HUD's Rental Assistance Demonstration (RAD) Program
- Rental Assistance Demonstration
- Assistant Section 8 Programs Manager: Job Reclassification
- Plumbing Services at Various PHA Sites; Contract No. 17-117
- Front Hi-Rise Community Room HVAC and Corridor Ventilation Equipment Replacement, AMP 2; MN 1-15; Contract No. 17-126
- Emergency Generator Maintenance and Repair; Contract No. 18-001
- Refuse Hauling Services at McDonough Homes, AMP 1; Contract No. 18-005
- Temporary Part Time Housing Policy Director Extension

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Section 8 Management Assessment
Program (SEMAP) Certification;
High Performer Rating

DATE May 24, 2017

Staff requests approval of Resolution No. 17-05/24-02 certifying the PHA’s Section 8 Management Assessment (SEMAP) score for Fiscal Year 2017, which again earns HUD’s “High Performer” rating for the PHA’s Section 8 Housing Choice Voucher Program and achieves Agency Goal #2. Staff calculates that the score this year will be 97% (140 out of 145 points), the same as the last seven years. This is the sixteenth year the PHA has achieved the High Performer rating since SEMAP’s inception in FY 2000. With Board approval, staff will submit the certification online to HUD by the May 31 deadline.

The PHA’s FY 2017 SEMAP score is calculated as follows:

SEMAP Performance Indicators	FY 2017 PHA Score	FY 2016 PHA Score	Possible Points
1. Selection from Waiting List	15	15	15
2. Reasonable Rent	20	20	20
3. Determination of Adjusted Income	20	20	20
4. Utility Allowance Schedule	5	5	5
5. HQS Quality Control Inspections	5	5	5
6. HQS Enforcement	10	10	10
7. Expanding Housing Opportunities	5	5	5
8. FMR Limit and Payment Standards	5	5	5
9. Annual Reexaminations	10	10	10
10. Correct Rent Calculations	5	5	5
11. Pre-contract HQS Inspections	5	5	5
12. Annual HQS Inspections	10	10	10
13. Lease-up (utilization)	20	20	20
14. FSS Enrollment and Escrow Accounts	5	5	10
15. Deconcentration Bonus	0	0	
TOTAL POINTS	140	140	145
SEMAP SCORE	97%	97%	100%

Scores for the first eight indicators are based on the PHA's auditing files and certifying that we have met the standard. The scores for Indicators #9-14 are based on data stored in HUD's Public and Indian Housing Information Center (PIC). HUD extracts the information from the family profile data forms (HUD-50058) submitted electronically by the PHA for each household at least annually, or more frequently as family circumstances change.

As explained in a separate report on this meeting's agenda, in 2016 HUD selected the PHA for a "quality control monitoring review" of our SEMAP certification for the PHA fiscal year ending March 31, 2015. Staff submitted supporting data on the first seven SEMAP indicators and HUD staff confirmed that the documentation supported the PHA's certifications, so the SEMAP score was validated.

This year the PHA scored all 20 points in the self-audit of 56 files for the "Determination of Adjusted Income" factor. Anything over 90% earns full points in this category. Only three files contained an error, giving a success rate of 95% on the sampled set. The files have since been corrected. Though this low error rate is impressive, supervisors will continue to conduct ongoing training for staff to ensure calculations are completed correctly and consistently.

As is the case every year, the PHA received five of ten possible points on the indicator for "Family Self-Sufficiency (FSS) enrollment and escrow accounts". To earn any additional points, the PHA would have to have 236 voucher participants enrolled in FSS (60% of the remaining FSS slots HUD is requiring the PHA to fulfill), instead of the 25 enrolled at the end of the fiscal year. The PHA earns five points on this factor because 44% of FSS participants during the year (11 of the 25) had escrow accounts, above the 30% threshold to earn these five points. As the rent portion of an FSS participant increases due to earned wages from a new job, the PHA matches this amount and places it

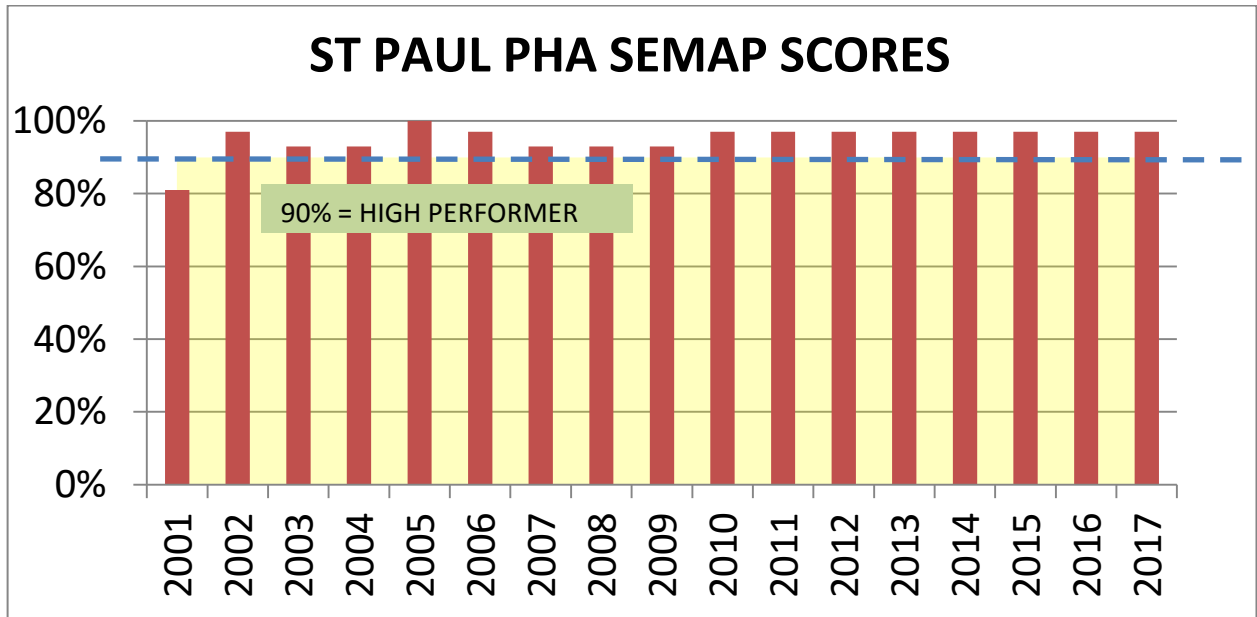
into an account. This escrow account is then returned, with interest, when the participant “graduates” from the FSS program.

Again this year the PHA did not receive the five bonus points available on Indicator #15, Deconcentration of Poverty. To receive points on this factor, the PHA would have to show that more voucher participant families with children are living in, or moving to, low poverty census tracts. The three criteria are explained in more detail in the attachment. HousingLink conducted the required data analysis for the PHA, and the results are shown on an attachment.

An explanation of all of the SEMAP indicators and scores is attached. Staff believes that the PHA’s performance on these indicators confirms that the Agency is successfully administering the program with integrity and accountability, as well as achieving Agency Goal #2 for another year.

FAH/DJM

- Attachments: 1. Resolution No. 17-05/24-02
2. Explanation of SEMAP Indicators
3. HousingLink Analysis



PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

RESOLUTION NO. 17-05/24-02

**SECTION 8 MANAGEMENT ASSESSMENT
PROGRAM (SEMAP) CERTIFICATION**

WHEREAS, the Public Housing Agency of the City of Saint Paul (PHA) currently administers a Section 8 Housing Choice Voucher Program and with a total of 4,664 units; and

WHEREAS, the Saint Paul Public Housing Agency is required to submit a Section 8 Management Assessment Program (SEMAP) certification for Fiscal Year 2017; and

WHEREAS, staff has completed all required file audits and documentation for SEMAP scoring; and

WHEREAS, the final SEMAP scores have been presented to the Board and considered at this meeting;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Public Housing Agency of the City of Saint Paul as follows:

1. The PHA's SEMAP score of 140 out of 145 points, or 97%, as explained in the attached Board Report, is hereby approved; and
2. The Executive Director or his designee is authorized to execute the required certification and to submit it to the Department of Housing and Urban Development with any required documentation.

Date: _____

Tom Reding, Chair
Saint Paul PHA Board of
Commissioners

EXPLANATION OF SEMAP INDICATORS AND PHA SCORES

As stated in the Board report, the scores for Indicators #1-8 are certified by the PHA; five of those require self-audits of a sample of randomly selected files. The size of the sample varies for different indicators depending of the universe of that indicator.

SEMAP Performance Indicators 24 CFR Sec. 985.3	FY 2017 PHA Score	Possible Points
1. Selection from Waiting List	15	15
2. Reasonable Rent	20	20
3. Determination of Adjusted Income	20	20
4. Utility Allowance Schedule	5	5
5. HQS Quality Control Inspections	5	5
6. HQS Enforcement	10	10
7. Expanding Housing Opportunities	5	5
8. FMR Limit and Payment Standards	5	5
9. Annual Reexaminations	10	10
10. Correct Rent Calculations	5	5
11. Pre-contract HQS Inspections (not being rated this year)	5	5
12. Annual HQS Inspections (not being rated this year)	10	10
13. Lease-up (utilization)	20	20
14. FSS Enrollment and escrow accounts	5	10
15. Deconcentration Bonus	0	
TOTAL POINTS	140	145
SEMAP SCORE	97%	100%

- 1. Selection from Waiting List (15 of 15 points).** *The PHA has policies for selecting applicants from the waiting list and follows those policies. Required two sample sets: one for new admissions to the program (12 samples) and one for applicants reaching the top of the waiting list (13 samples). All files sampled met the criteria (100% accuracy).*
- 2. Reasonable Rent (20 of 20 points).** *PHA has adopted and follows a reasonable written method to determine and document reasonable rent for each unit rented or any rent increase. Staff audited the ten samples to the program as new admissions, and found that all rents were reasonable. Among the 56 files that were audited for ongoing participants and new applicants, staff audited all of those that had a new rent approved, and found that all rents were reasonable (100% accuracy). SEMAP awards the full 20 points for correct procedures, and at least 98% accuracy in application.*
- 3. Determination of Adjusted Income (20 of 20 points).** *The PHA's sample of files shows that at the time of admission and reexamination, the PHA property obtained third party verification of*

adjusted income or documented why not; used the verified information in determining adjusted income; properly attributed allowances; and used appropriate utility allowances. This indicator requires audits of separate samples of files from admissions and reexaminations, for a total of 56 files audited. There were only three findings, for an accuracy rate of 95% and a score of 20 points on this component.

- 4. Utility Allowance Schedule (5 of 5 points).** *The PHA maintains an up-to-date utility allowance schedule. As required by HUD regulations the PHA reviewed the utility allowance schedules this year. The Board last reviewed and approved the Utility Allowance Schedule on November 23, 2016, and found that no changes were needed.*
- 5. Housing Quality Standards (HQS) Quality Control Inspections (5 of 5 points).** *PHA supervisor(s) re-inspected a sample of units during the PHA fiscal year for quality control of HQS inspections. Forty-three quality control inspections (the required sample size) were conducted.*
- 6. HQS Enforcement (10 of 10 points).** *The PHA's sample of failed inspections show that any cited life-threatening HQS deficiencies were corrected within 24 hours from the inspection, and all other cited HQS deficiencies were corrected within no more than 30 calendar days from the inspections or within any PHA approved extension, or if the HQS deficiencies were not corrected in the required time, the PHA stopped assistance payments no later than the first of the following month or took prompt and vigorous action to enforce the family obligations. The sample size of 29 files contained no findings (100% accuracy).*
- 7. Expanding Housing Opportunities (5 of 5 points).** *The PHA has written policies and procedures to help families using vouchers to find housing outside areas of poverty or minority concentration. To receive full points in this category, the PHA compiled all of the relevant information from our own procedures and the information provided to participants and applicants that illustrate their commitment to expanding housing opportunities.*
- 8. FMR Limit and Payment Standards (5 of 5 points).** *PHA has adopted Payment Standards that are within HUD's limits or HUD-approved exception rent limits. The current PHA payment standards range from 93% to 99% of the FMRs, which is within the allowable range of 90-110%.*
- 9. Annual Reexaminations (10 of 10 points).** *The PHA completes a reexamination for each participating family at least every 12 months. The MTCS SEMAP indicator for fiscal year end shows 4 late reexaminations out of 4209 families subject to reexamination (99.99% on time). In order to gain full points, the PHA must have at least 95% completed in a timely manner.*
- 10. Correct Tenant Rent Calculations (5 of 5 points).** *The PHA correctly computes the family's payment of rent to the property owner. The MTCS SEMAP indicator for fiscal year end shows no rent discrepancies out of 2413 files (100% accuracy).*

- 11. Pre-contract HQS Inspections (5 of 5 points).** *Each newly leased unit passed HQS inspection before the beginning date of the assisted lease and Housing Assistance Payments (HAP) contracts. HUD's on-line MTCS SEMAP report shows that all 751 out of 751 newly-leased units passed inspection on or before the contract effective date (100%). In order to gain full points for this indicator, the PHA must have at least 98% completed in a timely manner.*
- 12. Annual HQS Inspections (10 of 10 points).** *The PHA inspects each unit under contract at least annually. On-line MTCS data show 25 inspections out of the 3705 annual HQS inspections were late (99.3% were timely). The Agency receives full points on this indicator if 5% or fewer annual inspections are late.*
- 13. Lease-up (Utilization) (20 of 20 points).** *The PHA executes assistance contracts on behalf of eligible families for the number of units that have been under budget for at least one year. Lease up rates for this factor can be calculated from either the unit lease-up rate or the budget utilization rate, both measured against a 98% standard for full points. The PHA earns full points under either standard. The HCV SEMAP unit utilization rate for calendar year 2016 was 100.4% (number of unit-months under HAP contract divided by total of unit-months authorized), earning full points on this indicator. The HCV budget utilization for that time period was 99.9%, which would also earn the full points.*
- 14. FSS enrollment and escrow accounts (5 of 10 points).** *This factor contains two components. The first part measures the number of Family Self Sufficiency (FSS) slots filled in the PHA's mandatory program. The second component measures the percent of escrow accounts established for FSS participants. To receive the full 10 points the PHA would have to have at least 315 FSS participants (80% of 394), with 30% or more of those participants having escrow accounts. The PHA receives the 5 points for escrow accounts.*
- 15. Deconcentration indicator (0 of 5 bonus points).** *A PHA in a metropolitan area can add five points to their SEMAP score by showing they meet one of the three criteria under this indicator. The criteria are based on families with children living in or moving to areas (census tracts) with lower poverty rates. The average poverty rate of 22.3% is the new figure from the 2010-2015 American Community Survey (ACS) from the U.S. Census. The previous average was 22.9%.*

A PHA receives "deconcentration" points for SEMAP if:

Criterion 1: Over half (50%) of all families with children assisted by Section 8 in the PHA's "principal operating area" live in "low poverty census tracts".

A "low poverty census tract" is defined as one with a poverty rate below 10%, or below the average poverty rate for the PHA's "principal operating area". In Saint Paul the average poverty rate is 22.3% according to ACS figures.

HousingLink's analysis showed that approximately 30.0% of Section 8 participant families with children live in low-poverty areas, that is, census tracts with poverty rates below 22.3%.

That percentage is lower than last year (30.9%), showing that fewer families with children are living in low-poverty areas.

Criterion 2: The percent of Section 8 mover families with children who moved to low poverty census tracts in the PHA's "principal operating area" is at least 2% higher than the percent of all Section 8 families with children living in low-poverty census tracts.

HousingLink's analysis showed that, of the voucher participant families with children who moved during the year, approximately 29.0% moved to low-poverty census tracts. That figure is lower than the 30.0% of families living in low-poverty census tracts, so the PHA does not meet this criterion.

Criterion 3: The percent of Section 8 mover families with children who moved to low poverty census tracts in the PHA's "principal operating area" over the last two PHA FYs is at least two percentage points higher than the percent of all Section 8 families with children who resided in low poverty census tracts at the end of the second to last PHA FY.

Of the voucher participant families with children who moved during the last two years, approximately 29.0% moved to low-poverty census tracts. That figure is lower than the 30.5% of families who lived in low-poverty census tracts two years ago.

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Violence Against Women Act (VAWA);
Emergency Transfer Policy; Admissions
And Occupancy Policies for Public Housing

DATE May 24, 2017

Staff recommends Board approval of Resolution No. 17-5/24-01 to amend the Public Housing Admission and Occupancy Policies by adding Appendix L, a VAWA Emergency Transfer Policy, as required by HUD rules following amendments to the Violence Against Women Act (“VAWA”), effective immediately. A copy of the new appendix is attached.

The recommended policy was drafted by the PHA’s Legal team to comply with HUD regulations and guidance. HUD provided a model emergency transfer policy (Form HUD-5381), leaving blanks for each housing agency to insert locally-specific information. The HUD rule directs housing authorities to adopt such a policy by June 14, 2017.

Despite its gender-specific title, VAWA equally protects women and men who are victims of domestic violence, dating violence, sexual assault or stalking.

LTS/SW/FAH

Attachment: Resolution NO.17-5/24-01
Public Housing Admission and Occupancy Policies, Appendix L,
VAWA Emergency Transfer Policy

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Catholic Charities Mary Hall
Section 8 Moderate Rehabilitation
Single Room Occupancy (SRO) Project;
Support Conversion Under HUD's Rental Assistance
Demonstration (RAD) Program

DATE May 24, 2017

Staff requests Board approval of Resolution No. 17-5/24-03 to support Catholic Charities' application to HUD to convert the HUD subsidies originally awarded for 75 Section 8 Moderate Rehabilitation Single Room Occupancy (Mod Rehab SRO) units now at Mary Hall, 438 Main Street in St. Paul, to provide rental assistance to the same number of units at a new Catholic Charities building called the St. Paul Opportunity Center/Dorothy Day Residence, when the new building is completed. The conversion is possible under HUD's Rental Assistance Demonstration (RAD) program. The PHA will request replacement subsidies from HUD to maintain the number of affordable housing opportunities the PHA administers in the City.

In the event that the RAD processing is not completed prior to completion of the new building, the PHA will, with HUD's consent, authorize and permit the Housing Assistance Payments contract (MN46 K001-006-01) to be moved from Mary Hall Apartments to the St. Paul Opportunity Center/Dorothy Day Residence upon completion of construction and inspections confirming that the new project complies with all requirements from HUD and the City of St. Paul.

Since 1991 HUD has provided rent subsidies through the PHA to Catholic Charities for the 75 SRO units at Mary Hall. (The Section 8 Mod Rehab SRO program no longer exists as a distinct program, having been merged with other forms of homeless assistance under the Continuum of

Care.) Catholic Charities is preparing an application to HUD for the RAD conversion, to transfer the subsidies to the new building to be constructed on the site of the current Dorothy Day center. The 75 units at Mary Hall will continue to house formerly-homeless individuals until the new building is finished.

When this project began HUD rules required a government agency to be the applicant for a Section 8 Mod Rehab SRO grant, so Catholic Charities asked the PHA to participate. The Board approved the application on March 15, 1989. After the rehabilitation work was completed, the initial 10-year subsidy contract began in 1991. HUD has renewed the contract annually since 2001.

In June 2015 HUD issued a notice (PIH 2012-32 (HA), REV-2) that authorized former Section 8 Mod Rehab SRO projects to be converted to other forms of subsidy under the Rental Assistance Demonstration (RAD) program. Such conversions are outside of the normal RAD process and not subject to the RAD unit cap set by Congress (currently 225,000 dwelling units). The new subsidies can take the form of project-based rental assistance (PBRA) or project-based vouchers (PBV). Both the PHA and Catholic Charities believe conversion to PBRA is the better choice for this project.

As stated in the attached letter, Catholic Charities CEO Tim Marx has asked the PHA to formally support their RAD application and transfer of the subsidies. They believe the PHA's resolution of support will provide assurance to potential funders that the conversion will proceed smoothly, so they will be able to close on the financing required to begin construction of the new building. Catholic Charities' timeline is ambitious, with the target date for the groundbreaking later this year and construction completion in 2019.

With HUD's approval of Catholic Charities' RAD conversion application, much-needed long-term rental assistance will continue to benefit the same population of very-low-income individuals who have experienced homelessness. Catholic Charities' staff intend to move all of the individuals living in the Mary Hall SRO units to units in the new building when it is completed, so there will be no involuntary displacement. Catholic Charities will assume full responsibility for any relocation costs.

While supporting Catholic Charities' RAD application to HUD, the PHA is also asking Catholic Charities to support this Agency's request to HUD for replacement rental subsidies that the PHA can use to continue serving individuals or families with very low incomes, either with Housing Choice Vouchers or new conventional public housing units.

After the contract is converted under RAD and the rent subsidies at Mary Hall are transferred to Catholic Charities' new building, the PHA will be relieved of all responsibility for administering the subsidies. The administrative tasks include a series of recurring activities as follows:

- Allocating Mod Rehab SRO allocations across Central Office Cost Center (COCC) expenditures
- Submitting quarterly financial reports to the Board
- Annual maintenance of the program's budget within the PHA's financial software
- Annual financial reporting to HUD on the program via the Financial Data Schedule and other reports
- Annual submission to HUD of year end settlements
- Annual auditing, both compliance and financial
- Annual Board approval of Mod Rehab SRO budgets
- Annual renewal of Mod Rehab SRO contract and rent adjustment for Catholic Charities/Mary Hall
- Annual review of Performance Report to HUD drafted by Catholic Charities
- Application Process including briefing

- Inspections
- Annual recertifications of eligibility and rent calculations
- Interim rent determinations
- Terminations if applicable
- Damage/Vacancy Loss claims for Mod Rehab
- Annual contract creation/drafting/execution and rent setting.

The attached letter dated March 17, 2016 from Catholic Charities to HUD explains some details on the proposed project. Catholic Charities is now working with consultants to further develop the proposal and RAD conversion request.

With the Board's approval, staff will cooperate with Catholic Charities and their consultants to complete the RAD conversion.

FAH/RPM/DJM

Attachment: Resolution No. 17-5/24-03
Catholic Charities Letter to the PHA dated May 16, 2017
Catholic Charities Letter to HUD dated March 17, 2016

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

RESOLUTION NO. 17-5/24-03

**MARY HALL SECTION 8 MODERATE REHABILITATION
SINGLE ROOM OCCUPANCY PROJECT;
SUPPORT FOR CONVERSION UNDER RENTAL ASSISTANCE DEMONSTRATION**

WHEREAS, the Public Housing Agency of the City of Saint Paul (PHA) applied to the U.S. Department of Housing & Urban Development (HUD) in 1989 for a grant under the Section 8 Moderate Rehabilitation Single Room Occupancy Program (Section 8 Mod Rehab SRO) to provide rental assistance to 75 units at Mary Hall, 438 Main Street in St. Paul, in cooperation with Catholic Charities of St. Paul and Minneapolis; and

WHEREAS, HUD awarded the requested grant for the project (MN46 K001-006-01) and since then Catholic Charities has managed and maintained the SRO units at Mary Hall, providing safe, affordable housing for formerly homeless single adults with very low incomes; and

WHEREAS, the PHA has managed the HUD grants and contracts for the Mary Hall SRO units, providing a range of administrative and financial services to comply with all HUD requirements; and

WHEREAS, Catholic Charities is preparing an application to HUD under the Rental Assistance Demonstration (RAD) program, to convert the Mod Rehab SRO rental subsidies (Housing Assistance Payments/HAP) for the 75 units at Mary Hall to another form of rental assistance to support the same number of units for the same population at Catholic Charities' new building (St. Paul Opportunity Center/Dorothy Day Residence) when the new building is completed; and

WHEREAS, after the conversion Catholic Charities would assume full responsibility for managing the HAP subsidies and the property; and the PHA would have no further responsibility for the project; and

WHEREAS, Catholic Charities has committed to provide continuous housing assistance to all individuals residing in the Mary Hall SRO units when the new building is completed, transferring them to the new building or other suitable housing, and Catholic Charities will accept responsibility for any relocation costs; and

WHEREAS, Catholic Charities has asked the PHA to formally state its support for the RAD conversion, including HUD's transferring the HAP contract to the new building upon completion of construction and compliance with all requirements from HUD and the City of St. Paul; and

WHEREAS, the Board of Commissioners finds that the proposed RAD conversion of the Section 8 Mod Rehab SRO units at Mary Hall to support new units at Catholic Charities' St. Paul Opportunity Center/Dorothy Day Residence is in the best interests of the PHA, the residents of Mary Hall and the community;

NOW, THEREFORE BE IT RESOLVED by the Board of Commissioners of the Public Housing Agency of the City of Saint Paul PHA as follows:

1. The PHA supports Catholic Charities' application to HUD under the Rental Assistance Demonstration (RAD) to convert the 75 units currently subsidized under the Section 8 Moderate Rehabilitation Single Room Occupancy Program, to provide rent assistance to similar units in Catholic Charities' planned new building, the St. Paul Opportunity Center/Dorothy Day Residence; and
2. In the event that the RAD processing is not completed prior to completion of the new building, the PHA will, with HUD's consent, authorize and permit the Housing Assistance Payments contract (MN46 K001-006-01) to be moved from Mary Hall Apartments to the St. Paul Opportunity Center/Dorothy Day Residence upon completion of construction and inspections confirming that the new project complies with all requirements from HUD and the City of St. Paul; and
3. The PHA Plan is hereby amended accordingly.

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Rental Assistance Demonstration

DATE May 24, 2017

Staff requests Board confirmation to maintain the Agency's status on the waiting list for HUD's Rental Assistance Demonstration (RAD), as staff continues to gather and analyze information about how RAD could benefit the Agency. On April 20, 2017 staff submitted a "Letter of Interest" to HUD to secure a place on the waiting list, as reported to the Board on April 26, 2017 (copy attached). Converting public housing units to another form of HUD subsidy under RAD may be a viable to preserve the PHA's affordable housing inventory. However, a formal staff recommendation and Board decision on whether to submit a full application for RAD could be months away, if it does materialize.

As staff explained in the attached report, placement on the RAD waiting list does not commit the Agency to a course of action, but it gives the PHA the opportunity to apply for RAD in the future, with priority over other housing agencies that submitted letters of interest later. HUD will select new RAD participants from the names on the waiting list in order. Congress recently increased the cap on the number of units available for RAD from 185,000 units to 225,000 units (the previous cap of 185,000 had already been reached). Staff anticipates that other housing authorities will also be interested in RAD, given the recent funding discussions in Washington, so the higher RAD cap will likely be reached soon.

Although a PHA may withdraw its application for RAD at any time before final approval by HUD, an agency on the waiting list must submit a full RAD application within 60 days after being notified by HUD. If HUD were to give the PHA that 60-day notice soon, staff and the

Board would have to work fast to decide whether to prepare the full application, or decline the opportunity for now and move to a lower place on the waiting list.

In 2012 Congress authorized the Rental Assistance Demonstration (RAD) to test a new way of meeting the large and growing capital improvement needs of the nation's aging public housing stock, as well as to preserve projects funded under HUD's "legacy" programs (Rental Supplement, Rental Assistance Payment, and Moderate Rehabilitation). Through RAD PHAs can "convert" their current HUD rental subsidies to long-term, project-based Section 8 contracts. The new contracts are intended to provide a more reliable source of operating subsidy that will allow PHAs and other owners to safely leverage private capital – typically debt and equity – in order to finance the property rehabilitation or replacement. The contracts as well as underlying use restrictions must be renewed each time they expire, ensuring the long-term affordability of the improved properties.

HUD's descriptions of RAD assert that current and future residents are provided a robust set of rights and protections, including consultation during the conversion process, the right to return to the property when repairs are completed, the right to organize and funding for organizing, and a right to move with tenant-based assistance if needed to move closer to a job, school, family, or other reason. Further, HUD requires that a public or non-profit entity must always maintain a controlling interest in the property, even in the rare and unanticipated event of foreclosure, thus ensuring the long-term public stewardship of the properties.

HUD highlights the following important components of RAD:

- RAD allows public housing agencies to leverage public and private debt and equity in order to reinvest in the public housing stock. This is critical given the \$26 billion nationwide backlog of public housing capital improvements.

- In RAD, units move to a Section 8 platform with a long-term contract that, by law, must be renewed. This ensures that the units remain permanently affordable to low-income households.
- Residents continue to pay 30% of their income towards the rent and they maintain the same basic rights as they possess in the public housing program.
- RAD maintains the public stewardship of the converted property through clear rules on ongoing ownership and use.
- The RAD program is cost neutral and does not increase HUD's budget. This program simply shifts units from the Public Housing program to the Section 8 program so that providers may leverage the private capital markets to make capital improvements.

Staff has engaged two consultants to help assess the potential benefits of a RAD application. The consultants' websites describe their qualifications as follows

- Jason Casterline, President of Casterline Associates. Casterline Associates is a Certified Public Accounting (CPA) and Consulting Firm in business for over 21 years, specializing in providing a variety of services to the Affordable Housing industry. Areas of focus include Financial Consulting, Strategic Planning, Accounting Services, Information Technology, Energy Management and Development/Construction. They've provided training for over 15,000 PHA and Housing and Urban Development (HUD) professionals at our HUD accounting and budget seminars.
- Jaime Bordenave, President of TCG Development Services. TCG is a full-service real estate planning and development firm with specialized expertise in affordable housing and urban revitalization program planning and execution. TCG is active across the nation, transforming distressed neighborhoods into attractive, affordable communities of choice. Working with public housing authorities, local and state governments, and other stakeholders, we carry out a variety of integrated real estate development activities.

Attached are a number of documents further explaining RAD.

JMG/RPM/ FAH

Attachments

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR

REGARDING Assistant Section 8 Programs
Manager: Job Reclassification

DATE May 24, 2017

Staff recommends Board approval to reclassify the Assistant Section 8 Programs Manager position in the Housing Policy/Section 8 Department from the current band/grade/subgrade of C42 to C43. This job classification is in the Supervisory and Confidential group (S&C), and is currently occupied by three employees.

Based on changes in the job duties of this position, Human Resources staff sent an updated description to Fox Lawson & Associates for reevaluation. Fox Lawson (a Division of Gallagher Benefit Services) is the firm used by the Agency to evaluate, for pay purposes, new positions and those whose duties have substantially changed. Fox Lawson rated the position for placement in the C43 band/grade/subgrade because of the high diversity and complexity of the C4 level tasks, in relation to similarly banded and graded classifications.

In requesting Fox Lawson's review, staff explained that the Assistant Section 8 Programs Manager position should be rated at a higher level based on several changes to the position's requirements, including the following:

1. The Assistant Section 8 Programs Manager position was originally rated in 1998, when the Agency first adopted the Fox Lawson rating system. However, the Housing Choice Voucher Program has grown more complex over the past 19 years. The addition of special programs for specific populations (homeless veterans, homeless youth, etc.) has increased along with the rules of transfer and portability of the Housing Choice Vouchers, as well as the increased volatility of the rental housing market.
2. Assistant Section 8 Programs Managers are now required to monitor intake (new admissions to the voucher program), portability (voucher holders moving into and out of

St. Paul) and voucher transfers (voucher holders moving between units in the City) to make accurate recommendations to the Program Manager on the budgetary impact. The Program Manager and other staff rely on those recommendations to monitor and adjust voucher utilization (the number of vouchers under lease each month) and budget utilization (spending on Housing Assistance Payments; “HAP”), to ensure the program stays within authorized limits. The Program Manager and Assistant Program Managers meet monthly with the Executive Director, Finance Director, Finance Manager and Housing Policy Director to review utilization and plan future adjustments based on anticipated funding.

3. With the increase in administrative complexity since 1998, the Assistant Section 8 Programs Managers bear more responsibility in the level and volume of decisions they make in the day-to-day operation of the program.
4. Assistant Section 8 Programs Managers are called on to resolve more complex issues with more discussion, and to negotiate and communicate solutions whenever possible.
5. The Assistant Section 8 Programs Manager position now includes responsibility for administering the Family Self Sufficiency (FSS) program, including marketing, enrolling families, developing a five year plan, maintaining an escrow account and referring voucher participants to a variety of community and social service agencies.

With the Board’s approval of this recommendation, the three employees in this job classification will receive a 10% increase or be moved to the minimum salary in the new band/grade, whichever is greater, in accordance with Article 8.4 of the S&C policies. The employees will not serve a probationary period nor will they receive an increase after 6 months, since those policy provisions only apply to promotions and not reclassifications. The employees will receive an average increase of 11.5%, depending on each employee’s current step in the pay range. The annualized cost of the salary increases would be approximately \$26,000.

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Plumbing Services
At Various PHA Sites;
Contract No. 17-117

DATE May 24, 2017

Staff requests approval to award a two-year contract (with an option to extend a third year) for plumbing services at all Agency sites to the lowest responsible bidder, Sun Ray Plumbing & Heating, of St. Paul, Minnesota, for the unit bid prices indicated on the attached May 10, 2017 bid tabulation. The low bid was determined by a formula stated in the bid specifications which weighs the individual bid items on anticipated quantities for each type of work as illustrated in the bid tabulation. Using the formula, Sunray's bid was \$244,650 and the second low bid was \$314,095.

This is a service contract for plumbing repairs on an as-needed basis at all PHA locations, that will allow staff to issue work authorizations quickly for small plumbing jobs. The PHA had used a joint-purchasing agreement with the City of St. Paul for these services until it was terminated by the City in January of this year. Staff awarded informal contracts to two companies for plumbing services during the interim, after the City contract and before this formal contract could be advertised and awarded. The bid prices represent a decrease of \$1.00 per hour for Bid Items 1a, 1b, and 2b over the previous contract; Bid Item 2a is the same as the previous contract.

Sun Ray Plumbing & Heating has performed satisfactorily on previous PHA contracts. The EEO-1 reports for both Sun Ray Plumbing & Heating and the second lowest responsible bidder, Cities 1 Plumbing & Heating are attached. Sun Ray Plumbing & Heating is a Woman-Owned Business Enterprise (WBE).

The contractor is not a Section 3 business, but since this is a unit-price contract, they are not required to contribute to the Section 3 Training Fund or submit a Section 3 action plan.

Staff expects that approximately \$250,000 will be spent on this contract each year. There are sufficient funds in the Operating and Capital Fund Budgets for this work.

TDB/JPR/vma

Attachments: Unit Bid Tabulation
Employer Information Reports, EEO-1

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR

REGARDING Front Hi-Rise Community Room
HVAC and Corridor Ventilation
Equipment Replacement
AMP 2, MN 1-15; Contract No. 17-126

DATE May 24, 2017

Staff requests Board approval to award a contract for replacing HVAC (heating, ventilating and air conditioning) equipment for the Front Hi-Rise community room and ventilating equipment for the building corridors (AMP 2, MN 1-15), to the lowest responsible bidder, Corval Constructors, Inc., St. Paul, Minnesota, for the total base bid amount of \$207,244. Staff is not recommending acceptance of the “deduct alternate” bid (that would reduce the scope of work and the cost) because the base bid is within the available budget.

Both systems (community room HVAC and corridor ventilation) are now beyond their expected working life span. The existing heating coil for the corridor air handling unit has experienced multiple leaks and the community room HVAC unit is undersized for the cooling load.

This contract will include the following work:

- Removing the existing air handling units inside the fan room and the existing rooftop compressor for the community room HVAC;
- Installing one new HVAC compressor unit on the roof of the community room, with all associated roofing modifications and new insulated ductwork outside the building;
- Installing two new air handling fan units inside the fan room;
- Connecting the new air handling systems to the existing steam heat system for the building.

Corval Constructors, Inc. has not worked with the PHA before. However, staff contacted their references, including Minneapolis Public Housing Agency, St. Paul Public Schools and Hennepin County and received favorable responses.

Copies of the Employer Information Reports for Corval Constructors, Inc. and the second lowest bidder, Kraft Mechanical, are attached. Corval Constructors, Inc. will comply with the PHA's Section 3 Policy by contributing 2.5% of the total contract to the PHA's training fund. Corval Constructors, Inc. will subcontract 10% of the contract amount to Women Owned Business Enterprises (WBE).

Staff contacted over twenty contractors and expected to receive five bids, but only two bids were submitted. When contacted by staff after the bid opening, contractors gave various reasons for not submitting bids, including being too busy to do the work and lacking staff to prepare and submit the bids.

The bid amount is within the engineer's estimates. The 2016 Capital Fund Program grant includes sufficient funds to accomplish this work.

BLA/DAL/JPR/vma

Attachments: Bid Tabulation
Employer Information Report (EEO-1)

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR

REGARDING Emergency Generator
Maintenance and Repair
Contract No. 18-001

DATE May 24, 2017

Staff requests Board approval to award a one-year contract for emergency generator maintenance and repair at PHA properties to Interstate Power Systems, Inc. of Minneapolis, Minnesota, at the unit prices stated in their proposal.

This contract includes the following services:

- Monthly and annual maintenance of emergency generator equipment;
- Annual live power transfer tests to confirm the support of life-safety equipment and elevators under emergency power;
- On-call maintenance and repair of emergency generators and related equipment.

A Request for Proposals (RFP) for these services was advertised in newspapers and sent to several firms that had expressed an interest in working for the PHA. Despite these efforts, Interstate Power Systems was the sole contractor to submit a proposal for the work. Staff received HUD approval to recommend award of this single bid contract to Interstate Power Systems on May 16, 2017. Staff contacted several contractors who declined to submit proposals and those contractors gave the following responses when asked why they declined to submit:

1. Prior to the proposal due date, two contractors, Total Energy Systems, and Pioneer Critical Power, stated they intended to submit a proposal and asked for an extension on the proposal due date, which the PHA was unable to grant because the addendum deadline had passed.
2. Two contractors, Cummins NPower LLC, Ziegler Power Systems, stated they have submitted proposals for the PHA's emergency generator maintenance and repair

contract in the past and they believed they would be unable to compete with Interstate's pricing.

This is a one-year contract that can be extended in one-year increments, if mutually agreeable to both the PHA and Interstate Power Systems, for a maximum contract length of five years.

Interstate's proposal was reviewed by PHA staff and was determined to be acceptable based on past experience. Interstate has performed satisfactorily under the current PHA contract for the same work. Interstate's unit prices are a 1.3% increase on the current PHA contract, which is within staff estimates for the work. A copy of the Employer Information Report for Interstate is attached. Because this is a unit-price contract, it is not subject to the Section 3 Policy's requirement for contributing to the PHA's Section 3 Training Fund.

Staff expects to spend approximately \$70,000 per year under this contract. There are sufficient Operating Budget funds available for the contract.

JTL

Attachments

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Refuse Hauling Services at
McDonough Homes, AMP 1,
Contract No. 18-005

DATE May 24, 2017

Staff requests Board approval to award a two-year contract for refuse hauling services for the 592 family units at McDonough Homes to the lowest responsible bidder, Republic Services of Inver Grove Heights, Minnesota for a bid amount of \$5,096.75 per month, or approximately \$1.99 per unit per week. The price includes 90-gallon plastic trash containers on wheels provided by the contractor. The present contract amount is \$2.51 per unit per week.

As stated in the bid documents, the low bid was determined by summing the three contract bid items. Using that method Republic Services' bid was \$5,096.75. The second low bid, from Advanced Disposal of Saint Paul, MN was \$6,515.68. A copy of the bid tabulation dated May 11, 2017 is attached.

Staff anticipates that approximately \$61,200 will be spent during each year of this contract. Employer Information Reports for Republic Services, and the second low bidder, Advanced Disposal, are attached. Because this contract is based on unit prices, it is not subject to the Section 3 Policy's requirement for contributing to the PHA's Section 3 Training Fund.

Sufficient funds for this contract are in the current Operating Budget and will be included in the proposed budget for next year.

KY

Attachments: Bid Tabulations
Employer Information Reports

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR

REGARDING Temporary Part Time Housing
Policy Director Extension

DATE May 24, 2017

Staff recommends Board authorization to extend the long-term temporary Housing Policy Director position currently held by MaryAnn Russ for another twelve months beyond the current expiration date of May 31, 2017 at a cost of approximately \$65,000 in this fiscal year. This cost will be covered in the current FY 2018 Operating Budget by other budgeted vacant positions.

The Board approved the part-time position for an initial six-month period on November 23, 2016, to secure the services of a “an experienced public housing professional who would report to and help the Executive Director explore the Agency’s options for the possible sale of some public housing scattered site properties.” (A copy of the Board report is attached.) As the Commissioners know, Ms. Russ accepted the position and has participated in two Board meetings (most recently the asset preservation discussion on April 26) as well as consulting with staff and providing written materials. Ms. Russ is a key advisor to the Executive Director and Senior Staff as we consider available means to generate funds to make capital improvements to PHA properties and to offset declining federal subsidies. She has already provided a wealth of information and invaluable perspective on the complex issues confronting the Agency, demonstrating the value and cost-efficiency of this part-time employment arrangement, compared to standard consultant contracts and fees. Extending the position will give her the opportunity to refine the PHA’s options and develop a possible application to HUD to sell public housing properties (“disposition” or “inventory reduction”). Ms. Russ will also draft and recommend policies that would facilitate transferring residents or issuing Housing Choice

Vouchers to families affected by any disposition actions (revisions to the Admissions and Occupancy Policies for Public Housing and the Section 8 Housing Choice Voucher programs).

In an email from the Executive Director to Ms. Russ asking if she was available for additional work, Mr. Gutzmann wrote “MaryAnn, it is so incredibly wonderful being able to draw upon your wisdom and experience as we craft a way forward.” Ms. Russ responded by saying, “It’s fun for me too. In all my years I was consulting, I had far too few clients who were both ethical and highly competent. Working with you and your whole staff is great.”

Staff estimates that extending this position would add about \$65,000 to the cost already included in the FY 2018 Operating Budget approved on March 22, 2017.

JMG/

Attachment: Temporary Part Time Housing Policy Director Board Report, November 23, 2016