

On February 22, 2017, the Saint Paul Public Housing Agency (PHA) Board of Commissioners approved the following actions:

- ACOP Budget and Contract for FY 2018; ACOP Year 27
- Sale of Triangular Parcel of Property Adjacent to Seal Hi-Rise; AMP 2; Contract No. 17-050
- Applications for Federal Home Loan Bank of Des Moines Grants for 2017 Competitive Affordable Housing Program Grants
- Section 8 Preservation Vouchers; Grand Pre by the Park Apartments
- General Depository Agreement; U.S. Bank Checking Accounts
- General Liability Insurance
- Employee Handbook Policy Amendments: Policy on Board Member and Staff Relationships; Policy for PHA Staff On Conflicts of Interest
- FY 2018 Revenue Budget for Section 8 Moderate Rehabilitation Single Room Occupancy Project; Salvation Army Booth Brown Foyer
- FY 2018 Revenue Budget for Section 8 Moderate Rehabilitation Single Room Occupancy Project; Catholic Charities Mary Hall

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR

REGARDING ACOP Budget and
Contract for FY 2018;
ACOP Year 27

DATE February 22, 2017

Staff requests Board approval to contract with the City of Saint Paul, through its Police Department (SPPD), for Year 27 of community policing services under ACOP (A Community Outreach Program) beginning April 1, 2017 and continuing until March 31, 2018, based on the attached proposed budget. Under the recommended one-year contract the PHA will pay SPPD an amount that will not exceed \$572,320. This reflects a 0.7% increase from Fiscal Year 2017, due entirely to police officers' salary increases negotiated by the SPPD and the union. Under the current ACOP contract and the recommended FY 2018 contract, the PHA will pay the actual salary of the officers assigned to ACOP, subject to the total contract limit stated above.

Other than the salary increases, the terms and conditions of the proposed contract remain unchanged from the current contract. The PHA agrees to pay the salaries for six officers and two Community Liaison Officers (CLOs), and also \$1,500 for related supplies and miscellaneous expenses. The City agrees to pay the salaries for the police sergeant and three other officers; and pay the benefits and any overtime for the sergeant, all nine officers and the two CLOs; and provide squad cars and other equipment for use by the ACOP unit. With the Board's approval, the contract will be sent to the City Council for their approval.

ACOP is a community policing partnership program involving the City of Saint Paul, the Saint Paul Police Department, the PHA and public housing residents. The goals of the program are to improve the social conditions which foster drug use and abuse at the public housing sites,

improve the level of trust and general relations between the residents and the Saint Paul Police Department, improve the delivery of police services to the community, and empower residents to be active in community safety issues. The main ACOP office is in the McDonough Community Center.

ACOP began in 1991 with a special HUD grant under the Public Housing Drug Elimination Program (PHDEP). The PHA received PHDEP grants almost every year until 2002, when Congress stopped providing special funding for the program. At the time HUD officials said that PHAs could continue PHDEP-funded programs in their budgets, but neither HUD nor Congress provided any more money in operating subsidies. At the urging of staff and residents, the PHA Board committed to keep funding ACOP at a reduced level after the PHDEP grants ended.

The ACOP officers provide invaluable services to the PHA and its residents. ACOP officers primarily serve the PHA's four family sites (McDonough, Roosevelt, Mt. Airy and Dunedin) and sixteen hi-rises. The ACOP officers respond to emergencies and reports of suspicious behavior, intruders and criminal activity; provide consistent monitoring and resolution of conflicts between residents, especially youth; mentor and serve as role models for youth; and respond to special circumstances.

Sufficient funds will be recommended for approval in the FY 2018 Operating Budget for this contract.

JMG/MW/KNG

Attachment: Budget

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR

REGARDING Sale of Triangular Parcel of
Property Adjacent to Seal Hi-Rise; AMP 2;
Contract No. 17-050

DATE February 22, 2017

Staff requests Board approval to sell a small triangular parcel of property across the street from the PHA's hi-rise at 825 Seal Street to Flats Venture LLC, for the amount of \$12,000. Flats Venture owns the adjacent property and submitted the only proposal to buy the parcel.

At its September 28, 2016 business meeting the Board approved issuing a Request for Proposals (RFP) to sell the property and seeking HUD approval for a partial release of the Declaration of Trust for Seal Hi-Rise. (A copy of the Board report is attached).

No proposals were submitted in response to the initial RFP before the deadline in December 2016. An attorney representing Flats Venture then contacted the PHA's Legal department for clarifications on the RFP. Staff issued the RFP a second time and Flats Venture submitted the only proposal, offering to pay \$12,000 for the parcel.

If the Board accepts the offer, staff will follow up with HUD to get the parcel removed from the declaration of trust and then proceed with the sale process.

TDB/

Attachments: September 28, 2016 Board Report

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Applications for Federal Home
Loan Bank of Des Moines Grants for
2017 Competitive Affordable Housing
Program grants

DATE February 22, 2017

Staff recommends Board approval of Resolution No. 17-02/22-4 authorizing the following actions:

1. Apply for grants offered by the Federal Home Loan Bank of Des Moines (FHLBDM) under its 2017 competitive Affordable Housing Program (AHP), to assist the PHA's efforts to make needed capital improvements at PHA properties, as explained below.
2. Accept the grants, if awarded, including executing all required documents and providing all necessary reports to the FHLBDM.

The FHLBDM approved one of the PHA's three AHP applications in 2016, awarding a \$500,000 grant for the Valley Hi-Rise plumbing replacement. This year the FHLBDM has increased its maximum grant award to \$750,000. Pre-applications are due between March 1, 2017 and March 31, 2017. The final applications will be due in June of 2017 and selections are expected to be announced in December of 2017.

With the Board's approval, staff will prepare four individual grant applications to the FHLBDM, each requesting \$750,000 for improvement projects identified in the PHA's Capital Fund Program Annual or Five Year Action Plans. The PHA will submit the grant applications in partnership with the following banks that are members of the FHLBDM:

- a. Mt. Airy Homes Exterior Modernization; Bremer Bank (resubmittal – not funded in 2016)
- b. Dunedin Terrace Modernization; Bank Cherokee (resubmittal – not funded in 2016)
- c. Montreal Hi-Rise plumbing replacement; Sunrise Banks
- d. Central Hi-Rise plumbing replacement; Sunrise Banks

JMG/DAL

**SAINT PAUL PUBLIC HOUSING AGENCY
RESOLUTION NO. 17-02/22-4**

**AUTHORIZATION TO ACCEPT GRANTS FROM
FEDERAL HOME LOAN BANK OF DES MOINES
FOR CAPITAL IMPROVEMENT PROJECTS**

WHEREAS, the Public Housing Agency of the City of Saint Paul (PHA) administers a Public Housing Program under an Annual Contributions Contract with the U.S. Department of Housing and Urban Development (HUD), that currently includes 4,274 units; and

WHEREAS, there is a large unfunded need to make capital improvements to the PHA's public housing properties, which provide safe, affordable, quality housing for very-low income families in Saint Paul; and

WHEREAS, the need is critical to replace the plumbing systems in the PHA's public housing hi-rises, which entails major demolition and reconstruction at a significant cost; and

WHEREAS, the need is critical to accelerate the Mt. Airy Family Exterior Modernization and to complete the Dunedin Family Modernization; and

WHEREAS, the PHA does not receive sufficient funding from HUD's Capital Fund Program (CFP) to keep pace with the capital needs of public housing properties; and

WHEREAS, Federal Home Loan Bank of Des Moines, FHLBDM makes subsidies and grants available to public housing agencies for capital improvements through its competitive Affordable Housing Program (AHP); and

WHEREAS, staff has requested approval by the Board of Commissioners to submit applications for FHLBDM AHP subsidies and grants in partnership with the following banks that are members of the FHLBDM as follows:

- a. Mt. Airy Homes Exterior Modernization; Bremer Bank; \$750,000
- b. Dunedin Terrace Modernization; Bank Cherokee; \$750,000
- c. Montreal Hi-Rise plumbing replacement; Sunrise Banks; \$750,000
- d. Central Hi-Rise plumbing replacement; Sunrise Banks; \$750,000;

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

1. Staff is authorized to submit applications to the Federal Home Loan Bank of Des Moines (FHLBDM) for subsidies and grants under the FHLBDM's Affordable Housing Program as listed above; and
2. The Executive Director, or his duly authorized agent, is authorized to execute all documents required to accept any subsidies and grants which may be approved by the FHLBDM in response to these applications, and to execute any other documents and provide information that the FHLBDM may require to expend the grant.

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Section 8 Preservation Vouchers;
Grand Pre by the Park Apartments

DATE February 22, 2017

Staff requests Board approval of Resolution No. 17-2/22-5 to accept and administer up to 43 tenant-based Preservation Vouchers, also called Tenant Protection Vouchers, for the Grand Pre by the Park Apartments in Saint Paul. The local HUD office has asked that the PHA administer these vouchers (letter attached). This would add new vouchers under the PHA's Section 8 Housing Choice Voucher program, although initially they would be used by the current eligible residents of the property.

The PHA most recently accepted preservation vouchers for Lonnie Adkins Court Apartments, as approved by the Board on July 22, 2015. In this way the PHA helps low-income residents keep their affordable housing and the Agency expands its pool of Housing Choice Vouchers. The list below shows all of the preservation vouchers received since 2000.

As shown on the attached map, the Grand Pre by the Park Apartments are located at 200 South Winthrop Street on St. Paul's East Side, just west of McKnight Road, south of Hwy. I-94 and north of Lower Afton Road. The building has been assisted with Section 8 project-based rental assistance (PBRA) under a direct contract with HUD and the owner intends to opt-out of that contract on or around June 30, 2017. The most recent Appropriations Act provided some funding for tenant protection/preservation vouchers that could be requested by projects like this one. With the Board's approval, and assuming that HUD has sufficient funding available, the PHA would be awarded the preservation vouchers for up to 43 units that are affected by the opt-

out. Staff would need to review each resident’s eligibility for Section 8 and inspect each unit before issuing the vouchers.

Preservation vouchers function the same as other Housing Choice Vouchers except that they provide “enhanced payment standards” (which may be higher than the PHA’s regular payment standards) to the residents while they remain in the property. A tenant can move with the voucher, and then the regular Housing Choice Voucher payment standards apply.

The PHA has accepted preservation vouchers in the past for the following developments:

	Name	Address	Date	Number of Units
1	Skyline Towers	1247 St. Anthony Avenue	February 2000	58
2	Hampden Square Apartments	2333 Long Avenue	February 2000	86
3	Rockwood Place Apartments	2259 Rockwood Avenue	October 2000	59
4	Carey Apartments	1086 Iglehart Avenue	January 2002	11
5	Lari Apartments	623 Laurel Avenue	April 2003	17
6	Sibley Tower	195 5 th Street East	December 2005	27
7	Kendrick Apartments	1351 Carling Drive	February 2010	29
8	Afton View Apartments	365 S. Winthrop Street	June 2011	18
9	Marshall Ave. Townhomes	708-730 Marshall Avenue	June 2011	12
10	Shamrock Court Apartments	2236 Lower Afton Road East	August 2011	146
11	Como Place Apartments	195 Edmund Avenue	November 2012	21
12	Dale Street Place Apartments	313 North Dale Street	March 2015	11
13	Lonnie Adkins Court	403 St. Anthony Ave.	July 2015	20
			TOTAL	515

The PHA's Section 8 Voucher Program now includes 4,575 vouchers (Housing Choice Vouchers, Family Unification Program Vouchers, Mainstream/Disability Vouchers and VASH vouchers for homeless veterans) plus 81 Section 8 Moderate Rehabilitation Single Room Occupancy (SRO) units at Mary Hall and Booth Brown House Foyer and 8 Shelter Plus Care units at Fort Road Flats, for a total of 4,664 subsidies. These preservation vouchers for Grand Pre by the Park Apartments would add up to 43 vouchers to that total.

Over time, these preservation vouchers are added to the PHA's supply of unrestricted Housing Choice Vouchers (HCVs). The Board has authority to designate up to 20% of the PHA's HCV allocation for use in PBV projects throughout St. Paul; and currently 515 HCVs, about 12% of the eligible vouchers, are designated for that purpose. (Recent federal legislation would allow up to 30% of a PHA's eligible HCVs to be project-based for homeless families, veterans, housing with supportive services for elderly persons and persons with disabilities, etc.) The Board's decisions over the years to offer vouchers for PBV use have been largely based on the PHA's receiving new vouchers. Preservation vouchers are new vouchers.

Because of the continuing uncertainty about cuts in the federal budget for "domestic discretionary budget" programs like Section 8 and public housing, staff carefully considers each opportunity to add vouchers before recommending acceptance. Every addition of a block of vouchers does add to the staff workload, although this infusion of up to 43 vouchers would have less impact than a large conversion project like Shamrock Court's 146 vouchers in 2011. Staff believes the current staffing will be sufficient to administer the additional vouchers. The added administrative fees from these vouchers will help the Section 8 budget. At the current 80% proration of administrative fees, 43 vouchers under lease for a year would earn the Agency about

\$24,800. The PHA would also receive \$200 per unit as a one-time special administrative fee totaling \$8,600.

Accepting these preservation vouchers for Grand Pre by the Park Apartments would further the Agency's mission and goals.

FAH/DJM

Attachments: Resolution
HUD Letter Dated February 14, 2016
Map

**PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL
RESOLUTION NO. 17-2/22-5**

**EXECUTION OF APPLICATION AND ANNUAL CONTRIBUTIONS CONTRACT
FOR PRESERVATION VOUCHERS UNDER THE
SECTION 8 HOUSING CHOICE VOUCHER PROGRAM;
GRAND PRE BY THE PARK APARTMENTS**

WHEREAS, the Public Housing Agency of the City of Saint Paul (PHA) has undertaken the provision of decent, safe and sanitary housing for families pursuant to Section 8 of the United States Housing Act of 1937, as amended (42 USC 1437, et seq.); and

WHEREAS, the PHA currently administers a Section 8 Housing Choice Voucher Program in the City of St. Paul with 4,664 authorized units (Housing Choice Vouchers and related subsidies); and

WHEREAS, the United States Department of Housing and Urban Development (HUD) has requested that the PHA administer Preservation Vouchers for Grand Pre by the Park Apartments, located at 200 South Winthrop Street in Saint Paul, to preserve housing affordability for eligible residents of that project; and

WHEREAS, the PHA desires to assist the residents at Grand Pre by the Park Apartments and HUD in preserving affordability in this manner;

NOW, THEREFORE BE IT RESOLVED by the Board of Commissioners of the PHA that the PHA staff is authorized and directed to execute all necessary applications, budgets, contracts (including an Annual Contributions Contract) and other documents that may be necessary for HUD approval and implementation of this action.

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING General Depository Agreement
U.S. Bank Checking Accounts

DATE February 22, 2017

Staff requests Board approval of Resolution 17-02/22-3 instructing U.S. Bank on the handling of funds for the PHA's bank accounts. HUD requires public housing agencies to update to the most recent version of the General Depository Agreement (HUD-51999).

Following Minnesota law, staff modified HUD's form General Depository Agreement as follows:

- Paragraph 2 was changed from 100% required collateral to 110% required collateral as required by Minnesota Statute 118A.03 subd.3; and therefore
- Paragraph 12 was completely removed, following the instructions in the HUD form ("Strike this paragraph if paragraph 2 applies.").

RPM

Attachment: Resolution
General Depository Agreement

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING General Liability Insurance

DATE February 22, 2017

Staff requests approval to extend the contract with Housing Authority Risk Retention Group (HARRG), a component unit of Housing Authority Insurance (HAI), for general liability insurance coverage for one year. The annual premium is estimated to be \$168,754 with a \$25,000 deductible, for coverage limits of \$2 million per occurrence and aggregate limit. Coverage includes a lead-based paint endorsement for PHA-owned properties, a law enforcement endorsement related to our Officer in Residence and ACOP Programs, and an endorsement covering liability claims related to mold and other fungus.

The estimated premium represents an increase of \$9,828 (6.18%) from the current premium of \$158,929. Upon renewal of the liability insurance a dividend payment will be issued by HARRG for adopting and following a safety standards work plan. In the last three years, dividends associated with the plan have resulted in payments to the PHA of \$17,424, \$12,479 and \$13,136.

The PHA began buying its liability insurance from HARRG in 1995 after conducting the standard open bidding process. HARRG was formed for the purpose of providing liability insurance coverage to public housing authorities throughout the country. It qualifies under federal regulations as a “qualified PHA-owned insurance entity” and therefore is exempt from the competitive bidding requirement. HARRG has provided excellent claims service as well as risk management information and opportunities.

There are sufficient funds in the operating budgets for this contract.

HMG/RPM

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR

REGARDING Employee Handbook Policy Amendments: DATE February 22, 2017
Policy on Board Member and Staff
Relationships; Policy for PHA Staff
On Conflicts of Interest

Staff requests approval to amend the Agency's Policy on Board Member and Staff Relationships and the Policy for PHA Staff on Conflicts of Interest, both of which are Board-approved policies contained in the PHA's Employee Handbook. The complete text of each policy is attached, with deletions ~~interlined~~ and new language double-underlined.

These revisions are part of a series of staff recommendations related to a comprehensive review and update of all the policies in the PHA's Employee Handbook. Many of the policies were originally created and approved by the Board between 1980 and 2000. In the past, policy amendments have been brought to the Board for approval when federal and/or local laws changed, or when the policy was no longer aligned with the PHA's business practices. Staff has worked closely with the PHA's Legal team on all of the recommended policy revisions.

Board Member and Staff Relationships: This policy was originally approved by the Board on September 29, 1982. Staff is recommending minimal changes to the policy to include grammatical corrections, and the removal of redundant or unnecessary language.

Conflict of Interest: This policy was originally approved by the Board on October 11, 1989 and last amended on March 28, 2007. Staff is recommending minimal changes to the policy to

include grammatical corrections, removal of redundant or unnecessary language, clarification of reporting requirements under the policy, and separating the Conflict of Interest reporting form from the policy.

LTS/DMM/ANH/FAH

Attachments: Draft Policy on Board Member and Staff Relationships
Draft Policy for PHA Employees on Conflicts of Interest

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING FY 2018 Revenue Budget for Section 8
Moderate Rehabilitation
Single Room Occupancy; Salvation
Army Booth Brown Foyer

DATE February 22, 2017

Staff requests Board approval of Resolution No. 17-02/22-1 approving the FY 2018 revenue budget for six Section 8 Moderate Rehabilitation (Mod Rehab) Single Room Occupancy (SRO) units at Booth Brown Foyer, which is part of the Salvation Army's Booth Brown House located at 1471 Como Avenue. The proposed revenue budget estimates the funding for FY 2018 to be \$36,759, including both the Housing Assistance Payments (HAP) of \$30,528 (estimate \$424 per unit-month) to the property owner, the Salvation Army, and the PHA's administrative fee of \$6,169 (\$85.68 per unit-month).

HUD regulations require PHAs to submit "revenue budgets" prior to the start of each fiscal year for certain Section 8 programs created by separate Congressional authorizations. The complete budget for this program, showing both proposed revenues and proposed expenditures, will be presented at the March Board meeting. The revenue side of that budget will be based on this proposed figure, absent any information from HUD to the contrary.

The revenue budget is cost-based, meaning the amount of revenue requested equals the projected program cost for the fiscal year. The FY 2018 revenue budget is 22.5% higher than the FY 2017 budget, primarily due to the project's increased success in leasing its six units (higher "utilization rates"). Higher utilization increases the HAP costs, which drives the higher revenue request.

HUD also increased the administrative fee rates for this year slightly.

The PHA entered into an initial ten year contract with the Salvation Army on May 1, 2008 for these six units, to provide long-term housing options for homeless youth aged 18-21 who have disabilities. These units are actually small efficiency apartments, each with its own bathroom and kitchen, unlike true SRO units with shared bathrooms and kitchens. The residents pay 30% of their adjusted income for rent and utilities. Mod Rehab SRO subsidies are administered in much the same manner as the Housing Choice Voucher program, except they remain with the rehabilitated structure rather than move with the tenant. Unlike tenants subsidized by regular project-based vouchers, a tenant moving out of a Mod Rehab SRO unit does not receive a tenant-based voucher.

AJH

Attachment: Board Resolution 17-02/22-1 – Moderate Rehabilitation Voucher Budget
HUD Form 52663 – Requisition for Partial Payment of Annual Contributions
HUD Form 52672 – Supporting Data for Annual Contributions Estimates
HUD Form 52673 – Estimate of Total Required Annual Contributions

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING FY 2018 Revenue Budget for Section 8
Moderate Rehabilitation Single Room
Occupancy Project; Catholic Charities
Mary Hall

DATE February 22, 2017

Staff requests Board approval of Resolution No. 17-02/22-2 approving the FY 2018 revenue budget for subsidies used for 75 Moderate Rehabilitation Single Room Occupancy (SRO) units at Mary Hall, 438 Main Street. Based on cost projections, the proposed funding request for FY 2018 is \$396,923, including both the Housing Assistance Payments (HAP) of \$319,500 (estimate \$355 per unit-month) to the property owner, Catholic Charities, and the PHA's administrative fee of \$77,112 (\$85.68 per unit-month). The proposed revenue request is 1.0% higher than last year (up from \$393,441 to \$396,923) due to slight increases in HAP expenses over the past year and administrative fee rates for this year. As explained below, HUD may approve a higher budget authority based on an annual adjustment factor (as yet unknown).

HUD regulations require PHAs to submit "revenue budgets" prior to the start of each fiscal year for certain Section 8 programs created by separate Congressional authorizations. The complete budget for this program, showing both proposed revenues and proposed expenditures, will be presented at the March Board meeting. The revenue side of that budget will be based on this proposed figure, absent any information from HUD to the contrary.

The revenue budget is cost-based, meaning the amount of revenue requested equals the projected program cost for the fiscal year. HUD typically approves that amount including an annual adjustment factor (which has not been announced yet), so staff does not know how much the

budget authority will be for this year. Catholic Charities, the property owner, is expected to request a 1.8% increase in the contract rent, which is HUD's published "operating cost adjustment factor" for Section 8 programs in Minnesota. To ensure that the budget authority will be sufficient to cover a contract rent increase, staff will wait to hear from HUD before deciding on the rent increase. (Board approval is not required.)

When the PHA budget authority exceeds the requested revenue, HUD holds the excess funds in a "project reserve". This reserve is available to the PHA to cover unexpected increases in program expenses, and is accessed through a year-end settlement process. At the end of Fiscal Year 2016, the project reserve balance for Mary Hall was \$173,015 and it would have grown during FY 2017, but HUD recaptured \$67,420 during the year. Despite the significant recapture, staff believes the remaining program reserves are sufficient for continued operation.

Section 8 Moderate Rehabilitation subsidies are administered in much the same manner as the Housing Choice Voucher program, except they remain with the rehabilitated structure rather than move with the tenant. The residents pay 30% of their adjusted income for rent and utilities. Unlike tenants subsidized by regular project-based vouchers, a tenant moving out of a Mod Rehab SRO unit does not receive a tenant-based voucher. Mod Rehab SRO vouchers were originally authorized by the McKinney-Vento Homeless Assistance Act, reauthorized by the HEARTH Act. The funding comes through the "Continuum of Care", not through the appropriations for Section 8 Housing Choice Vouchers.

The original ten year contract between the PHA and Catholic Charities for 75 SRO units expired in June 2001 and it has been renewed and funded annually by HUD since that time. Catholic Charities intends to seek HUD and PHA approval to move the units and subsidies to a new

building nearby within the next few years as part of the new “Higher Ground St. Paul” complex. (The first Higher Ground St. Paul building, across Main Street from Mary Hall, opened in January 2017.) The PHA has not seen any details of this plan but we understand their goal is to end the current contract with the PHA and replace it with a new subsidy contract directly between Catholic Charities and HUD, to subsidize the same number of units for formerly homeless single adults. As part of that plan, we understand that Catholic Charities is in the process of preparing an application under HUD’s Rental Assistance Demonstration (“RAD”) program for 75 units of “project-based rental assistance” (“PBRA”, which is different from “project-based vouchers” (PBV) through the PHA). If the PHA and HUD approve Catholic Charities’ conversion application, the SROs will be relocated to a second Higher Ground building to be constructed on the current site of the Dorothy Day Center. According to a HUD notice issued in June 2015, HUD will approve those conversions (Section 8 Mod Rehab SRO to PBRA) outside of the usual competitive RAD program that is limited to 185,000 units. Catholic Charities is also seeking capital funding from the State of Minnesota to help finance the second Higher Ground building. PHA staff will explore possible ways to obtain additional Housing Choice Vouchers, other HUD subsidies to replace the 75 Section 8 Mod Rehab SRO subsidies that were originally awarded to the PHA, and other possible consideration from Catholic Charities for our approving these plans.

AJH/JMG/FAH

Attachment: Board Resolution 17-02/22-2 – Moderate Rehabilitation Voucher Budget
HUD Form 52663 – Requisition for Partial Payment of Annual Contributions
HUD Form 52672 – Supporting Data for Annual Contributions Estimates
HUD Form 52673 – Estimate of Total Required Annual Contributions