

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

- Funding Application to Minnesota Housing; Publicly Owned Housing Program (POHP); General Obligation (GO) Bond Funds; Dunedin Terrace Modernization Final Phase, AMP 8, MN 1-9
- Revising Flat Rents in Public Housing; Admission & Occupancy Policies; Amending Agency Plan
- Public Housing Agency Plan; Annual Plan for Fiscal Year 2019 (Federal Fiscal Year 2018)
- FY 2019 Revenue Budget for Section 8 Moderate Rehabilitation Single Room Occupancy Project; Catholic Charities; Mary Hall
- FY 2019 Revenue Budget for Section 8 Moderate Rehabilitation Single Room Occupancy; Salvation Army; Booth Brown House Foyer

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS	FROM	JON M. GUTZMANN EXECUTIVE DIRECTOR
REGARDING Dunedin Terrace Modernization Final Phase; Funding Application to Minnesota Housing for Publicly Owned Housing Program (POHP); General Obligation (GO) Bond Funds; MN001000008, AMP 8, MN 1-9	DATE	November 22, 2017

Staff requests Board approval of Resolution 17-11/22-04 authorizing staff to apply for up to \$1 million from Minnesota Housing (formerly known as Minnesota Housing Finance Agency; MHFA) under the Publicly Owned Housing Program (POHP), to complete the modernization of the Dunedin Terrace family housing development (AMP 8, MN001000008). Applications must be submitted by December 20, 2017 and funding announcements are expected in the spring of 2018.

The PHA requires the POHP funds to supplement Capital Fund Program (CFP) grants from HUD to renovate the final sixteen dwelling units (four fourplex buildings) at Dunedin Terrace. When this phase is completed the entire 88-unit family development (22 fourplex buildings) will have been modernized. The units were built in 1966, at the same time as the adjacent Dunedin Hi-Rise with 143 apartments.

The current round of POHP funding is supported by General Obligation (GO) Bonds authorized by the Minnesota Legislature and signed by the Governor in the 2017 session, with \$12 million available for loans to preserve public housing.

Minnesota Housing provided a \$825,000 forgivable POHP loan for Phase I (36 dwelling units) of the Dunedin Terrace modernization in 2012 and a \$1,200,000 forgivable POHP loan for Phase III (20 dwelling units) in 2014. The balance of the \$7.5 million total cost for the prototype and the first three modernization phases was paid by HUD CFP grants for 2010-2015. The final modernization phase

(Phase IV) will be funded by 2016 and 2018 Capital Fund Program funds and, we hope, the requested MHFA POHP loan.

An attachment lists the costs for each of the previous Dunedin Terrace modernization phases as well as the \$2,172,718 estimated cost for the modernization of the final 16 dwelling units. If approved by Minnesota Housing, the POHP funds would come to the PHA in the form of a 20-year forgivable loan. Applications must commit PHA funds for a portion of the cost to accomplish the work as leverage. The draft application explains the PHA's matching commitment and the scope of work as follows:

To complete the modernization project staff proposes to match the requested POHP loan with \$1,172,718 of 2016 and 2018 CFP funds for construction. In addition the PHA will use CFP funds for architectural/ engineering costs, and staff-time to administer the loan and construction contracts. These CFP allocations will represent a leverage of approximately 56.0% of the total cost.

The planned work includes correcting sagging cantilevered floor joists on the second floor level, gutting and replacing bathrooms and kitchens, replacing windows, converting flat roofs to hipped roofs, removing damaged brick wing walls, replacing the original wood siding, improving ventilation and making miscellaneous site improvements.

Staff considers this work to be the top priority for funding under this round of the POHP.

JMG/DAL/FAH

Attachments: Resolution No. 17-11/22-04
Cost Spreadsheet

**SAINT PAUL PUBLIC HOUSING AGENCY
RESOLUTION NO. 17-11/22-04**

**AUTHORIZATION TO SUBMIT APPLICATION FOR STATE
GENERAL OBLIGATION (GO) BOND FINANCING FROM
MINNESOTA HOUSING
FOR PUBLICLY OWNED HOUSING PROGRAM**

WHEREAS, Minnesota Housing (formerly known as Minnesota Housing Finance Agency) issued a Request for Proposals (RFP) on October 23, 2017 and will accept applications for State of Minnesota General Obligation (GO) Bond financing for public housing rehabilitation and preservation under their Publicly Owned Housing Program (POHP); and

WHEREAS, the Public Housing Agency of the City of Saint Paul (PHA) owns, manages and maintains the public housing development for families known as Dunedin Terrace (AMP 8, MN001000008; formerly known as MN 1-9), consisting of 22 fourplex townhouses with a total of 88 dwelling units, constructed in 1966; and

WHEREAS, extensive modernization work has been needed to preserve the dwelling units at Dunedin Terrace family housing development, and said modernization has been completed at 72 units in eighteen buildings, with only sixteen units in four buildings remaining to be done; and

WHEREAS, the final modernization phase has been included in the PHA's Agency Plan and Capital Fund Program budgets and plans; and

WHEREAS, staff has determined that MHFA's current POHP program is an appropriate and necessary source of funding to allow the PHA to complete the modernization and preservation work at Dunedin Terrace, in conjunction with Capital Fund Program grants from the U.S. Department of Housing & Urban Development (HUD); and

WHEREAS, the PHA can commit Capital Fund Program funding to act as leverage for the receipt of the POHP funding;

NOW THEREFORE BE IT RESOLVED by the PHA Board of Commissioners of the PHA as follows:

1. Staff are authorized to prepare and submit a funding application to Minnesota Housing (MHFA), requesting up to \$1,000,000 to complete the modernization of the remaining sixteen dwelling units in four buildings at Dunedin Terrace, under MHFA's Publicly Owned Housing Program (POHP);
2. The Executive Director, or his duly authorized agents, are authorized to execute all documents that are required to submit the funding applications to Minnesota Housing; and
3. The Executive Director, or his duly authorized agents, are authorized to execute the Minnesota Housing loan documents to accept the funding and to submit all documents and other data that may be required to expend the funds.

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Revising Flat Rents in Public Housing;
Admission & Occupancy Policies;
Amending Agency Plan

DATE November 22, 2017

Staff recommends Board approval of Resolution No. 17-11/22-01 to increase flat rents for all public housing units to equal the Fair Market Rents (FMRs) for the Twin Cities metropolitan area in 2018. This would represent an increase of approximately 11-12% for most of the current flat rent payers, who are about 5% of all households in public housing (215 households). To allow time for residents to plan and adjust, the proposed increases would apply to current residents whose annual recertifications take effect on or after April 1, 2018. The higher amounts would take effect on the same date (April 1, 2018) for new households moving into public housing or current residents transferring between public housing units. Staff also recommends adjusting the flat rents annually in the future to reflect any changes in the proposed FMRs, without further Board action. This would be an amendment to the Agency Plan.

The proposed flat rents at 100% of the FMRs are as follows:

Proposed Flat Rents @ 100% of Fair Market Rents (FMRs) proposed by HUD for 2018	0BR	1BR	2BR	3BR	4BR	5BR	6BR
	\$711	\$864	\$1,089	\$1,547	\$1,812	\$2,083	\$2,355

For hi-rise residents who choose the flat rent option instead of the income-based rent (30% of adjusted household income), the flat rent is the amount they will pay to the PHA each month for rent and utilities. In the family units residents pay their own bills for gas and electricity, so the utility allowance will be subtracted from the flat rent, to determine the rent amount payable to the PHA.

The Board last approved flat rent adjustments on November 25, 2015, going to 85% of FMR effective on April 1, 2016 and to 90% of FMR effective April 1, 2017.

Hi-Rise Flat Rents: The proposed new hi-rise flat rents would be as follows:

ALL HI-RISE UNITS	OBR	1BR	2BR
Current Flat Rents eff. 4/1/2017 @ 90% of FY 2017 FMRs	\$ 629	\$ 776	\$ 977
Proposed Flat Rents @ 100% of FY 2018 FMRs	\$ 711	\$ 864	\$ 1,089
Amount of Proposed Increase from 4/1/2017 Flat Rents	\$ 82	\$ 88	\$ 112
Percent of Proposed Increase from 4/1/2017 Flat Rents	13.0%	11.4%	11.4%

Flat Rents in Family Housing Units: The utility allowance for the specific unit will be subtracted from the flat rent, to determine the rent amount payable to the PHA. The amounts and percentages of the proposed increase will vary.

Automatic Flat Rent Increases: Staff is recommending that the PHA adjust flat rents annually as FMRs change, to stay at 100% of FMR, without further Board action. Staff proposes to base each year's flat rent adjustments on whatever FMRs HUD publishes (usually in September), and making the changes effective on the following April 1 of each year.

If the Board approves changes in the flat rent amounts, staff will send a written notice to all residents with their rent statements for rent due January 1, 2018 and allow a comment period. Staff discussed possible flat rent changes with the Resident Advisory Board in September 2017. Staff will also explain the flat rent changes at the public hearing on the Agency Plan amendments to be held on November 14, 2017 at Neill Hi-Rise, 325 Laurel Avenue.

Residents paying flat rents have the highest incomes of all public housing residents, and they pay a lower percentage of their income for rent than the other 95% of residents who choose income-

based rents (30% of adjusted income). With the recommended increase, some residents who now pay flat rent will find that their income-based rent is less than the higher flat rent, so they will revert to income-based rent at their next annual reexamination. Others may choose to move out, if they find a suitable rental unit at a comparable cost on the private market.

The number of flat-rent-payers has declined from year to year, as shown below:

Flat rent Payers	Family Housing (1699 units)		Hi-Rises (2554 units)		Combined (4253 units)	
12/31/2012	148	9%	181	7%	329	8%
12/31/2013	143	9%	169	7%	312	7%
12/31/2014	103	6%	169	7%	272	7%
12/31/2015	112	7%	155	6%	267	6%
12/31/2016	107	6%	115	5%	222	5%
9/30/2017	102	6%	113	4%	215	5%

After the RAD conversion to project-based Section 8, flat rents will disappear (phase out) so all residents will pay 30% of adjusted income for rent.

FAH/

Attachments: Resolution No. 17-11/22-01
 2017-18 Public Housing Utility Allowance Schedule

**SAINT PAUL PUBLIC HOUSING AGENCY
RESOLUTION NO. 17-11/22-01**

**FLAT RENTS;
REVISION TO THE PUBLIC HOUSING
ADMISSION AND OCCUPANCY POLICIES**

WHEREAS, the Public Housing Agency of the City of Saint Paul (PHA) has in effect Public Housing Admission and Occupancy Policies (“Policies”) dated February 23, 2000 as amended; and

WHEREAS, there has been presented and considered at this meeting of the Board of Commissioners staff’s recommendation to amend the Policies to revise flat rents in public housing to be 100% of the proposed Fair Market Rents (FMRs) published by HUD; and

WHEREAS, the Board of Commissioners finds that the proposed revisions are necessary and appropriate to the administration of the public housing program;

NOW THEREFORE BE IT RESOLVED by the Board of Commissioners of the PHA as follows:

1. The Public Housing Admission and Occupancy Policies dated February 23, 2000 as amended are hereby amended to revise the flat rents as shown on the attachment effective April 1, 2018 for current residents whose annual recertifications take effect on or after that date, and for new households moving into public housing or transferring from one public housing unit to another on or after that date; and
2. Each year when HUD publishes proposed revised Fair Market Rents, the PHA will revise the flat rents to stay equal to the new amounts, without further Board approval; and those flat rent changes will take effect on April 1 of the following year.

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Public Housing Agency Plan;
Annual Plan for PHA Fiscal Year 2019
(Federal Fiscal Year 2018)

DATE November 22, 2017

Staff recommends approval of Resolution No. 17-11/22-05 approving the Annual Agency Plan for the PHA's Fiscal Year 2019 (Federal Fiscal Year (FFY 2018) beginning April 1, 2018). The Board approved the draft Agency Plan and attachments at the October 25, 2017 business meeting. No changes have been made in the draft Plan since then. Staff will provide additional copies of the Plan and attachments at the request of any Commissioner.

Staff conducted the required public hearing on the Agency Plan on Tuesday, November 14, 2017 at Neill Hi-Rise, 325 Laurel Avenue, after the required 45-day notice and comment period. Staff announced that the draft Agency Plan was available for public review and comment at the beginning of October by publishing a notice in the St. Paul Pioneer Press and posting a notice on the PHA's website. The updated Plan is substantially the same as last year's Plan as revised in August 2017 to describe the PHA's applications for HUD's Rental Assistance Demonstration (RAD). Members of the Resident Advisory Board (RAB) discussed the Plan updates with staff in three meetings held in September. The agendas and announcements of RAB meetings were mailed to the Hi-Rise Presidents Council, the City-Wide Residents Council, Section 8 representatives and Southern Minnesota Regional Legal Services (SMRLS).

No written comments on the draft Agency Plan were submitted by the RAB or the public.

The Agency Plan does not include the Capital Fund Program (CFP) funding application for the coming year. The CFP application and annual reports will be submitted separately with the signed amendment to the Annual Contributions Contract (ACC) after the actual amount of the PHA's CFP grant for FFY 2018 is announced. Based on past years' experience, that could occur anytime between March and August of 2018, after Congress approves the appropriations and HUD announces the actual CFP grant amounts.

The PHA's Agency Plans are posted on the PHA's website, www.stpha.org.

FAH

Attachments: Resolution 17-11/22-05 including HUD-50077,
"Certifications of Compliance with PHA Plans
and Related Regulations"

**PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL
RESOLUTION NO. 17-11/22-05**

**PUBLIC HOUSING AGENCY PLAN FOR PHA FISCAL YEAR 2019 (FFY 2018);
ANNUAL PLAN; CERTIFICATIONS OF COMPLIANCE
WITH PHA PLANS AND RELATED REGULATIONS**

WHEREAS, the PHA is required to prepare and submit to HUD each year an Annual Agency Plan including required attachments; and

WHEREAS, HUD approved the PHA's revised Annual Agency Plan for the current fiscal year (Version 2) on November 2, 2017; and

WHEREAS, there have been presented and considered at this meeting of the Board of Commissioners draft plans which describe the PHA's current programs and plans for the next fiscal year, which plans are in the form required by HUD; and

WHEREAS, the PHA's Resident Advisory Board (RAB) assisted staff in developing the draft plan; public notice was published of the draft plan's availability and the plan was presented at a public hearing as required; and

WHEREAS, HUD requires the Agency Plan to be accompanied by "Certifications of Compliance with the PHA Plans and Related Regulations" executed by the Board Chair;

NOW, THEREFORE BE IT RESOLVED by the Board of Commissioners of the PHA as follows:

1. The Annual Agency Plan for the PHA Fiscal Year beginning April 1, 2018 (Federal Fiscal Year 2018) is hereby approved; and
2. The Chair of the Board and the Executive Director or his designee are authorized to execute the "Certifications of Compliance with the PHA Plans and Related Regulations" in the form prescribed by HUD, and such other documents as may be necessary to complete the Agency Plan for submission; and
3. The Executive Director or his designee is authorized to submit the Agency Plan and related documents to HUD by January 15, 2018 or such later date as HUD may approve.

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING FY 2019 Revenue Budget for Section 8
Moderate Rehabilitation Single Room
Occupancy Project; Catholic Charities
Mary Hall

DATE November 22, 2017

Staff requests Board approval of Resolution No. 17-11/22-2 approving the FY 2019 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 2019 is \$409,523, including both the Housing Assistance Payments (HAP) of \$332,100 (estimate \$369 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 3.2% higher than last year due to slight increases in HAP expenses over the past 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 2.2% 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 approving a rent increase. (Board approval will not be required for that action.)

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 2017, the project reserve balance for Mary Hall was \$219,592. The program is projected to draw \$6,042 from the project reserve to cover increases in program expenses; and HUD recaptured \$151,154 in FY 2018. 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 is in the process of seeking HUD approval to move the subsidies to a new building nearby as part of the new “Higher Ground St. Paul” complex. The Board approved a resolution supporting that plan on May 24, 2017. The first Higher Ground St. Paul building, across Main Street from Mary Hall, opened in January 2017; and construction has begun on the second building, on the site of the former Dorothy Day Center.

AJH/FAH

Attachment: Board Resolution 17-11/22-2 – 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

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING FY 2019 Revenue Budget for Section 8
Moderate Rehabilitation
Single Room Occupancy; Salvation
Army Booth Brown House Foyer

DATE November 22, 2017

Staff requests Board approval of Resolution No. 17-11/22-3 approving the FY 2019 revenue budget for six Section 8 Moderate Rehabilitation (Mod Rehab) Single Room Occupancy (SRO) units at Booth Brown House 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 2019 to be \$38,847, including both the Housing Assistance Payments (HAP) of \$32,616 (estimate \$453 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 2019 revenue budget is only 0.6% more than the FY 2018 budget. This is due to utilization rates and HAP expenses remaining stable for the last two years in this program.

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 youth¹ who have disabilities. The initial funding contract expires on April 30, 2018, but staff expects HUD to renew the contract annually to keep the project operating. That has been our experience with the 75 Section 8 Mod Rehab SRO units at Mary Hall, where the initial contract ended in 2001 and has been renewed year to year since then.

Salvation Army staff have stated that they intend to apply to HUD to convert these six SRO subsidies into another form of project-based rental assistance for the same units at Booth Brown House Foyer. If HUD approves that conversion, the PHA would no longer be required to administer the subsidies.

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/FAH/DJM

Attachment: Board Resolution 17-11/22-3 – 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

¹ The original age eligibility limits were 18-21, later revised to 16-21 with Board approval on June 23, 2010.