On October 25, 2017, the Saint Paul Public Housing Agency (PHA) Board of Commissioners approved the following actions:

- Recommendation to Proceed with RAD PBV Conversion
- Rental Assistance Demonstration (RAD) Capital Needs Assessment; AMPS 1 – 8 (MN001000001 – 8); Contract No. 18-056
- Agency Goals for FY 2018 and 2019
- Section 8 Housing Choice Voucher Program; Increase Payment Standards; Maintain Current Utility Allowances for Housing Choice Vouchers and Public Housing
- General Counsel Consulting: Superior Housing Authority Interim Part-Time Executive Director
- Cancel December Board Meeting
- Boiler System Maintenance and Repair Services; Contract No. 18-064
- Property Insurance Policy Renewal
- Public Housing Agency Plan for PHA Fiscal Year 2019; Public Hearing; Deconcentration of Poverty Analysis
- Congregate Housing Services Program (CHSP); Grant Renewal Request and Budget; Program Year January 2018 – December 2018

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS **FROM** **JON M. GUTZMANN**
EXECUTIVE DIRECTOR

REGARDING Recommendation to Proceed with RAD PBV Conversion **DATE** October 25, 2017

As part of the Agency's applications to convert 3,852 housing units from the Low Income Public Housing program to the Section 8 project-based program through HUD's Rental Assistance Demonstration (RAD), staff recommends that the PHA pursue conversion to the "Project-Based Voucher" (PBV) model rather than "Project-Based Rental Assistance" (PBRA). On August 23, 2017, the Board approved staff's recommendation to submit applications to convert the public housing units to one of the two models of project-based Section 8 assistance with the understanding that staff would make a further recommendation at a subsequent Board meeting as to which model the PHA would pursue. The applications were submitted on August 25, 2017. As explained below, staff has determined that the PBV form would serve the best interests of the residents and the Agency better than the PBRA form, primarily due to PBV's superior flexibility, which allows greater consistency in program rules, leases, occupancy policies, contracting, and management of capital improvements.

Staff reached this conclusion after carefully researching, reviewing, and assessing the benefits of the PBV model versus the PBRA model, in consultation with residents, outside experts, and staff at other housing agencies that have completed or considered RAD conversions.

Both the PBV and PBRA RAD models are similar in that they operate under the Section 8 umbrella and provide more stable and long-term funding streams than the current public housing model. However, they are subject to different rules and regulations that impact the way the PHA would be able to manage residents, properties and funding post-conversion. Staff studied the advantages and disadvantages of both models and summarized the analysis in a comparison chart that is attached to this report.

Though both models have benefits and drawbacks, staff recommends pursuing PBV primarily due to its superior flexibility and ability to incorporate most existing public housing policies into the post-RAD conversion structure. Ensuring consistency in program rules, leases, and occupancy policies between the current public housing program and the post-RAD conversion program has been a primary concern to both staff and residents alike. PBRA requires the use of a HUD-mandated “model lease” that would significantly alter existing lease enforcement practices and outcomes affecting current public housing residents, and would require significant retraining and possible reorganization of public housing staff. The PBV model, by contrast, requires only a HUD-mandated “tenancy addendum” to the lease that allows the PHA to continue using our current public housing lease and almost all associated enforcement policies, with only slight modifications. The PHA also has experience and familiarity with administering project-based vouchers in the current Section 8 program and can apply many of those existing policies to RAD PBV. In summary, the PBV model allows the PHA to retain policies and procedures that have sustained the high performance that residents, staff and the community expect.

Besides rules and policies affecting residents, RAD PBV also offers more flexibility and autonomy in the area of managing maintenance contracts and the capital fund. With its High Performer rating under PHAS, the PHA can plan and carry out major capital improvements with relatively little oversight by HUD. In contrast, PBRA rules require prior HUD approval for many decisions that PHA currently routinely makes without any HUD involvement.

Under a RAD conversion to either PBV or PBRA, the PHA's annual Public Housing Capital Fund Program (CFP) grant for capital improvements will be replaced by a "replacement reserve." Instead of relying on CFP funding from annual Congressional appropriations, distributed by HUD in annual grants to public housing agencies (both on unpredictable schedules), the replacement reserve is initially funded from Asset Management Project (AMP) reserves and built up by saving excess Section 8 housing assistance payments. Under PBV, the PHA can plan and carry out capital improvements using funds from the replacement reserve in a more orderly way than under the public housing-CFP model or PBRA.

Under PBRA, HUD would sign the PBRA agreement with the PHA; and that agreement would allow HUD to retain control over the replacement reserve and require the PHA to seek pre-approval to obligate or expend the funds. These PBRA replacement reserve funds can only be drawn from the account and used in accordance with HUD guidelines and with the approval of, or as directed by, HUD. In addition, the PBRA agreement states that the PHA may not fund extraordinary maintenance and repair and/or replacement of capital items out of project funds without the prior written consent of HUD. HUD would not retain such control of the replacement reserve under the PBV model.

Staff believes that, as compared to PBV, the additional HUD requirements and restrictions under PBRA would unnecessarily restrict PHA access to and use of our replacement reserve funds and would slow the PHA's response to maintenance needs. Access to PBV replacement reserves would be controlled by the Board of Commissioners without the need to seek HUD approval. Staff believes that the continued independence and autonomy from HUD that PBV provides will also sustain greater efficiencies and cost controls over the long term as compared to PBRA.

While the flexibility and program continuity that the PBV model provides makes it the superior choice for the PHA, the PBRA model does have a few comparative advantages that caused other agencies to choose it. One of these advantages is long-term funding security. The PBRA model is funded through a separate federal appropriation that historically has received full funding, even as additional units are added to the portfolio (shown on the attached Comparative Funding Chart). Even in years when the Congressional appropriation did not provide enough funding for HUD to renew PBRA contracts for a full 12 month period, HUD was able to draw unused funds from other accounts to cover the full costs of the PBRA contracts. The PBV program, by contrast, is a subcomponent of the HCV program and is subject to annual HCV renewal appropriations as approved by Congress and allocated by HUD through each PHA's Annual Contributions Contract. If Congress provides for less than full funding for the HCV program, then PHAs administering HCV programs must cover the shortfall from other funding sources (if they have any) or petition HUD for supplemental funding to avoid taking vouchers back from current participants. The PHA would need to prioritize full funding of its RAD PBV properties so that PHA-owned units do not sit vacant or suffer from deferred maintenance; and therefore any future shortfalls would likely result in less funding for tenant-based Section 8 vouchers.

Beyond the potential for more secure long-term funding, another perceived advantage to PBRA is that it would allow the PHA to own and administer all aspects of the program itself as a single entity. However, the PHA can reach a similar result while satisfying the requirements that are unique to RAD PBV conversions. PBV rules require independent, third-party contractors to perform HQS inspections and "rent reasonableness" calculations. Additionally, under PBV the contract administrator and the owner cannot be the same legal entity. Therefore, as part of the RAD PBV conversion, the PHA will need to create a wholly-owned subsidiary entity to serve as the owner of all the RAD PBV properties. Other agencies have successfully done this as part of their own RAD PBV conversions and the PHA's Legal department is well-equipped to implement this step if the Board approves it (at a future meeting). Under models used by other agencies, the Board of Commissioners and Executive Director would serve the same roles in both entities. All other management services would be contracted back to employees of the PHA. This structure would allow the PHA to comply with PBV requirements regarding separate ownership while minimizing any disruption to the current allocation and assignments of staff.

For these reasons staff is recommending converting the eight projects (AMPS) with 3,852 units that are included in the RAD applications to PBV rather than PBRA. It is important to note that the decision can be changed at any point up to closing on the RAD conversion. While both programs contain benefits and drawbacks, staff believes the program continuity and significantly greater flexibility afforded by the PBV model makes it the superior choice for the PHA's RAD conversions. The ability to maintain current policies and procedures under PBV is ultimately worth the potential cost of small funding prorations (reductions) over the long term. Potential prorations may also be offset by savings achieved through the administrative efficiencies that are possible under PBV. With Board approval, staff will begin taking the necessary steps toward PBV conversions, including reviewing necessary changes to the lease, program rules, and occupancy policies for Public Housing and the Housing Choice Voucher/Section 8 programs; and assessing the associated impacts on residents and staff. Staff will also continue consulting with experts, outside counsel, and contacts at other RAD agencies to ensure the smoothest conversion possible to the RAD PBV model. Staff will continue to provide progress updates to the Board.

LTS/SDW

Attachments: Chart Comparing PBV vs. PBRA Advantages and Disadvantages
Comparative Funding Chart for Federal Fiscal Year 2018

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS		**FROM**	**JON M. GUTZMANN** **EXECUTIVE DIRECTOR**
REGARDING	Rental Assistance Demonstration (RAD) Capital Needs Assessment AMPs 1 – 8 (MN001000001 – 8) Contract No. 18-056	**DATE**	October 25, 2017

Staff recommends Board approval to award a contract in the amount of $131,592.48 to Clampett Industries LLC dba EMG Corporation of Owings Mills, Maryland to provide professional services to complete Capital Needs Assessments as required by HUD for the PHA's applications to convert 3,852 units of public housing in eight Asset Management Projects (AMPs 1-8) to project-based Section 8 subsidies through the Rental Assistance Demonstration (RAD). A tabulation of the four proposals that were received September 29, 2017 and a summary of the staff's evaluations are attached.

On August 23, 2017 the Board approved submitting the eight applications for RAD conversions and they were submitted to HUD on August 25, 2017. After HUD staff review the applications, they will issue a Commitment to Enter into a Housing Assistance Payment Contract (CHAP) for each accepted application. The PHA then has 180 days to submit a RAD Financing Plan for each AMP, which must be accompanied by both the RAD Capital Needs Assessment and a RAD Environmental Assessment. Staff awarded an informal contract (No. 18-058) to EMG in the amount of $29,500 for preparation of RAD Environmental Assessments, as described in an informational report also on this meeting's agenda.

Each RAD Capital Needs Assessment includes these three elements:

1. A <u>Physical Condition Assessment</u> that identifies current critical needs, needs to be corrected during the first year after conversion and needs that will have to be corrected during the subsequent 20 years;
2. An <u>Energy Audit</u>; and

3. Utility Consumption baseline benchmarking.

The Capital Needs Assessment will allow the PHA to budget for future building improvements in addition to meeting the RAD Financing Plan requirements.

Staff advertised the request for proposals (RFP) for these services in local newspapers and sent it to consultants listed on HUD's RAD Capital Marketplace. Four proposals were received; and PHA staff rated them independently on the criteria stated in the RFP including:

1. Previous experience on similar projects;
2. Quality of proposed capital needs assessments;
3. Quality of response to the RFP and professional and technical competence;
4. MBE/WBE status or other affirmative action efforts;
5. Section 3 Action Plan; and
6. Cost.

The evaluation committee selected EMG as the contractor best able to meet the PHA's RAD Capital Needs Assessment needs. A summary of the proposal evaluations is attached. EMG has satisfactorily completed energy audits for the PHA in the past.

A copy of the Employer Information Report for EMG and the second highest-rated proposer, Dominion Due Diligence Group, are attached. EMG will meet the PHA's Section 3 requirements by providing an internship for one resident during the contract period. EMG will meet the PHA's 5% WBE/DBE goals by subcontracting 10% of the work to a WBE subcontractor.

Sufficient funding for this contract is provided by the PHA Operating Budget.

DAL

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

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS | **FROM** JON M. GUTZMANN, EXECUTIVE DIRECTOR

REGARDING Agency Goals for FY 2018 and 2019 | **DATE** October 25, 2017

Staff recommends Board approval of the proposed Agency Goals for Fiscal Years 2018 and 2019 (April 1, 2017 - March 31, 2019). The proposed Agency Goals and current Agency Goals are attached.

As in previous years, the proposed goals continue to emphasize the core work of the PHA including public housing property management, maintenance and modernization, and Section 8 Housing Choice Voucher administration. Staff believes that the PHA's success in administering its programs is the product of constant attention to the "basics", combined with the willingness and ability to adapt to new challenges, and the diligent efforts of an experienced, talented staff and a dedicated and supportive Board of Commissioners. The goals also reflect the Agency's continued efforts to promote fair housing, employee and organizational development, safety and security and sound housing policy at the state and national levels. The most significant changes are new references to the RAD conversions in proposed Agency Goals 1 and 3, and exploring asset preservation and homeownership strategies for the PHA's 418 scattered site homes (which are not included in the RAD conversion applications) added to Agency Goal 4.

JMG/FAH

Attachments: Proposed FY 2018-2019 Agency Goals
Approved FY 2016-2017 Agency Goals

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM **JON M. GUTZMANN**
EXECUTIVE DIRECTOR

REGARDING Section 8 Housing Choice Voucher Program; Increase Payment Standards; Maintain Current Utility Allowances for Housing Choice Vouchers and Public Housing

DATE October 25, 2017

Staff requests Board approval of Resolutions No. 17-10/25-1 and 17-10/25-2 to increase the payment standards for the Housing Choice Voucher (HCV; Section 8) Program and to maintain utility allowances for both HCVs and Public Housing at their current amounts, as explained below. The payment standards and utility allowances are contained in the Admission and Occupancy Policies, which is an attachment to the Agency Plan. If approved, the higher payment standards would take effect on November 1, 2017 for new HCV participants and current participants who move to new units, and January 1, 2018 for current participants with annual recertifications of eligibility on or after that date. The Board last approved increasing the payment standards on November 23, 2016. July 22, 2015 was the last change in HCV utility allowances.

Increasing Housing Choice Voucher Payment Standards. The PHA's current and proposed payment standards are as follows:

	0 BR	**1 BR**	**2 BR**	**3 BR**	**4 BR**	**5 BR**	**6 BR**
1. Current Payment Standards	$694	$854	$1,073	$1,438	$1,684	$1,934	$2,189
2. FMR Increase Percentage	1.7%	0.2%	0.3%	0.6%	0.7%	0.7%	0.7%
3. Proposed Payment Standards	**$711**	**$864**	**$1,089**	**$1,438**	**$1,775**	**$2,041**	**$2,307**
4. Percentage of New FMR	100%	100%	100%	93%	98%	98%	98%

The proposed increase in payment standards is based on new Fair Market Rents (FMRs) from HUD that are effective for the new federal fiscal year beginning October 1, 2017 (FFY 2018). HUD regulations allow housing authorities to set their payment standards between 90% and 110% of the FMRs to meet local market needs and demands. This year, staff is recommending that the payment standards be increased for each bedroom size, except the 3 BR units which would stay the same as last year, for reasons explained below.

Staff estimates that the maximum potential impact of the recommended payment standard increases could be about $466,000 added to the annual cost of the subsidies paid to property owners, on top of the base of approximately $35 million. The increased cost in the first year would be lower, since the higher payment standards would phase in over 12 months, coinciding with annual recertifications for current participants who remain in their current units. If HUD approves a lower amount for the PHA's budget authority for next year (after Congress passes a HUD Appropriations bill for the federal fiscal year that began October 1, 2017), the PHA will draw on the HAP reserves being held by HUD, which are now approximately $2.4 million. Spending some of the reserves can benefit the PHA in two ways. First, higher spending in one year increases the budget renewal figure for the following year. Second, "excess" reserves are at risk of being recaptured by HUD or offset against the PHA's annual budget authority. Currently HUD does not define a threshold for "excess" HAP reserves.

In addition to the estimated annualized cost of the higher payment standards, the PHA's cost for the rent subsidies to owners (HAP) increases throughout the year as participating owners request rent increases. HUD regulations require the PHA to approve reasonable rent increases when requested by owners. Staff responsibly manages these transactions, routinely granting increases up to 3%, if the requested rent is reasonable considering the rental unit's location, size, age, condition, amenities, etc.

Background: Payment Standards. The Section 8 payment standards establish the maximum subsidy amount that the PHA can pay for each size of rental unit (by number of bedrooms). The participant pays 30% of monthly adjusted income (minus utility allowances for tenant-paid utilities) towards their rent and the PHA pays the difference up to the "contract rent" (the rent amount stated in the lease) or the payment standard, whichever is lower. If the contract rent plus the utility allowance exceeds the payment standard, the tenant pays any additional costs over the payment standard (subject to the PHA's determination that the rent is reasonable for the unit).

"40% Affordability Limit". When a voucher participant first moves into a rental unit, the famlies' total payment is limited to 40% of their monthly adjusted income, but there is no such restriction thereafter. That "40% affordability limit" is preventing many voucher holders from leasing new units in the current tight rental market with rising rents. Raising the payment standard will make more units in more locations affordable for voucher holders.

Fair Market Rents. Despite its terminology, HUD does not dictate to the rental housing market what the "fair" market value of a unit is. The FMR is simply a reference point used to define subsidy limits for the Section 8/Housing Choice Voucher program and other HUD subsidy programs. It is statistically derived from past surveys of large numbers of "standard" rental units in the private market, excluding new and luxury units. HUD adjusts the FMRs annually for inflation and other factors. For the Twin Cities metropolitan area, HUD now sets the FMR at the 40th percentile of rents, meaning that 40% of standard rental units have rents including utilities at or below that amount. The PHA can set its payment standards between 90% and 110% of the FMR's.

The FFY 2017 and 2018 Fair Market Rents are as follows:

	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	6 BR
FFY 2017 Fair Market Rents (FMRs)	$699	$862	$1,086	$1,538	$1,799	$2,069	$2,339
New FMRs for FFY 2018	$711	$864	$1,089	$1,547	$1,812	$2,083	$2,355
% increase in FMRs	1.7%	0.2%	0.3%	0.6%	0.7%	0.7%	0.7%

Increasing Payment Standards: Cost Impact on participants and the PHA. Higher payment standards mean that some voucher participants will pay a smaller portion of the rent than currently, and the PHA will pay more. There will be variations among units, as explained below.

- For units with gross rent (the contract rent stated in the lease plus any utility allowances) that is at or below the current payment standard, a higher payment standard does not change the tenant's payment or the PHA's payment. The voucher participant will pay the same amount of rent to the property owner (30% of adjusted income), and the PHA's Housing Assistance Payment (HAP) to the owner will stay the same. However, if the owner requests and the PHA approves a rent increase above the old payment standard, the PHA will pay more subsidy (HAP).

- For units with gross rent higher than the current payment standard, the PHA will pay a higher subsidy (HAP) when the payment standard increases. The tenant will pay a smaller portion of the rent to the property owner.

- Staff expects that property owners would request approval for rent increases to bring the gross rent up to the payment standard.

Raising the payment standards helps families with vouchers who are searching for a unit by giving them more access to units that have somewhat higher rents, allowing greater choice and mobility.

If the recommended increases in payment standards are approved, they will be implemented gradually for current participants remaining in the same units, as annual recertifications take place over the next year. Staff will continue to review the reasonableness of any requested rent increases.

HUD requires housing authorities to evaluate their payment standards as part of the annual SEMAP certification. Part of that evaluation is to determine the number of families who are "rent-burdened", meaning that they are paying more than 30% of monthly adjusted income toward their share of rent. If more than 40% of families in a particular unit size are rent-burdened, HUD can require the housing authority to raise their payment standards. When staff analyzed the rent burdens of current voucher participants this month, 791 families were paying more than 30% of their adjusted income for rent. However, fewer than 40% of families in each unit size were rent-burdened.

The families holding 3 BR vouchers occupying 3 BR units had a particularly low rent-burden, with only 27% of those clients (154 out of 578) currently paying over 30% of their income toward their rent. This, in addition to the wide disparity in payment standards between the 2 BR and 3 BR vouchers, justifies the recommendation not to increase the 3 BR voucher payment standards this year. In all other voucher sizes, 30% - 36% of the families were rent-burdened, with a particularly high burden in the 4 BR and 5 BR voucher types. Increasing the payment standards as recommended would reduce the number of all families paying more than 30% of income.

Another test of the adequacy of payment standards is the “shopping success rate” of voucher holders who are shopping for a unit to rent. The shopping success rate of all new participant families and “movers” from April through October of this year was 75%, based on 378 vouchers that were successfully leased up (counting both newly-issued vouchers and households moving between units) and 75 vouchers expired. Though this rate is consistent with the success rate at this time last year, in earlier years the shopping success rate was generally in the low 90% range. Increasing the payment standards as recommended should increase or at least help maintain the shopping success rate.

Utility Allowances: No changes recommended. For public housing family residents and voucher participants who pay some or all of their own utility costs, the utility allowance reduces the amount of rent the household must pay to the PHA or the property owner. The rent plus the utility allowance equals 30% of the household’s adjusted income. In public housing, utility allowances only apply to the units in family housing developments and scattered site homes. PHA hi-rise residents do not pay separate utility bills (other than a utility surcharge paid by residents who have a freezer or a window air conditioner).

HUD regulations require PHAs to review utility allowances for both public housing and Section 8 at least annually, and to adjust the utility allowances if rates have changed by 10% or more since the previous adjustment. In addition to monitoring utility rate changes throughout the year, staff recently reviewed all current utility rates and confirmed that no change is required. The last adjustment to utility allowances in either program was approved by the Board in July

2015, when new categories were added in Section 8 (for water/sewer and trash in multi-family buildings). The last time the PHA increased utility allowances (for both programs) was in 2013, and those adjustments are still sufficient to cover the current rates. The Board approved maintaining the utility allowances in both programs on February 26, 2014, July 22, 2015 and November 23, 2016. Staff's recent review of utility costs revealed that energy rates have not increased significantly since the last review.

- Xcel Energy's rates for natural gas have not changed over the past year.
- Xcel Energy's rates for electricity have increased since February 2013, when the Board approved 10% increases in the utility allowances for electricity. However, the increases have not been large enough to require increasing the utility allowance yet, in staff's opinion. (On June 12, 2017, the MPUC approved a Settlement Agreement that established a rate increase of $244.7 million or about 8.28 percent spread across four years, 2016 - 2019.)
- District Energy's rates have not changed.
- No change in Sewer costs.
- Water costs have increased, but the PHA's allowances for that utility cost (based on previous analysis of actual bills) are still considerably higher than the St. Paul Water Utility's estimates of typical households' consumption. For that reason staff does not believe a change in the utility allowance is warranted.
- Trash hauling rates vary widely, but the "typical" cost has not changed by more than 10%, according to staff's survey of a sample of current rates. Trash haulers are holding rates steady while waiting for the City's new trash collection system to be implemented.

FAH/DJM/RPM

Attachment: Resolutions No. 17-10/25-1 and 17-10/25-2
2017-18 Section 8 Payment Standards and Utility Allowances
2017-18 Public Housing Utility Allowances

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS		**FROM**	**JON M. GUTZMANN**
REGARDING	General Counsel Consulting: Superior Housing Authority Interim Part-time Executive Director	**DATE**	October 25, 2017

Staff recommends that the Board authorize General Counsel to perform limited consulting activity on her own time for the Superior, Wisconsin Housing Authority. The Board Chair of the Superior Housing Authority, William Fennessey, requested Ms. Seeba serve as an Interim Part-time Executive Director while the Board searches for a permanent Full-time Executive Director. The previous Executive Director recently resigned. (The Superior Housing Authority has 466 units of public housing and 170 Section 8 vouchers.)

Ms. Seeba would perform the services for the Superior Housing Authority entirely on her own time, using vacation time, evenings or weekends. The work of the PHA always comes first and remains Ms. Seeba's top priority.

JMG/

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM **JON M. GUTZMANN**
EXECUTIVE DIRECTOR

REGARDING Cancel December Board Meeting

DATE October 25, 2017

Staff recommends Board approval to cancel the December regular business meeting because it appears there will be no business items for consideration. The fourth Wednesday falls on the December 27 this year. In previous years the Board has approved canceling the December regular business meeting, or holding it a week early if needed to approve necessary business items. It does not appear to be necessary for the Board to meet in December this year.

The Agency By-Laws state that “A scheduled regular or special meeting may be rescheduled or canceled only with the concurrence of four commissioners obtained at least three days prior to the scheduled regular or special meeting.” (Article I, Section 3.)

The November regular business meeting will be held on November 22, 2017.

MLM

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS		**FROM**	**JON M. GUTZMANN** **EXECUTIVE DIRECTOR**
REGARDING	Boiler System Maintenance and Repair Services Contract No. 18-064	**DATE**	October 25, 2017

Staff requests Board approval to award a contract for boiler system maintenance and repair services to the sole bidder Archer Mechanical, of Burnsville, Minnesota, at the unit prices shown on the attached October 12, 2017 bid tabulation.

The contract will provide as–needed maintenance and repairs of the steam boiler systems in nine hi-rise buildings.

The contract will be in effect for an initial one-year period with an option to extend for a second and third year at the bid prices shown on bid tabulation.

Staff solicited for bids by advertising in local newspapers and trade publications and sending bid documents directly to fourteen local and regional companies that have expertise in boiler service and repair and who have expressed an interest in contracting with the PHA. Staff also met with three local contractors at a pre-bid meeting to review the bid documents and to encourage them to bid on this work. Despite these efforts, only Archer Mechanical submitted a bid. Contractors who received the bid documents but declined to bid informed staff that they were too busy to bid, could not make enough profit on this particular type of contract or the type of work was not in their service expertise at this time.

Archer Mechanical has not performed work for the PHA before. Staff contacted references and received favorable responses. Copies of the bid tab and the Employer Information Report for Archer Mechanical are 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.

Approximately $87,000 will be spent during the first year of the contract based on past boiler maintenance and repair costs. There are sufficient funds available in the Operating Budget for this contract.

Award and approval of this contract is subject to HUD approval of sole source bid.

SEA

Attachments: Tabulation of Bids
Employer Information Report EEO-1

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS | **FROM** **JON M. GUTZMANN**
EXECUTIVE DIRECTOR

REGARDING Property Insurance Policy Renewal | **DATE** October 25, 2017

Staff requests Board approval to renew the PHA's property insurance for one year effective December 1, 2017 with the Housing Authority Insurance Group (HAI) at an estimated annual premium of $569,630. This is a 6.86% increase over last year's actual premium of $524,120. The new Total Insurable Value (TIV) for the PHA's physical plant is $659,373,191, up from $616,646,252 last year. The estimated premium is higher as a result of the increase in TIV, plus a 1% rate increase.

HAI insures the PHA's property through its subsidiary company, Housing Authority Property Insurance. Important factors in the coverage remain the same, including:

- A $25,000 deductible;
- No blanket coverage, replacement cost will be subject to values on file with HAI;
- Exclusion for mold and fungi;
- Exclusion for any Acts of Terrorism.

As a capital member of the Housing Authority Risk Retention Group (HARRG) and Housing Authority Property Insurance the PHA receives dividend distributions, as shown below:

PHA FISCAL YEAR	HARRG DIVIDEND
FY 2007	$68,882
FY 2008	$164,479
FY 2009	$43,758
FY 2010	$172,011
FY 2011	$136,216
FY 2012	$151,863
FY 2013	$114,932
FY 2014	$102,765
FY 2015	$88,062
FY 2016	$60,584
FY 2017	$55,333
TOTAL	$1,158,885

Sufficient funds were budgeted for this expense in the FY 2018 Operating Budget and will be also be included in the FY 2019 Operating Budget.

HMG/RPM

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM **JON M. GUTZMANN**
EXECUTIVE DIRECTOR

REGARDING Public Housing Agency Plan for PHA Fiscal Year 2019; Public Hearing; Deconcentration of Poverty Analysis

DATE October 25, 2017

Staff recommends Board approval for the two attached documents:

1. The draft Agency Plan for the next fiscal year (beginning April 1, 2018) and
2. The required "deconcentration of poverty" analysis, comparing average incomes at each of the four family housing developments.

The PHA will hold a public hearing on the Agency Plan on Tuesday, November 14, 2017 from 4:00 – 5:30 PM at the Neill Hi-Rise, 325 Laurel Avenue. At the hearing staff will summarize the proposed updates to the Annual Agency Plan for the PHA's next fiscal year (FY 2019). Staff will request final Board approval of the Agency Plan at the November 22, 2017 business meeting. The PHA's current approved Agency Plan is posted on the PHA's website, www.stpha.org.

The Agency Plan no longer serves as the PHA's application to HUD for the next Capital Fund Program (CFP) grant (for Federal Fiscal Year 2018). Since Congress has not approved the HUD Appropriations bill for next year yet, the amount the PHA will receive from the Capital Fund is unknown.

On September 29, 2017 the St. Paul Pioneer Press published the PHA's notice announcing the date of the public hearing and stating that a draft Plan was available for review and comment (copy attached). The draft Plan is substantially the same as last year's. Members of the Resident Advisory Board (RAB) discussed the Plan updates in three meetings in August and September. 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).

“Deconcentration of poverty.” Federal law requires each public housing agency to annually examine the average household incomes (adjusted for unit sizes) at each family housing development and across all family developments, to determine if there are “concentrations of poverty” which should be addressed. A summary of staff’s latest deconcentration analysis is attached. As in previous years, our analysis of average incomes showed relatively consistent incomes across developments, so there is no need for further analysis or corrective action.

FAH

Attachment: Public Hearing Notice
Draft Agency Plan for PHA FY 2019 and Attachments
Deconcentration of Poverty Policy and Analysis
Family Income Trends

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS | **FROM** **JON M. GUTZMANN**
EXECUTIVE DIRECTOR

REGARDING Congregate Housing Services Program (CHSP); Grant Renewal Request and Budget; Program Year January 2018 – December 2018

DATE October 25, 2017

Staff requests Board approval to submit a grant renewal request to HUD for the Congregate Housing Services Program (CHSP) in the amount of $822,996. The grant would provide HUD funding to support four CHSP sites for a one-year period from January 1, 2018 through December 31, 2018. Based on that subsidy amount, the total CHSP budget for the program year would be approximately $2,062,900 including the HUD subsidy, participant fees, required local matching funds and in-kind contributions.

Previous budget requests have included five sites. In October 2017, the CHSP program at Valley Hi-Rise was discontinued reducing the number of sites to four. Valley CHSP clients were relocated to other CHSP sites and are included in enrollment targets for those sites in this request.

CHSP is licensed by the State as a “home management program” that combines affordable housing with non-medical services that help participants live independently and avoid unnecessary nursing home, group home or other placement. The PHA’s contract with HUD authorizes up to 166 CHSP participants, but the budget actually supports approximately 125 participants. The PHA sets a target number for each of the four CHSP sites, and the actual number of persons served may be higher or lower during a month. All program participants have disabilities, are elderly and/or are in frail condition, so turnover occurs each month. CHSP and Rental Office staff continue marketing the program to maintain enrollment. During September 2017 a total of 115 clients were served by the program, including clients who were served on a temporary basis (rather than being enrolled for ongoing services).

CHSP provides case coordination, housekeeping, daily meals and monitoring plus other needed services to prevent institutionalization of frail elderly persons and persons with disabilities. Up to two meals are served daily, 365 days per year. Both meals are catered by Presbyterian Homes and Services' Optage Senior Dining Choices. The noon meal is provided to eligible CHSP participants under Title III of the Older Americans Act, and the evening meal is provided through the CHSP program. The current CHSP contract with Presbyterian Homes and Services runs through December 31, 2018.

The four CHSP sites covered by this grant are as follows:

SITE	TARGET NUMBER SERVED	SEPT 2017 NUMBER SERVED (incl. Temps)
Ravoux	35	27
Edgerton	20	19
Iowa	35	29
Montreal	35	36
Valley (closing Oct 2017)	0	4
TOTAL	125	115

The CHSP grant renewal is required annually and serves two purposes:

1. It establishes the subsidy request for the upcoming grant year. The subsidy request for Calendar Year 2018 is the same amount as Calendar Year 2017, as explained below.

2. It formally requests a one-year extension of the grant period, until December 31, 2018.

The proposed budget (Attachment 2) shows total expenditures of $2,062,900. The budget is balanced, with proposed revenues meeting anticipated expenditures.

Congress earmarks funds in each HUD Appropriations Act to continue funding existing CHSP programs. Typically HUD has approved one-year grant renewals with a modest increase above the funding level from the previous year (historically in the 2.0% range). HUD has not published the official procedures for the grant renewal, and HUD Field Office staff have indicated that no increase has been approved, so PHA staff are submitting the request at the same funding level as Calendar Year 2017. There is no guarantee of long term CHSP funding, despite the program's success in providing needed services at reasonable costs since 1982.

As of March 31, 2017, the PHA has $155,455 in reserves from payments received from the Wilder Foundation on behalf of participants in Wilder's Assisted Living Program. This account grows at approximately $1,000 per month or $12,000 per year. The proposed budget does not require any supplemental income from this reserve account.

AJH

Attachments: Attachment 1 – HUD CHSP Budget Formula
Attachment 2 – Summary Budget (Grant Renewals CY 2018)
CHSP Enrollment History

HUD CHSP Budget Formula

Minimum fee contribution	10% of total budget
Maximum in-kind	10% of total match
Maximum administrative match	10% of total budget
Minimum local match	50% of total budget
Maximum HUD contribution	40% of total budget

Participants may not be charged more than the actual cost of the services, which now averages approximately $751 per month per participant (salaries, benefits, food, excluding matching and in-kind contributions).