

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR

REGARDING Dunedin Terrace Modernization,
AMP 8, MN 1-9, Phase 2
Contract No. 14-081

DATE February 26, 2014

Staff requests Board approval to award a contract for Dunedin Terrace Modernization (AMP 8, MN 1-9), Phase 2 to the lowest responsible bidder, Crossroad Construction Inc., Ham Lake, Minnesota, for the base bid amount of \$1,398,000. Rather than applying Deduct Alternate No. 1, which would have reduced the contract cost by eliminating work in one fourplex at 209 East Congress, staff proposes to pay part of the cost from Capital Fund and part from the Public Housing Operating Budget, as explained below. A copy of the February 11, 2014 bid tabulation is attached.

Phase 2 of the modernization work will consist of interior and exterior improvements at three of the 22 original Dunedin Terrace family townhouse fourplex buildings that were first occupied in 1966. The three buildings contain eight four-bedroom units and four five-bedroom units. The alterations to the buildings will include converting flat roofs to hipped roofs, replacing windows, replacing second floor siding, removing brick wing walls, totally replacing kitchens and bathrooms, and other miscellaneous interior work. A new play lot and lighting will be installed within the site.

A prototype building containing four four-bedroom dwelling units was modernized in 2012 at a cost of \$348,200. Phase 1 of the modernization was awarded in January 2013 to modernize nine buildings containing 36 dwelling units at a cost of \$3,129,200. Nine buildings containing 36 units will remain to be modernized after the completion of Phase 2. The average cost of

improvements for the Phase 2 work will be about \$116,500 per dwelling unit including site work. The cost per unit is higher than the unit cost in Phase 1 modernization (\$90,000 per unit with change orders). Staff believes the Phase 2 cost is higher due to these factors:

1. There are fewer dwelling units to spread out mobilization costs;
2. The average bedroom size per unit is larger than before;
3. There are more bathrooms per unit;
4. There is increased site work including a play lot and retaining walls; and
5. Construction costs have increased over the last year.

Crossroad Construction performed satisfactorily on the previous Dunedin Terrace Prototype and Phase 1 contracts, the Iowa Hi-Rise Exterior Modernization contract and other PHA work.

Copies of the Employer Information Reports for Crossroad Construction and the second low bidder, Meisinger Construction, are attached. Crossroad Construction intends to subcontract 10.2 percent of the contract work to minority business enterprises (MBE) and 21.1 percent of the contract work to women-owned business enterprises (WBE). Crossroad Construction will also provide building trades pre-apprenticeship opportunities for PHA residents by participating in the “Step Up” program and will subcontract 25% of the work to Section 3 subcontractors.

There are sufficient 2013 Capital Fund Program funds to pay \$1,020,000 toward this contract work. The Deduct Alternate No. 1 amount of \$378,000 will be budgeted in the FY 2015 Low Rent Public Housing Operating Budget or in a Supplemental Operating Budget.

TDB/mlp

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

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR

REGARDING Glass Block Window Replacements at
McDonough Homes
AMP 1, MN 1-1
Contract No. 14-082

DATE February 26, 2014

Staff requests Board approval to award a contract for the replacement of glass block windows at McDonough Homes, AMP 1, MN 1-1, to the lowest responsible bidder, D & J Steele Construction Inc, Minneapolis MN, for the bid amount of \$335,000. A copy of the January 16, 2014 bid tabulation is attached.

This work includes removing the remaining 177 glass block windows that were constructed with mortar, and replacing them with glass block windows that are assembled with silicone. The existing glass block windows were deteriorating at the mortar joints and many of the vinyl vents in the windows were inoperable. Most of the windows are in bathrooms, where the solid-surface tub surround must be removed to replace the window, adding to the cost. The new windows do not have vents, since exhaust fans in all of the bathrooms remove moisture more effectively.

D & J Steele Construction has performed satisfactorily on previous PHA work. Copies of the Employer Information Reports for D & J Steele and the second low bidder, Reiling Construction, are attached. D & J Steele is a minority-owned business enterprise (MBE) and also a Section 3 business.

There are sufficient 2012 Capital Fund Program funds to accomplish this work.

TDB/mlp

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Exterior Wall Repairs at
Roosevelt Homes "A" Buildings – Phase 2
AMP 4, MN 1-2
Contract No. 14-083

DATE February 26, 2014

Staff requests Board approval to award a contract for exterior wall repairs at two Roosevelt Homes "A" Buildings (AMP 4, MN 1-2) to the lowest responsible bidder, A. J. Spanjers Co., Inc., Brooklyn Park, Minnesota, for the bid amount of \$155,575. A copy of the February 6, 2014 bid tabulation is attached. The bids came in within the budgeted amount, so staff did not use Deduct Alternate No. 1, that would have eliminated the brick tuckpointing and stucco repair at one of the buildings.

This contract is Phase 2 of a multi-stage project to tuckpoint brick and repair stucco on the exteriors of the seven "A" Buildings at Roosevelt Homes. The two buildings in this contract are at 1140 and 1144 Supornick Lane. Each building contains ten units, all of which have one bedroom except for a two-bedroom apartment that is handicapped-accessible. One of the one-bedroom units is also handicapped-accessible. Similar exterior work was completed last year in two other "A" buildings, at 1148 and 1152 Supornick Lane.

Spanjers has performed satisfactorily on previous PHA work. A lower bid was submitted by Acme Tuckpointing & Restoration; however, Acme asked to withdraw their bid due to a miscalculation in the amount of stucco repair. Staff determined that Acme's bid was unreasonably low and after consulting with legal counsel, approved their request to withdraw it.

Copies of the Employer Information Reports for Spanjers and the next low bidder, Cities Masonry Restoration, Inc. are attached. Spanjers intends to subcontract 2 percent of the contract work to minority business enterprises (MBE) and 2 percent of the contract work to women-owned business enterprises (WBE). Spanjers will contribute 2.5 percent of the contract amount to the PHA’s Section 3 Training Fund.

There are sufficient 2013 Capital Fund Program funds to accomplish this work.

TDB/mlp

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR

REGARDING Refuse Hauling Services at Hi-Rises,
Community Centers and 555 N. Wabasha
AMP 1, Contract No. 14-086

DATE February 26, 2014

Staff requests Board approval to award a contract for refuse hauling services for the sixteen hi-rises, Mt. Airy and McDonough Community Centers and the W. Andrew Boss Office Building to the lowest responsible bidder, Waste Management, Blaine, Minnesota for the unit bid prices listed on the attached tabulation of bids. Under this two-year contract, refuse pickups will be made two to five times per week at each building.

The low bidder for this contract was determined using an estimated usage multiplier as indicated in the bid documents. Using this method, Waste Management's bid totaled \$237,525.56. Other bids submitted by Advanced Disposal and Republic Services totaled \$358,576.08 and \$360,154.56 respectively. When questioned by staff, the low bidder confirmed that its bid was accurate. Staff anticipates that approximately \$120,000 will be spent each year of this two year contract, a decrease of approximately 18% in the cost for the same services for the past year.

Waste Management has performed satisfactorily on PHA contracts in the past. Employer Information Reports for Waste Management and the next lowest bidder, Advanced Disposal, 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. Sufficient funds are available for this contract in the current Operating Budget and will be recommended in next year's budget.

KY/mlp

Attachments: Bid Tabulation
Employer Information Reports, EEO-1

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR

REGARDING Dunedin Hi-Rise Exterior
Brick Repair – Phase IV
MN 1-9A; AMP 8
Contract No. 14-088

DATE February 26, 2014

Staff requests Board approval to award a contract for the Exterior Brick Repair Phase IV at Dunedin Hi-Rise (MN 1-9A, AMP 8) to the lowest responsible bidder, American Masonry Restoration, Inc., of Fridley, Minnesota for the unit bid prices shown on the attached February 12, 2014 bid tabulation. Multipliers in the bid documents were used to calculate the total bid amount of \$545,160.

The work of the contract includes correction of exterior brick defects on the southwest corner wall elevations at Dunedin Hi-Rise. The corrective work includes applying a protective coating over the concrete parapet wall, replacing and tuckpointing damaged bricks, replacing sealants and rebuilding the exterior brick piers. Earlier phases of the brick repair at this hi-rise were completed on the northeast elevation in 2012 and 2013; the north, south and west end wall caps in 2011; and the east end wall cap in 2009. Added to the previous contracts for engineering consultants and construction, this contract will bring the brick repair costs to \$1,554,209. The three remaining phases will add an estimated \$1,365,000, for a total cost of almost \$3 million.

Two companies, Cities Masonry Restoration and A & M Construction, submitted bids that were considerably lower than staff's and the PHA's consultant's estimate for the work. Upon review of their bids, however, both companies determined that they had made serious errors in their

calculations and requested to withdraw their bids. After consulting with legal counsel, staff approved their requests to withdraw the bids.

American Masonry Restoration, Inc. has not worked previously for the PHA. However, staff checked references from entities for whom they have completed similar work, and received favorable responses. Copies of the Employer Information Report for American Masonry Reconstruction, Inc. and the second lowest responsible bidder, Building Restoration Corporation, 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.

The low bid of \$545,160 is slightly less than the consultant's estimate for the work. There are sufficient 2013 Capital Fund Program funds to accomplish this work.

JPR/mlp

Attachments: Bid Tabulation
Employer Information Reports – EEO-1

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR

REGARDING ACOP Budget and
Contract for FY 2015;
ACOP Year 24

DATE February 26, 2014

Staff requests Board approval to contract with the City of Saint Paul, through its Police Department (SPPD), for Year 24 of community policing services under ACOP (A Community Outreach Program) beginning April 1, 2014, and continuing until March 31, 2015, based on the attached proposed budget. Under the recommended one-year contract the PHA will pay SPPD an amount that will not exceed \$528,218, the same as the current year's contract.

The salaries of police officers in 2014 are uncertain because Department and the officers' union are still in contract negotiations. Under the current ACOP contract and the recommended FY 2015 contract, the PHA will pay the actual salary of the officers assigned to ACOP. Even with whatever salary increase the SPPD and the union settle on, staff anticipates that the PHA's total cost for ACOP salaries during the coming year will be the same or lower than the current year. This is a result of current officers assigned to ACOP having less seniority than in past years, and therefore lower hourly wage rates. For example, even with an SPPD wage increase of 3% the PHA's total cost would not exceed the recommended FY 2015 contract amount.

The terms and conditions of the proposed contract are otherwise 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 the benefits and any overtime for the sergeant, all nine officers, and two CLOs; and to 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 PHA's 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 2015 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 Audit Services
Contract No. 12-044, Amendment No. 3

DATE February 26, 2014

Staff recommends approval of Amendment No. 3 to Contract No. 12-044 with McGladrey to add \$69,820 for audit services. The contract was awarded February 22, 2012 for one year, with options to renew for up to two additional years at rates to be negotiated. Amendment No. 3 is for the third year of general audit services. (Amendment No. 1 was for the addition of a forensic audit of the Scattered Site Resident Council records that was completed in 2013.) The proposed contract amount is 3.8% higher than last year's amount of \$67,250.

Audit costs and services fluctuate as government auditing methods and standards change the requirements for PHA audits. Staff believes the proposed increase in this contract cost is appropriate for the industry. The auditors also annually review the PHA's Consolidated Annual Financial Report for submission to the Government Finance Officers Association for their Certificate of Achievement for Excellence in Financial Reporting. The PHA has received that recognition for eight consecutive years, and staff expects to receive the certificate for last year's financial reports soon.

The history of this contract for auditing services with amendments is shown below.

Amendment Number	Amount of Add or (Deduct)	Cumulative Total	Audit Services for FY__	New Completion Date
Contract 12-044	\$64,500	\$64,500	FY 2012	08/22/12
Amendment # 1	\$10,000	\$74,500	n/a	03/31/13
Amendment # 2	\$67,250	\$141,750	FY 2013	08/28/13
Proposed Amend. # 3	\$69,820	\$211,570	FY 2014	08/27/14

There are sufficient funds in the Operating Budget for this contract.

RPM

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR

REGARDING Admission And Occupancy Policies
For Public Housing and Section 8
Housing Choice Voucher Programs;
Utility Allowances; Voucher
Payment Standards and Subsidy Standards

DATE February 26, 2014

Staff recommends Board approval of Resolutions No. 14-2/26-07 & 14-2/26-08 to revise the Admissions and Occupancy Policies (AOPs) for the Public Housing and Section 8 Housing Choice Voucher Programs, as follows:

1. For Public Housing and Section 8 Vouchers, maintain all utility allowances at their current amounts (copies attached).
2. For Vouchers, maintain the current payment standards (copy attached).
3. For Vouchers, revise the “subsidy standards” that determine the size of voucher a family should receive, effective June 1, 2014.

Each of these recommendations is explained below and the proposed policy language is attached, with changes highlighted (deletions ~~interlined~~ and insertions double-underlined).

1. Utility Allowances. HUD regulations require PHAs to review utility allowances at least annually. Staff has reviewed the various utility rates and is recommending maintaining them at the current amounts for the coming year.

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. The rent plus the utility allowance totals 30% of the household’s adjusted income. Public housing 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).

Despite recent news reports that Xcel Energy is increasing its rates for electricity service, the PHA increased those utility allowances last year more than enough to cover the current and pending rates. On February 27, 2013 the Board approved increasing the utility allowances for electric utilities by 10% in both programs.¹ The Board also approved a 15% increase in the utility allowances for water and sewer service in the voucher program. (Public housing residents do not pay for water and sewer service.) Last year there were no changes were in the other utility cost categories, natural gas and District Heat, and trash hauling for Section 8. (At staff's request the Board approved a correction to the Voucher electric utility allowances on March 27, 2013.)

The utility allowance table for the Section 8 Housing Choice Voucher Program contains over 100 categories for utility allowances, according to the following factors:

- Unit size (number of bedrooms)
- Unit type (multifamily building, townhome or duplex, or single family home)
- Type of fuel (gas, electric or District Energy) and
- Type of utility expense (heating, cooking, hot water, etc.).

Xcel Energy's rates for natural gas have not changed over the past year. District Energy's rates have not changed significantly so no change is needed in that utility allowance. Trash hauling rates have stayed flat over the last two years, according to most of the large firms that staff contacted.

¹ When the PHA revised its utility allowances in 2012 Xcel Energy had a rate increase request pending with the Minnesota Public Utility Commission (PUC) and was charging customers an interim rate of 9.4%. That interim rate and a prior approved rate totaled approximately 12%, so staff recommended and the Board approved a 10% increase in the utility allowances for electricity. However, the Minnesota PUC approved only a 3.8% increase, much smaller than both Xcel's rate request and the interim rate, so customers got a refund. Then in late 2013 Xcel requested a 6.9% increase for 2014 and another 3.5% increase in 2015. The PUC approved an interim rate of 4.6%, effective January 3, 2014. Based on this history, staff is recommending not increasing the PHA's electric utility allowances this year, for both public housing and Section 8.

Water and sewer service rates for a typical residential customer have increased 1.8% since last year, which is not enough to warrant a change in the utility allowances.

2. Voucher Payment Standards. Staff is recommending keeping the payment standards for the Section 8 Housing Choice Voucher Program unchanged, since they are within the range allowed by HUD regulations. As shown on the table below, the PHA's current payment standards vary from 92% to 105% of the new Fair Market Rent (FMR) limits published by HUD for Federal Fiscal Year 2014 (FFY 2014), beginning October 1, 2014. HUD rules allow PHAs to set their payment standards anywhere from 90 to 110% of the FMRs. On October 24, 2012 the Board last approved payment standard changes, which were increases for units with 2 – 6 bedrooms.

The payment standards are the maximum subsidy amount that the PHA can pay for each size of rental unit (by number of bedrooms). The participant family pays 30% of their monthly adjusted income (minus utility allowances for tenant-paid utilities) toward their rent and the PHA pays the difference up to the contract rent or the payment standard, whichever is lower. If the contract rent stated in the lease 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). The tenant's total payment is limited to 40% of the family's monthly adjusted income at the time of initial move-in but there is no such restriction thereafter.

(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 voucher program and other HUD subsidy programs. It is statistically derived from surveys of large numbers of "standard" rental units in the private market, excluding new and luxury units. The FMRs are adjusted 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. Since the PHA can set its payment standards only between 90% and 110% of the FMR's, at least half of all rental units have rent and utility costs higher than the FMR.)

Last year HUD made significant changes in the FMR, raising them for larger units (allowing higher subsidies) and lowering them for small units. The only changes this year are small, with increases of 2.7% - 2.9% for all unit sizes.

As directed by the HUD regulations on payment standards, staff also analyzed “rent burdens” to determine the percent of current participant households who are paying more than 30% of adjusted income for rent and utilities. Staff found that for all unit sizes, fewer than 40% of families are “rent burdened”. (The Section 8 regulations say HUD will review a PHA’s payment standards if more than 40% of participants in a category are paying more than 30%, and “after such review, HUD may, at its discretion, require the PHA to modify payment standard amounts for any unit size.” In that case staff would recommend that the Board approve revised payment standards.)

The table below shows how the current PHA payment standards compare to the old and new FMRs.

Bedroom Size	Current PHA Payment Standards (approved 10/24/2012)	OLD FMRs (eff. 10/1/12)	Payment standards as a % of old FMRs	NEW FMRs (eff. 10/1/13)	Payment standards as a % of new FMRs
Zero Bedroom	\$640	\$592	108%	\$608	105%
One Bedroom	\$754	\$736	102%	\$756	100%
Two Bedroom	\$925	\$920	101%	\$946	98%
Three Bedroom	\$1,282	\$1,296	99%	\$1,332	96%
Four Bedroom	\$1,455	\$1,529	95%	\$1,573	92%
Five Bedroom	\$1,673	\$1,758	95%	\$1,809	92%
Six Bedroom	\$1,892	\$1,988	95%	\$2,045	93%

Staff monitors the “shopping success rate” of voucher holders leasing units each month.

Although the PHA did not issue any vouchers to families on the waiting list over the past year, success rates remained around 90% for voucher participants who moved between units (“shoppers”) and those who moved out of project-based voucher units (“PBV movers”). That indicates that voucher holders have an adequate choice of acceptable units within the current payment standards. Under the long-delayed FY 2014 Consolidated Appropriations Act, HUD funding appears to be adequate to cover the Housing Assistance Payment (HAP) costs for all of the PHA’s authorized vouchers under the current payment standards.

3. Voucher Subsidy Standards. Staff is recommending that the PHA revise its “subsidy standards” that dictate the size of voucher a family should receive, which will result in some families receiving a voucher for a smaller unit.

Until now the PHA has assigned voucher sizes according to the following policy:

The age, sex and relationship of members of the household will be taken into consideration in assigning unit sizes. Minors of the opposite sex, who are six years of age or older, will not be required to share the same bedroom. (Section 8 AOP, Part 4, IV.A.3.b.)

Staff is recommending striking the provision quoted above, to bring the PHA's policy in line with that of Metropolitan Council Housing & Redevelopment Authority (Metro HRA) and the Dakota County Community Development Agency (Dakota CDA). As shown on the attachment, the proposed policy would allow one bedroom for the head of household and spouse/partner, and thereafter one bedroom for every two additional family members. No further adjustments would be made based on the age and gender of the family members, although exceptions would still be allowed as a reasonable accommodation for a person with a disability. Adopting a uniform "two-persons-per-bedroom" policy would help conserve scarce subsidy resources and simplify program administration. It also would eliminate the current incentive for voucher participants to "port" to St. Paul from Dakota County and the suburban areas in Metro HRA's jurisdiction, to obtain a voucher for a larger unit.

To illustrate the proposed policy change, currently a three-person family with a single parent, a 14-year-old girl and a 10-year-old boy would be issued a voucher for a three-bedroom unit. Under the proposed policy, that family would be issued a two-bedroom voucher. (The PHA does not dictate who actually shares each bedroom. The family still decides who will sleep where in the unit.) The family would still be permitted to lease a three-bedroom unit if they were willing to pay the additional cost. However, the PHA's subsidy cost (Housing Assistance Payment, or "HAP") would be lower. The utility allowance would also be based on the (smaller) voucher size. Reducing the average costs per voucher will allow the PHA to issue more vouchers (up to its authorized limit) when HAP subsidies are prorated downward. When their voucher size is reduced, some families will choose to move to a smaller unit, and some will choose to stay in their current unit and pay the cost difference themselves.

JMG/FAH/MW/DJM

Attachment: Resolutions (2)
Utility Allowance Schedules for Public Housing & Section 8
Section 8 Admission & Occupancy Policies; Subsidy Standards

**PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL
RESOLUTION NO. 14-2/26-07**

**UTILITY ALLOWANCE SCHEDULES FOR
THE PUBLIC HOUSING PROGRAM AND
SECTION 8 HOUSING CHOICE VOUCHER PROGRAMS;
REVISIONS TO ADMISSION AND OCCUPANCY POLICIES**

WHEREAS, the Public Housing Agency of the City of Saint Paul (PHA) has now in effect Admission and Occupancy Policies for the Public Housing Program and for the Section 8 Housing Choice Voucher Program, both dated February 23, 2000, as amended; and

WHEREAS, there has been presented and considered at this meeting of the Board of Commissioners a summary of utility rates for resident-paid utilities that show no increase or only small increases in rates since January 2013; and

WHEREAS, staff is recommending no increase in utility allowances; and

WHEREAS, the Board finds that the staff recommendation complies with HUD requirements and is in the best interests of the Agency;

NOW, THEREFORE BE IT RESOLVED by the Board of Commissioners of the PHA that the Utility Allowance Schedules stated in the Admission and Occupancy Policies for the Public Housing Program and the Section 8 Housing Choice Voucher Program be continued with no change, as shown on the attachments.

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

RESOLUTION NO. 14-2/26-08

**ADMISSION & OCCUPANCY POLICIES FOR THE SECTION 8
HOUSING CHOICE VOUCHER PROGRAM;
NO CHANGE IN PAYMENT STANDARDS;
SUBSIDY STANDARDS REVISED**

WHEREAS, the Public Housing Agency of the City of St. Paul (PHA) has in effect Admission and Occupancy Policies for the Section 8 Housing Choice Voucher Programs, dated February 23, 2000 as amended; and

WHEREAS, the Policies set forth the Payment Standards which determine the amount of subsidies which can be paid for the Section 8 Housing Choice Vouchers (HCVs); and

WHEREAS, HUD regulations require that Payment Standards be set between 90 and 110% of the Fair Market Rents (FMRs); and

WHEREAS, HUD published new Fair Market Rents for the Twin Cities effective October 1, 2013, increasing the FMRs for all bedroom sizes; and

WHEREAS, the current schedule of Payment Standards will range from 92% to 105% of the new published FMRs thus remaining in compliance with the HUD regulation; and

WHEREAS, there has been considered at this meeting the staff's recommendation that no change be made in the Payment Standards at this time; and

WHEREAS, HUD regulations direct the PHA to establish a policy setting "subsidy standards" that determine the size of voucher a participant family should receive; and

WHEREAS, other housing agencies in the Twin Cities Metropolitan area follow voucher policies that allow one bedroom for every two household members, which helps conserve scarce subsidy resources and simplify program administration; and

WHEREAS, there has been considered at this meeting the staff's recommendation that the PHA's subsidy standards be revised to allow one bedroom for every two household members;

NOW THEREFORE BE IT RESOLVED by the Board of Commissioners of the PHA that the Subsidy Standards for the Section 8 Housing Choice Voucher Program will be revised as shown on the attachment, effective June 1, 2014.

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Flat Rents in Public Housing;
Admission & Occupancy Policies

DATE February 26, 2014

Staff recommends Board approval of Resolution No. 14-2/26-02 to increase the current flat rents for all public housing units to 80% of HUD's published Fair Market Rents (FMRs) for the Twin Cities metropolitan area, as required by the FY 2014 Consolidated Appropriations Act. The higher flat rents would apply to new households moving into public housing on or after June 1, 2014, and to current resident households as their annual recertifications take effect on or after that date. Since HUD publishes new FMRs every year, staff is recommending approval of a policy that the PHA will continue to adjust flat rents as needed to maintain compliance with federal requirements. This would be a revision to the Admission & Occupancy Policies for Public Housing, Part 3, II. That excerpt is attached, with deletions ~~interlined~~ and insertions double-underlined.

The PHA last increased its flat rents effective January 1, 2013, and those amounts range from 58% to 77% of the current FMRs. Although staff estimated utility costs for family units when setting those flat rents, staff is now proposing new flat rent amounts (the amount residents pay to the PHA) at 80% of FMR, without any consideration of utility costs. Staff at the Minneapolis HUD office confirmed that this procedure is correct. The resulting flat rent increases will range from 5% to 35% for most units, with the highest increases being for units in the family housing developments. (About 130 households in the family developments are paying the flat rent currently. The flat rents for scattered site homes are higher, and only 14 households there chose flat rents.) In one category, 4-bedroom units in family developments, the flat rent would increase

by 37% if raised immediately to 80% of the FMR. Since the increase is limited by statute to 35% per year, that unit’s flat rent will be raised from \$920 to \$1,240 instead of \$1,260 this year.

Current Flat Rents	0BR	1BR	2BR	3BR	4BR	5BR	6BR
All Hi-Rise Units	\$440	\$580	\$700				
Family Development Units Excluding Utilities Costs (\$50-100)		\$530	\$590	\$810	\$920	\$1,080	\$1,240
Scattered Site Family Units Excluding Utilities Costs (\$130)			\$590	\$1,020	\$1,180	\$1,360	\$1,560

The current FMRs are as follows:

Fair Market Rents	0BR	1BR	2BR	3BR	4BR	5BR	6BR
Effective 10/1/2013	\$608	\$756	\$946	\$1,332	\$1,573	\$1,809	\$2,045

Rounding up to the nearest \$10, the new flat rents at 80% of FMRs would be as follows:

Proposed Flat Rents @ 80% FMR	0BR	1BR	2BR	3BR	4BR	5BR	6BR
Effective 6/1/2014	\$490	\$610	\$760	\$1,070	\$1,240*	\$1,450	\$1,640

The monthly increases in flat rents would be as follows:

Flat Rent Increases (\$)	0BR	1BR	2BR	3BR	4BR	5BR	6BR
All Hi-Rise Units	\$50	\$30	\$60				
Family Development Units		\$80	\$170	\$260	\$320*	\$170	\$400
Scattered Site Family Units)			\$170	\$50	\$60	\$90	\$80

Flat Rent Increases (%)	0BR	1BR	2BR	3BR	4BR	5BR	6BR
All Hi-Rise Units	11%	5%	9%				
Family Development Units		15%	29%	32%	35%*	16%	32%
Scattered Site Family Units			29%	5%	7%	7%	5%

* 4-bedroom increase limited to 35% this year; raise to 80% next year.

Background: Since 1999, federal law has required PHAs to give public housing residents a “choice of rents”, either paying rent based on their income (30% of adjusted income) or a “flat

rent” based on the market value of their unit. With the flat rent, a household may pay less than 30% of their income for rent and utilities. The flat rent was intended to allow the resident to pay the same fixed amount, with no adjustment of changes in income, for up to three years at a time. Then the resident and the PHA were able to skip the detailed annual and interim income redeterminations, verifications and rent changes that are required for residents who pay income-based rents. However, with the new requirement that flat rents be at least 80% of FMRs, the PHA may have to review incomes and change rents more frequently. HUD will issue guidance on that point.

The only residents who are directly affected by flat rent increases are about 300 households who currently pay flat rents. As shown in the table below, the number of households paying flat rents now is very close to the number a year ago, so the 10% increase last year did not have much effect.

	Family Housing (1699 units)		Hi-Rises (2554 units)		Combined (4253 units)	
Flat rent Payers 12/31/2012	148	9%	181	7%	329	8%
Flat rent Payers 12/31/2013	143	9%	169	7%	312	7%
Change	-5	--	-12	--	-17	-1%

More households may move to private housing as this next round of flat rent increases takes effect.

Last year staff discussed the flat rent analysis with the Resident Advisory Board (RAB), which includes the Resident Council officers. The RAB members did not express a strong consensus on maintaining or changing the flat rents. Some RAB participants advocated for raising the flat rents to the FMR over time, while others advised keeping the flat rents at current levels.

If the Board approves the recommended increases, staff will send a written notice to all residents with their rent statements. Since this change is required by statute, a comment period is not required. For the same reason staff does not consider the increase to be a “significant amendment” to the Agency Plan that requires RAB consultation and public notice and hearing before implementing it. Staff will discuss the flat rents with the RAB when it convenes again, because there are some policy issues that could be considered. For example, the PHA could consider raising its flat rents even higher than 80% of FMRs in the future. The Commissioners may wish to consider other policy implications related to the change in flat rents, as well.

FAH/

Attachments: Resolution No. 14-2/26-02
Admission & Occupancy Policies, Part 3, II.

**SAINT PAUL PUBLIC HOUSING AGENCY
RESOLUTION NO. 14-2/26-02**

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

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 have 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 at least 80% of the Fair Market Rents (FMRs) published by HUD, as required by FY 2014 Consolidated Appropriations Act; 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:

The Public Housing Admission and Occupancy Policies dated February 23, 2000 as amended are hereby amended to revise the flat rents as shown below and on the attachment, effective June 1, 2014 both for new households moving into public housing on or after that date, and for current residents as their annual recertifications take effect on or after that date:

Part Three. II.

Flat Rents @ 80% of FMR	0BR	1BR	2BR	3BR	4BR	5BR	6BR
	\$490	\$610	\$760	\$1,070	\$1,240*	\$1,450	\$1,640

As HUD publishes revised Fair Market Rents in the future, the PHA will continue to adjust its flat rents as needed to maintain compliance with federal requirements.

No further Board approval will be required for those adjustments.

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Bush Foundation:
Community Innovation Grants

DATE February 26, 2014

Staff requests Board approval to submit an application to the Bush Foundation requesting up to \$25,000 under their “Community Innovation Grants” program to provide voluntary tobacco cessation support and resources to public housing residents.

In 2014, the Bush Foundation will provide grants ranging from \$10,000 up to \$200,000 to support communities using problem-solving processes that lead to more effective, equitable and sustainable solutions. The announcement for this opportunity states that the Bush Foundation thinks of this as “civic R&D [Research & Development], allowing communities to develop and test new solutions to community challenges.” Eligible applicants must be 501(c)(3) public charities, government entities, schools, or fiscal sponsors. In the past, Bush Foundation grant funds have supported community-based projects that provide education to immigrant populations, leadership training, health education, and violence prevention. The Bush Foundation has not placed a funding priority on any specific issue for their 2014 awards. Projects can address any type of community need and can be at any stage of development. Bush Foundation staff will work with grantees to create a grant agreement and timeline for the project and use of funds.

Staff would use the grant funds to supplement ongoing and proposed tobacco cessation-related projects begun under the PHA’s partnership with the St. Paul Ramsey County Department of Public Health (Public Health) during the second Statewide Health Improvement Program Grant (SHIP 2). Staff is currently in the process of drafting a contract with Public Health for SHIP 3, and tobacco

cessation activities will not be included in the contract due to the Minnesota Department of Public Health's narrow focus on eliminating smoking in multi-unit housing. However, PHA and Public Health staff, as well as the resident leadership bodies, are interested in continuing the voluntary support-focused activities begun under SHIP 2. These activities will continue to include tobacco information sessions facilitated by outside organizations, onsite "Quit Smoking" support groups, the creation of additional resident- and staff-produced "Quit Smoking" support videos, and assistance accessing smoking cessation support products.

The Bush Foundation will accept Community Innovation Grant applications from January to March 2014 and again from August to October 2014. Applications for the first round are due March 13, 2014 and will be reviewed in two stages. Applicants who successfully pass an initial review will be notified in April 2014 that their application has been recommended to the final review panel. Applicants who pass the final review will be notified in July 2014.

ANH

Attachment: Bush Foundation Community Innovation Grant Description

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Capital Fund Program:
2010, 2011, 2012 and 2013
Budget Revisions

DATE February 26, 2014

Staff requests Board approval of Resolution No. 14-2/26-01 approving revisions to the budgets for the four open Capital Fund Program (CFP) grants, awarded in 2010-2013. The revised budgets adjust line items to match actual obligations and expenditures but do not change the total amount of the grants, which are shown below.

In past years the PHA also received small annual grants through the CFP for the Replacement Housing Factor (RHF), based on prior sales of public housing properties. The Agency accumulated those RHF grants and applied the funds (\$356,021) toward the construction costs for the six-plex at Roosevelt Homes. The final paperwork to close out those grants has been submitted to HUD, so those grants are no longer part of this CFP budget revision.

Congress approved a small increase for the Capital Fund Program in the FY 2014 Consolidated Appropriations Act (\$1.875 billion, up from \$1.777 billion after sequestration) so this year's CFP grant may be somewhat higher. When HUD announces the 2014 CFP grant amount, which is expected to happen by late summer 2014, staff will submit these budget revisions to HUD along with the budget for the 2014 CFP grant and the signed amendment to the Annual Contributions Contract (ACC).

The 2010 Capital Fund Program grant revision shows final obligation and expenditure amounts for the grant and will be included with an Actual Modernization Cost Certificate that will be

submitted to HUD to close the grant. As of February 12, 2014 the 2011 CFP grant is 100% obligated, the 2012 CFP grant is 96.11% obligated, and the 2013 CFP grant is 49.70% obligated.

The table below shows the CFP grant amounts, the dates when the PHA gained access to the funds (when HUD signed the ACC amendments), and the timelines for expenditure. The PHA routinely meets or exceeds all of HUD’s goals for timely obligation of CFP grant funds (90% obligated within 24 months), and expenditure (fully expended within 48 months).

	2010 CFP Funds	2011 CFP Funds	2012 CFP Funds	2013 CFP Funds
Grant Amount	\$7,791,240	\$6,499,693	\$5,962,239	\$6,024,889
ACC Date	7/15/10	8/3/11	3/12/12	9/9/13
Percent Obligated	100.00% (8/9/13) Met 90% goal by 7/14/12	100.00% (2/12/14) Met 90% goal by 8/2/13	96.11% (2/12/14) Met 90% goal by 3/11/14	49.70% (2/12/14) Goal: 90% by 9/8/15
Percent Expended	100% (2/12/14) Goal: 100% by 7/14/14	92.68% (2/12/14) Goal: 100% by 8/2/15	67.18% (2/12/14) Goal: 100% by 3/11/16	5.33% (2/12/14) Goal: 100% by 9/8/17

Summary spreadsheets of these budgets are attached for Board review.

HP/DAL/FAH/mlp

Attachments: Resolution No. 14-2/26-01
 Summary Spreadsheets of CFP Grant Budgets

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

RESOLUTION NO. 14-2/26-01

REVISIONS FOR 2010, 2011, 2012 & 2013 CAPITAL FUND PROGRAM BUDGETS.

WHEREAS, the U.S. Department of Housing and Urban Development (HUD) has awarded the Public Housing Agency of the City of Saint Paul (PHA) the following grants:

- FFY2010 Capital Grant Program Grant No. MN46P00150110
- FFY2011 Capital Grant Program Grant No. MN46P00150111
- FFY2012 Capital Grant Program Grant No. MN46P00150112
- FFY2013 Capital Fund Program Grant No. MN46P00150113; and

WHEREAS, HUD requires the PHA to establish a budget for the expenditure of funds under each grant provided under the Capital Fund Program; and

WHEREAS, staff drafted the attached Capital Fund Program budget revisions, all dated February 12, 2014:

- Budget Revision for the FFY2010 Capital Grant Program Grant No. MN46P00150110 (Final)
- Budget Revision for the FFY2011 Capital Grant Program Grant No. MN46P00150111
- Budget Revision for the FFY2012 Capital Grant Program Grant No. MN46P00150112
- Budget Revision for the FFY2013 Capital Grant Program Grant No. MN46P00150113

WHEREAS, the Board of Commissioners finds that these CFP grant budget revisions are necessary and appropriate to comply with HUD requirements and to best serve the needs of PHA residents;

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

1. The following budgets are approved as presented:
 - a. February 12, 2014 Final Budget Revision for the FFY2010 Capital Grant Program Grant No. MN46P00150110 is approved as presented;
 - b. February 12, 2014 Budget Revision for the FFY2011 Capital Grant Program Grant No. MN46P00150111 is approved as presented;
 - c. February 12, 2014 Budget Revision for the FFY2012 Capital Grant Program Grant No. MN46P00150112 is approved as presented;
 - d. February 12, 2014 Budget Revision for the FFY2013 Capital Grant Program Grant No. MN46P00150113 is approved as presented;
2. Staff is authorized to execute and submit all required documents relating to these grants and budget revisions; and
3. The Agency Plan will be amended accordingly.
4. Pursuant to HUD notice dated January 11, 1990, the PHA certifies that no employee is serving in a variety of positions that will exceed 100 percent of his or her work time.

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING General Mills Foundation Grant:
Celebrating Communities of Color

DATE February 26, 2014

Staff requests retroactive Board approval to submit an application to the General Mills Foundation requesting a total of \$20,000 under their “Celebrating Communities of Color” grant program. Staff was informed of the opportunity on January 21, 2014 and applications were due to the General Mills Foundation by February 3, 2014.

The General Mills Foundation began the Celebrating Communities of Color grant program in 2004 to improve the lives of people living within local communities of color. In 2014, the General Mills Foundation will provide a total of \$1 million in \$10,000 - \$60,000 awards in celebration of their 60th anniversary. This opportunity is open to nonprofits, schools, community groups, and local government agencies. In the past, General Mills Foundation grant funds have supported projects providing resources for immigrant families, food shelf support, community gardens, early childhood care and education, and programs for at-risk youth. In 2014, the General Mills Foundation has chosen to award funds to projects that focus on the area of “Hunger and Nutrition Wellness.”

Staff submitted the request to supplement ongoing and proposed nutrition-related projects scheduled to take place within the PHA’s partnership with the St. Paul Ramsey County Department of Public Health (Public Health) under the third Statewide Health Improvement Program Grant (SHIP 3). (SHIP 3 is scheduled to run retroactively from November 1, 2013 through October 31, 2015. Staff is currently in the process of drafting a contract with Public Health.) If the PHA’s application is

successful, the General Mills Foundation grant funds would be used to contract with community organizations to initiate a Community Supported Agriculture (CSA) delivery program, provide family and youth nutritional education classes, and provide community gardening start up training and supplies.

The General Mills Foundation expects to announce grant award recipients by May 31, 2014.

ANH

Attachment: Celebrating Communities of Color Grant Description

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING General Liability Insurance

DATE February 26, 2014

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 \$157,095 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 \$1,947 (1.25%) from the current premium of \$155,148. 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 \$7,272, \$8,336 and \$9,875. Staff was recently notified that this year's dividend will be \$17,424. The PHA has also received \$72,484 of dividend distributions during Fiscal Year 2014 as a result of being a capital investor in HAI.

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 Pension Plan Administrative
Committee; Appointment of
Local 132 Representative

DATE February 26, 2014

Staff is requesting Board approval of the appointment of John Falzone to the Pension Plan Administrative Committee, to replace Thomas Fox as the representative of PHA employees in Local 132 of the Construction & General Laborers Union. The union's business manager notified the PHA of the change in the attached letter. Mr. Falzone is a Work Order Mechanic in the Maintenance Department. His interim appointment would run from January 1, 2014 to June 30, 2014 and will complete the three-year term begun by Dan Santos on July 1, 2011. When Mr. Santos was promoted to a Supervisory & Confidential position in 2012, Mr. Fox was appointed to fill the position.

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

Other members currently serving on the Pension Administrative Committee are: Kathy Frits, representing PHA Administrative employees; Gary Grabko, representing HRA employees; Pete McCall, representing the St. Paul City Council, and Mike McMurray (Chair), representing the PHA Board.

DMM/

Attachment: Letter from Gary Reed

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Section 8 FY 2015 Disability Voucher
Revenue Budget

DATE February 26, 2014

Staff requests Board approval of Resolution No. 14-02/26-3, approving the FY 2015 revenue budget for 117 Disability Vouchers (formerly Mainstream vouchers). The proposed revenue budget estimates the funding for FY 2015 to be \$824,471 including both the Housing Assistance Payments (HAP) of \$715,011 (\$509 per unit-month) and the PHA's administrative fee of \$108,950 (\$77.60 per unit-month). This is essentially a flat budget with only a 1.0% increase compared to last year's budget amount of \$819,848. This revenue budget is an estimate based on annualized renewal funding increments provided by HUD, combined with actual cost data for HAP rent subsidies over the past year.

HUD regulations require PHAs to submit "revenue budgets" prior to the start of each fiscal year for certain Section 8 programs that were created by separate Congressional authorizations, including the Disability Voucher, and Moderate Rehabilitation Single Room Occupancy (SRO) programs. Each of those programs has its own budgeting rules and accounting requirements, including the requirement to submit just a "revenue budget" in advance of each fiscal year.

The Operating Budget for the combined Section 8 programs for FY 2015 will be presented to the Board at the March 26, 2014 meeting. That budget will show both the proposed administrative fee revenues shown in this budget and the proposed administrative expenditures for all Section 8 programs, including the Disability Voucher program.

Disability Vouchers are administered like other Housing Choice Vouchers, except that they can only be issued initially and on turnover to families (including a single-person “family”) that include a person with disabilities. The vouchers are intended to enable persons who often have difficulty locating suitable housing in the private market find housing that accommodates their needs.

AJH/RPM

Attachments: Board Resolution Nos. 14-02/26-3 Disability Voucher Budgets
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 Section 8 FY 2015 Moderate
Rehabilitation Single Room
Occupancy (SRO) Revenue Budget:
Catholic Charities; Mary Hall

DATE February 26, 2014

Staff requests Board approval of Resolution No. 14-02/26-4 approving the FY 2015 revenue budget for 75 vouchers used for Moderate Rehabilitation Single Room Occupancy (SRO) units at Mary Hall. Based on cost projections, the requested funding for FY 2015 is \$400,460, including both the Housing Assistance Payments (HAP) of \$330,300 (\$367 per unit-month) paid to the property owner, Catholic Charities; and the PHA's administrative fee of \$69,840 (\$77.60 per unit-month).

HUD regulations require PHAs to submit "revenue budgets" prior to the start of each fiscal year for certain Section 8 programs that were created by separate Congressional authorizations, including the Disability Voucher program, and the Moderate Rehabilitation Single Room Occupancy (SRO) program. Each of those programs has its own budgeting rules and accounting requirements, including the requirement to submit just a "revenue budget" in advance of each fiscal year.

The Operating Budget for the combined Section 8 programs for FY 2015 will be presented to the Board at the March 26, 2014 meeting. That budget will show both the proposed administrative fee revenues shown in this budget and the proposed administrative expenditures for all Section 8 programs, including the Mod Rehab SRO program.

The FY 2015 revenue budget amount is a 2.6% decrease from last year's budget (reduced from \$411,260 to \$400,460). The proposed revenue budget is cost-based, meaning the amount of revenue requested equals the projected program cost for the fiscal year. Catholic Charities, the property owner, likely will request a small annual increase to the contract rent (the rent for each unit). Staff routinely approves those increases if they are in the range of the annual cost adjustment factors HUD publishes for other programs. In spite of the anticipated contract rent increase, the PHA's revenue request for the program will be lower than last year due to decreasing HAP expenses. The lower HAP expense is likely due to increases in tenants' incomes, which increases the amount of rent they pay to Catholic Charities.

In years when the PHA's budget authority exceeds the revenue needed to pay the rent subsidy (HAP) to the project owner, the excess funds are held by HUD in a project reserve. The project reserve is available to PHAs to cover unexpected increases in program expenses and is accessed through a year-end settlement process. At the end of Fiscal Year 2013, the balance of the project reserve was \$161,463. HUD periodically recaptures the project reserves, as happened in Fiscal Year 2014 when \$94,689 was recaptured.

The original ten year contract with Catholic Charities for 75 SRO units expired in June 2001. The contract has been renewed annually by Catholic Charities and funded by HUD since that time. Catholic Charities has again asked the PHA renew the contract, and staff believes that Congress and HUD will continue to provide funding for this valuable housing resource.

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, and funded through the “Continuum of Care”, not through the appropriations for “regular” Section 8 Housing Choice Vouchers.

AJH/FAH

Attachment: Board Resolution 14-02/26-4 – 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 Section 8 FY 2015 Moderate
Rehabilitation Single Room
Occupancy (SRO) Revenue Budget:
Salvation Army Booth Brown Foyer

DATE February 26, 2014

Staff requests Board approval of Resolution No. 14-02/26-5 approving the FY 2015 revenue budget for six Section 8 Moderate Rehabilitation (Mod Rehab) Single Room Occupancy (SRO) Vouchers used for units at Booth Brown Foyer. The proposed revenue budget estimates the funding for FY 2015 to be \$35,455, including both the Housing Assistance Payments (HAP) of \$29,808 (\$414 per unit-month) paid to the property owner, the Salvation Army; and the PHA's administrative fee of \$5,587 (\$77.60 per unit-month).

HUD regulations require PHAs to submit "revenue budgets" prior to the start of each fiscal year for certain Section 8 programs that were created by separate Congressional authorizations, including the Disability Voucher program, and the Moderate Rehabilitation Single Room Occupancy (SRO) program. Each of those programs has its own budgeting rules and accounting requirements, including the requirement to submit just a "revenue budget" in advance of each fiscal year.

The Operating Budget for the combined Section 8 programs for FY 2015 will be presented to the Board at the March 26, 2014 meeting. That budget will show both the proposed administrative fee revenues shown in this budget and the proposed administrative expenditures for all Section 8 programs, including the Mod Rehab SRO program.

The FY 2015 revenue budget amount is an increase of 16% compared to the FY 2014 budget.

The proposed revenue budget is cost-based, meaning the amount of revenue requested equals the projected program cost for the fiscal year. In FY 2014, utilization has increased from historically averaging three units leased per month (approximately 50% utilization), to consistently leasing five or more units per month. This increase in utilization has increased monthly HAP costs. Due to the required cost-based budgeting for this program, the increase in HAP costs will mean an increase in budgeted revenue.

The PHA entered into an initial ten year contract with the Salvation Army on May 1, 2008 for these six units, which are part of the Salvation Army's Booth Brown House located at 1471 Como Avenue. 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. This valuable housing resource provides long-term housing options for homeless youth aged 18-21 who have disabilities. 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

Attachment: Board Resolution 14-02/26-5 – 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 Project-Based Vouchers:
Offer More PBVs;
Amend Admission & Occupancy Policies

DATE February 26, 2014

Staff recommends Board approval of Resolution No. 14-2/26-6 including the following actions relating to Project-Based Voucher (PBV) assistance:

1. Offer 32 Housing Choice Vouchers (HCVs) for use as project-based vouchers (PBVs), through Minnesota Housing's 2014 Consolidated Request for Proposals ("SuperRFP"), and to set a minimum size of 10 PBVs per project in this cycle.
2. Revise the Section 8 Admission & Occupancy Policies for the Section 8 Housing Choice Voucher Program (AOPs), Appendix K, as shown on the attachment, to clarify the PHA's priorities and process for competitively awarding HCVs as PBVs.

Offering Vouchers. Offering 32 more PBVs would fulfill the commitment approved by the Board on November 23, 2011 to offer up to 50 more PBVs over five years. The Board approved 18 vouchers in November and December 2012, after offering 15 PBVs in Minnesota Housing's 2012 Super RFP. The 18 vouchers went to Project for Pride in Living's (PPL) Ujamaa Place Apartments on Selby Avenue (12 PBVs) and the Old Home Plaza project on University Avenue (6 PBVs). The PHA did not offer any PBVs in Minnesota Housing's 2013 SuperRFP due to the HCV program's reduced funding and uncertain future last year.

Staff believes the PHA now has more capacity to offer and administer new PBVs. The FY 2014 Consolidated Appropriations Act provides approximately full funding for the voucher Housing Assistance Payments (HAP) to property owners, and a modest increase in funding for the voucher administrative fees (anticipated 75% proration this year, up from 69% last year). One of the last two PBV projects approved (Ujamaa Place) was approved promptly by HUD, and is now fully

leased. The other project (Old Home Plaza) has been approved by HUD, and is still in the development stage (a combination of rehabilitation and new construction).

Staff is recommending setting a minimum size of ten PBVs per project in this cycle, to provide a greater boost to each approved project and to facilitate the lengthy process required for HUD approval (subsidy layering review, environmental review, etc.). The administrative workload for starting and administering new PBV projects is about the same for smaller and larger projects, so more small projects would take more time than one or a few larger projects with the same total number of vouchers.

Currently the PHA has committed 483 HCVs for use as PBVs, which is about 11% of the PHA's supply of eligible vouchers, well below the maximum allowed of 20%.¹ Those vouchers have been allocated to 23 projects that are active (three other projects were canceled). If the Board awarded 32 more vouchers this year, the new total would be 517 PBVs, about 12% of the eligible vouchers. In 2000 the Board approved setting the PBV program maximum at 544, based on a limit of 15% of the PHA's voucher supply at that time. Congress has since increased the PBV limit to 20% of a PHA's HCV allocation.

As discussed at previous Board meetings, families moving out of PBV units have priority to receive any available turnover vouchers, so adding supportive housing PBVs delays regular applicants' progress through the voucher waiting list. Projects that do not provide supportive

¹ Although the PHA now administers 4589 HCVs and related Section 8 subsidies, staff calculates the "base" for PBV purposes to be 4291. That includes the "regular" HCVs and Veterans Administration Supportive Housing (VASH) vouchers, but excludes Disability Vouchers, Family Unification Program (FUP) vouchers and Single Room Occupancy units. With a base of 4291, the PHA could project-base up to 858 HCVs.

services must fill vacancies with applicants from the Section 8 waiting list, so they do not “block” the waiting list in the same way.

Preservation Vouchers and Replacement Vouchers. The Agency has received no new regular vouchers since November 2011 when the Board approved offering more vouchers as PBVs, but HUD did award the PHA another 21 “Preservation Vouchers” (also called “Tenant Protection Vouchers”) when a long-term subsidy contracts at Como Place ended in 2013. (The Board approved accepting those vouchers on November 28, 2012.) Preservation vouchers initially go to residents of the property who are still financially eligible for the subsidy, and when those families leave the voucher program the PHA can re-issue the voucher as part of its ongoing allocation.

The PHA also received two HCVs in December 2013 as “Replacement Vouchers” for two of the scattered site public housing properties we sold.

Policy Revisions. Appendix K to the Admissions & Occupancy Policies for the Section 8 Housing Choice Voucher Program states the PHA’s policies on offering and administering project-based vouchers. Staff is recommending several revisions to clarify the policies, as described below and shown on the attachment. The numbering below follows the numbering in Appendix K, I.C.

1. To meet HUD’s requirement that PBVs be awarded through a competitive process, the PHA will offer PBVs only through Minnesota Housing’s annual Consolidated Request for Proposals (“SuperRFP”) process.

The SuperRFP is widely advertised and offers project owners and developers statewide the opportunity to apply for various types of State financial assistance as well as federal Low Income Housing Tax Credits (LIHTC). Minnesota Housing’s staff has the expertise to analyze the complex proposals that are submitted and evaluate them according to the State Agency’s priorities for subsidizing low-income housing.

In making its decision, Minnesota Housing does not take into account the likelihood that a particular project may receive PBVs from a housing agency. This allows the PHA to use the SuperRFP as the first stage of its own competitive process for awarding PBVs.

2. Developers/Owners Proposal: To be considered for an award of PBVs from the PHA, a developer/owner must submit a proposal through Minnesota Housing's Consolidated Request for Proposals ("SuperRFP").
- 3.a. The PHA will take no action on PBV requests submitted through the SuperRFP process until Minnesota Housing has made its funding awards.
- 3.b. Projects that request both PBVs and other grants or loans through the SuperRFP, and that receive some or all of the other funds, will be considered by the PHA for PBV awards according to the PHA's established criteria.

The PHA relies on Minnesota Housing's analysis and ranking of competing proposals and recognizes the importance of leveraging other funds.

- 3.c. When a property developer or owner submits an application under the SuperRFP requesting both PBVs and other forms of assistance, and Minnesota Housing does not approve any of the other assistance requested, then the PHA will not request consider the request for PBVs.
- 3.d. If a project owner or developer submits an application through the SuperRFP that only requests PBVs, the PHA will consider that application after Minnesota Housing has made its funding awards.

This process allows the PHA to consider projects approved under #3.b. above at the same time as projects that only request PBVs.

As shown on the attachment, staff is recommending minor revisions in Appendix K to adjust the weighting of the other selection criteria for awarding PBVs and make housekeeping revisions.

The selection criteria are otherwise unchanged and are as follows:

- a. Ending Homelessness
- b. Supportive Housing
- c. Documented need for the housing in the proposed area
- d. Prior experience of the applicant
- e. Location
- f. Accessibility

- g. Support
- h. Partnerships
- i. WBE/MBE/DBE/Section 3
- j. Additional PBVs for Current PBV Projects.

Typically the SuperRFP is announced in April with applications due in June. Minnesota Housing's staff analyzes the applications over the following months and makes its funding recommendations to the MHFA Board in October. The PHA staff then recommends approval of PBV awards at the November Board meeting.

FAH/DJM

Attachments:

Resolution
Summary of Approved Projects with Project-Based Vouchers
Voucher Utilization Reports as of January 31, 2014
Section 8 Admission & Occupancy Policies, Appendix K, Project-Based Vouchers, with
proposed revisions marked by ~~interlining~~ and double-underlining.

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

RESOLUTION NO. No. 14-2/26-6

**PROJECT-BASED VOUCHERS:
AMEND SECTION 8 ADMISSION & OCCUPANCY POLICIES;**

WHEREAS, the Public Housing Agency of the City of Saint Paul (PHA) has undertaken to provide 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 (HCV) Program, including a Project-Based Voucher (PBV) Program; and

WHEREAS, in November 2011, the PHA committed to offer up to 50 HCVs for use as PBVs over the following five years, to expand the supply of supportive housing and to leverage other public and private investment in such housing; and

WHEREAS, since that time the PHA has awarded contracts for 18 PBVs; and

WHEREAS, other property developers, managers and service providers have asked the PHA to provide more PBVs to support existing and new projects; and

WHEREAS, staff has recommended other revisions to the Admission & Occupancy Policies for the Section 8 Housing Choice Voucher Program, Appendix K, Project-Based Vouchers, as shown on the attachment, that are necessary to continue and improve the PBV program;

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

1. The PHA will offer up to 32 PBVs in Minnesota Housing's 2014 Consolidated Request for Proposals ("SuperRFP"); and
2. The PHA will set a minimum size of 10 PBVs per project; and
3. The Admission & Occupancy Policies for the Section 8 Housing Choice Voucher Program, Appendix K, Project-Based Vouchers, is hereby revised as shown on the attachment.

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Spoken Language Interpretation
And Translation Services;
Contract No. 14-090

DATE February 26, 2014

Staff requests Board approval to award a contract to Garden & Associates, Inc. of St. Louis Park, Minnesota to provide on-site spoken language interpretation for public housing applicants and residents and Section 8 applicants and participants at the rates stated in their February 12, 2014 proposal. The contract will run for an initial one-year period with options to renew for a second and third year at the bid prices submitted. Staff estimates that approximately \$6,000 per month (\$72,000 annually) will be expended under this contract.

The required spoken language needs of the PHA include but are not limited to: Amharic, Arabic, Burmese, Cambodian, Chinese (Cantonese, Mandarin), French, Hmong, Karen, Korean, Nepali, Oromo, Russian, Somali, Spanish, Tagalog, Tigrinya, Vietnamese, and Yoruba. Services are needed to assist with the following activities: interviews with applicants prior to their admission to the programs, group orientation sessions, lease signing, annual program re-certifications, meeting with individual tenant families, tenant-requested grievance hearings and lease termination actions, resident workshops and other situations as needed.

A Request for Proposals (RFP) for this service was advertised in three local newspapers, Asian American Press, St. Paul Legal Ledger, and Minnesota Spokesman-Recorder, and staff sent copies of the RFP to firms that have expressed an interest in working for the PHA. Proposals were received from four firms. The four responding firms were independently rated by PHA staff on

the criteria stated in the RFP including related experience, technical competence, M/W/DBE participation and cost. Garden & Associates, Inc received the highest overall evaluation score, as shown on the attached summary.

The PHA has contracted with Garden & Associates Inc. in the past and their performance has been satisfactory. Copies of the Employer Information Reports for the top two firms, Garden & Associates, Inc. and Minnesota Language Connection, 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. There are sufficient funds in the PHA's Operating Budgets for this contract.

MLM/

Attachments: Evaluation Sheet
Employer Information Report, EEO-1

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR

REGARDING Possible Sale of Excess Land
Adjacent to Valley Hi-Rise; AMP 5;
Request for Proposals (RFP)

DATE February 26, 2014

Staff requests Board approval to issue a Request for Proposals (RFP) to identify parties that may be interested in purchasing a tract of excess vacant land adjacent to the Valley Hi-Rise (AMP 5).

On January 22, 2014 the Board granted preliminary approval to issue a Request for Qualifications (RFQ), Request for Proposals (RFP), or to otherwise legally identify parties that may wish to purchase and develop the land. The Board also approved spending up to \$50,000 from its Capital Fund grants to obtain a title commitment, a survey, an environmental assessment and an appraisal of this parcel of land to include in the RFQ, RFP or with other initial documents indicating intent to sell. Staff has issued purchase orders for those services but the products have not been delivered yet. (A copy of the January 22, 2014 Board report is attached.) Staff further committed to meeting with the Valley Hi-Rise Resident Council and the Resident Advisory Board (RAB) soon after the January 22, 2014 Board meeting to discuss the possible sale of the land. The RAB meeting will be scheduled in early March.

On January 24, 2014, the Executive Director and PHA staff met with the Valley Hi-Rise Resident Council President and Executive Board to discuss the possible sale of the land. On February 6, 2014, the Executive Director and PHA staff met with the Valley Hi-Rise Resident Council and other residents to discuss the possible sale of the land. Approximately 25 residents attended the February 6 meeting. The residents identified several opportunities and challenges regarding a possible sale, as listed below:

Opportunities / Strengths:

- Might other parties be interested in purchasing the parcel (i.e. Target, a grocery store, etc.)?
- Perhaps the PHA could build more accessible apartments with sales proceeds
- A skyway connecting Valley Hi-Rise to Regions Hospital would have great appeal
- Additional parking spaces for Valley Hi-Rise residents would be a plus
- Perhaps Regions could provide health-related services onsite at Valley Hi-Rise
- Install new windows for Valley Hi-Rise with sales proceeds
- Install new kitchen cabinets for Valley Hi-Rise with sales proceeds
- Job opportunities might exist for PHA residents in a new office building or parking structure
- Possible decreased vandalism with the existence of a parking ramp and extra lights.

Challenges / Concerns:

- Construction dust
- Stress to individual residents because of the construction and overall change to the area
- Noise during construction
- Noise after construction (because of more vehicles and people on the parcel)
- Polluted air from living next to the parking ramp
- Concerns about maintaining the structural integrity of Valley Hi-Rise during construction (will there be settling or cracks in our building?)
- General security concerns simply because there will be more people in the area at the parking ramp and the office building
- Increased need for onsite security guards at parking ramp and office building
- Need for more police presence and more frequency of police patrols in the area
- Loss of scenery (the hill and green space)
- Traffic control issues because of additional cars on the property
- Will need to be more aware and not let people into the hi-rise

The RFP for the Valley Hi-Rise excess land would mirror the RFP the PHA issued when we offered to sell excess land adjacent to Edgerton Hi-Rise and McDonough Homes, and a vacant lot on Annapolis Street. A copy of that RFP is attached for reference. (Twin Cities Habitat for Humanity purchased the Annapolis lot. The other two parcels were not sold.) In addition, the PHA would require potential buyers of the Valley parcel to address the residents' concerns in their proposal. At some point in the process, and as required by HUD, the PHA would also offer the parcel of land for sale to the Valley Hi-Rise Resident Council.

As discussed previously, before selling the land the PHA would need to obtain approval from HUD's Special Application Center (SAC). The PHA would have to demonstrate that the land "exceeds the needs of the [public housing] development". The PHA would also have to document that all the steps required by HUD regulations (24 CFR Part 970) have been completed, including an appraisal, resident consultation, City approval and final Board approval. The application also must explain the proposed process for selling the land.

In the past HUD has approved PHA applications to sell excess vacant land to Twin Cities Habitat for Humanity, for sites located by Ravoux Hi-Rise and by Roosevelt Homes, in addition to the vacant lot adjacent to a PHA scattered site on Annapolis Street mentioned above. Habitat subsequently built new homes for low-income homebuyers on those sites.

JMG/FAH

Attachments: January 22, 2014 Board Report with Site Plan and Map
December 27, 2006 Request for Proposals