

# 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)  
Reject Bids; Contract No. 15-025

**DATE** August 27, 2014

Staff requests Board approval to reject all bids received for replacing glass block windows at McDonough Homes (AMP 1). The low bid was deemed invalid because the contractor submitted an improper bid bond. The next lowest bid was 60% higher than staff estimate. A copy of the July 10, 2014 bid tab is attached.

This work was awarded previously at the February 26, 2014 Board meeting under Contract No. 14-082. That contract was terminated when, after the work started, it was determined there was a simpler and less invasive method of repair. The scope of work was rewritten and released for bid under this present contract.

Going forward staff will prepare service contract bid documents for this work. The windows will be changed out during vacant unit preparation. With deteriorating mortar and vinyl vents the windows are a maintenance nuisance, but are not damaging the buildings.

TDB/mlp

Attachment

# **PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL**

**REPORT TO COMMISSIONERS**

**FROM JON M. GUTZMANN  
EXECUTIVE DIRECTOR**

**REGARDING** Refrigerator Replacement  
Valley Hi-Rise; AMP 5  
Contract No. 15-038

**DATE** August 27, 2014

Staff requests approval to award a contract for refrigerator replacements at Valley Hi-Rise (AMP 5) to the sole bidder, MJ's Contract Appliance, Inc., of Oakdale, Minnesota, in the base bid amount of \$87,126.64 for 163 refrigerators. A copy of the August 13, 2014 bid tabulation is attached.

This contract includes removing and disposing of the existing refrigerators and installing new energy-efficient refrigerators. With this contract the Agency will have replaced the refrigerators in all 16 hi-rises.

Staff solicited bids by advertising in local newspapers and trade publications, and sending bid documents directly to five companies that supply appliances. In addition to MJ's Contract Appliance, staff also met with an additional contractor to encourage them to bid on this work. Despite these efforts, only MJ's Contract Appliance submitted a bid. Contractors who declined to bid after receiving the bid documents informed staff they did not have the bonding capacity or they were concerned over the five-year warranty commitment.

MJ's Contract Appliance is a woman-owned business that has previously worked for the PHA and their performance has been satisfactory. In order to satisfy the Section 3 requirement, MJ's Contract Appliance plans to hire at least 30% of new employees from qualified Section 3 residents.

**REPORT TO COMMISSIONERS – AUGUST 27, 2014  
REFRIGERATOR REPLACEMENT AT VALLEY HI-RISE  
CONTRACT 15-038  
PAGE 2 OF 2**

The bid amount is approximately 6% higher than staff's estimate but staff believes the price is reasonable. There are sufficient funds available in the Capital Fund Budget for this contract.

KYY/mlp

Attachments

# PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM JON M. GUTZMANN  
EXECUTIVE DIRECTOR

**REGARDING** Public Housing Agency Plan Amendments; **DATE** August 27, 2014  
Annual Plan for PHA Fiscal Year 2015;  
12 New Units at McDonough (AMP 1);  
Possible Sale of Land by Valley Hi-Rise (AMP 5)

Staff recommends approval of Resolution No. 14-8/27-2 approving amendments to the Annual Agency Plan for the PHA's Fiscal Year 2015 (Federal Fiscal Year 2014), to include the PHA's plan to build two new six-plex rowhouses at McDonough Homes (AMP 1), and to describe the possible sale of the vacant land by Valley Hi-Rise (AMP 5).

McDonough Six-Plexes. On May 28, 2014 the Board approved applying to Minnesota Housing for a loan or grant of approximately \$1,080,000 to pay part of the cost to construct two new six-plex row-houses at McDonough Homes (AMP 1), and authorizing the submittal of a development application to HUD for this project. Staff subsequently submitted both applications and neither Minnesota Housing nor HUD has responded yet.

Staff is recommending amending the Agency Plan for the current year to describe the new construction at McDonough Homes, since HUD might not approve it if it is not in the Plan. Staff convened a special meeting of the Resident Advisory Board (RAB) on June 12, 2014 to explain the McDonough six-plex proposal and to ask for the RAB's endorsement of the project. Staff had discussed the possibility of this project in general terms during previous RAB meetings but few details were available then. At the June 12 meeting the RAB members stated their strong support for the proposal.

Possible Sale of Vacant Land by Valley Hi-Rise. When this report was written no proposals had been received in response to the PHA's open-ended Request For Proposals (RFP) as approved by the Board on May 28, 2014 and issued June 2, 2014. Staff is recommending adding this to the Agency Plan now, so it will be covered if the PHA does receive one or more proposals from interested parties. If a solid development proposal does come in, staff would meet again with Valley residents and convene the RAB before recommending Board action, but it would not be necessary to repeat the 45-day public notice and hearing. Staff convened a special meeting of the Resident Advisory Board (RAB) on March 25, 2014 to discuss the possible land sale and included the topic in the recent public hearing. The RAB supported issuing the RFP.

These Agency Plan amendments were combined with the public notice and hearing for the flat rent change, which is also on the agenda for this meeting. The public hearing was held at Neill Hi-Rise on August 12, 2014. Staff and the few residents present discussed the three topics. No written comments have been received.

Staff is also including statements in the revised Agency Plan about the PHA's use of State grants and loans from Minnesota Housing to supplement HUD Capital Fund grants for the major modernization work at Dunedin Terrace and the construction of new units at Roosevelt Homes and Mt. Airy Homes.

The PHA's Agency Plan is posted on the PHA's website, [www.stpaulpha.org](http://www.stpaulpha.org), and on HUD's website: <http://www.hud.gov/offices/pih/pha/approved> .

FAH/

Attachments:

Resolution 14-8/27-02 including HUD-50077, "Certifications of Compliance with PHA Plans and Related Regulations";  
Agency Plan Version 3 and Attachments Excerpt

**PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL  
RESOLUTION NO. 14-8/27-2**

**PUBLIC HOUSING AGENCY PLAN FOR PHA FISCAL YEAR 2015  
VERSION 3; McDONOUGH HOMES SIX-PLEXES;  
POSSIBLE SALE OF VACANT LAND ADJACENT TO VALLEY HI-RISE**

WHEREAS, the Public Housing Agency of the City of Saint Paul (PHA) is required to prepare and submit to HUD each year an Agency Plan which must include an Annual Plan and attachments; and

WHEREAS, the PHA is required to prepare and submit to HUD a new version of the Agency Plan whenever there is a significant amendment to the Plan; and

WHEREAS, the PHA previously submitted Version 1 of the Agency Plan for PHA FY 2015 (FFY 2014) and HUD approved that Plan on January 16, 2014; and

WHEREAS, the PHA is submitting Version 2 of the Agency Plan for the PHA FY 2015 (FFY 2014) to obtain prompt HUD approval of changes to the public housing flat rents as required by the FY 2014 Consolidated Appropriations Act and HUD Notice 2014-12, issued May 19, 2014; and

WHEREAS, on May 28, 2014 the PHA Board approved applying to Minnesota Housing for a loan or grant to pay part of the cost to construct two new six-plex row-houses at McDonough Homes (AMP 1), and authorizing the submittal of a development application to HUD for this project, which applications were subsequently submitted; and

WHEREAS, at a special meeting of the Resident Advisory Board (RAB) on June 12, 2014, the RAB endorsed the proposal to construct the McDonough six-plexes; and

WHEREAS, on May 28, 2014 the PHA Board approved issuing a Request for Proposals (RFP) to select a buyer for a parcel of excess vacant land adjacent to the Valley Hi-Rise, which RFP was issued on June 2, 2014; and

WHEREAS, at a special meeting of the RAB on March 25, 2014, the RAB supported the proposal to solicit proposals for the sale and development of the vacant land; and

WHEREAS, the PHA held a public hearing on these proposed amendments to the Agency Plan on August 12, 2014 after publishing and posting a 45-day public notice; and

WHEREAS, the Board finds that it is necessary and appropriate to the administration of the PHA's programs to amend the Agency Plan to include the proposal to construct the McDonough six-plexes and the proposal to sell the vacant land adjacent to Valley Hi-Rise; and

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

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

1. Version 3 of the Annual Agency Plan for the PHA Fiscal Year beginning April 1, 2014 is hereby approved.
2. The Chair of the Board and the Executive Director or his designee are authorized to execute the “Certifications of Compliance with the PHA Plans and Related Regulations” in the form prescribed by HUD, and such other documents as may be necessary to complete the Agency Plan for submission.
3. The Executive Director or his designee is authorized to submit Version 3 of the Agency Plan and related documents to HUD.

# PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

**REPORT TO COMMISSIONERS**

**FROM JON M. GUTZMANN  
EXECUTIVE DIRECTOR**

**REGARDING** Audit Report for FY 2014;  
Financial and Compliance Reports  
For the Fiscal Year Ending March 31, 2014

**DATE** August 27, 2014

Staff recommends that the Board receive and file the Comprehensive Annual Financial Report of the Agency's operations in Fiscal Year 2014, as completed by McGladrey, LLP. Corey Topp from McGladrey will explain the audit report at the Board meeting. There are no adverse "findings" in the audit.

This audit report reflects the GAAP (Generally Accepted Accounting Principles) method of reporting, as required by HUD. Following GAAP makes public housing financial statements consistent with those of other governmental entities and similar to private business and corporate financial reports. This allows HUD and other entities to use standard financial ratios to judge the fiscal soundness of a housing agency. These ratios are the basis for the PHA's score on the PHAS (Public Housing Assessment System) Financial Condition indicator and measure the "quick ratio", "months expendable net asset ratio" and "debt service coverage".

HUD's Real Estate Assessment Center (REAC) is currently reviewing the Agency's unaudited Financial Data Schedule for the fiscal year ending March 31, 2014. Once REAC approves the unaudited version, staff will submit the audited version of the Financial Data Schedule.

HUD/REAC will issue a final score for the PHAS Financial Condition indicator based on the audited report, perhaps several months from now.

RPM

Attachments

# PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

**REPORT TO COMMISSIONERS**

**FROM JON M. GUTZMANN  
EXECUTIVE DIRECTOR**

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

**DATE** August 27, 2014

Staff recommends Board approval of Resolution No. 14-8/27-01 to rescind its February 26, 2014 approval of higher flat rents for all public housing units, and to approve new flat rents effective October 31, 2014. This would be an amendment to the Agency Plan. The recommended new flat rents are based on 80% of the Fair Market Rent (FMR), reduced by an adjustment for utility costs only in the family units, where the residents pay for some of their utilities. All households paying the flat rent would see their rent payment go down retroactive to June 1, 2014, and then most flat rents would rise again to different amounts on November 1, 2014. Staff also recommends that the Board rescind the policy allowing automatic flat rent adjustments as FMRs change, and instead review and approve future flat rent adjustments each year as needed.

On February 26, 2014 the Board approved staff's recommendation to increase the flat rents effective June 1, 2014 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 that passed in January 2014. That action eliminated the utility adjustments that had been part of the PHA's rent structure since flat rents were first required by the 1998 Public Housing Reform Act (also called QHWRA, the Quality Housing and Work Responsibility Act).

<b>10/1/13 FMRs AND 80% FLAT RENTS</b>	<b>OBR</b>	<b>1BR</b>	<b>2BR</b>	<b>3BR</b>	<b>4BR</b>	<b>5BR</b>	<b>6BR</b>
<b>Fair Market Rents (FMR), effective 10/1/2013</b>	<b>\$608</b>	<b>\$756</b>	<b>\$946</b>	<b>\$1,332</b>	<b>\$1,573</b>	<b>\$1,809</b>	<b>\$2,045</b>
<b>Flat Rents @80% of FMR, rounded up to nearest \$10, approved 2/26/2014 eff. 6/1/2014</b>	\$490	\$610	\$760	\$1,070	\$1,240	\$1,450	\$1,640

However, on May 19, 2014 HUD finally issued guidance on flat rents, directing PHAs that needed to revise their flat rents to formally amend their Agency Plans to reflect the change, and to do that before increasing flat rents. A copy of that HUD notice, PIH 2014-12, is attached. (In a separate report on the agenda for this meeting, staff is recommending approval of two other Agency Plan amendments.) In accordance with the notice, the PHA must roll back the flat rent increases that went into effect on June 1, 2014. Residents who paid the higher amounts starting in June will receive a rent credit (or refund). The HUD notice requires PHAs to begin implementing the new flat rents 90 days after submitting the Agency Plan amendment but no later than October 31, 2014, so staff is recommending October 31 as the effective date. The new flat rents would apply to new households moving into public housing after that date, and for current residents as their annual recertifications take effect on or after that date, and for households transferring from one public housing unit to another on or after that date.

On August 15, 2014 HUD published proposed FMRs that are about 5.3% higher, that will take effect on October 1, 2015. The old and new (proposed) FMRs are as follows:

<b>OLD AND NEW FMRs</b>	<b>0BR</b>	<b>1BR</b>	<b>2BR</b>	<b>3BR</b>	<b>4BR</b>	<b>5BR</b>	<b>6BR</b>
<b>Fair Market Rents (FMR), effective 10/1/2013</b>	\$608	\$756	\$946	\$1,332	\$1,573	\$1,809	\$2,045
<b>Fair Market Rents (FMR), proposed 8/15/2014, eff. 10/1/2014</b>	\$641	\$796	\$996	\$1,403	\$1,656	\$1,904	\$2,153
<b>Amount of Increase (\$)</b>	\$33	\$40	\$50	\$71	\$83	\$95	\$108
<b>Amount of Increase (%)</b>	5.4%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%

Based on those higher FMRs, the 80% thresholds for flat rents are as follows, when rounded up to the next \$10 per month:

<b>10/1/14 FMRs and 80% FLAT RENTS</b>	<b>OBR</b>	<b>1BR</b>	<b>2BR</b>	<b>3BR</b>	<b>4BR</b>	<b>5BR</b>	<b>6BR</b>
<b>Fair Market Rents (FMR), proposed 8/15/2014, eff. 10/1/2015</b>	\$641	\$796	\$996	\$1,403	\$1,656	\$1,904	\$2,153
<b>Flat Rents @80% of 10/1/2015 FMRs rounded up to nearest \$10</b>	\$520	\$640	\$800	\$1,130	\$1,330	\$1,530	\$1,730

Hi-Rise Flat Rents: Staff’s recommendation is to raise the flat rents for hi-rise units to the amounts shown immediately above (80% of 10/1/2015 FMRs rounded up to nearest \$10) effective October 31, 2014 (November 1, 2014). The old (January 1), current (June 1) and proposed new (November 1) hi-rise flat rents would be as follows:

<b>ALL HI-RISE UNITS</b>	<b>OBR</b>	<b>1BR</b>	<b>2BR</b>
<b>Flat Rents as of 1/1/2014, before 6/1/2014 increase</b>	\$440	\$580	\$700
<b>Flat Rents eff. 6/1/2014, to be “rolled back” unit 11/1/2014</b>	\$490	\$610	\$760
<b>Flat Rents eff. 11/1/2014, @ 80% of 10/1/2014 FMRs</b>	<b>\$520</b>	<b>\$640</b>	<b>\$800</b>
<b>Amount of Proposed Increase from 1/1/2014 Flat Rents</b>	\$80	\$60	\$100
<b>Percent of Proposed Increase from 1/1/2014 Flat Rents</b>	18%	10%	14%

Family Development Flat Rents: The flat rents for family development units now have to be changed from what the Board approved in February, to adjust for utility costs, as well as adjusting for the higher FMRs. Staff proposes to reintroduce the same utility cost adjustments that the PHA used to set flat rents before the Appropriations Act established the 80%-of-FMR minimum in January 2014. Those utility cost adjustments are as follows:

UTILITY COST ADJUSTMENTS	0BR	1BR	2BR	3BR	4BR	5BR	6BR
Family Development Units		\$50	\$100	\$100	\$100	\$100	\$100
Scattered Sites			\$100	\$130	\$130	\$130	\$130

With those adjustments, the old (January 1), current (June 1) and proposed new (November 1) flat rents for units in the family housing developments (not scattered sites) would be as follows:

FAMILY DEVELOPMENT UNITS	1BR	2BR	3BR	4BR	5BR	6BR
Flat Rents as of 1/1/2014, before 6/1/2014 increase	\$530	\$590	\$810	\$920	\$1,080	\$1,240
Flat Rents eff. 6/1/2014, to be “rolled back” until 11/1/2014	\$610	\$760	\$1,070	\$1,240	\$1,450	\$1,640
Proposed Flat Rents @ 80% of FMR, Adjusted for Utility Costs, rounded up to nearest \$10, eff. 10/31/2014	\$590	\$700	\$1,030	\$1,230	\$1,430	\$1,630
Amount of Proposed Increase from 1/1/2014 Flat Rents	\$60	\$110	\$220	\$310	\$350	\$390
Percent of Proposed Increase from 1/1/2014 Flat Rents	11%	19%	27%	34%	32%	31%

Scattered Site Flat Rents: For the scattered site units, the previous flat rents (in effect prior to the increases approved in February 2014) were closer to the FMR, so even with the higher FMRs and the adjustment for utility costs, the flat rents in effect before the June 1 increase were already higher than the 80% threshold. Therefore staff is recommending rolling back the scattered site flat rents to the amounts in effect before June 1, 2014 and continuing them with no further adjustment after October 31, 2014, except for two-bedroom scattered site units. The PHA did not have any two-bedroom scattered site homes when the previous flat rents were adopted so the Board had not approved a flat rent for that unit type. (The amount shown in the table below is the flat rent for a two-bedroom unit in a family development.) There is now such a unit (created

in the reconstruction of a fire-damaged unit) so staff is recommending setting that flat rent at 80% of the FMR, adjusted down for the utility costs. With those adjustments, the old (January 1), current (June 1) and proposed new (November 1) flat rents for scattered sites would be as follows:

<b>SCATTERED SITE UNITS</b>	<b>1BR</b>	<b>2BR</b>	<b>3BR</b>	<b>4BR</b>	<b>5BR</b>	<b>6BR</b>
<b>Flat Rents as of 1/1/2014, before 6/1/2014 increase</b>		[\$590]	\$1,020	\$1,180	\$1,360	\$1,560
<b>Flat Rents eff. 6/1/2014, to be “rolled back” unit 11/1/2014</b>		[\$590]	\$1,150	\$1,310	\$1,490	\$1,690
<b>Proposed Flat Rents @ 80% of FMR, Adjusted for Utility Costs, rounded up to nearest \$10, eff. 10/31/2014</b>		<b>\$700</b>	<b>\$1,020</b>	<b>\$1,180</b>	<b>\$1,360</b>	<b>\$1,560</b>
<b>Amount of Increase from 1/1/2014 Flat Rents</b>		\$110	\$0	\$0	\$0	\$0
<b>Percent of Proposed Increase from 1/1/2014 Flat Rents</b>		19%	0%	0%	0%	0%

More on Utility Cost Adjustments: The adjustments for utility costs require some additional explanation. With the “flat rate” utility cost adjustments shown above, all of the family households choosing the flat rent will pay at least 80% of the FMR for their rent and utilities, as permitted by the Appropriations Act and the HUD guidance. Because the “flat rate” adjustments are lower than the individual unit utility allowances, some families will pay more than 80%, as permitted by the Act and the HUD guidance. For example, a family that chooses the flat rent while living at McDonough Homes in a three-bedroom townhome will pay the PHA \$1,030 each month for rent, in addition to paying their full utility bill. The Board-approved utility allowance for that unit is \$151 per month, based on historical data for similar types of units at McDonough. That utility allowance is more than the flat \$130 which the PHA previously used as the utility cost adjustment to flat rents for all three-bedroom units in family developments, and which staff

is recommending using again. In this example, the family's total cost for rent and utilities would average \$1,181, which is higher than the \$1,130 which is 80% of the new FMR. Staff believes this outcome complies with HUD's requirements.

Eliminate Automatic Flat Rent Increases: As part of its February 26, 2014 approval of new flat rents, the Board also adopted staff's recommendation to adjust flat rents as FMRs change in the future, to maintain compliance with federal requirements, without further Board action. Staff is now recommending eliminating that policy change, reverting to the previous policy that flat rents will only be adjusted by specific Board approval. As HUD issues new FMRs each year, staff will analyze the impact and recommend Board action to comply with the 80% minimum requirement, as well as considering other policy alternatives. For example, the Board may choose to increase flat rents above the 80% minimum in the future.

Staff will send a written notice to all residents with their rent statements for rent due September 1, 2014 and allow a comment period. However, to comply with the HUD notice, the recommended flat rent changes need to be implemented by October 31, 2014. Staff discussed the flat rent changes with the Resident Advisory Board and also explained it at the public hearing on the Agency Plan amendments held on August 12, 2014 at Neill Hi-Rise.

FAH/

Attachments: Resolution No. 14-8/27- 01 including HUD-50077, "Certifications of Compliance with PHA Plans and Related Regulations"  
February 26, 2014 Board Report on Flat Rents  
HUD Notice PIH 2014-12 (HA) Changes to Flat Rent Requirements – 2014 Appropriations Act, Issued May 19, 2014  
Spreadsheet Summary of Fair Market Rents and Flat Rent Adjustments  
2014 Public Housing Utility Allowance Schedule  
Public Housing Admission and Occupancy Policies Part Three: Rent Calculations

**SAINT PAUL PUBLIC HOUSING AGENCY  
RESOLUTION NO. 14-8/27-01**

**FLAT RENTS;  
REVISION TO THE PUBLIC HOUSING  
ADMISSION AND OCCUPANCY POLICIES;  
SIGNIFICANT AMENDMENT TO THE AGENCY PLAN**

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

WHEREAS, there has been presented and considered at this meeting of the Board of Commissioners staff’s recommendation to amend the Policies to revise flat rents in public housing to be at least 80% of the Fair Market Rents (FMRs) published by HUD, as required by FY 2014 Consolidated Appropriations Act, with further guidance provided by HUD Notice 2014-12, issued May 19, 2014; and

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

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

1. Resolution No. 2014-2/26-02 approved by the Board on February 26, 2014 to establish new flat rents effective June 1, 2014 is hereby rescinded; and
2. Public housing residents who paid the higher flat rent amounts in effect on after June 1, 2014 will receive a rent credit or refund; and
3. The Public Housing Admission and Occupancy Policies dated February 23, 2000 as amended are hereby amended to revise the flat rents as shown on the attachment, effective October 31, 2014, both for new households moving into public housing after that date, and for current residents as their annual recertifications take effect on or after that date, and for households transferring from one public housing unit to another on or after that date; and
4. Each year the PHA will review the flat rents when HUD publishes revised Fair Market Rents, and the Board will approve adjustments as needed to maintain compliance with federal requirements and to achieve other policy objectives; and
5. The Agency Plan is amended accordingly, as stated below. (As stated in HUD Notice PIH 2014-12, “HUD will deem approved all significant amendments that utilize the HUD-approved language, and do not include other changes to the PHA Annual Plan.”)
6. The Chair of the Board and the Executive Director or his designee are authorized to execute the “Certifications of Compliance with the PHA Plans and Related

Regulations” in the form prescribed by HUD, and such other documents as may be necessary to complete the Agency Plan for submission.

7. The Executive Director or his designee is authorized to submit Version 2 of the Agency Plan and related documents to HUD.
8. **Flat Rent Significant Amendment (required HUD language)**

The Public Housing Agency of the City of Saint Paul hereby amends its flat rent policies to comply with the statutory changes contained within, Public Law 113 – 76, the Fiscal Year 2014 Appropriation Act.

The Public Housing Agency of the City of Saint Paul will set the flat rental amount for each public housing unit that complies with the requirement that all flat rents be set at no less than 80 percent of the applicable Fair Market Rent (FMR) adjusted, if necessary, to account for reasonable utilities costs. The new flat rental amount will apply to all new program admissions effective October 31, 2014. For current program participants that pay the flat rental amount, the new flat rental amount will be offered, as well as the income-based rental amount, at the next annual rental option.

The Public Housing Agency of the City of Saint Paul will place a cap on any increase in a family’s rental payment that exceeds 35 percent, and is a result of changes to the flat rental amount as follows:

- Multiply the existing flat rental payment by 1.35 and compare that to the updated flat rental amount;
- The PHA will present two rent options to the family as follows:
  - The lower of the product of the calculation and the updated flat rental amount; and
  - The income-based rent.

# **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  
October 2014 – September 2015

**DATE** August 27, 2014

Staff requests Board approval (resolution not required) for the Congregate Housing Services Program (CHSP) grant request in the amount of \$809,239. The grant would provide HUD funding to support the five CHSP sites for a one-year period from October 2014 to September 2015. The total CHSP budget for the program year is \$2,035,670 including the HUD subsidy, participant fees, required local matching funds and in-kind contributions.

CHSP is licensed by the State as a home management program that combines affordable housing with services that help participants live independently and avoid unnecessary nursing home, group home or other placement. The PHA's contracts with HUD authorize up to 166 CHSP participants, but the budget supports no more than 125. The PHA sets an enrollment "target" for each of the five CHSP sites, and actual enrollment may be higher or lower during a month. All program participants have disabilities, are elderly and/or are in frail condition, so turnover can occur each month. CHSP and Rental Office staff continue marketing the program to maintain enrollment. At the end of July 2014 there were 122 clients enrolled in the program.

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, 2015.

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

<b>SITE</b>	<b>TARGET ENROLLMENT</b>	<b>7/31/2014 ENROLLMENT</b>
Ravoux	30	30
Valley	15	14
Edgerton	30	24
Iowa	20	23
Montreal	30	31
<b>TOTAL</b>	<b>125</b>	<b>122</b>

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

1. It establishes a new budget level that includes a request for more HUD subsidy than the previous budget (\$809,239 for the upcoming year, with the allowed 1.4% increase over the current year's grant of \$798,067); and
2. It formally requests a one-year extension of the grant period, until September 30, 2015.

The proposed budget (Attachment 2) shows total expenditures of \$2,035,670. The budget is balanced, with proposed revenues meeting anticipated expenditures.

Congress earmarks funds in each HUD appropriation act to continue funding existing CHSP programs from year to year. Typically HUD has approved one-year grant renewals with a modest increase above the funding level from the previous year (historically in the 2.5% range).

This year HUD did not publish official procedures for the grant renewal, but HUD staff said grantees should follow the 2013 grant extension procedures and include a 1.4% increase above

the amounts awarded in 2013. 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, 2014, the PHA has \$158,169 in reserves from payments received from the Wilder Foundation on behalf of participants in Wilder's Assisted Living Program. The proposed budget requires \$2,366 supplemental income from this reserve account. This account grows at approximately \$1,000 per month or \$12,000 per year.

AJH

Attachments: Attachment 1 – HUD CHSP Budget Formula  
Attachment 2 – Summary Budget (Grant Renewals FY 2015)

## **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 \$736 per month per participant (salaries, benefits, food, excluding matching and in-kind contributions).

# **PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL**

**REPORT TO COMMISSIONERS**

**FROM JON M. GUTZMANN  
EXECUTIVE DIRECTOR**

**REGARDING** Fiscal Year 2015 Building Fund Operating  
Budget: Proposed Revision No. 1

**DATE** August 27, 2014

Staff requests Board approval to revise the Fiscal Year 2015 Building Fund Operating Budget with an expense increase of \$12,000 (from \$642,625 to \$654,625) and a rental revenue increase of \$12,640 (from \$514,260 to \$526,900).

The expense budget revision is comprised of the addition of electronic key card access to two suites on the second floor of the W. Andrew Boss Building (approximately \$3,500 each), and a Resident Initiatives Partner Recognition event (approximately \$5,000). The key card access is necessary for Suite 240, as it will be added to the Agency's rental space as MIS office space (rent expense addressed in the corresponding proposed operating budget revision), and the second suite is space utilized by the Presidents Council and PHA staff who provide support to the Council. The Partner Recognition event would enable PHA staff to recognize in a more formal way all the "partners" the Agency works with on a regular basis to provide services and support to residents. Currently these types of events are not eligible for funding through the Operating Budget. The Building Fund has fewer restrictions on the use of funds, allowing for more "soft" uses such as recognition events.

The rental revenue increase is directly related to the PHA's utilization of Suite 240 as MIS office space, which will generate an additional \$12,640 in rental revenue in the Building Fund.

On March 26, 2014 the Board approved the original Fiscal Year 2015 Building Fund Budget in the amount of \$642,625. That budget projected a contribution to reserves of \$197,335. The net

effect of this proposed budget revision would increase the contribution to reserves by \$640 to \$197,975. Staff believes this budget revision upholds the purpose of the Building Fund while maintaining sufficient reserves for future improvements to the building and allows the PHA to pursue strategic planning options as approved by the Board.

JMG/AJH

Attachment: FY 15 Building Fund Operating Budget Board Report

# PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

**REPORT TO COMMISSIONERS**

**FROM JON M. GUTZMANN  
EXECUTIVE DIRECTOR**

**REGARDING** Fiscal Year 2015 Low Rent Public Housing  
Operating Budget: Proposed Revision No. 2;  
Fiscal Year 2015 Section 8 Housing Choice  
Voucher Operating Budget: Proposed Revision No. 1

**DATE** August 27, 2014

Staff requests Board approval of Revision No. 2 to the Fiscal Year 2015 Low Rent Public Housing (FY2015 LRPH) Operating Budget, increasing expenses by \$166,500, and a corresponding housekeeping revision (Revision No. 1) to the Fiscal Year 2015 Housing Choice Voucher/Section 8 (FY2015 HCV) Program Operating Budget, increasing expenses by \$14,980.

## Background:

On March 26, 2014 the Board approved the original FY2015 LRPH Operating Budget in the amount of \$31,991,932. That budget was balanced, with projected revenues matching projected expenses. Staff explained then that a contribution to the operating reserves (estimated at \$1,100,000) was likely to be reported when the books were closed for FY2014 (which ended on March 31, 2014), so staff planned to recommend a budget revision at a future Board meeting. At the same time, the Board approved the FY2015 HCV Programs administrative expense budgets in the amount of \$3,325,630, with a projected program-wide contribution to reserves of \$25,507. Administrative expenses for the regular HCV program were projected to draw on reserves by \$25,151.

On April 23, 2014 the Board approved Budget Revision No. 1 to the FY2015 LRPH budget, intentionally changing it from a balanced budget to one that would draw on the operating reserves by \$1,539,537. The primary change in the budget revision was canceling the

previously-approved transfer from the Capital Fund to the Operating Budget. That reduced the budgeted revenue in the Other Income category of the Operating Budget by \$1,514,538, from \$6,443,448 to \$4,928,910. The Board also approved increasing spending for Tenant Services by \$25,000. With the adoption of Budget Revision No. 1, operating reserves were projected to be \$17,260,398 on March 31, 2015, or 6.6 months of operating expenses.

On August 13, 2014, PHA staff received the Agency's final audit report which confirmed that the actual contribution to LRPB reserves for Fiscal Year Ending March 31, 2014 was \$1,201,378, resulting in a reserve balance of \$20,308,470 or 7.8 months of operating expenses. Based on the actual FY2014 operating reserve balance and the adjustments approved in Budget Revision No. 1, staff projects an ending operating reserve balance for Fiscal Year 2015 of \$18,768,933, or 7.2 months of operating expenses. Since staff's goal is to maintain a reserve level closer to six months operating expenses, this proposed Budget Revision No. 2 would increase spending on necessary program functions to further reduce the year-end operating reserves.

In addition to the reserve contributions in the LRPB program, the FY2015 HCV program administrative budget has been positively affected by recent developments. After the budget was approved, HUD published the Calendar Year 2015 administrative fee rates, which increased from Calendar Year 2014, and the expected proration of administrative funding was increased from 75% to 79%. These two changes result in a projected increase in revenue of \$218,838, resulting in a projected contribution to reserves for FY 2015 of \$193,687, as opposed to the budgeted draw on reserves of \$25,151. Subsequently, the final Fiscal Year 2014 accounting showed the actual draw on reserves for that budget year was \$79,533, significantly less than originally budgeted draw of \$230,616. This yielded an ending FY2014 balance of \$1,342,355 in

the HCV administrative fee reserves (Unrestricted Net Assets, or UNA, in HUD's terminology). Adding the FY2014 ending reserve balance to the projected contribution in FY2015, the ending balance is now projected at \$1,536,042.

Based on the actual FY2014 year-end information and the FY2015 revenue increases, staff is proposing the increased expenditures described below in the FY2015 LRPH Budget (as Revision No. 2), and corresponding housekeeping expenditure increases in the FY2015 HCV Budget (as Revision No. 1). While the HCV program has not requested any specific budget revisions at this time, many administrative and general expenses and services (such as salaries and benefits of administrative office staff) are "shared" by the LRPH and Section 8 programs, and require distribution to both programs. (Some expenses are shared across three HCV/Section 8 programs.) The PHA currently uses a series of standard allocation formulas based on factors that allow for an equitable distribution of budgets and corresponding expenses (i.e. number of employees, number of units, etc.). These formulas are utilized during preparation of the Fiscal Year Operating Budget and any budget revisions, and applied to expenses as they are incurred throughout the year. Consistent use of the allocations enables PHA departments to reliably manage their budgets and control expenses.

Approval of the proposed budget revision would increase the total expected draw on LRPH operating reserves by \$166,500 from \$1,539,537 to \$1,706,037, resulting in an ending reserve balance of \$18,602,433 or 7.1 months of routine operating expenses.

Approval of the proposed budget revision would decrease the total expected contribution to reserves in the HCV/Section 8 program by \$14,980 with the majority (95.8%) of that decrease in the Housing Choice Voucher program itself. Taking into consideration the expected contribution

discussed above, the FY2015 HCV contribution to reserves would decrease from \$193,687 to \$179,337, for a projected FY2015 ending balance of \$1,521,692.

The proposed Budget Revision details are as follows:

Description	LRPH Revision #2	Section 8 Revision #1
1. Increase EOD Director from 0.75 FTE to 1.00 FTE	\$ 18,090	\$ 1,900
2. Eliminate the 0.25 FTE Resident Services Senior Manager position	\$ -19,180	
3. Add Resident Services Assistant Senior Manager 1.00 FTE	\$ 45,070	
4. Update legal staff:		
Increase Louise Seeba to Supervising Attorney (effective 9/1/2014)	\$ 4,620	\$ 1,150
Add an additional Associate Attorney (effective 11/1/2014)	\$ 29,380	\$ 7,340
Other budget adjustments	\$ -830	\$ -200
5. Add Suite 240 to PHA rental space for MIS staff	\$ 8,520	\$ 4,120
6. Emotional Intelligence Training	\$ 6,330	\$ 670
7. President Council computer equipment	\$ 20,000	
8. Contract employee for Resident Initiatives Department	\$ 13,000	
9. McDonough gardens	\$ 13,100	
10. Admission Orientation Program; Housekeeping supplies for new residents	\$ 2,800	
11. Security cameras at McDonough Homes and Roosevelt Homes	\$ 10,600	
12. Dunedin "raised bed" gardens (demonstration project)	\$ 15,000	
<b>TOTAL BUDGET REVISION</b>	<b>\$ 166,500</b>	<b>\$ 14,980</b>

Further background on the proposed budget revision expenditures:

1. The proposed change from EOD Director at .75 FTE to 1.0 FTE corrects a structural issue with the position. As it currently stands, the other .25 FTE for this position is budgeted as the Resident Services Senior Manager reporting to the Resident Services Department Director. The EOD portion reports to the Executive Director. It has become apparent that it makes more structural sense to separate the EOD function from operational functions in other departments.
2. Eliminate the .25 FTE Resident Services Senior Manager position to conform with #1 above.
3. Establish a new position, Resident Services Assistant Senior Manager, at 1.0 FTE.
4. Updating the Legal Team:
  - a. Change General Counsel Louise Seeba's position from Senior City Attorney to Supervising City Attorney (including corresponding changes to salary and benefits);

- b. Add a third full-time Assistant City Attorney to the PHA's contract with the City of St. Paul in order to help meet the demands of that department as detailed to the Board at the last meeting (in the Executive Director's performance evaluation of Ms. Seeba); and
  - c. Housekeeping budget adjustments based on City Attorney salary structure
5. Add Suite 240 to the PHA's rentable space and provide offices for MIS staff.
6. Emotional Intelligence training: In June 2014, the PHA hosted an in-house training facilitated by Century College on the use and importance of emotional intelligence in the workplace. Due to the overwhelmingly positive response from staff and supervisors who attended the session, Human Resources would like to make this a mandatory training session for all employees.
7. Presidents Council computer equipment: The Presidents Council will use these funds to upgrade the security software in the hi-rise computer labs, purchase an additional Wi-Fi printer for each lab where needed, and continue to replace/upgrade computers and monitors. Each hi-rise has 3 - 4 computers. However, some of the hi-rises still have the original computer provider to them by the PHA, which means that the computer is almost 15 years old and parts are no longer available. Any remaining funds will be used to purchase computer desks and chairs where needed.
8. Contract employee for Resident Initiatives: This request would allow the Resident Initiatives Department to contract with an individual on a part-time basis (up to 20 hours/week). This individual's primary focus will be to assist RI staff in implementing the Section 3 computer-based resident training initiatives that will replace the current ROSS grant programs. Duties will include assisting in coordinating the adult instructional classes, youth programs, and serving as a computer lab facilitator in the four family developments, as well as the 16 hi-rises.
9. McDonough gardens: This proposed expenditure would allow the PHA to contract with a community gardening resource and support organization, to assist staff in working with the McDonough resident gardeners on relocating their garden plots.
10. Admission Orientation Program (New Resident Orientation): Housekeeping supplies presented to new residents upon completion of a PHA orientation session. The supplies help residents maintain their housekeeping.
11. Security cameras: Security cameras at Roosevelt and McDonough Homes to help deter criminal activity.
12. Dunedin raised bed gardens demonstration project: This item proposes replicating hi-rise raised bed gardening activity at a PHA family site. In addition to the in-ground gardening that Dunedin family residents currently participate in, the PHA would purchase forty raised bed gardens to be placed at individual family units. Dunedin currently has an in-ground community garden but it only provides enough slots for 27 families to participate. Individual raised garden beds that are assigned to specific units will give more families the opportunity to grow their own produce closer to home. Staff will use this demonstration to test the effectiveness of the approach, as well as the feasibility of whether to offer raised bed gardens at other family developments.

JMG/AJH

Attachments: HUD 52564 Original FY 2015 Low Rent Public Housing Operating Budget  
HUD 52564 FY 2015 Low Rent Public Housing Operating Budget, Revision No. 1  
HUD 52564 FY 2015 Low Rent Public Housing Operating Budget; Proposed  
Revision No. 2

# PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

**REPORT TO COMMISSIONERS**

**FROM** JON M. GUTZMANN  
EXECUTIVE DIRECTOR

**REGARDING** Hearing Officers for Public Housing  
Tenant Grievance Hearings and  
Section 8 Voucher Informal Hearings

**DATE** August 27, 2014

Staff requests Board approval to contract with three new hearing officers and to enter into new contracts with four existing hearing officers, to conduct hearings requested by public housing residents and Housing Choice Voucher (Section 8) program participants. Federal regulations require the PHA to provide a hearing for public housing residents or voucher participants who disagree with PHA decisions on program eligibility, rent calculations and other issues affecting their tenancy. The recommended hearing officers are as follows:

**RENEW CURRENT  
HEARING OFFICERS**

- Keith Maurer
- Brian Shirley
- James Watchke
- Mark Smith

**ADD NEW HEARING OFFICERS**

- Nick Manthey
- Erika Overby
- Christine Steffen

There were 77 hearings scheduled for Housing Choice Voucher (HCV) participants last year, and in each case the PHA was represented by Section 8 management and legal counsel. Many of the cases are either factually or legally complex and attorneys from SMRLS (Southern Minnesota Regional Legal Services) frequently represent HCV participants. Fewer public housing grievance hearings are held each year, typically 10-12, but the greater complexity of public housing hearings generally makes them lengthier and more resource intensive. Staff believes that the proposed panel is large enough to allow the PHA to offer timely hearings and provide coverage if one or more hearing officers is not available.

PHA staff and legal counsel drafted the attached Request for Proposals (RFP) and posted it through the career services offices of the four area law schools. Eleven individuals submitted application letters or resumes. Staff and legal counsel interviewed six candidates and are recommending the three named above as additions to the panel. Those three individuals and the four current hearing officers recommended for renewal are attorneys with relevant experience. One of the new candidates has conducted administrative hearings for the Minnesota Unemployment Insurance program and another has legal experience (both private practice and corporate) in Section 8 and other subsidized housing issues as well as property management.

The procedures for the two types of hearings are spelled out in Board-approved appendices to the Admission and Occupancy Policies for the Public Housing and Section 8 HCV programs (copies attached). To withstand court reviews it is important for each hearing decision to be written clearly and to cover the legal requirements set forth in federal and state statutes and regulations. Decisions from voucher hearings can be appealed directly to the Minnesota Court of Appeals, and public housing grievance hearing decisions can be appealed to the Minnesota District Court. With the Board's approval, legal counsel and staff will conduct a training session for the hearing officers in the fall.

Staff budgeted \$13,500 for these hearings in the Operating Budget approved by the Board.

FAH

Attachments: Request for Proposals  
Admission and Occupancy Policies for the Public Housing Program, Appendix B,  
Grievance Hearings.  
Admission and Occupancy Policies for the Section 8 Voucher Program,  
Appendix G, Informal Review and Hearing Procedures