

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR

REGARDING Utility Allowances for Public Housing
And Section 8 Housing Choice Voucher
Programs; Admission and Occupancy Policies

DATE July 22, 2015

Staff recommends Board approval of Resolution No. 15-7/22-02 to approve the Utility Allowance Schedules in the Admissions and Occupancy Policies (AOPs) for the Public Housing and Section 8 Housing Choice Voucher Programs as follows:

1. **Public Housing:** Maintain all public housing utility allowances at their current amounts.
2. **Housing Choice Vouchers (HCV):** Maintain the current utility allowance schedule except for adding allowances for units in multi-family buildings where the tenant is required to pay separately for water/sewer and trash hauling.

Copies of the current and proposed Utility Allowance Schedules are attached. For those Section 8 utility allowances that are new or changed, staff recommends that they take effect on October 1, 2015 for new voucher admissions, annual recertifications and voucher holders moving between units on or after that date. No notice to voucher participants is required.

HUD regulations require PHAs to review utility allowances for both public housing and Section 8 at least annually. Staff reviewed the various utility rates earlier in 2015 determined that no change was necessary other than adding the new categories in Section 8, as discussed below.

For public housing family residents and voucher participants who pay some or all of their own utility costs, the utility allowance reduces the amount of rent the household must pay to the PHA or the property owner. The rent plus the utility allowance equals 30% of the household's

adjusted income. 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).

The last time the PHA increased utility allowances was in 2013, and those adjustments were sufficient to cover the current and pending rates. On February 26, 2014 the Board approved maintaining the utility allowances in both programs with no changes. Since then energy rates have not increased significantly.

- Xcel Energy's rates for natural gas have not changed over the past year.
- Xcel Energy's rates for electricity have not changed significantly since February 2013 when the Board approved 10% increases in the utility allowances for electricity.
- District Energy's rates have not changed significantly so no change is needed in that utility allowance.

Housing Choice Vouchers (HCV)/Section 8: Staff is recommending maintaining the current utility allowance schedule for HCVs except for adding allowances for units in multi-family buildings where the tenant is required to pay separately for water/sewer and trash hauling.

The utility allowance schedule 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.).

Utility Allowance for Water/Sewer Service (Section 8 only). The one utility category that saw a significant increase this year was water/sewer service provided by the St. Paul Regional Water Service (SPRWS). However, as explained below, staff is not recommending raising the

Section 8 utility allowances in this category, because they are already sufficient to cover the higher costs for the highest-cost units, single family homes and townhouse/duplex units. Staff is recommending establishing new, lower utility allowances for multi-family buildings. (Public housing residents do not pay water/sewer charges separately; the PHA pays for that service at all properties. Therefore there is no utility allowance for water/sewer charges in public housing.)

According to documents posted on the SPRWS website, the water rate itself will increase an average of 7.53%, but when combined with other new charges (water main replacement surcharge, etc.) the total increase for 2015 will be 18.45% or \$45.44 for the year for a typical residential customer. According to SPRWS, the total cost in 2015 for water service and related fees for a “typical residential customer using 22 units per quarter” will be \$310 annually. The website also shows the charge for sewer service for the same household is approximately \$330, for a total annual cost of about \$640. The PHA’s current Section 8 utility allowance for water and sewer is adequate to cover that expense, so staff does not believe that the allowance should be increased. For example, for a two-bedroom unit it is \$53 per month, or \$636 per year. Staff believes the current water/sewer utility allowance is high enough to reasonably ensure that most voucher participants paying for sewer and water service in single family homes and townhouse/duplex units are not paying more than 30% of their adjusted income for rent and utilities.

Staff is recommending a new, lower utility allowance in Section 8 for water/sewer service in the multi-family category as shown on the attachment because the current allowances (based on costs for single-family homes) are definitely higher than required. In the past the PHA did not establish separate water/sewer utility allowances for multi-family units, because almost all

property owners paid the water/sewer charges for those units directly to the supplier and included the cost in the rents. However, in recent years more voucher participants are being required to pay an amount for water/sewer charges in addition to their rent. For example, currently about 160 voucher participants renting one- and two-bedroom units in multi-family buildings are paying separate water/sewer charges (out of almost 2,800 one- and two-bedroom units subsidized by vouchers).

Staff is also recommending approval of new, lower utility allowances for trash hauling charges in multi-family units as shown on the attachment. Increasingly owners of multi-family properties and townhouse/duplex units are requiring the tenants to pay an additional amount for trash, so staff is recommending a separate utility allowance for those units. Trash hauling rates have stayed relatively flat over the last two years, as indicated by the PHA contracts for refuse hauling approved at the April 22, 2015 Board meeting.

Cost Impact on participants and the PHA. Voucher participants who pay water/sewer charges in multi-family units will pay a larger portion of the rent than currently. The cost impact on the PHA will be positive but relatively small, since not many units will be affected and the change in utility allowance for each unit will be small. There will be variations in costs among units, as explained below.

- For units with gross rent (the contract rent stated in the lease plus any utility allowances) that is at or below the payment standard, the lower utility allowance means the voucher participant will pay a larger portion of the rent to the property owner, and the PHA's Housing Assistance Payment (HAP) to the owner will be lower. The PHA will save HAP on these units.

- For units with gross rent higher than the payment standard, the PHA will continue paying the same HAP, equal to the difference between 30% of the tenant's adjusted income and the payment standard (no cost savings to PHA). The tenant will pay a larger portion of the rent to the property owner.
- If the lower utility allowance causes a gross rent that was higher than the payment standard to fall below the payment standard, the PHA's HAP amount would be reduced. However, staff expects that property owners would request approval for rent increases to bring the gross rent up to the payment standard. If staff approves the increase as reasonable, then there would be no cost savings to the PHA.

FAH/MW/DJM

Attachment: Resolution
Current Utility Allowance Schedule for Public Housing
Current Utility Allowance Schedule for Section 8
Proposed Utility Allowance Schedule for Section 8

**PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL
RESOLUTION NO. 15-7/22-02**

**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; and

WHEREAS, most utility rates show no increase or only small increases, with the exception of charges for water/sewer service, and there the PHA's current Section 8 utility allowances are still sufficient to cover the cost increase; and

WHEREAS, staff is recommending establishing new utility allowances for voucher-subsidized units in multi-family buildings where the tenants pay for water/sewer service and trash hauling in addition to the rent; and

WHEREAS, the staff is recommending no other changes in utility allowances for public housing or Section 8; 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 are revised as shown on the attachments, with an effective date of October 1, 2015 for those utility allowances that are changed.

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Section 8 Preservation Vouchers;
Lonnie Adkins Court Apartments

DATE July 22, 2015

Staff requests Board approval of Resolution No. 15-7/22-03 to accept and administer up to 20 tenant-based Preservation Vouchers, also called Tenant Protection Vouchers, for the Lonnie Adkins Court Apartments in Saint Paul. The local HUD office has asked that the PHA administer these vouchers (request attached). This would add new vouchers under the PHA's Section 8 Housing Choice Voucher program, although initially they would be used by the current eligible residents of the property.

The PHA most recently accepted preservation vouchers for Dale Street Place Apartments, as approved by the Board on October 22, 2014. In this way the PHA helps low-income residents keep their affordable housing and the Agency expands its pool of Housing Choice Vouchers.

Lonnie Adkins Court is located at 403 St. Anthony Avenue, northwest of the intersection of St. Anthony Avenue and Western Avenue in Saint Paul, just north of Interstate I-94. The building has been assisted under the Section 236 HUD subsidy program and the owner intends to prepay that loan on or around October 1, 2015. The 2015 Appropriations Act provided some funding for tenant protection vouchers that could be requested by projects like this one. With the Board's approval, and assuming that HUD has sufficient funding available, the PHA would be awarded the preservation vouchers for up to 20 "at-risk" households identified by the project owner. Staff would need to review each resident's eligibility for Section 8 and inspect each unit before issuing the vouchers.

REPORT TO COMMISSIONERS – JULY 22, 2015
LONNIE ADKINS COURT APARTMENTS - PRESERVATION VOUCHERS
PAGE 2 OF 3

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

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

	Name	Address	Date	Number of Units
1	Skyline Towers	1247 St. Anthony Avenue	February 2000	58
2	Hampden Square Apartments	2333 Long Avenue	February 2000	86
3	Rockwood Place Apartments	2259 Rockwood Avenue	October 2000	59
4	Carey Apartments	1086 Iglehart Avenue	January 2002	11
5	Lari Apartments	623 Laurel Avenue	April 2003	17
6	Sibley Tower	195 5 th Street East	December 2005	27
7	Kendrick Apartments	1351 Carling Drive	February 2010	29
8	Afton View Apartments	365 S. Winthrop Street	June 2011	18
9	Marshall Ave. Townhomes	708-730 Marshall Avenue	June 2011	12
10	Shamrock Court Apartments	2236 Lower Afton Road East	August 2011	146
11	Como Place Apartments	195 Edmund Avenue	November 2012	21
12	Dale Street Place Apartments	313 North Dale Street	March 2015	11
			TOTAL	495

The PHA’s Section 8 Voucher Program now includes 4,538 vouchers (Housing Choice Vouchers, Family Unification Program Vouchers, Mainstream/Disability Vouchers and VASH vouchers for homeless veterans) plus 81 Section 8 Moderate Rehabilitation Single Room

Occupancy (SRO) units at Mary Hall and Booth Brown House Foyer, for a total of 4,619 subsidies. These preservation vouchers for Lonnie Adkins Court Apartments would add as many as 20 vouchers to that total.

Because of the continuing uncertainty about cuts in the federal budget for “domestic discretionary budget” programs like Section 8 and public housing, staff carefully considers each opportunity to add vouchers before recommending acceptance. Every addition of a block of vouchers does add to the staff workload, although this infusion of up to 20 vouchers would have less impact than a large project like Shamrock Court’s 146 vouchers. Staff believes the current staffing will be sufficient to administer the additional vouchers. The added administrative fees from these vouchers will help the Section 8 budget. At the current 79% proration of administrative fees, 20 vouchers under lease for a year would earn the Agency about \$14,000. The PHA would also receive \$200 per unit as a one-time special administrative fee totaling \$4,000.

Accepting these preservation vouchers for Lonnie Adkins Court Apartments would further the Agency’s mission and goals.

FAH/DJM

Attachments: Resolution
HUD Letter Dated July 19, 2015

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

RESOLUTION NO. 15-7/22-03

**EXECUTION OF APPLICATION AND ANNUAL CONTRIBUTIONS CONTRACT
FOR PRESERVATION VOUCHERS UNDER THE
SECTION 8 HOUSING CHOICE VOUCHER PROGRAM;
LONNIE ADKINS COURT APARTMENTS**

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

WHEREAS, the PHA currently administers a Section 8 Housing Choice Voucher Program in the City of St. Paul with 4,619 authorized units; and

WHEREAS, the United States Department of Housing and Urban Development (HUD) has requested that the PHA administer Preservation Vouchers for Lonnie Adkins Court Apartments, located at 403 ST. Anthony Avenue in Saint Paul; and

WHEREAS, the PHA desires to assist the residents at Lonnie Adkins Court Apartments and HUD in preserving affordability in this manner;

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

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

RESOLUTION NUMBER 15-7/22-01

**RESOLUTION IN RECOGNITION OF
DEDICATED SERVICE**

By

MICHELE PETERSON

WHEREAS, Michele Peterson has served the people of Saint Paul as an employee of the Saint Paul Public Housing Agency (PHA) since October 5, 1992; and

WHEREAS, she has provided distinguished service in many ways including the following:

- She has proven over her 23 years of service to be an expert caretaker of contracts, purchase orders and invoices all while juggling the varied needs of multiple Maintenance Contracts staff;
- She helped maintain staff production, health and camaraderie by being the Dog House Award giver, the Mad Dog Walking Club pusher, Maintenance Contracts morale booster and its social activity director;
- She has been an exceptional colleague and friend to many PHA staff and residents, treating co-workers and residents alike with courtesy and respect;
- She has demonstrated her commitment to the Agency's mission, residents and community by serving with professionalism, outstanding job knowledge and a consistent pursuit of excellence in all aspects of her work. She understands that her successful work equates to repairs completed promptly, budgets spent and Agency goals met;
- In all these ways, she contributed to building the PHA's national reputation for excellence in public housing administration;

NOW THEREFORE BE IT RESOLVED, that we, the Board of Commissioners of the Saint Paul Public Housing Agency, on behalf of the Board, the staff, and residents, do recognize and hereby acknowledge with deep appreciation, respect and admiration the service provided to the Agency and the community by Michele Peterson and we wish her well in her retirement.

July 22, 2015

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR

REGARDING Statewide Health Improvement Program
(SHIP) Grant Application: SHIP 4;
With St. Paul -Ramsey County
Public Health Department

DATE July 22, 2015

Staff requests Board approval for the PHA to join in drafting the 2015 request by the St. Paul – Ramsey County Public Health Department (Public Health) to the Minnesota Department of Health (MDH) for a fourth Statewide Health Improvement Program grant (SHIP 4). Under SHIP 4, the PHA could receive funds over five years to pay salary and benefits for a part-time (30 hours/week) SHIP Grant Coordinator position to assist with the further implementation of SHIP related activities in the areas of active living, nutrition, tobacco-free living, and focusing on adults age 60 and older. Public Health is required to submit their request to MDH by August 22, 2015.

Background:

The following chart provides an overview of the PHA’s partnership with Public Health as a result of SHIP grants. In December 2011, the Board gave retroactive approval for the PHA to serve as a site agency in partnership with Public Health under their second SHIP grant (“SHIP 2”). (The PHA had not participated in Public Health’s first SHIP grant.). A total of \$85,000 was allocated to the PHA to hire a SHIP Grant Assistant and work with resident leadership groups to implement policy, systems, and/or environment changes in the areas of active living, nutrition and tobacco reduction at five public housing sites. That contract was amended to include an additional three-month bridge period to conclude SHIP 2 activities.

The PHA’s partnership with Public Health under SHIP 2 was evaluated by the Wilder Research Center in 2013. SHIP funds paid for the study and the final report was delivered in June 2013. Both

PHA and Public Health staff relied heavily on the Wilder Research report when outlining proposed activities under SHIP 3. In April 2014, the Board gave approval for the PHA to serve as a site agency with Public Health under SHIP 3. That grant included funds for the PHA to hire a part-time SHIP Grant Coordinator. The contract was later amended because MDH allocated additional funds to Public Health cover the cost of SHIP 3 program activities; bringing the PHA’s share of the SHIP 3 grant to \$129,040.

	Contract Term	Grant Amount
SHIP 2	3/1/12 – 6/30/13	\$85,000, SHIP Grant Assistant and
SHIP 2 Bridge	7/1/13 - 10/31/13	Program Activities
SHIP 3	5/1/14 – 10/31/15	\$90,000 – SHIP Grant Coordinator
		<u>\$39,040 – Program Activities</u>
		\$129,040 Total

MDH has informed Public Health that SHIP 4 will cover a five-year period of time. However, Public Health will need to submit funding renewal requests on an annual basis. The first funding period under SHIP 4 would be from November 1, 2015 – October 31, 2016. If approved, the PHA would begin working with Public Health staff on identifying specific SHIP 4 strategies that the agencies would collaborate on in the areas of active living, healthy eating, smoke free living, and focusing on adults age 60 and older.

ANH