

On August 22, 2018, the Saint Paul Public Housing Agency (PHA) Board of Commissioners approved the following actions:

- Employee Recognition
- Rental Assistance Demonstration (RAD) Supplemental Application for AMP 13
- Capital Fund Program: 2015, 2016, 2017 and 2018 CFP Budget Revisions; FFY2018 – FFY2022 CFP Five Year Action Plan Revision
- Declarations of Trust; Public Housing Modernization Grant Projects; AMP9
- Audit Report for FY 2018; Financial and Compliance Reports for Fiscal Year Ending March 31, 2018
- Amendments to Personnel Policies: Supervisory and Confidential Employees
- Project-Based Voucher (PBV) Concept Draft

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Employee Recognition

DATE August 22, 2018

Staff requests Board approval to award PHA employees a special one-half day off in recognition of the Agency's continued success on a national level and the hard work and accomplishments of over 230 dedicated staff members. If the Board approves this recommendation, a certificate for this time off will be given to employees at the annual recognition breakfast, which is scheduled for October 5, 2018.

The half-day off will be provided to all staff who were regular PHA employees and temporary employees who were eligible for benefits as of October 1, 2018. The time off must be used by December 31, 2018 and must be taken on a single day. Regular part-time employees will be extended this recognition on a pro-rated basis. Use of the recognition time off will be subject to the same approvals as other vacation days and floating holidays, to allow supervisors to plan staffing and workloads.

MLM

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR

REGARDING Rental Assistance Demonstration (RAD)
Supplemental Application for AMP 13

DATE August 22, 2018

Staff requests Board approval of Resolution No. 18-8/22-03 to submit a supplemental Rental Assistance Demonstration (RAD) application to HUD for the new 12-plex at McDonough Homes (temporarily designated Asset Management Project No. 13; AMP 13; MN001000013). The units are physically located on the Jackson Street side of the McDonough Homes site, but this application is required by HUD because the units are considered to be a separate “project” for the time being (until April 1, 2019, unless merged sooner through RAD). Staff included the 12-plex in the unit count stated in the reports to the Board for the RAD conversion applications in August 2017, so the total number of units proposed for conversion remains at 3,852. The deadline to include AMP 13 in the processing group with the PHA’s eight other RAD applications is September 4, 2018.

We understand that after the PHA is accepted into the RAD program and receives the CHAPs (HUD’s Commitments to Enter into Housing Assistance Payments Contracts), these units can be merged into AMP 1 (McDonough Homes) during the RAD process.

AJH/FAH

Attachments: Resolution No. 18-8/22-03
RAD Application for AMP 13, MN001000013
HUD Form for Board Approval
PIC Development Profile and Summary Screen Shot
Sample of Resident Comments and PHA Responses
(The entire 40-page compilation of resident comments and PHA staff responses from the 23 RAD meetings with residents will be attached to this RAD application when we submit it to HUD.)

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Declarations of Trust; Public Housing
Modernization Grant Projects;
AMP 9

DATE August 22, 2018

Staff recommends Board approval of attached Resolution No. 18-8/22-01 that authorizes staff to execute Declarations of Trust (Public Housing Modernization Grant Projects) for Asset Management Project No. 9 (AMP 9; MN001000009), record them with Ramsey County; and then to submit recorded copies of the declarations to HUD. HUD requires that valid declarations of trust be recorded for all PHA properties that receive Public Housing Operating Fund or Capital Fund Program funding. The Board approved similar declarations of trust for AMPs 1-8 at the April 25, 2018 Board Meeting.

AMP 9 includes 360 scattered site public housing single family homes and duplexes that were developed (purchased or constructed) in groups (“developments”) from 1968-1996 as funding became available and HUD approved the PHA’s applications. Separate declarations of trust were filed for the scattered site developments listed below. (The development numbers were assigned by HUD for each funding increment that was awarded to the PHA over the years that Congress appropriated money to develop new public housing, beginning with McDonough Homes’ designation as MN 1-1 in 1950.)

- MN 1-20 (11 properties)
- MN 1-23 (24 properties)
- MN 1-29 (66 properties)
- MN 1-30 (25 properties)
- MN 1-31 (73 properties)
- MN 1-32 (18 properties)

The declarations of trust state that HUD has an interest in the property that the PHA owns, and the PHA agrees not to transfer, convey, assign, lease, mortgage, pledge or otherwise encumber or transfer the property (with some exceptions) without HUD approval. Previous declarations of trust had been executed and recorded with the County for the six developments listed above, but they expired when all

indebtedness associated with those declarations had been repaid. There are other scattered site developments (MN 1-33, -34, -35, -37, -38, -39 and -40) that have declarations of trust that do not expire. Therefore, these developments are intentionally excluded from this request.

DAL/FAH

Attachments: Resolution 18-8/22-01
Declarations of Trust for AMPs 9 (MN 1-20, 23, 29, 30, 31, 32)

SAINT PAUL PUBLIC HOUSING AGENCY

RESOLUTION NO. 18-8/22-01

**RESOLUTION APPROVING AND AUTHORIZING
EXECUTION AND RECORDATION OF
DECLARATIONS OF TRUST
(PUBLIC HOUSING MODERNIZATION GRANT PROJECTS)**

WHEREAS, the Public Housing Agency of the City of St. Paul, (hereinafter called the “Local Authority”) and the United States of America (herein called the “Government”) previously entered into an Annual Contributions Contract as of September 29, 1980, and a Modernization Grant Amendment to the Contract with the effective date of May 29, 2018, relative to the Capital Fund Program grant MN46P00150118 for improvements to Asset Management Project No. 9 (AMP 9; MN001000009); and

WHEREAS, under the provisions of said Annual Contributions Contract, it is required that promptly upon acquisition of any sites or receipt of modernization funding for improvements to such sites of any project, the Local Authority shall execute and deliver an instrument confirming and further evidencing among other things, a covenant of the Local Authority not to convey or encumber the projects and shall cause such instrument and all amendments thereto to be duly recorded and filed of record;

NOW, THEREFORE, BE IT RESOLVED by the Local Authority as follows:

1. The Declarations of Trust (Public Housing Modernization Grant Projects) hereinafter set forth are hereby approved and accepted, both as to form and substance, and the Chairperson or Vice Chairperson is hereby authorized and directed to execute said Declarations of Trust on behalf of the Local Authority, and the Secretary or Executive Director is hereby authorized to impress the seal thereon and to attest to the same, and thereafter the mentioned instruments are authorized to be recorded in the manner required under the laws of the State of Minnesota.
2. Said Declarations of Trust shall be in substantially the form attached hereto and made a part hereof.
3. This Resolution shall take effect immediately.

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Capital Fund Program: 2015, 2016,
2017 and 2018 CFP Budget Revisions;
FFY2018 - FFY2022 CFP
Five Year Action Plan Revision

DATE August 22, 2018

Staff requests Board approval of Resolution No. 18-8/22-02 approving the following budgets and amending the Agency Plan accordingly:

1. Revisions to the 2015, 2016, 2017 and 2018 Capital Fund Program (CFP) grants (attached on yellow paper);
2. Revisions to the CFP Five Year Action Plan for Federal Fiscal Years 2018 – 2022 (FFY2018 - FFY2022) in HUD's required format (attached on green paper); and
3. Reformatted CFP Five Year Action Plan FFY 2018 - 2022 (attached on pink paper).

These revisions to the CFP grant budgets and the CFP Five Year Action Plan adjust line items to match actual obligations and expenditures but do not change the total amount of the grants.

The uses of the funding shown in the attached budgets are consistent with the draft CFP budget and draft CFP Five Year Action Plan staff discussed with residents and presented at the Agency Plan public hearing in November, 2017. The initial FFY2018 Capital Fund Program budget and initial FFY2018 - FFY2022 Five Year Action Plan were approved by the Board at the June 20, 2018 meeting.

The table below shows the CFP grant amounts, the dates when the PHA gained access to the funds (when HUD signed the amendments to the Annual Contributions Contract/ACC) 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 (grants fully expended within 48 months).

REPORT TO COMMISSIONERS – AUGUST 22, 2018
BUDGET REVISIONS: CFP GRANT BUDGETS
PAGE 2 OF 2

	2015 CFP Funds	2016 CFP Funds	2017 CFP Funds	2018 CFP Funds
Grant Amount	\$6,786,832	\$7,118,173	\$7,159,806	\$11,050,058
ACC Date	4/13/2015	4/13/2016	8/16/2017	5/29/2018
Percent Obligated	98.67% (8/1/18) Met 90% Goal by 4/12/17	95.07% (8/1/18) Met 90% Goal by 4/12/18	98.95% (8/1/18) Goal: 90% by 8/15/2019	54.35% Goal: 90% by 5/28/2020
Percent Expended	93.43% (8/1/18) Goal: 100% by 4/12/19	94.80% (8/1/18) Goal: 100% by 4/12/20	56.37% (8/1/18) Goal: 100% by 8/15/2021	.09% (8/1/18) Goal: 100% by 5/28/2022

DAL/va

Attachments: Resolution No. 18-8/22-02
Summary Spreadsheets of CFP Grant Budgets

**PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL
RESOLUTION NO. 18-8/22-02**

**CAPITAL FUND PROGRAM (CFP) BUDGETS: REVISIONS FOR 2015, 2016, 2017 & 2018
CFP BUDGETS; REVISED FIVE YEAR ACTION PLAN FOR FFY 2018 - 2022.**

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:

1. FFY 2018 Capital Fund Program Grant No. MN46P00150118
2. FFY 2017 Capital Fund Program Grant No. MN46P00150117
3. FFY 2017 Replacement Housing Factor Grant No. MN46R00150117
4. FFY 2016 Capital Fund Program Grant No. MN46P00150116, and
5. FFY 2015 Capital Grant Program Grant No. MN46P00150115; and

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

WHEREAS, HUD requires the PHA to establish a Five Year Action Plan for the expenditure of Capital Fund Program funds; and

WHEREAS, staff has recommended approval of the attached draft revisions to the Capital Fund Program, Replacement Housing Fund Program, and Revised Capital Fund Program Five Year Action Plan:

1. August 1, 2018 Budget Revision for the FFY 2018 Capital Grant Program Grant No. MN46P00150118
2. August 1, 2018 Budget Revision for the FFY 2018 Replacement Housing Factor Grant No. MN46R00150118
3. August 1, 2018 Budget Revision for the FFY 2017 Capital Grant Program Grant No. MN46P00150117
4. August 1, 2018 Budget Revision for the FFY 2016 Capital Grant Program Grant No. MN46P00150116
5. August 1, 2018 Budget Revision for the FFY 2015 Capital Grant Program Grant No. MN46P00150115
6. Revised Capital Fund Program Five Year Action Plan FFY 2018 through FFY 2022; and

WHEREAS, the Board of Commissioners finds that these CFP, RHF grant budgets and Revised Five Year Action Plan, and the use of limited amounts of operating subsidy for capital improvements, 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 five budgets listed above and the Revised CFP Five Year Action Plan listed above are approved as presented;
2. Staff is authorized to execute and submit all required documents relating to these grants and budget revisions;

3. The Agency Plan is amended accordingly; and
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 Declarations of Trust; Public Housing
Modernization Grant Projects;
AMP 9

DATE August 22, 2018

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DAL/FAH

Attachments: Resolution 18-8/22-01
Declarations of Trust for AMPs 9 (MN 1-20, 23, 29, 30, 31, 32)

SAINT PAUL PUBLIC HOUSING AGENCY

RESOLUTION NO. 18-8/22-01

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EXECUTION AND RECORDATION OF
DECLARATIONS OF TRUST
(PUBLIC HOUSING MODERNIZATION GRANT PROJECTS)**

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WHEREAS, under the provisions of said Annual Contributions Contract, it is required that promptly upon acquisition of any sites or receipt of modernization funding for improvements to such sites of any project, the Local Authority shall execute and deliver an instrument confirming and further evidencing among other things, a covenant of the Local Authority not to convey or encumber the projects and shall cause such instrument and all amendments thereto to be duly recorded and filed of record;

NOW, THEREFORE, BE IT RESOLVED by the Local Authority as follows:

1. The Declarations of Trust (Public Housing Modernization Grant Projects) hereinafter set forth are hereby approved and accepted, both as to form and substance, and the Chairperson or Vice Chairperson is hereby authorized and directed to execute said Declarations of Trust on behalf of the Local Authority, and the Secretary or Executive Director is hereby authorized to impress the seal thereon and to attest to the same, and thereafter the mentioned instruments are authorized to be recorded in the manner required under the laws of the State of Minnesota.
2. Said Declarations of Trust shall be in substantially the form attached hereto and made a part hereof.
3. This Resolution shall take effect immediately.

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR

REGARDING Audit Report for FY 2018;
Financial and Compliance Reports
For the Fiscal Year Ending March 31, 2018

DATE August 22, 2018

Staff recommends that the Board receive and file the Comprehensive Annual Financial Report of the Agency's operations in Fiscal Year 2018, as completed by Baker, Tilly, Virchow & Krause, LLP. Kim Schult from Baker Tilly 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) has not finished their review of the Agency's unaudited Financial Data Schedule (FDS) for the fiscal year ending March 31, 2018. After HUD has approved the unaudited FDS, PHA staff, with auditor concurrence, will submit the audited version of the Financial Data Schedule next month. 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 Amendments to Personnel Policies:
Supervisory and Confidential Employees

DATE August 22, 2018

Staff recommends Board approval of amendments to the Personnel Policies for Supervisory and Confidential (S & C) Employees, affecting approximately 50 employees. The proposed amendments cover the three-year period of December 1, 2018 to November 30, 2021 and include salary increases effective December 1, 2018, December 1, 2019 and December 1, 2020, as well as the PHA's contribution amounts for medical insurance effective July 1, 2019, July 1, 2020 and July 1, 2021.

This report does not include a recommendation regarding the Executive Director's salary, which is limited by State law to 110% of the Governor's salary¹. Changes to the Local Government Compensation Limits are announced each January by the Minnesota Management and Budget office. Staff will present a separate recommendation on the Executive Director's salary at the January Board meeting.

The proposed policy language is as follows:

1. SALARY INCREASES

Staff proposes salary increases of 3.0% for the first year, 2.9% for the second year, and 2.9% for the third year. If approved, Article 8.31 of the S&C Policies would be revised as follows:

On December 1, 2018 the salary schedule published in Article 8.2 will be adjusted by increasing the salary range minimums and maximums and the value of all steps by 3.0%. On December 1, 2018 all regularly scheduled employees covered by this agreement whose salary is within the salary range will remain on the same step and will receive a 3.0% salary increase. This brings the total aggregate salary increase to 3.0%.

¹ Minnesota State Statute 43A.17

On December 1, 2019 the salary schedule published in Article 8.2 will be adjusted by increasing the salary range minimums and maximums and the value of all steps by 1.10%. On December 1, 2019 all regularly scheduled employees covered by this agreement whose salary is within the salary range will receive a 1.10% salary increase; and, all regularly scheduled employees who have completed their initial probationary period will be moved to the next highest step (see Exhibit B – Step Grid) after the 1.10% increase is applied. The value of each step increase is 1.8%, which brings the total aggregate salary increase to 2.9%.

On December 1, 2020 the salary schedule published in Article 8.2 will be adjusted by increasing the salary range minimums and maximums and the value of all steps by 2.9%. On December 1, 2020 all regularly scheduled employees covered by this agreement whose salary is within the salary range will remain on the same step and will receive a 2.9% salary increase. This brings the total aggregate salary increase to 2.9%.

Based on August 10, 2018 payroll data, the proposed compensation changes for S & C employees on December 1, 2018 would increase payroll by approximately \$122,720 annually, for a new total of about \$4,228,640. The recommended second year increase (2.9%) would add about \$122,720 annually, for a new total of approximately \$4,351,360. The recommended third year increase (2.9%) would add about \$126,880 annually, for a new total of approximately \$4,478,240. The Operating Budget for Fiscal Year 2019 approved by the Board on March 28, 2018 includes sufficient funds to cover the additional cost during this fiscal year.

Staff conducted a survey of several local governmental organizations including the City of St. Paul and State of Minnesota (see attached April 2018 Compensation Survey). The average salary increases given by these entities in 2018, 2019 and 2020 are in the range of 2.0 – 5.0%. The wage increases proposed in this recommendation are in line with these averages.

2. PHA CONTRIBUTION TOWARD MEDICAL INSURANCE

Staff is recommending increasing the monthly PHA contribution amounts paid toward the cost of S & C employees' medical insurance as shown below:

- On July 1, 2019, the PHA will increase its employee contribution by 3.5%. This increase will be added to the base amount the PHA pays effective July 1, 2019.
- On July 1, 2020, the PHA will increase its employee contribution by 3.5%. This increase will be added to the base amount the PHA will pay effective July 1, 2020.
- On July 1, 2021, the PHA will increase its employee contribution by 3.5%. This increase will be added to the base amount the PHA will pay effective July 1, 2021.

Blue Cross/Blue Shield increased the cost for medical insurance premiums approximately 9% effective July 1, 2018, and has a rate cap of 10% for July 1, 2019. This smaller annual increase (3.5%) to the PHA's contribution was a strategy that was originally approved by the Board in 2011 with the intent of "leveling out" the Agency's annual medical insurance costs rather than changing each year as premiums changed by varying amounts.

The Agency pays the same dollar amounts regardless of the level of coverage (High Deductible, Basic, Standard, Premium) chosen by the employee. With the recommended 3.5% increases, the PHA contribution amounts would be as follows:

July 1, 2019:

- \$836 for single coverage (up from \$807),
- \$1,311 for single plus 1 coverage (up from \$1,266), and
- \$1,496 for family coverage (up from \$1,445).

July 1, 2020:

- Single: \$ 866
- Single +1: \$1,357
- Family: \$1,549

July 1, 2021:

- Single: \$ 897
- Single +1: \$1,405
- Family: \$1,604

For employees who choose the High Deductible option, the above amounts are divided between paying for the insurance premium and contributing the difference to the Voluntary Employee Benefits Association (VEBA) account that allows the employee to pay for out-of-pocket expensed with pre-tax dollars.

Using the August 2018 medical census data, the annualized cost increase for the Agency's contribution for the S & C employee group is approximately \$20,784, for a total Agency cost of approximately \$607,728 for S & C medical insurance premiums from July 1, 2019 to June 30, 2020. The Operating Budget approved by the Board on March 28, 2018 includes the necessary funds to cover this cost during this fiscal year.

3. OTHER ADMINISTRATIVE UPDATES

Staff are also recommending basic administrative updates to the Policies such as correcting phrasing or word choice, repeating language for consistency, and ensuring that language is up-to-date with other PHA policies and/or procedures. These changes include the following:

- Article 3.3, which covers flexible work schedules and overtime, was updated to reflect the fact that flexible work schedules are not just restricted to four, ten-hour work days per week; and
- Article 5.341, which defines who constitutes “immediate family” for short-term sick leave usage, was updated to be consistent with the same definition provided in Article 5.321.

In the attached proposed changes to the S & C Policies the proposed new hourly rates, medical insurance, and other language changes are double-underlined and deletions are ~~interlined~~.

ANH/MGB/AAG

Attachments: April 2018 Compensation Survey
Summary of Health Insurance Increases
Proposed Changes to the S & C Policies

SUMMARY OF S&C HEALTH INSURANCE INCREASES

Proposed

YEAR	PREMIUM INCREASE	PHA INCREASE	EMPLOYEE INCREASE
2021	Unknown	3.5%	
2020	Unknown	3.5%	
2019	Unknown (10% cap)	3.5%	

Actual

YEAR	PREMIUM INCREASE	PHA INCREASE	EMPLOYEE INCREASE
2018	9%	3.5%	
2017	3% decrease	3.5%	
2016	No increase	3.5%	
2015	No Increase	3.5%	
2014	5%	3.5%	
2013	12%	3.5%	PHA to contribute one time only – July 1, 2013 – June 30, 2014 an additional \$100 per month for FT employees and \$75 per month for PT employees
2012	7.2%	3.5%	Varies by option and type
2011	0%	3.5%	<3.5%>
2010	9%	9%	9%
2009	13%	12%	14%
2008	7%	2.5%	Varies by option
2007	7.5%	7.5%	7.5%
2006	7.13%	7.13%	7.13%
2005	0%	0%	0%
2004	5.27%	4.99%	6.41% (\$330/60% dependent coverage)
2003	9.71%	5.82%	28.06% (\$315/60% dependent coverage)
2002	8.2%	8.2%	(\$315/60% dependent coverage)
2001	15.4%	15.4%	(\$295/60% dependent coverage)
2000	24.33%	24.33%	(\$255/60% dependent coverage)
1999	20%	20%	(\$245/60% dependent coverage)
1998	5.12%	5.12%	(\$225/60% dependent coverage)
1997	9.9%	9.9%	(\$215/60% dependent coverage)
1996	6%	6%	(\$215/60% dependent coverage)
Average for 23 years: 1996-2018	183.76 / 23 = 7.9%	165.89 / 23 = 7.21%	

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Project-Based Voucher (PBV)
Concept Draft

DATE August 22, 2018

Over the past year staff has been increasingly involved in community conversations with public and private sector partners who are working to find solutions to assist and house the growing number of individuals and families in St. Paul who are experiencing homelessness. Though the factors leading to this situation are many, the inadequate supply of affordable rental housing throughout St. Paul and the Twin Cities metropolitan area is unquestionably one of the major factors. There are also opportunities to increase affordable housing in concert with new production initiatives proposed in Mayor Carter's proposed city budget and a recent City Council resolution.

One indicator of the lack of affordable rental housing is the difficulty Housing Choice Voucher participants are having in finding homes and apartments where they can use their rent subsidy. The "shopping success rate" has been declining as more voucher holders fail to "place" their voucher (that is, rent a home or apartment) before their voucher expires. For example, during the first half of 2018 the shopping success rate averaged 80%, with the monthly rates of 72% - 86%. Over the same period in 2017 the average success rate was 85%, with monthly rates of 81% - 89%.

Staff believes that the PHA could help address the affordable housing shortage in St. Paul by committing more Housing Choice Vouchers for use as Project-Based-Vouchers (PBVs) in a way that would leverage community investments by developers and other non-profit and public entities. The PHA now has 516 vouchers under PBV contracts, for 24 projects. Of those, 328 units are in 19 projects that provide supportive services to their residents ("supportive housing").

Staff are preparing a concept plan for community input and feedback, which aligns with the concepts conveyed in the recent PHA publication, “Affordable Housing Preservation and New Production at PHA”. The concept plan imagines committing a large number of PBVs, up to 250 vouchers, over a five-year-period.

Staff envisions the plan would include offering smaller PBV awards annually, loosely defined in three different categories:

- Supportive Housing,
- Mixed-Income Housing, and
- Veterans Affairs Supportive Housing (VASH) PBV.

As explained below, the Board last approved offering HCVs for PBV use in 2011, with a commitment to offer a total of 50 vouchers over the ensuing five years. After that five-year period ended staff hosted “PBV Listening Sessions” on January 11, 2017 and March 8, 2017. We invited developers and other public and private community partners to offer comments on future PBV offerings. The feedback from those sessions was varied, but most partners encouraged the PHA to commit additional vouchers as PBVs, to increase the supply of affordable housing in the City. Stakeholders noted that PBVs are also a way to target hard-to-serve populations, including the larger families and families experiencing homelessness.

Over the last few years staff also have participated in discussions with low income housing advocates and others who urged housing authorities to place PBVs in new mixed-income rental properties outside of the central cities, as a way to “affirmatively further fair housing”.

Staff intends to continue these conversations with stakeholders and to explore specific issues relating to future PBV offerings, such as the following:

1. Should the PHA set maximums or minimums for the number of PBVs that could be offered each year?

2. Should the PHA establish more specific criteria for where PBV projects could be located?
3. Should the PHA give priority to supportive service projects that will serve homeless clients?

After receiving and analyzing comments from stakeholders, staff will then return to the Board with policy recommendations in the November Board meeting.

Under federal law and HUD rules PBVs may only be awarded through a competitive selection process. The PHA’s policy is to utilize Minnesota Housing’s annual “Consolidated Request for Proposals” (also called the “SuperRFP”) which is widely advertised, and to only consider PBV proposals that have been approved through that process. Staff’s tentative plan is to continue relying on the SuperRFP, which then drives the applicable timelines. The timeline for the first year would be as follows:

Activity	Estimated Date
Board Concept Review	8/22/2018
Solicit Community Feedback	8/22/2018-10/31/2018
Board Approval of Offering & Plan	11/28/2018
Request HUD Approval	December, 2018
Planning for MHFA SuperRFP	January, 2019
MHFA SuperRFP published	April, 2019
MHFA Applications Due	June, 2019
MHFA Board Approves Applications	September or October 2019
Staff Recommendation to PHA Board for Specific Project Approval (if any)	October or November, 2019

Accordingly, staff will bring a plan to the Board’s November 28, 2018 meeting for approval.

History of the PHA’s PBV Program:

- In 1999 the Board first approved a 100-unit PBV program, when the vacancy rate in the private rental market was very low (1-2%) and the voucher “shopping success rate” was 63%.

- In 2000 the Board approved increasing the PBV program maximum to 544, which was then HUD’s limit of 15% of the PHA’s voucher supply.
- The Board approved the 64 PBVs in November 2008. At that time staff recommended that the PHA not offer more vouchers for PBV use “for the next year or two”, to give the developers time to complete and lease up the pending projects and to give staff time to complete all of the administrative tasks required for the new projects. The Board extended that moratorium on offering new PBVs in May 2010.
- On November 23, 2011, the Board approved lifting the moratorium and offering 50 more PBVs over a five-year-period. The last 32 of those vouchers were awarded to Prior Crossing, approved by the Board on November 26, 2014.
- The Board has not approved any PBVs for VASH or Family Unification Program (FUP) projects. On September 23, 2015, the Board did approve offering VASH for Project-Basing in MHFA’s 2016 SuperRFP cycle. However, any award was contingent on HUD’s specifically awarding VASH PBV vouchers to the PHA for the project, which did not happen. (FUP vouchers became eligible for project-basing under HOTMA, the “Housing Opportunities Through Modernization Act” of 2016.)
- As stated above, the Board has approved a total of 516 PBVs in 24 active projects. (See attached Fact Sheet for a listing of the 24 projects, owners/managers and approval history.)
- The current HUD limit for PBVs is 20% of an agency’s voucher allocation, which would be about 929 (20% of 4643 Housing Choice Vouchers, not including Mod-Rehab Single-Room-Occupancy Projects at Mary Hall and Booth Brown). The PHA can project-based an additional 10% of its vouchers for units that house the homeless, veterans, or those clients who can utilize supportive services, or for units that are sited in census tracts with less than a 20% poverty rate.

Current PBV Projects:

As shown on the attached Fact Sheet, 328 (64%) of the PBV units are assisting 18 supportive housing projects, where services are required and projects refer their own applicants, who are typically homeless or near-homeless. Another 95 PBVs (18%) assist units in Liberty Plaza, a 173-unit low-income housing development, where services are optional and clients are referred from the PHA’s waiting list. The remaining 93 units (18%) are in six mixed-income developments, where there are no services and vacancies are filled from the PHA’s waiting list.

Attachments:

- Listening Sessions “Save the Date” Announcement
- PPT from Listening Sessions
- 2018 Publication “Affordable Housing Preservation and New Production at PHA”
- 2018 PHA Fact Sheet