

On August 14, 2019, the Saint Paul Public Housing Agency (PHA) Board of Commissioners approved the following actions:

- Adding New Bank Accounts for Rental Assistance Demonstration (RAD)
- Assistant Resident Services Director; Reclassification
- Rental Assistance Demonstration; RAD Conversion Commitment (RCC) for Asset Management Project No. 1 (AMP 1) McDonough Homes, Including McDonough Homes Six-Plexes (AMP 13)
- Rental Assistance Demonstration; RAD Conversion Commitment (RCC) for Asset Management Project No. 2 (AMP 2) Hamline, Front, and Seal Hi-Rises
- Rental Assistance Demonstration; RAD Conversion Commitment (RCC) for Asset Management Project No. 3 (AMP 3) Edgerton, Iowa, and Wilson Hi-Rises
- Rental Assistance Demonstration; RAD Conversion Commitment (RCC) for Asset Management Project No. 4 (AMP 4) Roosevelt Homes
- Rental Assistance Demonstration; RAD Conversion Commitment (RCC) for Asset Management Project No. 5 (AMP 5) Mt. Airy Homes, Mt. Airy and Valley Hi-Rises
- Rental Assistance Demonstration; RAD Conversion Commitment (RCC) for Asset Management Project No. 6 (AMP 6) Exchange and Wabasha Hi-Rises
- Rental Assistance Demonstration; RAD Conversion Commitment (RCC) for Asset Management Project No. 7 (AMP 7) Ravoux, Central, and Neill Hi-Rises
- Rental Assistance Demonstration; RAD Conversion Commitment (RCC) for Asset Management Project No. 8 (AMP 8) Dunedin Terrace, and Dunedin, Cleveland and Montreal Hi-Rises

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL**REPORT TO COMMISSIONERS****FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR****REGARDING** Adding new bank accounts for RAD**DATE** August 14, 2019

Staff requests Board approval of Resolution No. 19-08/14-1 to add eight new bank accounts for the Rental Assistance Demonstration conversion projects. These accounts will be required for the depositing of RAD contract rents.

RPM

Attachment: Resolution No. 19-08/14-1
Appendix A-1 New Account
Master Services Agreement – Additional Accounts

**PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL
RESOLUTION NO. 19-08/14-1
SIGNATURES FOR U.S. BANK**

WHEREAS, the Public Housing Agency of the City of Saint Paul (PHA) requires checking accounts and other banking services to administer its programs; and

WHEREAS, the PHA currently maintains three checking accounts at U.S. Bank, for the Low Income Public Housing Program, the Housing Choice Voucher/Section 8 Program and the Building Fund; and

WHEREAS, The PHA anticipates converting 3,855 public housing units to Rental Assistance Demonstration (RAD) PBRA units in eight projects; and

WHEREAS, The PHA will need to add eight bank accounts for the eight RAD projects to receive RAD contract rent payments;

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 Board approves the attached Master Services Agreement Appendix A-1 form that adds five new bank accounts.
2. The Board approves the Master Service Agreement Additional Accounts form to add the three new bank accounts.
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 Assistant Resident Services Director;
Reclassification

DATE August 14, 2019

Staff recommends Board approval to reclassify the Assistant Resident Services Director position from its current salary rating at the D61 band/grade/subgrade, increasing it to the D62 band/grade/subgrade. The Assistant Resident Services Director position is in the Supervisory and Confidential Group (S&C), and is currently occupied by one employee.

Based on changes in the job duties of the position, Human Resources staff sent an updated description of the position to Fox Lawson & Associates for reevaluation. Fox Lawson (a Division of Gallagher Benefit Services) is the firm used by the Agency to evaluate, for pay purposes, new positions and those where duties have substantially changed. Fox Lawson rated the position for placement in the D62 band/grade/subgrade because of the high diversity and added complexity of the D6 level tasks, in relation to similarly banded and graded classifications.

Staff believe that the Assistant Resident Services Director should be rated at a higher level based on several upcoming changes to the position's requirements, which include the following:

1. Accountable for all Public Housing and Project-Based Rental Assistance (PBRA) units owned and managed by the PHA, ensuring they are managed and maintained to meet or exceed all HUD/REAC standards for Public Housing (PHAS) and the new HUD Multifamily Housing Management and Occupancy Review (MORS) standards, in addition to the PHA's own standards for property upkeep, appearance and safety.
2. Monitor progress in meeting work unit performance standards to ensure that PHAS/MOR standards and Agency goals and objectives are met; and
3. Supervise a new position, the Resident Services Program Coordinator, which is responsible for creating and overseeing all Requests for Proposals for Resident Services contracts, monitoring and tracking special program budgets, and monitoring and tracking Certificate of Liability Insurance for Resident Services contractors.

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ASSISTANT RESIDENT SERVICES DIRECTOR RECLASSIFICATION
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With the Board's approval of this recommendation, the employee in this job classification will receive a 10% salary increase or be moved to the minimum salary in the new band/grade, whichever is greater, in accordance with Article 8.4 of the S&C Policies. The employee will serve a probationary period. The annualized cost of the salary increase would be approximately \$10,920. Sufficient funds for this proposed change were included in the FY 2020 budget approved by the Board at its March 27, 2019 meeting.

ANH/AAG/MGB/MW

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL**REPORT TO COMMISSIONERS****FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR****REGARDING** Rental Assistance Demonstration;
RAD Conversion Commitment (RCC) for
Asset Management Project No. 1 (AMP 1)
McDonough Homes, Including
McDonough Homes Six-Plexes (AMP 13)**DATE** August 14, 2019

Staff requests Board approval of Resolution No. 19-8/14-02 authorizing execution of the RAD Conversion Commitment (RCC) for the conversion of McDonough Homes (HUD Project No. MN001000001 (AMP 1) and HUD Project No. MN001000013 (AMP 13)) to Project-Based Rental Assistance (PBRA) through HUD's Rental Assistance Demonstration (RAD) program.

The PHA applied for acceptance to the RAD program in August 2017 and HUD awarded the Commitment to enter into a Housing Assistance Payment (CHAP) for this project in August 2018. Staff submitted the Financing Plan in April 2019. HUD issued the RCC on July 26, 2019, thereby accepting the Financing Plan and starting a 90 day clock for the PHA to close on (complete) the conversion transaction. An interim milestone in this 90 day period is a 30 day deadline for the PHA to execute and return the RCC to HUD by uploading it to the RAD Resource Desk. The fully executed RCC is due by August 25, 2019. If the RCC is not returned by this date it will expire.

This is one of the eight RAD Conversion Commitments that constitute a near "portfolio-wide" conversion to PBRA under RAD, including the PHA's four family housing developments and sixteen hi-rises, a total of 3,855 public housing units.

The RAD Conversion Commitment (RCC) is a contract executed by HUD and the PHA that describes the specific terms and conditions of the RAD conversion for McDonough Homes

(AMP 1), including the twelve units built in 2016 that were temporarily designated AMP 13. The RCC is a template document which cannot be modified and is not subject to negotiation. The 30-page document consists of a two-page summary of the specific converting project, 7 pages of “Terms and Conditions”, a signature page (page 11) and exhibits; plus the 14-page Closing Checklist (Exhibit E) that is identical for all eight projects. In addition to the specific terms and conditions there are five exhibits attached that provide additional transaction information and requirements for completing the close process successfully.

RCC Project Summary

The first two pages of the RCC contain information unique to the conversion for McDonough Homes including:

- The number of converting units: 592 total units;
- The number and length of the HAP contract(s) for the project: One contract, twenty years;
- The total amount of the monthly deposit to the replacement reserve: \$29,600 (\$600 per unit per year);
- Key features of the project: This project has no new financing (“debt-free” conversion);
- Choice Mobility Provision: The PHA will comply with RAD Choice Mobility practices.

RCC Terms and Conditions

The RCC Terms and Conditions define the process by which the commitment between the PHA and HUD to participate in the Rental Assistance Demonstration and conversion to project-based assistance will be executed. Critical components of the conversion such as the applicable rules, regulations, and requirements are noted, as well as financial considerations, and HUD and PHA obligations.

RCC Exhibits

The RCC has five exhibits attached which are also considered part of the Commitment (as noted in Paragraph #25):

Exhibit A: Special Conditions. This exhibit is intended to address items noted during HUD's review of the Financing Plan review that did not prevent approval of that Plan, or additional provisions not included in the RCC template. These items must be cleared or adequately addressed to HUD's satisfaction before closing.

The Special Conditions for this project (McDonough Homes, AMP 1) include these items:

- An acceptable Lead Based Paint (LBP) Operations & Maintenance (O&M) Plan must be submitted to HUB prior to closing.
- The PHA will be required to provide an updated PCA Narrative acceptable to HUD prior to closing.

HUD staff said the O&M Plan prepared by our CNA contractor and submitted by staff as part of the Financing Plan is incomplete because it does not specifically state that the Plan is compliant with HUD's lead based paint regulations. PHA staff are working with our CNA contractor to have the required language inserted into the O & M Plan. Revised Plans will be uploaded to the RAD Resource Desk once they are received.

The "PCA Narrative" is the Capital Needs Assessment (CNA) Narrative. Staff are working with our CNA contractor to revise their CNA Narrative to address HUD's concerns about the document we submitted previously.

Exhibit B: Sources and Uses of Funds. This is a comprehensive presentation of all sources and uses of funds needed to complete the RAD conversion. Since the PHA's RAD transaction does not require debt, and no new development or substantial rehabilitation is proposed, the Sources and Uses is fairly basic. It summarizes what funds will be used for the Initial Deposit to Replacement Reserve (IDRR) and on-going capital improvements already in process, and establishes the operating reserve account.

Exhibit C: Monthly HAP Contract Rents. This information is taken from Exhibit A of the most current Commitment to Enter into a Housing Assistance Payment (CHAP). Staff have verified that this information is correct.

Exhibit D: Scope of Work. This is a list of all rehabilitation work that needs to be completed in conjunction with the RAD transaction. Amounts noted in the Scope of Work correlate with the amounts included in RCC Exhibit B, Sources and Uses. McDonough Homes currently does not have any anticipated rehabilitation, so there are no items listed in Exhibit D.

Exhibit E: Closing Checklist. HUD's "Rental Assistance Demonstration Closing Overview & Checklist for Project Based Rental Assistance (PBRA) Conversions" is attached as the final exhibit. Staff have relied on this checklist to prepare the draft closing packet the Board will see in a related agenda item.

RCC Amendments

As noted in the Closing Checklist (line item #4), amendments to the RCC are allowed for material changes to the RCC or any of the exhibits, including the Sources and Uses. At this time, staff do not believe an RCC Amendment will be needed for this project; however, HUD may require an amendment to address removal of the Special Condition as noted above. If an amendment is required, staff will work with our Closing Coordinator to determine the appropriate way to submit the request.

Resident Notification

As required by HUD's RAD Notice*, after receiving the RCC the PHA must notify each affected household that conversion of the project has been approved and inform the residents of any impact the conversion may have on them. Since the PHA's conversion does not require relocation or other changes to the resident's current housing status, the primary message to residents will be regarding the Model Lease and the activities surrounding lease signing. A letter

* Notice PIH-2012-32, Rev-3; Rental Assistance Demonstration – Final Implementation, Revision 3.

describing these activities and information regarding additional informational meetings will be sent to each household via U.S. Mail. A draft of that notice is attached.

Issuance and execution of the RCC begins the final phase of the RAD conversion transaction.

Here are the major milestones remaining:

- **The PHA submits a draft closing package** to HUD for review. The draft package must contain all documents listed in the RCC and on any closing checklist provided by HUD.
- **Final conversion** occurs on the date of closing.
- **HUD must receive fully executed versions of the closing documents** within 30 days after closing.

With the Board's approval, the RAD Conversion Commitment for this project will be signed by the PHA's Executive Director and submitted to HUD by the August 25, 2019 deadline.

JMG/AJH/FAH

Attachments:

1. Resolution No. 19-8/14-02
2. RAD Conversion Commitment; Project #1 McDonough Homes including Exhibits A – E.
3. Draft Notification to Residents of Projects Converting to PBRA under RAD

**PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL
RESOLUTION NO. 19-8/14-02**

**RENTAL ASSISTANCE DEMONSTRATION (RAD) CONVERSION TO
PROJECT-BASED RENTAL ASSISTANCE (PBRA);
EXECUTION OF RAD CONVERSION COMMITMENT
ASSET MANAGEMENT PROJECT NO. 1 (AMP 1 INCLUDING AMP 13)
MCDONOUGH HOMES**

WHEREAS, the Public Housing Agency of the City of Saint Paul (PHA) has applied to the U.S. Department of Housing & Urban Development (HUD) to convert 3,855 dwelling units of Low Income Public Housing (LIPH; Section 9) to Project-Based Rental Assistance (PBRA; Section 8), through HUD's Rental Assistance Demonstration (RAD) program, as initially approved by the PHA's Board of Commissioners on August 23, 2017; and

WHEREAS, on August 20, 2018 the PHA received HUD's approval letters for all eight RAD conversion applications; and the letters also serve as the "Commitment to Enter into a Housing Assistance Payment" (CHAP) awards for those Asset Management Projects (AMPs 1-8); and

WHEREAS, in April 2019 staff submitted the PHA's eight RAD Financing Plan packages by uploading over 300 documents to HUD's online "RAD Resource Desk"; and

WHEREAS, PHA staff worked with a "Financing Transaction Manager" assigned by HUD to fulfill all necessary requirements for approval of the PHA Financing Plan demonstrating transaction viability; and

WHEREAS, on July 26, 2019 HUD staff issued a RAD Conversion Commitment approving the PHA Financing Plan; and

WHEREAS, PHA staff are now working with a "RAD Closing Coordinator" assigned by HUD who will work with other HUD staff and PHA staff on the next steps in the RAD conversion process, resulting in closing of the RAD transaction; and

WHEREAS, the Board of Commissioners finds that the RAD Conversion Commitment is necessary and appropriate to execute, in furtherance of the PHA's applications to convert the public housing units in the PHA's hi-rises and family housing developments to Project-Based Rental Assistance (PBRA) through HUD's Rental Assistance Demonstration (RAD) program, 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 Executive Director or his designee is authorized to execute the RAD Conversion Commitment as presented;
2. Staff is authorized to execute and submit all required documents relating to this Conversion Commitment, including any amendments deemed necessary by PHA or HUD staff; and
3. 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 Rental Assistance Demonstration;
RAD Conversion Commitment (RCC) for
Asset Management Project No. 2 (AMP 2)
Hamline, Front and Seal Hi-Rises

DATE August 14, 2019

Staff requests Board approval of Resolution No. 19-8/14-03 authorizing execution of the RAD Conversion Commitment (RCC) for the conversion of Hamline, Front and Seal Hi-Rises (HUD Project No. MN001000002; AMP 2) to Project-Based Rental Assistance (PBRA) through HUD's Rental Assistance Demonstration (RAD) program.

The PHA applied for acceptance to the RAD program in August 2017 and HUD awarded the Commitment to enter into a Housing Assistance Payment (CHAP) for this project in August 2018. Staff submitted the Financing Plan in April 2019. HUD issued the RCC on July 26, 2019 thereby accepting the Financing Plan and starting a 90 day clock for the PHA to close on (complete) the conversion transaction. An interim milestone in this 90 day period is a 30 day deadline for the PHA to execute and return the RCC to HUD by uploading it to the RAD Resource Desk. The fully executed RCC is due by August 25, 2019. If the RCC is not returned by this date it will expire.

This is one of the eight RAD Conversion Commitments that constitute a near "portfolio-wide" conversion to PBRA under RAD, including the PHA's four family housing developments and sixteen hi-rises, a total of 3,855 public housing units.

The RAD Conversion Commitment (RCC) is a contract executed by HUD and the PHA that describes the specific terms and conditions of the RAD conversion for Hamline, Front and Seal Hi-Rises (AMP 2). The RCC is a template document which cannot be modified and is not subject

to negotiation. The 30-page document consists of a two-page summary of the specific converting project, 7 pages of “Terms and Conditions”, a signature page (page 11) and exhibits; plus the 14-page Closing Checklist (Exhibit E) that is identical for all eight projects. In addition to the specific terms and conditions there are five exhibits attached that provide additional transaction information and requirements for completing the close process successfully.

RCC Project Summary

The first two pages of the RCC contain information unique to the conversion for AMP 2 Hamline, Front and Seal Hi-Rises including:

- The number of converting units: 476 total units;
- The number and length of the HAP contract(s) for the project: One contract, twenty years;
- The total amount of the monthly deposit to the replacement reserve: \$20,230 (\$510 per unit per year);
- Key features of the Covered Project: This project has no new financing (“debt-free” conversion). In addition, the Officer-In-Residence units are noted as a De Minimis reduction. The Board approved requesting a waiver to classify these three units as “unassisted” at the May 22, 2019 meeting.
- Choice Mobility Provision: The PHA will comply with RAD Choice Mobility practices; and
- The final completion deadline for all work noted in Exhibit D Scope of Work (explained below) is established as July 31, 2020. The PHA will be required to provide completion certification data for the work described on or before that date.

RCC Terms and Conditions

The RCC Terms and Conditions define the process by which the commitment between the PHA and HUD to participate in the Rental Assistance Demonstration and conversion to project-based assistance will be executed. Critical components of the conversion such as the applicable rules, regulations, and requirements are noted, as well as financial considerations, and HUD and PHA obligations.

RCC Exhibits

The RCC has five exhibits attached which are also considered part of the Commitment (as noted in Paragraph #25):

Exhibit A: Special Conditions, Necessary Approvals, or Additional Provisions to the RCC.–

This exhibit is intended to address items that were noted during HUD’s review of the Financing Plan that did not prevent approval of the Plan, written documentation requiring HUD approval before closing, or additional provisions not included in the RCC template. These items must be cleared or adequately addressed to HUD’s satisfaction before closing.

The items noted in RCC Exhibit A for this project (Hamline, Front and Seal Hi-Rises, AMP 2) include these items:

- Ongoing work must be reconciled with the budget and ownership prior to closing, and priority of the Use Agreement relative to any potential mechanics liens must be acceptable to HUD prior to closing based on review of state law.
- The PHA will be required to provide an updated PCA Narrative acceptable to HUD prior to closing.

Staff will reconcile and provide final budget numbers for the ongoing work noted in Exhibit D prior to closing. PHA legal staff are working to ensure the PHA’s treatment of potential mechanics liens is consistent with the RAD Use Agreement and Minnesota State Law.

The “PCA Narrative” is the Capital Needs Assessment (CNA) Narrative. Staff are working with our CNA contractor to revise their CNA Narrative to address HUD’s concerns about the document we submitted previously.

Exhibit B: Sources and Uses of Funds. This is a comprehensive presentation of all sources and uses of funds needed to complete the RAD conversion. Since the PHA’s RAD transaction does not require debt, and no new development or substantial rehabilitation is proposed, the Sources and Uses is fairly basic. It summarizes what funds will be used for the Initial Deposit to Replacement Reserve (IDRR) and on-going capital improvements already in process, and establishes the operating reserve account.

Exhibit C: Monthly HAP Contract Rents. This information is taken from Exhibit A of the most current Commitment to Enter into a Housing Assistance Payment (CHAP). Staff have verified this information is correct.

Exhibit D: Scope of Work. This a list of all construction/rehabilitation work that will be completed in conjunction with the RAD transaction. The Scope of Work for this project is “owner-elected” construction work not included in the Capital Needs Assessment. The PHA intends to utilize 2018 Capital Funds to complete this work, so it must be itemized in Exhibit D in order to facilitate transfer of funds into the RAD projects. Amounts noted in Exhibit D correlate with the amounts included in RCC Exhibit B, Sources and Uses (Hard Costs – Construction/Rehabilitation). As noted in the RCC Summary, this work must be completed by July 31, 2020.

Exhibit E: Closing Checklist. HUD’s “Rental Assistance Demonstration Closing Overview & Checklist for Project Based Rental Assistance (PBRA) Conversions” is attached as the final exhibit. Staff have relied on this checklist to prepare the draft closing packet the Board will see in a related agenda item.

RCC Amendments

As noted in the Closing Checklist (line item #4), amendments to the RCC are allowed for material changes to the RCC or any of the exhibits, including the Sources and Uses. Staff expect to submit an RCC Amendment prior to closing to ensure all “owner-elected” work for this project is included in Exhibit D Scope of Work. We will work with our Closing Coordinator to determine the appropriate way to submit the request.

Resident Notification

As required by HUD’s RAD Notice*, after receiving the RCC the PHA must notify each affected household that conversion of the project has been approved and inform the residents of any

* Notice PIH-2012-32, Rev-3; Rental Assistance Demonstration – Final Implementation, Revision 3.

impact the conversion may have on them. Since the PHA's conversion does not require relocation or other changes to the resident's current housing status, the primary message to residents will be regarding the Model Lease and the activities surrounding lease signing. A letter describing these activities and an invitation to attend a voluntary informational meeting will be sent to each household via U.S. Mail. A draft of that notice is attached.

Issuance and execution of the RCC begins the final phase of the RAD conversion transaction.

Here are the major milestones remaining:

- **The PHA submits a draft closing package** to HUD for review. The draft package must contain all documents listed in the RCC and on any closing checklist provided by HUD.
- **Final conversion** occurs on the date of closing.
- **HUD must receive fully executed versions of the closing documents** within 30 days after closing.

With the Board's approval, the RAD Conversion Commitment (RCC) for this project will be signed by the PHA's Executive Director and submitted to HUD by the August 25, 2019 deadline.

JMG/AJH/FAH

Attachments:

1. Resolution No. 19-8/14-03
2. RAD Conversion Commitment for Project #2 Hamline, Front and Seal Hi-Rises including Exhibits A – E
3. Draft Notification to Residents of Projects Converting to PBRA under RAD

**PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL
RESOLUTION NO. 19-8/14-03**

**RENTAL ASSISTANCE DEMONSTRATION (RAD) CONVERSION TO
PROJECT-BASED RENTAL ASSISTANCE (PBRA);
EXECUTION OF RAD CONVERSION COMMITMENT
ASSET MANAGEMENT PROJECT NO. 2 (AMP 2)
HAMLINE, FRONT AND SEAL HI-RISES**

WHEREAS, the Public Housing Agency of the City of Saint Paul (PHA) has applied to the U.S. Department of Housing & Urban Development (HUD) to convert 3,855 dwelling units of Low Income Public Housing (LIPH; Section 9) to Project-Based Rental Assistance (PBRA; Section 8), through HUD's Rental Assistance Demonstration (RAD) program, as initially approved by the PHA's Board of Commissioners on August 23, 2017; and

WHEREAS, on August 20, 2018 the PHA received HUD's approval letters for all eight RAD conversion applications; and the letters also serve as the "Commitment to Enter into a Housing Assistance Payment" (CHAP) awards for those Asset Management Projects (AMPs 1-8); and

WHEREAS, in April 2019 staff submitted the PHA's eight RAD Financing Plan packages by uploading over 300 documents to HUD's online "RAD Resource Desk"; and

WHEREAS, PHA staff worked with a "Financing Transaction Manager" assigned by HUD to fulfill all necessary requirements for approval of the PHA Financing Plan demonstrating transaction viability; and

WHEREAS, on July 26, 2019 HUD staff issued a RAD Conversion Commitment approving the PHA Financing Plan; and

WHEREAS, PHA staff are now working with a "RAD Closing Coordinator" assigned by HUD who will work with other HUD staff and PHA staff on the next steps in the RAD conversion process, resulting in closing of the RAD transaction; and

WHEREAS, the Board of Commissioners finds that the RAD Conversion Commitment is necessary and appropriate to execute, in furtherance of the PHA's applications to convert the public housing units in the PHA's hi-rises and family housing developments to Project-Based Rental Assistance (PBRA) through HUD's Rental Assistance Demonstration (RAD) program, 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 Executive Director or his designee is authorized to execute the RAD Conversion Commitment as presented;
2. Staff is authorized to execute and submit all required documents relating to this Conversion Commitment, including any amendments deemed necessary by PHA or HUD staff; and
3. 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 Rental Assistance Demonstration;
RAD Conversion Commitment (RCC) for
Asset Management Project No. 3 (AMP 3)
Edgerton, Iowa and Wilson Hi-Rises

DATE August 14, 2019

Staff requests Board approval of Resolution No. 19-8/14-04 authorizing execution of the RAD Conversion Commitment (RCC) for the conversion of Edgerton, Iowa and Wilson Hi-Rises (HUD Project No. MN001000003; AMP 3) to Project-Based Rental Assistance (PBRA) through HUD's Rental Assistance Demonstration (RAD) program.

The PHA applied for acceptance to the RAD program in August 2017 and HUD awarded the Commitment to enter into a Housing Assistance Payment (CHAP) for this project in August 2018. Staff submitted the Financing Plan in April 2019. HUD issued the RCC on July 26, 2019 thereby accepting the Financing Plan and starting a 90 day clock for the PHA to close on (complete) the conversion transaction. An interim milestone in this 90 day period is a 30 day deadline for the PHA to execute and return the RCC to HUD by uploading it to the RAD Resource Desk. The fully executed RCC is due by August 25, 2019. If the RCC is not returned by this date it will expire.

This is one of the eight RAD Conversion Commitments that constitute a near "portfolio-wide" conversion to PBRA under RAD, including the PHA's four family housing developments and sixteen hi-rises, a total of 3,855 public housing units.

The RAD Conversion Commitment (RCC) is a contract executed by HUD and the PHA that describes the specific terms and conditions of the RAD conversion for Edgerton, Iowa and Wilson Hi-Rises (AMP 3). The RCC is a template document which cannot be modified and is

not subject to negotiation. The 30-page document consists of a two-page summary of the specific converting project, 7 pages of “Terms and Conditions”, a signature page (page 11) and exhibits; plus the 14-page Closing Checklist (Exhibit E) that is identical for all eight projects. In addition to the specific terms and conditions there are five exhibits attached that provide additional transaction information and requirements for completing the close process successfully.

RCC Project Summary

The first two pages of the RCC contain information unique to the conversion for AMP 3 Edgerton, Iowa and Wilson Hi-Rises including:

- The number of converting units: 553 total units;
- The number and length of the HAP contract(s) for the project: One contract, twenty years;
- The total amount of the monthly deposit to the replacement reserve: \$43,779.17 (\$950 per unit per year);
- Key features of the Covered Project: This project has no new financing (“debt-free” conversion). In addition, the Officer-In-Residence units are noted as a De Minimis reduction. The Board approved requesting a waiver to classify these three units as “unassisted” at the May 22, 2019 meeting.
- Choice Mobility Provision: The PHA will comply with RAD Choice Mobility practices; and
- The final completion deadline for all work noted in Exhibit D Scope of Work (explained below) is established as October 31, 2020. The PHA will be required to provide completion certification data for the work described on or before that date.

RCC Terms and Conditions

The RCC Terms and Conditions define the process by which the commitment between the PHA and HUD to participate in the Rental Assistance Demonstration and conversion to project-based assistance will be executed. Critical components of the conversion such as the applicable rules, regulations, and requirements are noted, as well as financial considerations, and HUD and PHA obligations.

RCC Exhibits

The RCC has five exhibits attached which are also considered part of the Commitment (as noted in Paragraph #25):

Exhibit A: Special Conditions, Necessary Approvals, or Additional Provisions to the RCC.–

This exhibit is intended to address items that were noted during HUD’s review of the Financing Plan that did not prevent approval of the Plan, written documentation requiring HUD approval before closing, or additional provisions not included in the RCC template. These items must be cleared or adequately addressed to HUD’s satisfaction before closing.

The items noted in RCC Exhibit A for this project (Edgerton, Iowa and Wilson Hi-Rises, AMP 3) include these items:

- Ongoing work must be reconciled with the budget and ownership prior to closing, and priority of the Use Agreement relative to any potential mechanics liens must be acceptable to HUD prior to closing based on review of state law.
- The PHA will be required to provide an updated PCA Narrative acceptable to HUD prior to closing.

Staff will reconcile and provide final budget numbers for the ongoing work noted in Exhibit D prior to closing. PHA legal staff are working to ensure the PHA’s treatment of potential mechanics liens is consistent with the RAD Use Agreement and Minnesota State Law.

The “PCA Narrative” is the Capital Needs Assessment (CNA) Narrative. Staff are working with our CNA contractor to revise their CNA Narrative to address HUD’s concerns about the document we submitted previously.

Exhibit B: Sources and Uses of Funds. This is a comprehensive presentation of all sources and uses of funds needed to complete the RAD conversion. Since the PHA’s RAD transaction does not require debt, and no new development or substantial rehabilitation is proposed, the Sources and Uses is fairly basic. It summarizes what funds will be used for the Initial Deposit to Replacement Reserve (IDRR) and on-going capital improvements already in process, and establishes the operating reserve account.

Exhibit C: Monthly HAP Contract Rents. This information is taken from Exhibit A of the most current Commitment to Enter into a Housing Assistance Payment (CHAP). Staff have verified this information is correct.

Exhibit D: Scope of Work. This a list of all construction/rehabilitation work that will be completed in conjunction with the RAD transaction. The Scope of Work for this project is “owner-elected” construction work not included in the Capital Needs Assessment. The PHA intends to utilize 2018 Capital Funds to complete this work, so it must be itemized in Exhibit D in order to facilitate transfer of funds into the RAD projects. Amounts noted in Exhibit D correlate with the amounts included in RCC Exhibit B, Sources and Uses (Hard Costs – Construction/Rehabilitation). As noted in the RCC Summary, this work must be completed by October 31, 2020.

Exhibit E: Closing Checklist. HUD’s “Rental Assistance Demonstration Closing Overview & Checklist for Project Based Rental Assistance (PBRA) Conversions” is attached as the final exhibit. Staff have relied on this checklist to prepare the draft closing packet the Board will see in a related agenda item.

RCC Amendments

As noted in the Closing Checklist (line item #4), amendments to the RCC are allowed for material changes to the RCC or any of the exhibits, including the Sources and Uses. Staff expect to submit an RCC Amendment prior to closing to ensure all “owner-elected” work for this project is included in Exhibit D Scope of Work. We will work with our Closing Coordinator to determine the appropriate way to submit the request.

Resident Notification

As required by HUD’s RAD Notice*, after receiving the RCC the PHA must notify each affected household that conversion of the project has been approved and inform the residents of any

* Notice PIH-2012-32, Rev-3; Rental Assistance Demonstration – Final Implementation, Revision 3.

impact the conversion may have on them. Since the PHA's conversion does not require relocation or other changes to the resident's current housing status, the primary message to residents will be regarding the Model Lease and the activities surrounding lease signing. A letter describing these activities and information regarding additional informational meetings will be sent to each household via U.S. Mail. A draft of that notice is attached.

Issuance and execution of the RCC begins the final phase of the RAD conversion transaction.

Here are the major milestones remaining:

- **The PHA submits a draft closing package** to HUD for review. The draft package must contain all documents listed in the RCC and on any closing checklist provided by HUD.
- **Final conversion** occurs on the date of closing.
- **HUD must receive fully executed versions of the closing documents** within 30 days after closing.

With the Board's approval, the RAD Conversion Commitment (RCC) for this project will be signed by the PHA's Executive Director and submitted to HUD by the August 25, 2019 deadline.

JMG/AJH/FAH

Attachments:

1. Resolution No. 19-8/14-04
2. RAD Conversion Commitment for Project #3 Edgerton, Iowa and Wilson Hi-Rises including Exhibits A – E
3. Draft Notification to Residents of Projects Converting to PBRA under RAD

**PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL
RESOLUTION NO. 19-8/14-04**

**RENTAL ASSISTANCE DEMONSTRATION (RAD) CONVERSION TO
PROJECT-BASED RENTAL ASSISTANCE (PBRA);
EXECUTION OF RAD CONVERSION COMMITMENT
ASSET MANAGEMENT PROJECT NO. 3 (AMP 3)
EDGERTON, IOWA AND WILSON HI-RISES**

WHEREAS, the Public Housing Agency of the City of Saint Paul (PHA) has applied to the U.S. Department of Housing & Urban Development (HUD) to convert 3,855 dwelling units of Low Income Public Housing (LIPH; Section 9) to Project-Based Rental Assistance (PBRA; Section 8), through HUD's Rental Assistance Demonstration (RAD) program, as initially approved by the PHA's Board of Commissioners on August 23, 2017; and

WHEREAS, on August 20, 2018 the PHA received HUD's approval letters for all eight RAD conversion applications; and the letters also serve as the "Commitment to Enter into a Housing Assistance Payment" (CHAP) awards for those Asset Management Projects (AMPs 1-8); and

WHEREAS, in April 2019 staff submitted the PHA's eight RAD Financing Plan packages by uploading over 300 documents to HUD's online "RAD Resource Desk"; and

WHEREAS, PHA staff worked with a "Financing Transaction Manager" assigned by HUD to fulfill all necessary requirements for approval of the PHA Financing Plan demonstrating transaction viability; and

WHEREAS, on July 26, 2019 HUD staff issued a RAD Conversion Commitment approving the PHA Financing Plan; and

WHEREAS, PHA staff are now working with a "RAD Closing Coordinator" assigned by HUD who will work with other HUD staff and PHA staff on the next steps in the RAD conversion process, resulting in closing of the RAD transaction; and

WHEREAS, the Board of Commissioners finds that the RAD Conversion Commitment is necessary and appropriate to execute, in furtherance of the PHA's applications to convert the public housing units in the PHA's hi-rises and family housing developments to Project-Based Rental Assistance (PBRA) through HUD's Rental Assistance Demonstration (RAD) program, 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 Executive Director or his designee is authorized to execute the RAD Conversion Commitment as presented;
2. Staff is authorized to execute and submit all required documents relating to this Conversion Commitment, including any amendments deemed necessary by PHA or HUD staff; and
3. 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 Rental Assistance Demonstration;
RAD Conversion Commitment (RCC) for
Asset Management Project No. 4 (AMP 4)
Roosevelt Homes

DATE August 14, 2019

Staff requests Board approval of Resolution No. 19-8/14-05 authorizing execution of the RAD Conversion Commitment (RCC) for the conversion of Roosevelt Homes (HUD Project No. MN001000004; AMP 4) to Project-Based Rental Assistance (PBRA) through HUD's Rental Assistance Demonstration (RAD) program.

The PHA applied for acceptance to the RAD program in August 2017 and HUD awarded the Commitment to enter into a Housing Assistance Payment (CHAP) for this project in August 2018. Staff submitted the Financing Plan in April 2019. HUD issued the RCC on July 26, 2019 thereby accepting the Financing Plan and starting a 90 day clock for the PHA to close on (complete) the conversion transaction. An interim milestone in this 90 day period is a 30 day deadline for the PHA to execute and return the RCC to HUD by uploading it to the RAD Resource Desk. The fully executed RCC is due by August 25, 2019. If the RCC is not returned by this date it will expire.

This is one of the eight RAD Conversion Commitments that constitute a near "portfolio-wide" conversion to PBRA under RAD, including the PHA's four family housing developments and sixteen hi-rises, a total of 3,855 public housing units.

The RAD Conversion Commitment (RCC) is a contract executed by HUD and the PHA that describes the specific terms and conditions of the RAD conversion for Roosevelt Homes (AMP 4). The RCC is a template document which cannot be modified and is not subject to negotiation.

The 30-page document consists of a two-page summary of the specific converting project, 7 pages of “Terms and Conditions”, a signature page (page 11) and exhibits; plus the 14-page Closing Checklist (Exhibit E) that is identical for all eight projects. In addition to the specific terms and conditions there are five exhibits attached that provide additional transaction information and requirements for completing the close process successfully.

RCC Project Summary

The first two pages of the RCC contain information unique to the conversion for AMP 4 Roosevelt Homes including:

- The number of converting units: 320 total units;
- The number and length of the HAP contract(s) for the project: One contract, twenty years;
- The total amount of the monthly deposit to the replacement reserve: \$17,333.33 (\$650 per unit per year);
- Key features of the Covered Project: This project has no new financing (“debt-free” conversion);
- Choice Mobility Provision: The PHA will comply with RAD Choice Mobility practices.

RCC Terms and Conditions

The RCC Terms and Conditions define the process by which the commitment between the PHA and HUD to participate in the Rental Assistance Demonstration and conversion to project-based assistance will be executed. Critical components of the conversion such as the applicable rules, regulations, and requirements are noted, as well as financial considerations, and HUD and PHA obligations.

RCC Exhibits

The RCC has five exhibits attached which are also considered part of the Commitment (as noted in Paragraph #25):

Exhibit A: Special Conditions, Necessary Approvals, or Additional Provisions to the RCC.

This exhibit is intended to address items that were noted during HUD’s review of the Financing Plan that did not prevent approval of the Plan, or written documentation requiring HUD approval before closing. These items must be cleared or adequately addressed to HUD’s satisfaction before closing.

The items noted in RCC Exhibit A for this project (Roosevelt Homes, AMP 4) are:

- An acceptable Lead Based Paint (LBP) Operations & Maintenance (O&M) Plan must be submitted to HUD prior to closing.
- The PHA will be required to provide an updated PCA Narrative acceptable to HUD prior to closing.

HUD staff said the O&M Plan prepared by our CNA contractor and submitted by staff as part of the Financing Plan is incomplete because it does not specifically state that the Plan is compliant with HUD’s lead based paint regulations. PHA staff are working with our CNA contractor to have the required language inserted into the O & M Plan. Revised Plans will be uploaded to the RAD Resource Desk once they are received.

The “PCA Narrative” is the Capital Needs Assessment (CNA) Narrative. Staff are working with our CNA contractor to revise their CNA Narrative to address HUD’s concerns about the document we submitted previously.

Exhibit B: Sources and Uses of Funds. This is a comprehensive presentation of all sources and uses of funds needed to complete the RAD conversion. Since the PHA’s RAD transaction does not require debt, and no new development or substantial rehabilitation is proposed, the Sources and Uses is fairly basic. It summarizes what funds will be used for the Initial Deposit to Replacement Reserve (IDRR) and on-going capital improvements already in process, and establishes the operating reserve account.

Exhibit C: Monthly HAP Contract Rents. This information is taken from Exhibit A of the most current Commitment to Enter into a Housing Assistance Payment (CHAP). Staff have verified this information is correct.

Exhibit D: Scope of Work. This a list of all construction/rehabilitation work that will be completed in conjunction with the RAD transaction. Amounts noted in the Scope of Work correlate with the amounts included in RCC Exhibit B, Sources and Uses (Hard

Costs – Construction/Rehabilitation). Roosevelt Homes currently does not have any anticipated rehabilitation, so there are no items listed in Exhibit D.

Exhibit E: Closing Checklist. HUD’s “Rental Assistance Demonstration Closing Overview & Checklist for Project Based Rental Assistance (PBRA) Conversions” is attached as the final exhibit. Staff have relied on this checklist to prepare the draft closing packet the Board will see in a related agenda item.

RCC Amendments

As noted in the Closing Checklist (line item #4), amendments to the RCC are allowed for material changes to the RCC or any of the exhibits, including the Sources and Uses. At this time, staff do not believe that an RCC Amendment will be needed for this project. If an amendment is required prior to closing, staff will work with our Closing Coordinator to determine the appropriate way to submit the request.

Resident Notification

As required by HUD’s RAD Notice*, after receiving the RCC the PHA must notify each affected household that conversion of the project has been approved and inform the residents of any impact the conversion may have on them. Since the PHA’s conversion does not require relocation or other changes to the resident’s current housing status, the primary message to residents will be regarding the Model Lease and the activities surrounding lease signing. A letter describing these activities and information regarding additional informational meetings will be sent to each household via U.S. Mail. A draft of that notice is attached.

Issuance and execution of the RCC begins the final phase of the RAD conversion transaction. Here are the major milestones remaining:

* Notice PIH-2012-32, Rev-3; Rental Assistance Demonstration – Final Implementation, Revision 3.

- **The PHA submits a draft closing package** to HUD for review. The draft package must contain all documents listed in the RCC and on any closing checklist provided by HUD.
- **Final conversion** occurs on the date of closing.
- **HUD must receive fully executed versions of the closing documents** within 30 days after closing.

With the Board's approval, the RAD Conversion Commitment (RCC) for this project will be signed by the PHA's Executive Director and submitted to HUD by the August 25, 2019 deadline.

JMG/AJH/FAH

Attachments:

1. Resolution No. 19-8/14-05
2. RAD Conversion Commitment for Project #4 Roosevelt Homes including Exhibits A – E
3. Draft Notification to Residents of Projects Converting to PBRA under RAD

**PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL
RESOLUTION NO. 19-8/14-05**

**RENTAL ASSISTANCE DEMONSTRATION (RAD) CONVERSION TO
PROJECT-BASED RENTAL ASSISTANCE (PBRA);
EXECUTION OF RAD CONVERSION COMMITMENT
ASSET MANAGEMENT PROJECT NO. 4 (AMP 4)
ROOSEVELT HOMES**

WHEREAS, the Public Housing Agency of the City of Saint Paul (PHA) has applied to the U.S. Department of Housing & Urban Development (HUD) to convert 3,855 dwelling units of Low Income Public Housing (LIPH; Section 9) to Project-Based Rental Assistance (PBRA; Section 8), through HUD's Rental Assistance Demonstration (RAD) program, as initially approved by the PHA's Board of Commissioners on August 23, 2017; and

WHEREAS, on August 20, 2018 the PHA received HUD's approval letters for all eight RAD conversion applications; and the letters also serve as the "Commitment to Enter into a Housing Assistance Payment" (CHAP) awards for those Asset Management Projects (AMPs 1-8); and

WHEREAS, in April 2019 staff submitted the PHA's eight RAD Financing Plan packages by uploading over 300 documents to HUD's online "RAD Resource Desk"; and

WHEREAS, PHA staff worked with a "Financing Transaction Manager" assigned by HUD to fulfill all necessary requirements for approval of the PHA Financing Plan demonstrating transaction viability; and

WHEREAS, on July 26, 2019 HUD staff issued a RAD Conversion Commitment approving the PHA Financing Plan; and

WHEREAS, PHA staff are now working with a "RAD Closing Coordinator" assigned by HUD who will work with other HUD staff and PHA staff on the next steps in the RAD conversion process, resulting in closing of the RAD transaction; and

WHEREAS, the Board of Commissioners finds that the RAD Conversion Commitment is necessary and appropriate to execute, in furtherance of the PHA's applications to convert the public housing units in the PHA's hi-rises and family housing developments to Project-Based Rental Assistance (PBRA) through HUD's Rental Assistance Demonstration (RAD) program, 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 Executive Director or his designee is authorized to execute the RAD Conversion Commitment as presented;
2. Staff is authorized to execute and submit all required documents relating to this Conversion Commitment, including any amendments deemed necessary by PHA or HUD staff; and
3. 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** Rental Assistance Demonstration;
RAD Conversion Commitment (RCC) for
Asset Management Project No. 5 (AMP 5)
Mt. Airy Homes, Mt. Airy and Valley Hi-Rises**DATE** August 14, 2019

Staff requests Board approval of Resolution No. 19-8/14-06 authorizing execution of the RAD Conversion Commitment (RCC) for the conversion of Mt. Airy Homes and Mt. Airy and Valley Hi-Rises (HUD Project No. MN001000005; AMP 5) to Project-Based Rental Assistance (PBRA) through HUD's Rental Assistance Demonstration (RAD) program.

The PHA applied for acceptance to the RAD program in August 2017 and HUD awarded the Commitment to enter into a Housing Assistance Payment (CHAP) for this project in August 2018. Staff submitted the Financing Plan in April 2019. HUD issued the RCC on July 26, 2019 thereby accepting the Financing Plan and starting a 90 day clock for the PHA to close on (complete) the conversion transaction. An interim milestone in this 90 day period is a 30 day deadline for the PHA to execute and return the RCC to HUD by uploading it to the RAD Resource Desk. The fully executed RCC is due by August 25, 2019. If the RCC is not returned by this date it will expire.

This is one of the eight RAD Conversion Commitments that constitute a near "portfolio-wide" conversion to PBRA under RAD, including the PHA's four family housing developments and sixteen hi-rises, a total of 3,855 public housing units.

The RAD Conversion Commitment (RCC) is a contract executed by HUD and the PHA that describes the specific terms and conditions of the RAD conversion for Mt. Airy Homes and Mt. Airy and Valley Hi-Rises (AMP 5). The RCC is a template document which cannot be

modified and is not subject to negotiation. The 30-page document consists of a two-page summary of the specific converting project, 7 pages of “Terms and Conditions”, a signature page (page 11) and exhibits; plus the 14-page Closing Checklist (Exhibit E) that is identical for all eight projects. In addition to the specific terms and conditions there are five exhibits attached that provide additional transaction information and requirements for completing the close process successfully.

RCC Project Summary

The first two pages of the RCC contain information unique to the conversion for AMP 5 Mt. Airy Homes, and Mt. Airy and Valley Hi-Rises including:

- The number of converting units: 610 total units;
- The number and length of the HAP contract(s) for the project: One contract, twenty years;
- The total amount of the monthly deposit to the replacement reserve: \$27,958.33 (\$550 per unit per year);
- Key features of the Covered Project: This project has no new financing (“debt-free” conversion). In addition, the Officer-In-Residence units are noted as a De Minimis reduction. The Board approved requesting a waiver to classify these three units as “unassisted” at the May 22, 2019 meeting.
- Choice Mobility Provision: The PHA will comply with RAD Choice Mobility practices; and
- The final completion deadline for all work noted in Exhibit D Scope of Work (explained below) is established as July 31, 2020. The PHA will be required to provide completion certification data for the work described on or before that date.

RCC Terms and Conditions

The RCC Terms and Conditions define the process by which the commitment between the PHA and HUD to participate in the Rental Assistance Demonstration and conversion to project-based assistance will be executed. Critical components of the conversion such as the applicable rules, regulations, and requirements are noted, as well as financial considerations, and HUD and PHA obligations.

RCC Exhibits

The RCC has five exhibits attached which are also considered part of the Commitment (as noted in Paragraph #25):

Exhibit A: Special Conditions, Necessary Approvals, or Additional Provisions to the RCC.

This exhibit is intended to address items that were noted during HUD’s review of the Financing Plan that did not prevent approval of the Plan, written documentation requiring HUD approval before closing, or additional provisions not included in the RCC template. These items must be cleared or adequately addressed to HUD’s satisfaction before closing.

The items noted in RCC Exhibit A for this project (Mt. Airy Homes and Mt. Airy and Valley Hi-Rises, AMP 5) are:

- An acceptable Lead Based Paint (LBP) Operations & Maintenance (O&M) Plan must be submitted to HUD prior to closing.
- The PHA will be required to provide an updated PCA Narrative acceptable to HUD prior to closing.
- Ongoing work must be reconciled with the budget and ownership prior to closing, and priority of the Use Agreement relative to any potential mechanics liens must be acceptable to HUD prior to closing based on review of state law.

HUD staff said the O&M Plan prepared by our CNA contractor and submitted by staff as part of the Financing Plan is incomplete because it does not specifically state that the Plan is compliant with HUD’s lead based paint regulations. PHA staff are working with our CNA contractor to have the required language inserted into the O&M Plan. Revised Plans will be uploaded to the RAD Resource Desk once they are received.

The “PCA Narrative” is the Capital Needs Assessment (CNA) Narrative. Staff are working with our CNA contractor to revise their CNA Narrative to address HUD’s concerns about the document we submitted previously.

Staff will reconcile and provide final budget numbers for the ongoing work noted in Exhibit D prior to closing. PHA legal staff are working to ensure the PHA’s treatment of potential mechanics liens is consistent with the RAD Use Agreement and Minnesota State Law.

Exhibit B: Sources and Uses of Funds. This is a comprehensive presentation of all sources and uses of funds needed to complete the RAD conversion. Since the PHA's RAD transaction does not require debt, and no new development or substantial rehabilitation is proposed, the Sources and Uses is fairly basic. It summarizes what funds will be used for the Initial Deposit to Replacement Reserve (IDRR) and on-going capital improvements already in process, and establishes the operating reserve account.

Exhibit C: Monthly HAP Contract Rents. This information is taken from Exhibit A of the most current Commitment to Enter into a Housing Assistance Payment (CHAP). Staff have verified this information is correct.

Exhibit D: Scope of Work. This a list of all construction/rehabilitation work that will be completed in conjunction with the RAD transaction. The Scope of Work for this project is "owner-elected" construction work not included in the Capital Needs Assessment. The PHA intends to utilize 2018 Capital Funds to complete this work, so it must be itemized in Exhibit D in order to facilitate transfer of funds into the RAD projects. Amounts noted in the Scope of Work correlate with the amounts included in RCC Exhibit B, Sources and Uses (Hard Costs – Construction/Rehabilitation). As noted in the RCC Summary, this work must be completed by July 31, 2020.

Exhibit E: Closing Checklist. HUD's "Rental Assistance Demonstration Closing Overview & Checklist for Project Based Rental Assistance (PBRA) Conversions" is attached as the final exhibit. Staff have relied on this checklist to prepare the draft closing packet the Board will see in a related agenda item.

RCC Amendments

As noted in the Closing Checklist (line item #4), amendments to the RCC are allowed for material changes to the RCC or any of the exhibits, including the Sources and Uses. Staff expect to submit an RCC Amendment prior to closing to ensure all "owner-elected" work for this project is included in Exhibit D Scope of Work. Staff will work with our Closing Coordinator to determine the appropriate way to submit the request.

Resident Notification

As required by HUD's RAD Notice*, after receiving the RCC the PHA must notify each affected household that conversion of the project has been approved and inform the residents of any impact the conversion may have on them. Since the PHA's conversion does not require relocation or other changes to the resident's current housing status, the primary message to residents will be regarding the Model Lease and the activities surrounding lease signing. A letter describing these activities and information regarding additional informational meetings will be sent to each household via U.S. Mail. A draft of that notice is attached.

Issuance and execution of the RCC begins the final phase of the RAD conversion transaction.

Here are the major milestones remaining:

- **The PHA submits a draft closing package** to HUD for review. The draft package must contain all documents listed in the RCC and on any closing checklist provided by HUD.
- **Final conversion** occurs on the date of closing.
- **HUD must receive fully executed versions of the closing documents** within 30 days after closing.

With the Board's approval, the RAD Conversion Commitment (RCC) for this project will be signed by the PHA's Executive Director and submitted to HUD by the August 25, 2019 deadline.

JMG/AJH/FAH

Attachments:

1. Resolution No. 19-8/14-06
2. RAD Conversion Commitment for Project #5 Mt Airy Homes, and Mt Airy and Valley Hi-Rises including Exhibits A – E
3. Draft Notification to Residents of Projects Converting to PBRA under RAD

* Notice PIH-2012-32, Rev-3; Rental Assistance Demonstration – Final Implementation, Revision 3.

**PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL
RESOLUTION NO. 19-8/14-06**

**RENTAL ASSISTANCE DEMONSTRATION (RAD) CONVERSION TO
PROJECT-BASED RENTAL ASSISTANCE (PBRA);
EXECUTION OF RAD CONVERSION COMMITMENT
ASSET MANAGEMENT PROJECT NO. 5 (AMP 5)
MT. AIRY HOMES, MT. AIRY AND VALLEY HI-RISES**

WHEREAS, the Public Housing Agency of the City of Saint Paul (PHA) has applied to the U.S. Department of Housing & Urban Development (HUD) to convert 3,855 dwelling units of Low Income Public Housing (LIPH; Section 9) to Project-Based Rental Assistance (PBRA; Section 8), through HUD's Rental Assistance Demonstration (RAD) program, as initially approved by the PHA's Board of Commissioners on August 23, 2017; and

WHEREAS, on August 20, 2018 the PHA received HUD's approval letters for all eight RAD conversion applications; and the letters also serve as the "Commitment to Enter into a Housing Assistance Payment" (CHAP) awards for those Asset Management Projects (AMPs 1-8); and

WHEREAS, in April 2019 staff submitted the PHA's eight RAD Financing Plan packages by uploading over 300 documents to HUD's online "RAD Resource Desk"; and

WHEREAS, PHA staff worked with a "Financing Transaction Manager" assigned by HUD to fulfill all necessary requirements for approval of the PHA Financing Plan demonstrating transaction viability; and

WHEREAS, on July 26, 2019 HUD staff issued a RAD Conversion Commitment approving the PHA Financing Plan; and

WHEREAS, PHA staff are now working with a "RAD Closing Coordinator" assigned by HUD who will work with other HUD staff and PHA staff on the next steps in the RAD conversion process, resulting in closing of the RAD transaction; and

WHEREAS, the Board of Commissioners finds that the RAD Conversion Commitment is necessary and appropriate to execute, in furtherance of the PHA's applications to convert the public housing units in the PHA's hi-rises and family housing developments to Project-Based Rental Assistance (PBRA) through HUD's Rental Assistance Demonstration (RAD) program, 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 Executive Director or his designee is authorized to execute the RAD Conversion Commitment as presented;
2. Staff is authorized to execute and submit all required documents relating to this Conversion Commitment, including any amendments deemed necessary by PHA or HUD staff; and
3. 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 Rental Assistance Demonstration;
RAD Conversion Commitment (RCC) for
Asset Management Project No. 6 (AMP 6)
Exchange and Wabasha Hi-Rises

DATE August 14, 2019

Staff requests Board approval of Resolution No. 19-8/14-07 authorizing execution of the RAD Conversion Commitment (RCC) for the conversion of Exchange and Wabasha Hi-Rises (HUD Project No. MN001000006; AMP 6) to Project-Based Rental Assistance (PBRA) through HUD's Rental Assistance Demonstration (RAD) program.

The PHA applied for acceptance to the RAD program in August 2017 and HUD awarded the Commitment to enter into a Housing Assistance Payment (CHAP) for this project in August 2018. Staff submitted the Financing Plan in April 2019. HUD issued the RCC on July 26, 2019 thereby accepting the Financing Plan and starting a 90 day clock for the PHA to close on (complete) the conversion transaction. An interim milestone in this 90 day period is a 30 day deadline for the PHA to execute and return the RCC to HUD by uploading it to the RAD Resource Desk. The fully executed RCC is due by August 25, 2019. If the RCC is not returned by this date it will expire.

This is one of the eight RAD Conversion Commitments that constitute a near "portfolio-wide" conversion to PBRA under RAD, including the PHA's four family housing developments and sixteen hi-rises, a total of 3,855 public housing units.

The RAD Conversion Commitment (RCC) is a contract executed by HUD and the PHA that describes the specific terms and conditions of the RAD conversion for Exchange and Wabasha Hi-Rises (AMP 6). The RCC is a template document which cannot be modified and is not subject

to negotiation. The 30-page document consists of a two-page summary of the specific converting project, 7 pages of “Terms and Conditions”, a signature page (page 11) and exhibits; plus the 14-page Closing Checklist (Exhibit E) that is identical for all eight projects. In addition to the specific terms and conditions there are five exhibits attached that provide additional transaction information and requirements for completing the close process successfully.

RCC Project Summary

The first two pages of the RCC contain information unique to the conversion for AMP 6 Exchange and Wabasha Hi-Rises including:

- The number of converting units: 263 total units;
- The number and length of the HAP contract(s) for the project: One contract, twenty years;
- The total amount of the monthly deposit to the replacement reserve: \$12,054.17 (\$550 per unit per year);
- Key features of the Covered Project: This project has no new financing (“debt-free” conversion). In addition, the Officer-In-Residence units are noted as a De Minimis reduction. The Board approved requesting a waiver to classify these three units as “unassisted” at the May 22, 2019 meeting.
- Choice Mobility Provision: The PHA will comply with RAD Choice Mobility practices; and
- The final completion deadline for all work noted in Exhibit D Scope of Work (explained below) is established as July 31, 2020. The PHA will be required to provide completion certification data for the work described on or before that date.

RCC Terms and Conditions

The RCC Terms and Conditions define the process by which the commitment between the PHA and HUD to participate in the Rental Assistance Demonstration and conversion to project-based assistance will be executed. Critical components of the conversion such as the applicable rules, regulations, and requirements are noted, as well as financial considerations, and HUD and PHA obligations.

RCC Exhibits

The RCC has five exhibits attached which are also considered part of the Commitment (as noted in Paragraph #25):

Exhibit A: Special Conditions, Necessary Approvals, or Additional Provisions to the RCC.

This exhibit is intended to address items that were noted during HUD's review of the Financing Plan that did not prevent approval of the Plan, written documentation requiring HUD approval before closing, or additional provisions not included in the RCC template. These items must be cleared or adequately addressed to HUD's satisfaction before closing.

The items noted in RCC Exhibit A for this project (Exchange and Wabasha Hi-Rises, AMP 6) are:

- An acceptable Lead Based Paint (LBP) Operations & Maintenance (O&M) Plan must be submitted to HUD prior to closing.
- The PHA will be required to provide an updated PCA Narrative acceptable to HUD prior to closing.
- Ongoing work must be reconciled with the budget and ownership prior to closing, and priority of the Use Agreement relative to any potential mechanics liens must be acceptable to HUD prior to closing based on review of state law.

HUD staff said the O&M Plan prepared by our CNA contractor and submitted by staff as part of the Financing Plan is incomplete because it does not specifically state that the Plan is compliant with HUD's lead based paint regulations. PHA staff are working with our CNA contractor to have the required language inserted into the O&M Plan. Revised Plans will be uploaded to the RAD Resource Desk once they are received.

The "PCA Narrative" is the Capital Needs Assessment (CNA) Narrative. Staff are working with our CNA contractor to revise their CNA Narrative to address HUD's concerns about the document we submitted previously.

Staff will reconcile and provide final budget numbers for the ongoing work noted in Exhibit D prior to closing. PHA legal staff are working to ensure the PHA's treatment of potential mechanics liens is consistent with the RAD Use Agreement and Minnesota State Law.

Exhibit B: Sources and Uses of Funds. This is a comprehensive presentation of all sources and uses of funds needed to complete the RAD conversion. Since the PHA's RAD transaction does not require debt, and no new development or substantial rehabilitation is proposed, the Sources and Uses is fairly basic. It summarizes what funds will be used for the Initial Deposit to Replacement Reserve (IDRR) and on-going capital improvements already in process, and establishes the operating reserve account.

Exhibit C: Monthly HAP Contract Rents. This information is taken from Exhibit A of the most current Commitment to Enter into a Housing Assistance Payment (CHAP). Staff have verified this information is correct.

Exhibit D: Scope of Work. This a list of all construction/rehabilitation work that will be completed in conjunction with the RAD transaction. The Scope of Work for this project is "owner-elected" construction work not included in the Capital Needs Assessment. The PHA intends to utilize 2018 Capital Funds to complete this work, so it must be itemized in Exhibit D in order to facilitate transfer of funds into the RAD projects. Amounts noted in the Scope of Work correlate with the amounts included in RCC Exhibit B, Sources and Uses (Hard Costs – Construction/Rehabilitation). As noted in the RCC Summary, this work must be completed by July 31, 2020.

Exhibit E: Closing Checklist. HUD's "Rental Assistance Demonstration Closing Overview & Checklist for Project Based Rental Assistance (PBRA) Conversions" is attached as the final exhibit. Staff have relied on this checklist to prepare the draft closing packet the Board will see in a related agenda item.

RCC Amendments

As noted in the Closing Checklist (line item #4), amendments to the RCC are allowed for material changes to the RCC or any of the exhibits, including the Sources and Uses. Staff expect to submit an RCC Amendment prior to closing to ensure all "owner-elected" work for this project is included in Exhibit D Scope of Work. Staff will work with our Closing Coordinator to determine the appropriate way to submit the request.

Resident Notification

As required by HUD's RAD Notice*, after receiving the RCC the PHA must notify each affected household that conversion of the project has been approved and inform the residents of any impact the conversion may have on them. Since the PHA's conversion does not require relocation or other changes to the resident's current housing status, the primary message to residents will be regarding the Model Lease and the activities surrounding lease signing. A letter describing these activities and information regarding additional informational meetings will be sent to each household via U.S. Mail. A draft of that notice is attached.

Issuance and execution of the RCC begins the final phase of the RAD conversion transaction.

Here are the major milestones remaining:

- **The PHA submits a draft closing package** to HUD for review. The draft package must contain all documents listed in the RCC and on any closing checklist provided by HUD.
- **Final conversion** occurs on the date of closing.
- **HUD must receive fully executed versions of the closing documents** within 30 days after closing.

With the Board's approval, the RAD Conversion Commitment (RCC) for this project will be signed by the PHA's Executive Director and submitted to HUD by the August 25, 2019 deadline.

JMG/AJH/FAH

Attachments:

1. Resolution No. 19-8/14-07
2. RAD Conversion Commitment for Project #6 Exchange and Wabasha Hi-Rises including Exhibits A – E
3. Draft Notification to Residents of Projects Converting to PBRA under RAD

* Notice PIH-2012-32, Rev-3; Rental Assistance Demonstration – Final Implementation, Revision 3.

**PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL
RESOLUTION NO. 19-8/14-07**

**RENTAL ASSISTANCE DEMONSTRATION (RAD) CONVERSION TO
PROJECT-BASED RENTAL ASSISTANCE (PBRA);
EXECUTION OF RAD CONVERSION COMMITMENT
ASSET MANAGEMENT PROJECT NO. 6 (AMP 6)
EXCHANGE AND WABASHA HI-RISES**

WHEREAS, the Public Housing Agency of the City of Saint Paul (PHA) has applied to the U.S. Department of Housing & Urban Development (HUD) to convert 3,855 dwelling units of Low Income Public Housing (LIPH; Section 9) to Project-Based Rental Assistance (PBRA; Section 8), through HUD's Rental Assistance Demonstration (RAD) program, as initially approved by the PHA's Board of Commissioners on August 23, 2017; and

WHEREAS, on August 20, 2018 the PHA received HUD's approval letters for all eight RAD conversion applications; and the letters also serve as the "Commitment to Enter into a Housing Assistance Payment" (CHAP) awards for those Asset Management Projects (AMPs 1-8); and

WHEREAS, in April 2019 staff submitted the PHA's eight RAD Financing Plan packages by uploading over 300 documents to HUD's online "RAD Resource Desk"; and

WHEREAS, PHA staff worked with a "Financing Transaction Manager" assigned by HUD to fulfill all necessary requirements for approval of the PHA Financing Plan demonstrating transaction viability; and

WHEREAS, on July 26, 2019 HUD staff issued a RAD Conversion Commitment approving the PHA Financing Plan; and

WHEREAS, PHA staff are now working with a "RAD Closing Coordinator" assigned by HUD who will work with other HUD staff and PHA staff on the next steps in the RAD conversion process, resulting in closing of the RAD transaction; and

WHEREAS, the Board of Commissioners finds that the RAD Conversion Commitment is necessary and appropriate to execute, in furtherance of the PHA's applications to convert the public housing units in the PHA's hi-rises and family housing developments to Project-Based Rental Assistance (PBRA) through HUD's Rental Assistance Demonstration (RAD) program, 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 Executive Director or his designee is authorized to execute the RAD Conversion Commitment as presented;
2. Staff is authorized to execute and submit all required documents relating to this Conversion Commitment, including any amendments deemed necessary by PHA or HUD staff; and
3. 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 Rental Assistance Demonstration;
RAD Conversion Commitment (RCC) for
Asset Management Project No. 7 (AMP 7)
Ravoux, Central and Neill Hi-Rises

DATE August 14, 2019

Staff requests Board approval of Resolution No. 19-8/14-08 authorizing execution of the RAD Conversion Commitment (RCC) for the conversion of Ravoux, Central and Neill Hi-Rises (HUD Project No. MN001000007; AMP 7) to Project-Based Rental Assistance (PBRA) through HUD's Rental Assistance Demonstration (RAD) program.

The PHA applied for acceptance to the RAD program in August 2017 and HUD awarded the Commitment to enter into a Housing Assistance Payment (CHAP) for this project in August 2018. Staff submitted the Financing Plan in April 2019. HUD issued the RCC on July 26, 2019 thereby accepting the Financing Plan and starting a 90 day clock for the PHA to close on (complete) the conversion transaction. An interim milestone in this 90 day period is a 30 day deadline for the PHA to execute and return the RCC to HUD by uploading it to the RAD Resource Desk. The fully executed RCC is due by August 25, 2019. If the RCC is not returned by this date it will expire.

This is one of the eight RAD Conversion Commitments that constitute a near "portfolio-wide" conversion to PBRA under RAD, including the PHA's four family housing developments and sixteen hi-rises, a total of 3,855 public housing units.

The RAD Conversion Commitment (RCC) is a contract executed by HUD and the PHA that describes the specific terms and conditions of the RAD conversion for Ravoux, Central and Neill Hi-Rises (AMP 7). The RCC is a template document which cannot be modified and is not subject

to negotiation. The 30-page document consists of a two-page summary of the specific converting project, 7 pages of “Terms and Conditions”, a signature page (page 11) and exhibits; plus the 14-page Closing Checklist (Exhibit E) that is identical for all eight projects. In addition to the specific terms and conditions there are five exhibits attached that provide additional transaction information and requirements for completing the close process successfully.

RCC Project Summary

The first two pages of the RCC contain information unique to the conversion for AMP 7 Ravoux, Central and Neill Hi-Rises including:

- The number of converting units: 465 total units
(The converting units do not include the 42 duplex units in AMP 7 that HUD approved moving to AMP 9 with the rest of the scattered site units, effective April 1, 2020.)
- The number and length of the HAP contract(s) for the project: One contract, twenty years;
- The total amount of the monthly deposit to the replacement reserve: \$13,562.50 (\$350 per unit per year);
- Key features of the Covered Project: This project has no new financing (“debt-free” conversion). In addition, the Officer-In-Residence units are noted as a De Minimis reduction. The Board approved requesting a waiver to classify these three units as “unassisted” at the May 22, 2019 meeting.
- Choice Mobility Provision: The PHA will comply with RAD Choice Mobility practices; and
- The final completion deadline for all work noted in Exhibit D Scope of Work (explained below) is established as July 31, 2020. The PHA will be required to provide completion certification data for the work described on or before that date.

RCC Terms and Conditions

The RCC Terms and Conditions define the process by which the commitment between the PHA and HUD to participate in the Rental Assistance Demonstration and conversion to project-based assistance will be executed. Critical components of the conversion such as the applicable rules, regulations, and requirements are noted, as well as financial considerations, and HUD and PHA obligations.

RCC Exhibits

The RCC has five exhibits attached which are also considered part of the Commitment (as noted in Paragraph #25):

Exhibit A: Special Conditions, Necessary Approvals, or Additional Provisions to the RCC.

This exhibit is intended to address items that were noted during HUD's review of the Financing Plan that did not prevent approval of the Plan, written documentation requiring HUD approval before closing, or additional provisions not included in the RCC template. These items must be cleared or adequately addressed to HUD's satisfaction before closing.

The items noted in RCC Exhibit A for this project (Ravoux, Central and Neill Hi-Rises, AMP 7) are:

- An acceptable Lead Based Paint (LBP) Operations & Maintenance (O&M) Plan must be submitted to HUD prior to closing.
- The PHA will be required to provide an updated PCA Narrative acceptable to HUD prior to closing.
- Ongoing work must be reconciled with the budget and ownership prior to closing, and priority of the Use Agreement relative to any potential mechanics liens must be acceptable to HUD prior to closing based on review of state law.

HUD staff said the O&M Plan prepared by our CNA contractor and submitted by staff as part of the Financing Plan is incomplete because it does not specifically state that the Plan is compliant with HUD's lead based paint regulations. PHA staff are working with our CNA contractor to have the required language inserted into the O&M Plan. Revised Plans will be uploaded to the RAD Resource Desk once they are received.

The "PCA Narrative" is the Capital Needs Assessment (CNA) Narrative. Staff are working with our CNA contractor to revise their CNA Narrative to address HUD's concerns about the document we submitted previously.

Staff will reconcile and provide final budget numbers for the ongoing work noted in Exhibit D prior to closing. PHA legal staff are working to ensure the PHA's treatment of potential mechanics liens is consistent with the RAD Use Agreement and Minnesota State Law.

Exhibit B: Sources and Uses of Funds. This is a comprehensive presentation of all sources and uses of funds needed to complete the RAD conversion. Since the PHA's RAD transaction does not require debt, and no new development or substantial rehabilitation is proposed, the Sources and Uses is fairly basic. It summarizes what funds will be used for the Initial Deposit to Replacement Reserve (IDRR) and on-going capital improvements already in process, and establishes the operating reserve account.

Exhibit C: Monthly HAP Contract Rents. This information is taken from Exhibit A of the most current Commitment to Enter into a Housing Assistance Payment (CHAP). Staff have verified this information is correct.

Exhibit D: Scope of Work. This a list of all construction/rehabilitation work that will be completed in conjunction with the RAD transaction. The Scope of Work for this project is "owner-elected" construction work not included in the Capital Needs Assessment. The PHA intends to utilize 2018 Capital Funds to complete this work, so it must be itemized in Exhibit D in order to facilitate transfer of funds into the RAD projects. Amounts noted in the Scope of Work correlate with the amounts included in RCC Exhibit B, Sources and Uses (Hard Costs – Construction/Rehabilitation). As noted in the RCC Summary, this work must be completed by July 31, 2020.

Exhibit E: Closing Checklist. HUD's "Rental Assistance Demonstration Closing Overview & Checklist for Project Based Rental Assistance (PBRA) Conversions" is attached as the final exhibit. Staff have relied on this checklist to prepare the draft closing packet the Board will see in a related agenda item.

RCC Amendments

As noted in the Closing Checklist (line item #4), amendments to the RCC are allowed for material changes to the RCC or any of the exhibits, including the Sources and Uses. Staff expect to submit an RCC Amendment prior to closing to ensure all "owner-elected" work for this project is included in Exhibit D Scope of Work. Staff will work with our Closing Coordinator to determine the appropriate way to submit the request.

Resident Notification

As required by HUD's RAD Notice*, after receiving the RCC the PHA must notify each affected household that conversion of the project has been approved and inform the residents of any impact the conversion may have on them. Since the PHA's conversion does not require relocation or other changes to the resident's current housing status, the primary message to residents will be regarding the Model Lease and the activities surrounding lease signing. A letter describing these activities and information regarding additional informational meetings will be sent to each household via U.S. Mail. A draft of that notice is attached.

Issuance and execution of the RCC begins the final phase of the RAD conversion transaction.

Here are the major milestones remaining:

- **The PHA submits a draft closing package** to HUD for review. The draft package must contain all documents listed in the RCC and on any closing checklist provided by HUD.
- **Final conversion** occurs on the date of closing.
- **HUD must receive fully executed versions of the closing documents** within 30 days after closing.

With the Board's approval, the RAD Conversion Commitment (RCC) for this project will be signed by the PHA's Executive Director and submitted to HUD by the August 25, 2019 deadline.

JMG/AJH/FAH

Attachments:

1. Resolution No. 19-8/14-08
2. RAD Conversion Commitment for Project #7 Ravoux, Central and Neill Hi-Rises including Exhibits A – E
3. Draft Notification to Residents of Projects Converting to PBRA under RAD

* Notice PIH-2012-32, Rev-3; Rental Assistance Demonstration – Final Implementation, Revision 3.

**PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL
RESOLUTION NO. 19-8/14-08**

**RENTAL ASSISTANCE DEMONSTRATION (RAD) CONVERSION TO
PROJECT-BASED RENTAL ASSISTANCE (PBRA);
EXECUTION OF RAD CONVERSION COMMITMENT
ASSET MANAGEMENT PROJECT NO. 7 (AMP 7)
RAVOUX, CENTRAL AND NEILL HI-RISES**

WHEREAS, the Public Housing Agency of the City of Saint Paul (PHA) has applied to the U.S. Department of Housing & Urban Development (HUD) to convert 3,855 dwelling units of Low Income Public Housing (LIPH; Section 9) to Project-Based Rental Assistance (PBRA; Section 8), through HUD's Rental Assistance Demonstration (RAD) program, as initially approved by the PHA's Board of Commissioners on August 23, 2017; and

WHEREAS, on August 20, 2018 the PHA received HUD's approval letters for all eight RAD conversion applications; and the letters also serve as the "Commitment to Enter into a Housing Assistance Payment" (CHAP) awards for those Asset Management Projects (AMPs 1-8); and

WHEREAS, in April 2019 staff submitted the PHA's eight RAD Financing Plan packages by uploading over 300 documents to HUD's online "RAD Resource Desk"; and

WHEREAS, PHA staff worked with a "Financing Transaction Manager" assigned by HUD to fulfill all necessary requirements for approval of the PHA Financing Plan demonstrating transaction viability; and

WHEREAS, on July 26, 2019 HUD staff issued a RAD Conversion Commitment approving the PHA Financing Plan; and

WHEREAS, PHA staff are now working with a "RAD Closing Coordinator" assigned by HUD who will work with other HUD staff and PHA staff on the next steps in the RAD conversion process, resulting in closing of the RAD transaction; and

WHEREAS, the Board of Commissioners finds that the RAD Conversion Commitment is necessary and appropriate to execute, in furtherance of the PHA's applications to convert the public housing units in the PHA's hi-rises and family housing developments to Project-Based Rental Assistance (PBRA) through HUD's Rental Assistance Demonstration (RAD) program, 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 Executive Director or his designee is authorized to execute the RAD Conversion Commitment as presented;
2. Staff is authorized to execute and submit all required documents relating to this Conversion Commitment, including any amendments deemed necessary by PHA or HUD staff; and
3. 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** Rental Assistance Demonstration;
RAD Conversion Commitment (RCC) for
Asset Management Project No. 8 (AMP 8)
Dunedin Terrace, and Dunedin, Cleveland and
Montreal Hi-Rises**DATE** August 14, 2019

Staff requests Board approval of Resolution No. 19-8/14-09 authorizing execution of the RAD Conversion Commitment (RCC) for the conversion of Dunedin Terrace, and Dunedin, Cleveland and Montreal Hi-Rises (HUD Project No. MN001000008; AMP 8) to Project-Based Rental Assistance (PBRA) through HUD's Rental Assistance Demonstration (RAD) program.

The PHA applied for acceptance to the RAD program in August 2017 and HUD awarded the Commitment to enter into a Housing Assistance Payment (CHAP) for this project in August 2018. Staff submitted the Financing Plan in April 2019. HUD issued the RCC on July 26, 2019 thereby accepting the Financing Plan and starting a 90 day clock for the PHA to close on (complete) the conversion transaction. An interim milestone in this 90 day period is a 30 day deadline for the PHA to execute and return the RCC to HUD by uploading it to the RAD Resource Desk. The fully executed RCC is due by August 25, 2019. If the RCC is not returned by this date it will expire.

This is one of the eight RAD Conversion Commitments that constitute a near "portfolio-wide" conversion to PBRA under RAD, including the PHA's four family housing developments and sixteen hi-rises, a total of 3,855 public housing units.

The RAD Conversion Commitment (RCC) is a contract executed by HUD and the PHA that describes the specific terms and conditions of the RAD conversion for Dunedin Terrace, and

Dunedin, Cleveland and Montreal Hi-Rises (AMP 8). The RCC is a template document which cannot be modified and is not subject to negotiation. The 30-page document consists of a two-page summary of the specific converting project, 7 pages of “Terms and Conditions”, a signature page (page 11) and exhibits; plus the 14-page Closing Checklist (Exhibit E) that is identical for all eight projects. In addition to the specific terms and conditions there are five exhibits attached that provide additional transaction information and requirements for completing the close process successfully.

RCC Project Summary

The first two pages of the RCC contain information unique to the conversion for AMP 8 Dunedin Terrace, and Dunedin, Cleveland and Montreal Hi-Rises including:

- The number of converting units: 557 total units
(The converting units do not include the 16 duplex units in AMP 8 that HUD approved moving to AMP 9 with the rest of the scattered site units, effective April 1, 2020.)
- The number and length of the HAP contract(s) for the project: One contract, twenty years;
- The total amount of the monthly deposit to the replacement reserve: \$23,208.33 (\$500 per unit per year);
- Key features of the Covered Project: This project has no new financing (“debt-free” conversion). In addition, the Officer-In-Residence units are noted as a Dc Minimis reduction. The Board approved requesting a waiver to classify these three units as “unassisted” at the May 22, 2019 meeting.
- Choice Mobility Provision: The PHA will comply with RAD Choice Mobility practices; and
- The final completion deadline for all work noted in Exhibit D Scope of Work (explained below) is established as October 31, 2020. The PHA will be required to provide completion certification data for the work described on or before that date.

RCC Terms and Conditions

The RCC Terms and Conditions define the process by which the commitment between the PHA and HUD to participate in the Rental Assistance Demonstration and conversion to project-based assistance will be executed. Critical components of the conversion such as the applicable rules,

regulations, and requirements are noted, as well as financial considerations, and HUD and PHA obligations.

RCC Exhibits

The RCC has five exhibits attached which are also considered part of the Commitment (as noted in Paragraph #25):

Exhibit A: Special Conditions, Necessary Approvals, or Additional Provisions to the RCC.

This exhibit is intended to address items that were noted during HUD's review of the Financing Plan that did not prevent approval of the Plan, written documentation requiring HUD approval before closing, or additional provisions not included in the RCC template. These items must be cleared or adequately addressed to HUD's satisfaction before closing.

The items noted in RCC Exhibit A for this project (Dunedin Terrace, and Dunedin, Cleveland and Montreal Hi-Rises, AMP 8) are:

- An acceptable Lead Based Paint (LBP) Operations & Maintenance (O&M) Plan must be submitted to HUD prior to closing.
- The PHA will be required to provide an updated PCA Narrative acceptable to HUD prior to closing.
- Ongoing work must be reconciled with the budget and ownership prior to closing, and priority of the Use Agreement relative to any potential mechanics liens must be acceptable to HUD prior to closing based on review of state law.

HUD staff said the O&M Plan prepared by our CNA contractor and submitted by staff as part of the Financing Plan is incomplete because it does not specifically state that the Plan is compliant with HUD's lead based paint regulations. PHA staff are working with our CNA contractor to have the required language inserted into the O&M Plan. Revised Plans will be uploaded to the RAD Resource Desk once they are received.

The "PCA Narrative" is the Capital Needs Assessment (CNA) Narrative. Staff are working with our CNA contractor to revise their CNA Narrative to address HUD's concerns about the document we submitted previously.

Staff will reconcile and provide final budget numbers for the ongoing work noted in Exhibit D prior to closing. PHA legal staff are working to ensure the PHA's treatment of potential mechanics liens is consistent with the RAD Use Agreement and Minnesota State Law.

Exhibit B: Sources and Uses of Funds. This is a comprehensive presentation of all sources and uses of funds needed to complete the RAD conversion. Since the PHA's RAD transaction does not require debt, and no new development or substantial rehabilitation is proposed, the Sources and Uses is fairly basic. It summarizes what funds will be used for the Initial Deposit to Replacement Reserve (IDRR) and on-going capital improvements already in process, and establishes the operating reserve account.

Exhibit C: Monthly HAP Contract Rents. This information is taken from Exhibit A of the most current Commitment to Enter into a Housing Assistance Payment (CHAP). Staff have verified this information is correct.

Exhibit D: Scope of Work. This a list of all construction/rehabilitation work that will be completed in conjunction with the RAD transaction. The Scope of Work for this project is "owner-elected" construction work not included in the Capital Needs Assessment. The PHA intends to utilize 2018 Capital Funds to complete this work, so it must be itemized in Exhibit D in order to facilitate transfer of funds into the RAD projects. Amounts noted in the Scope of Work correlate with the amounts included in RCC Exhibit B, Sources and Uses (Hard Costs – Construction/Rehabilitation). As noted in the RCC Summary, this work must be completed by October 31, 2020.

Exhibit E: Closing Checklist. HUD's "Rental Assistance Demonstration Closing Overview & Checklist for Project Based Rental Assistance (PBRA) Conversions" is attached as the final exhibit. Staff have relied on this checklist to prepare the draft closing packet the Board will see in a related agenda item.

RCC Amendments

As noted in the Closing Checklist (line item #4), amendments to the RCC are allowed for material changes to the RCC or any of the exhibits, including the Sources and Uses. Staff expect to submit an RCC Amendment prior to closing to ensure all "owner-elected" work for this project is

included in Exhibit D Scope of Work. Staff will work with our Closing Coordinator to determine the appropriate way to submit the request.

Resident Notification

As required by HUD's RAD Notice*, after receiving the RCC the PHA must notify each affected household that conversion of the project has been approved and inform the residents of any impact the conversion may have on them. Since the PHA's conversion does not require relocation or other changes to the resident's current housing status, the primary message to residents will be regarding the Model Lease and the activities surrounding lease signing. A letter describing these activities and information regarding additional informational meetings will be sent to each household via U.S. Mail. A draft of that notice is attached.

Issuance and execution of the RCC begins the final phase of the RAD conversion transaction.

Here are the major milestones remaining:

- **The PHA submits a draft closing package** to HUD for review. The draft package must contain all documents listed in the RCC and on any closing checklist provided by HUD.
- **Final conversion** occurs on the date of closing.
- **HUD must receive fully executed versions of the closing documents** within 30 days after closing.

With the Board's approval, the RAD Conversion Commitment (RCC) for this project will be signed by the PHA's Executive Director and submitted to HUD by the August 25, 2019 deadline.

JMG/AJH/FAH

Attachments:

1. Resolution No. 19-8/14-09
2. RAD Conversion Commitment for Project #8 Dunedin Terrace, and Dunedin, Cleveland and Montreal Hi-Rises including Exhibits A – E
3. Draft Notification to Residents of Projects Converting to PBRA under RAD

* Notice PIH-2012-32, Rev-3; Rental Assistance Demonstration – Final Implementation, Revision 3.

**PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL
RESOLUTION NO. 19-8/14-09**

**RENTAL ASSISTANCE DEMONSTRATION (RAD) CONVERSION TO
PROJECT-BASED RENTAL ASSISTANCE (PBRA);
EXECUTION OF RAD CONVERSION COMMITMENT
ASSET MANAGEMENT PROJECT NO. 8 (AMP 8)
DUNEDIN TERRACE, AND DUNEDIN, CLEVELAND AND MONTREAL HI-RISES**

WHEREAS, the Public Housing Agency of the City of Saint Paul (PHA) has applied to the U.S. Department of Housing & Urban Development (HUD) to convert 3,855 dwelling units of Low Income Public Housing (LIPH; Section 9) to Project-Based Rental Assistance (PBRA; Section 8), through HUD's Rental Assistance Demonstration (RAD) program, as initially approved by the PHA's Board of Commissioners on August 23, 2017; and

WHEREAS, on August 20, 2018 the PHA received HUD's approval letters for all eight RAD conversion applications; and the letters also serve as the "Commitment to Enter into a Housing Assistance Payment" (CHAP) awards for those Asset Management Projects (AMPs 1-8); and

WHEREAS, in April 2019 staff submitted the PHA's eight RAD Financing Plan packages by uploading over 300 documents to HUD's online "RAD Resource Desk"; and

WHEREAS, PHA staff worked with a "Financing Transaction Manager" assigned by HUD to fulfill all necessary requirements for approval of the PHA Financing Plan demonstrating transaction viability; and

WHEREAS, on July 26, 2019 HUD staff issued a RAD Conversion Commitment approving the PHA Financing Plan; and

WHEREAS, PHA staff are now working with a "RAD Closing Coordinator" assigned by HUD who will work with other HUD staff and PHA staff on the next steps in the RAD conversion process, resulting in closing of the RAD transaction; and

WHEREAS, the Board of Commissioners finds that the RAD Conversion Commitment is necessary and appropriate to execute, in furtherance of the PHA's applications to convert the public housing units in the PHA's hi-rises and family housing developments to Project-Based Rental Assistance (PBRA) through HUD's Rental Assistance Demonstration (RAD) program, 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 Executive Director or his designee is authorized to execute the RAD Conversion Commitment as presented;
2. Staff is authorized to execute and submit all required documents relating to this Conversion Commitment, including any amendments deemed necessary by PHA or HUD staff; and
3. 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.