

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR

REGARDING Security Guard and Training Services
Central Administrative Office
Contract No. 14-003

DATE May 22, 2013

Staff recommends Board approval to award a contract for security guard services combined with training and employment programs for public housing residents, to General Security Services Corporation (GSSC) of Minneapolis, MN. The contract will include security guard services and training at the PHA's W. Andrew Boss Central Administrative Office building for a monthly cost of \$4,838.50. The current contract cost is \$4,433.66. The new contract will be effective June 11, 2013 and run for an initial period of two years with an optional third year extension.

The contractor will provide a uniformed security guard at the W. Andrew Boss building from 6:00 AM to 6:00 PM Monday through Friday. A guard will also make scheduled patrol checks after business hours and on weekends.

GSSC will provide training and full-time employment for one PHA resident during the contract period to fulfill Section 3 requirements. Thirty-four PHA residents have been hired and trained under the PHA's security guard training program since its inception in 1994.

A Request for Proposals (RFP) for these services was advertised in newspapers and trade journals, and sent to local security firms that have expressed an interest in working for the PHA. Four firms submitted proposals, each of which was independently rated by a PHA staff evaluation committee on the criteria stated in the RFP, including related experience, best cost

value, M/W/DBE participation, resident training program, and general response to the PHA's invitation to submit a proposal. GSSC received the highest overall rating from the committee.

GSSC is the current security services provider for the PHA and is performing satisfactorily. Copies of the Employer Information Reports for GSSC and the second highest rated proposer, Twin City Security, are attached.

The cost is split between the Operating Fund and the Building Fund. There are sufficient funds available in those two budgets to pay for this contract.

SEA

Attachments: Employer Information Reports
Summary of Proposal Ratings

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Flooring Replacement
At Hamline Hi-Rise; AMP 2
Contract No. 14-012

DATE May 22, 2013

Staff requests Board approval to award a contract to install new flooring at Hamline Hi-Rise (AMP 2) to the lowest responsible bidder, Floors by Beckers, Inc., New Brighton, Minnesota, for the bid amount of \$156,109. A copy of the May 7, 2013 bid tabulation is attached.

This contract includes the removal of existing corridor flooring materials and the installation of new flooring materials on floors three through seventeen. (The flooring on the second floor was replaced recently as a prototype, in preparation for advertising this contract.)

Floors by Beckers has performed satisfactorily under previous PHA contracts for similar work. Copies of the Employer Information Report for Floors by Beckers and the second low bidder, Sonus Interiors, are attached. Floors by Beckers does not intend to subcontract any of the work to minority, women or disabled business enterprises. Floors by Beckers intends to comply with the PHA's Section 3 Policy by contributing 2.5% of the contract amount to the PHA's Section 3 Training Fund.

The bid from Floors by Beckers is within staff estimates for the work. There are sufficient 2011 Capital Fund Program funds available for this contract.

TDA/mlp

Attachments

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Ravoux Hi-Rise Brick and Stucco
Repair and Replacement; AMP 7
(MN 1-16); Contract No. 14-022

DATE May 22, 2013

Staff requests Board approval to award a contract to repair and replace brick and stucco at Ravoux Hi-Rise to the lowest responsible bidder, The Caulkers Company, Inc., of Fridley, Minnesota for the unit bid prices shown on the attached May 10, 2013 bid tabulation. The low bid was determined by a formula stated in the bid specifications which weights the various bid items on anticipated quantities for each type of work as illustrated in the bid tabulation. Using the formula the low bid was \$316,780 and the second low bid, from A&M Construction, Inc, was \$320,057. The calculated bid amount from The Caulkers is approximately 14% lower than the estimate for the work by the PHA's consultant, Braun Intertec. The consultant and PHA staff believe the unit bid amounts are reasonable.

The contract includes the following work:

- Removing and replacing bricks that are spalled, damaged, or that have separated from the concrete block substrate;
- Repairing and/or replacing damaged brick shelf angles;
- Repairing and/or replacing designated stucco panels that are cracked or broken; and
- Replacing vertical and horizontal expansion control sealant joints, along with any sealant damaged during the stucco panel repair.

The Caulkers Company, Inc. has previously completed work for the PHA on projects of similar scope. Copies of the Employer Information Reports for The Caulkers and the second low bidder, A & M Construction, are attached.

The Caulkers Company is a women-owned business enterprise (WBE). Because this is a unit-price contract, it is not subject to the Section 3 Policy's requirement for contributing to the PHA's Section 3 Training Fund. However, The Caulkers Company has agreed to employ a PHA resident for the duration of the contract.

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

JPR/mlp

Attachments: Bid Tabulation
Employer Information Reports

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR

REGARDING Low Rent Public Housing
Supplemental Budget;
Fiscal Year Ending March 31, 2014

DATE May 22, 2013

Staff recommends approval of Resolution No. No. 13-05/22-05 to adopt a Supplemental Operating Budget for Fiscal Year ending March 31, 2014 (FY 2014) in the amount of \$2,119,000. This supplemental budget would pay one-time expenses listed below by drawing on the Public Housing Operating Reserves. If FY 2014 current revenues exceed the expenses projected in the regular Operating Budget, the draw on reserves would be lower.

Background: On March 27, 2013 the Board approved the FY 2014 Low Rent Public Housing (LRPH) Operating Budget in the amount of \$30,840,020 (Board Report attached). In the March 27 Board Report staff discussed the possibility of a substantial contribution to the Low Rent Public Housing reserve at the end of FY 2013 (March 31, 2013) compared to the amount budgeted. The FY 2013 budget projected a contribution to reserves of \$12,308. However year-end projections available in March, 2013 showed this contribution to reserves would be much larger, then estimated at \$2,300,000. With most of the year-end financial transactions closed and reconciled when this report was written, the contribution to reserves is now estimated to be \$2,119,000. The primary factors were as follows:

1. Actual utility expenses in FY 2013 were significantly below HUD's projected amounts. This variance accounts for \$1,102,800 of the contribution to reserves.
2. Actual expenditures for maintenance materials and contracts were \$480,690 less than budgeted. Maintenance contracts include items like trash removal, pest control, elevator maintenance, HVAC, and mechanical systems maintenance. These items are generally

budgeted based on prior year's costs and adjusted for expected increases due to the current age of equipment, maintenance history, and expected maintenance needs for the systems. Service contracts such as trash removal and pest control are budgeted based on past history. As it turned out, some contract costs did not increase as much as staff anticipated and other maintenance needs were met at lower costs than projected.

3. Administrative costs were \$230,250 below budget, primarily as a result of vacant staff positions (some of which were later removed in the Fiscal Year 2014 budget to help cover the funding shortfall).
4. Another \$305,260 was saved throughout the budget in several other categories.

All of this activity culminated in a projected contribution to reserve of \$2,119,000.

PROPOSED FY 2014 SUPPLEMENTAL PUBLIC HOUSING OPERATING BUDGET:

Dunedin Family mod: deduct #1 (rehab 4-plex)	\$ 308,700
Dunedin Family mod: deduct #2 (rehab 4-plex)	\$ 355,700
Dunedin HR brick Change Order: add corner repair	\$ 85,600
Montreal HR exterior repair, supplement budget amount	\$ 90,000
Valley HR roof replacement and exhaust insulation	\$ 360,000
Ravoux HR brick repair, supplement budgeted amount	\$ 190,000
Neill HR entry doors	\$ 50,000
Wabasha, Front, Hamline, Montreal community rooms	\$ 170,000
Hamline HR accessible entry "paddle" patio door	\$ 5,000
CAO chair replacement	\$ 40,000
MIS projects	\$ 89,000
CWRC 15k requested comm. org; 15k general projects	\$ 30,000
Pres Council: 20k requested items; 30k Wi-Fi project(s)	\$ 50,000
14 desk top laser fiche scanners for AST's	\$ 35,000
Reserved/contingency	\$ 260,000
	\$ 2,119,000

Detailed descriptions of each proposed line item will be provided by staff at the Board meeting.

After spending \$2,119,000 from the reserves, the PHA would still have approximately \$17,100,000 in operating reserves on March 31, 2014. This is 6.6 month's worth of routine

operating expenses. As Commissioners and staff have noted in the past, keeping too large an operating reserve unnecessarily ties up assets that could be used to benefit the PHA's housing programs and participants. Staff believes it is prudent at this time to spend these funds to help fulfill the PHA's mission. Historically, the PHA's target reserve level agency-wide has been 6 months, which was considered safely within HUD's guidelines for maximum points on the PHAS scoring system. Changes to the PHAS scoring system (2011 Interim Rule) lowered the acceptable range for an AMP's reserves to 4 months. Staff believes that year-end operating reserves at the individual AMPs can be kept near the four-month threshold under the proposed FY 2014 Supplemental Operating Budget, with the remaining reserves held at the COCC.

JMG/RPM/AJH/FAH

Attachments:

1. Board Resolution 13-5/22-05
2. March 27, 2013 Board Report, Low Rent Public Housing Operating Budget for FY 2014

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

RESOLUTION NO. 13-05/22-05

**LOW RENT PUBLIC HOUSING PROGRAM
SUPPLEMENTAL OPERATING BUDGET**

WHEREAS, the Public Housing Agency of the City of Saint Paul (PHA) currently administers a Low Rent Public Housing Program with a total of 4,253 units; and

WHEREAS, the PHA Board of Commissioners approved an Operating Budget for the Low Rent Public Housing Program Fiscal Year 2014 on March 27, 2103, and said budget was based on resources expected to be received during the year from HUD subsidies, tenant rents and other sources; and

WHEREAS, with most of the year-end financial transactions for Fiscal Year 2013 closed and reconciled, staff estimates that actual expenditures for that fiscal year were approximately \$2,119,000 lower than revenues, resulting in a year-end contribution to Operating Reserves of that amount; and

WHEREAS, staff has recommended approval of a Supplemental Operating Budget to spend \$2,119,000 during FY 2014 on necessary one-time expenses as listed in the accompanying report, rather than increasing the amount held in Operating Reserves; and

WHEREAS, the Board finds that the expenditures recommended in the Supplemental Operating Budget are necessary and appropriate to the operation of the Public Housing Program;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Public Housing Agency of the City of Saint Paul that the proposed Supplemental Operating Budget for the Low Rent Public Housing Program for the PHA's Fiscal Year 2014 is approved.

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR

REGARDING Revised Memorandum of Understanding
For Family Resident Councils;
Scattered Site Forensic Audit

DATE May 22, 2013

Staff recommends approval of the attached revised Memorandum of Understanding (MOU) for Resident Councils for family public housing sites. This MOU is only for the family Resident Councils, not the hi-rise Resident Councils. The revisions are intended to clarify the relationship between the Agency and the Resident Councils, and to better document the responsibilities of those Councils. With the Board's approval of this revised MOU, staff will meet with each of the family Resident Councils and secure their approval. The Resident Councils will be required to execute the new MOU in order to receive future funding.

The revisions are required to comply with current provisions in HUD regulations (Title 24 of the Code of Federal Regulations (CFR) Part 964). The recommended revisions also respond to the findings in staff audits of the Roosevelt Resident Council and other family Resident Councils, and a recent forensic audit of the Scattered Site Resident Council, as described below.

Because the Resident Councils each receive some federal funding through the PHA, both the Councils and the PHA are held accountable for the proper use of the funds. The PHA also supports the Councils with funds from the Operating Budget and the Building Fund budget.

Finally, some Resident Councils receive proceeds from occasional fund-raising activities and sometimes donations and grants from other organizations. This mixture of federal and non-federal

funding can complicate record-keeping and create confusion about decision-making authority. At times some Resident Council officers and members have believed they could operate independently from the PHA, making their own decisions about budgets and expenditures. However, the HUD regulations state that the MOU “must require the local Resident Council to account to the [PHA] for the use of the [federal] funds and permit the [PHA] to inspect and audit the resident council’s financial records related to the [MOU].” (24 CFR Sec. 964.150(b)(3)) It is clear to staff, reinforced by guidance from HUD and our auditors, that the PHA is responsible for general oversight of the Resident Council’s spending of federal funds.

The attached Board report dated November 28, 2012 explained the difficulties staff encountered with the audit of the records of the now-defunct Scattered Site Resident Council. As a result of those difficulties, staff retained an outside auditor to perform a forensic audit, at a cost of \$9,500. The results are detailed in the attached memo dated March 18, 2013 from McGladrey LLP to the Executive Director. The auditor’s findings highlighted the need to revise the MOU to more clearly state both parties’ responsibilities and to assist the Resident Councils in better performance of their mission.

The recommended MOU, when approved by the Board and the Resident Councils, would replace the most recent MOUs which are as follows:

- | | |
|---|-------------------|
| 1. City Wide Resident Council
(ratifying a document from April 19, 1995) | November 25, 2003 |
| 2. McDonough Resident Council | December 4, 2001 |
| 3. Roosevelt Resident Council | December 17, 2001 |
| 4. Mt. Airy Resident Council | January 29, 2002 |
| 5. Dunedin Resident Council | June 20, 2006 |
| 6. Scattered Site Resident Council (now disbanded) | February 6, 1988 |

Those MOUs do not include some provisions required by HUD regulations on “tenant participation” (24 CFR Part 964), including the following:

1. The MOU must be updated at least once every three years.
2. The regulations say the Resident Council must have a democratically elected governing board with a minimum of five members.
3. The Council must adopt written procedures such as by-laws or a constitution that “provide for the recall of the governing board by the voting membership.”

While the current MOUs do not include these provisions, staff found that for the most part the Councils operate within the intent of the regulations. The recommended language changes will ensure that the PHA and the family Resident Councils are complying with the current HUD regulations.

The recommended revisions also respond to the findings in recent internal audits and an external forensic audit that showed the need for additional PHA financial oversight of family Resident Council activities. As explained above, staff determined that a forensic audit by an outside auditor was needed to adequately examine the records of the Scattered Site Resident Council. The PHA engaged McGladrey LLP, the PHA’s current audit firm, to perform selected forensic and accounting investigative procedures on the Scattered Site Resident Council’s records from April 1, 2010 until March 31, 2012. (This is the first and only time that PHA staff has called for such an outside review.) The audit included background investigations of key individuals for the purpose of identifying potential business or personal affiliations, review of Council documents and records, and analysis of disbursements to determine what amounts were paid and to whom.

The forensic audit found many cases in which disbursements did not match approved budget amounts. The Scattered Site Resident Council did not maintain appropriate documentation for

many expenditures. In the last two months the Council operated, expenses were unusually high.

All of the findings are detailed in the attached memo from the auditor. Here is a summary of the auditors' observations:

- 1) Disbursements did not match approved budget amounts.
- 2) Officers were receiving multiple stipends for one evening's events. (One stipend for a Resident Council meeting and one stipend for a Council officers' meeting that followed the Resident Council meeting.)
- 3) In the final two months of the Council's operation, a total of two Resident meetings and three officers' meetings were held. During this time approximately \$3,698 was spent, or 66% of the total budget for that year.
- 4) During Fiscal year 2012, no money was spent on school supplies, even though the money was budgeted (money was budgeted and spent in the previous fiscal year).
- 5) Average Resident Council meeting expense increased from fiscal year 2011 to fiscal year 2012, from \$981 in 2011 (five meetings) to \$1,389 in 2012 (four meetings), with no discernable reason.
- 6) The Council did not maintain appropriate documentation.

The auditor's recommendations are summarized as follows:

- 1) Resident Council officers should receive more guidance on spending procedures on a periodic basis to ensure adequate financial understanding of cash flow and appropriate spending.
- 2) Resident Council officers should receive more written information that explains appropriate expenditure policies.
- 3) A permanent file of important Resident Council records should be maintained and stored with the PHA, including the MOU and amendments, Council by-laws, entity incorporation information, meeting minutes, bank information and any other foundational or operating documents.
- 4) The PHA and the Resident Council should update the MOU at least once every three years.
- 5) The PHA should monitor the Resident Council to ensure that the Council's monthly bank reconciliations are performed on a monthly basis, and that bills are promptly paid.
- 6) Resident Council officers should complete a disbursement form for each payment of Council funds, showing what money was paid to whom, for what purpose, etc. A copy of the form is attached.

7) The Council should fully address any audit issues prior to the next audit.

In another recent audit, staff found that the Roosevelt Resident Council mistakenly distributed \$3,950 in gift cards to residents as a fast way to spend their annual funding before the year ended. That practice is strictly prohibited by accounting standards that govern funds received by the PHA from the federal government (OMB Circular A-87). Therefore staff reduced the amount the PHA disbursed to that Resident Council by \$3,950.

Although the Scattered Site and Roosevelt Resident Council examples are especially striking, every year PHA staff finds some irregularities in the annual audits of family Resident Council finances. The audits are challenging because the Councils do not follow standard accounting practices. Staff regularly encounters examples of missing receipts, missing approval signatures, failure to reconcile monthly bank statements, issuing checks out of sequence, not having Council approval for types of expenditures, exceeding spending limits established by the Council, and so forth. Staff does not believe the errors are caused by any intent to deceive or to willfully misdirect the funds from their rightful purpose. It is merely residents' lack of knowledge and insufficient oversight that causes most of these problems.

As a result, PHA Finance staff will participate in the annual training of the family Resident Council officers, as well having PHA Resident Services and Finance staff provide additional financial oversight in those instances when a family Resident Council struggles with proper accounting methods and controls.

The recommended language in the MOU and a new attachment to the MOU specify the role of PHA staff to help the family Resident Councils stay on track. Additional oversight of Resident Council activities will be provided by the Director of Resident Initiatives, the new position approved by the Board on February 27, 2013.

This proposed MOU has been reviewed by the PHA's Legal Counsel, Resident Services Director, Finance Director and Housing Policy Director, as well as a representative from the Citywide Resident Council.

As stated above, this draft MOU is not intended to apply to the hi-rise Resident Councils.

RPM/FAH

Attachments: Proposed Memorandum of Understanding, With and Without Changes Highlighted
November 28, 2012 Board Informational Report: Scattered Site Resident Council
Financial Audit
March 18, 2013 Memo to Executive Director from Jennifer Miller, McGladrey LLP
Resident Council Check Disbursement Form

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR

REGARDING Funding Request to Minnesota Housing
To Construct a Fourplex at Mt. Airy Homes
(AMP 5); MHFA Multifamily
Rental Housing Common Application;
Development Application to HUD

DATE May 22, 2013

Staff requests Board approval of Resolution No. 13-05/22-02 and Resolution No. 13-05/22-03 authorizing staff to apply to Minnesota Housing (formerly known as Minnesota Housing Finance Agency, or MHFA) for a loan or grant of approximately \$360,000 to pay part of the cost to construct a new fourplex row-house at Mt. Airy Homes (AMP 5), and authorizing the submittal of a development application to HUD for this project. Funding requests through the Multifamily Rental Housing Common Application must be received by Minnesota Housing no later than June 18, 2013. The HUD development application does not have a deadline but staff intends to submit it around the same time, with the Board's approval.

The new building at Mt. Airy Homes would provide housing for four additional families and would be built on the Mt. Airy Street site vacated when two single family MN 1-10 homes were demolished. The single family home at 69 Mt. Airy was demolished after HUD approval in 1970 after a freeze-up and flood when the resident moved out and left the fuel oil tank empty. The single family home at 75 Mt. Airy was demolished after HUD approval in 1966. Four additional MN 1-10 single family homes, that were retained when the Mt. Airy site was originally cleared for construction in 1959, were demolished after HUD approval in 1966 through 1970. The proposed building would contain three two-story two-bedroom family apartment units and one two-bedroom accessible unit.

The estimated cost to build the four-plex is \$676,937 based on the recent costs to construct a six-plex at Roosevelt Homes. Under the proposed plan, the PHA would seek approximately \$360,000 from Minnesota Housing in the form of a grant or interest-free 30 year loan, and pay the rest of the cost (approximately \$316,937) from HUD Capital Fund Program grants. HUD will allow the PHA to exceed their Housing Construction Cost (HCC) limit of \$502,060 if non-HUD funds are used for the excess amount. Approximately \$75,000 of additional Capital Fund Program funds would be used for architectural costs, environmental costs, permits, a survey, inspections and sundry planning costs.

Staff has discussed the possibility of building new units at Mt. Airy Homes with the Resident Advisory Board (RAB) and the members expressed support for the concept. When staff described the proposal to construct a six-plex at Roosevelt Homes to the RAB on March 8, 2012, we mentioned the Mt. Airy site as well. At the August and September 2012 RAB meetings and November 15, 2012 public hearing on the Plan staff again discussed the possibility of building additional units at Mt. Airy Homes. Staff will also send a new notice to the RAB about the proposal and convene another meeting if there is sufficient interest.

There is a large unmet demand for affordable rental units for low income families, as evidenced by the long waiting list for public housing. At the end of April 2013 there were 7,584 households on the public housing waiting list, including 2,115 applicant households on the two-bedroom waiting list. Those figures include 129 new families who applied for a two-bedroom unit in April.

JMG/HP/DAL/FAH

Attachments: Resolution No. 13-5/22-02
Resolution No. 13-5/22-03

SAINT PAUL PUBLIC HOUSING AGENCY

RESOLUTION NO. 13-5/22-02

**AUTHORIZATION TO SUBMIT
MINNESOTA HOUSING FINANCE AGENCY;
MULTIFAMILY RENTAL HOUSING COMMON APPLICATION FOR
CONSTRUCTION OF A FOUR- PLEX AT MT. AIRY HOMES (AMP 5)**

WHEREAS, the Public Housing Agency of the City of Saint Paul (PHA) administers a Public Housing Program under an Annual Contributions Contract with the U.S. Department of Housing and Urban Development (HUD), that currently includes 4,253 units; and

WHEREAS, there is a large unmet need for affordable housing for very-low income families in Saint Paul, especially for small families requiring dwelling units with two bedrooms, as evidenced by the 2,115 households on the two-bedroom waiting list for public housing on April 30, 2013; and

WHEREAS, Minnesota Housing (formerly known as Minnesota Housing Finance Agency, MHFA) has issued a Consolidated Multifamily and Single Family Request for Proposals (RFP) that offers various grants and loans to assist the construction, rehabilitation and operation of low income rental housing; and

WHEREAS, staff has identified an opportunity to construct a new four-unit row-house apartment building at the Mt. Airy Homes site (AMP 5) to replace some of the six single family homes that were demolished after HUD approval between 1966 and 1970; and

WHEREAS, the Board of Commissioners gave concept approval to this plan on March 28, 2012; and

WHEREAS, staff has estimated the cost to construct a four-unit row-house apartment building with three two-story 2-bedroom units and one 2-bedroom accessible unit to be approximately \$676,937, of which \$360,000 would be from Minnesota Housing and the balance from the Capital Fund Program; and

WHEREAS, Minnesota Housing may be able to provide the \$360,000 of additional funding in the form of a grant or an interest free loan to enable the PHA to construct the four-unit row-house apartment building; and

WHEREAS, Minnesota Housing requires the submittal of a Proposal for the Consolidated Multifamily and Single Family funding to determine if they will allocate the requested funding to the PHA; and

WHEREAS, the application for Minnesota Housing funding requires that the PHA commit to using four of the public housing program operating subsidies that are currently available and utilizing the Capital Fund Program grant funds;

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

1. Staff are authorized to prepare and submit an application to Minnesota Housing under the 2013 Consolidated Request for Proposals, requesting funding in the amount of approximately \$360,000 for the construction of a new four-unit row-house building at Mt. Airy Homes; and
2. The Executive Director, or his duly authorized agents, are authorized to execute all documents required to request the Minnesota Housing funding, and
3. The Executive Director, or his duly authorized agents, are authorized to execute the Minnesota Housing grant and loan documents to accept the Minnesota Housing funding if it is approved.

SAINT PAUL PUBLIC HOUSING AGENCY

RESOLUTION NO. 13-5/22-03

**AUTHORIZATION TO SUBMIT
DEVELOPMENT APPLICATION TO HUD FOR
CONSTRUCTION OF A FOUR- PLEX AT MT. AIRY HOMES (AMP 5)**

WHEREAS, the Public Housing Agency of the City of Saint Paul (PHA) administers a Public Housing Program under an Annual Contributions Contract with the U.S. Department of Housing and Urban Development (HUD), that currently includes 4,253 units; and

WHEREAS, there is a large unmet need for affordable housing for very-low income families in Saint Paul, especially for small families requiring dwelling units with two bedrooms, as evidenced by the 2,115 households on the two-bedroom waiting list for public housing on April 30, 2013; and

WHEREAS, the PHA is authorized to receive Operating Fund and Capital Fund subsidies from HUD for up to 26 more public housing units as of this date and in accordance with the PHA's "Faircloth limit"; and

WHEREAS, Minnesota Housing (formerly known as Minnesota Housing Finance Agency, MHFA) has issued a Consolidated Multifamily and Single Family Request for Proposals (RFP) that offers various grants and loans to assist the construction, rehabilitation and operation of low-income rental housing; and

WHEREAS, staff has identified an opportunity to construct a new four-unit row-house apartment building at the Mt. Airy Homes site (AMP 5) to replace the six single family homes that were demolished after HUD approval between 1966 and 1970; and

WHEREAS, the Board of Commissioners gave concept approval to this plan on March 28, 2012; and

WHEREAS, staff has estimated the cost to construct a four-unit row-house apartment building with three two-story 2-bedroom units and one 2-bedroom accessible unit to be approximately \$676,937, of which \$360,000 would be provided by Minnesota Housing, if the loan request is approved, with the balance coming from Capital Fund Program grants; and

WHEREAS, Minnesota Housing may be able to provide the additional funding in the form of a grant or an interest free loan to enable the PHA to construct the four-unit row-house apartment building; and

WHEREAS, the PHA intends to utilize four of the public housing program operating subsidies that are currently available to the PHA; and

WHEREAS, construction of the four units of replacement housing at Mt. Airy Homes utilizing HUD Capital Fund Program funding and future operating subsidies will require HUD approval of a Development Program application; and

WHEREAS, submittal of a Development Program application to HUD requires approval of the PHA Board of Commissioners; and

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

1. Staff are authorized to prepare and submit a Development Application to HUD requesting approval to construct the new four-unit row-house building at Mt. Airy Homes, utilizing \$360,000 of Minnesota Housing funding that the PHA hopes to receive, Capital Fund Program funds, and FFY2014 and future operating subsidies from HUD; and
2. The Executive Director, or his duly authorized agents, are authorized to execute all documents required for the HUD Development Program application.
3. The Executive Director, or his duly authorized agents, are authorized to execute the amended Annual Contributions Contract (ACC) and related documents when offered by HUD for this project.

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Section 8 Management Assessment
Program (SEMAP) Certification;
High Performer Rating

DATE May 22, 2013

Staff requests approval of Resolution No. 13-05/22-04 certifying the PHA’s Section 8 Management Assessment (SEMAP) score for Fiscal Year 2013, which again earns HUD’s “High Performer” rating for the PHA’s Section 8 Housing Choice Voucher Program and achieves Agency Goal #2. Staff calculates that the score this year will be 97% (140 out of 145 points), which mirrors last year’s 97%. This is the twelfth year the PHA has achieved the High Performer rating since SEMAP’s inception in FY 2000. With Board approval, staff will submit the certification to HUD via the internet by the May 31 deadline.

The PHA’s FY 2013 SEMAP score is calculated as follows:

SEMAP Performance Indicators	FY 2013 PHA Score	FY 2012 PHA Score	Possible Points
1. Selection from Waiting List	15	15	15
2. Reasonable Rent	20	20	20
3. Determination of Adjusted Income	20	20	20
4. Utility Allowance Schedule	5	5	5
5. HQS Quality Control Inspections	5	5	5
6. HQS Enforcement	10	10	10
7. Expanding Housing Opportunities	5	5	5
8. FMR Limit and Payment Standards	5	5	5
9. Annual Reexaminations	10	10	10
10. Correct Rent Calculations	5	5	5
11. Pre-contract HQS Inspections	5	5	5
12. Annual HQS Inspections	10	10	10
13. Lease-up (utilization)	20	20	20
14. FSS Enrollment and Escrow Accounts	5	5	10
15. Deconcentration Bonus	0	0	
TOTAL POINTS	140	140	145
SEMAP SCORE	97%	97%	100%

Scores for the first eight indicators are based on the PHA's auditing files and certifying that we have met the standard. The scores for Indicators #9-14 are based on HUD's Multifamily Tenant Characteristics (MTCS) data, obtained from the family profile data forms (HUD 50058) submitted electronically by the PHA for each household at least annually, or more frequently as family circumstances change.

This year the PHA scored all 20 points in the self-audit of 54 files for the "Determination of Adjusted Income" factor. Anything over 90% earns full points in this category. Only one file contained an error, giving a success rate of 98% on the sampled set. The file has since been corrected. Though this near-perfect error rate is impressive, supervisors will continue to conduct ongoing training for staff to ensure these calculations are done correctly and consistently.

As is the case every year, the PHA received five of ten possible points on the indicator for "Family Self-Sufficiency (FSS) enrollment and escrow accounts". To earn any additional points, the PHA would have to have served at least 262 voucher participants in FSS during the year, instead of the 43 who were served. The PHA earns five points on this factor because approximately 73% of the FSS participants during the year had escrow accounts, well above the 30% threshold to earn these five points. Participants' rent increases due to higher earnings are deposited in the escrow accounts, to be returned—with interest—when the participant "graduates" from the FSS program.

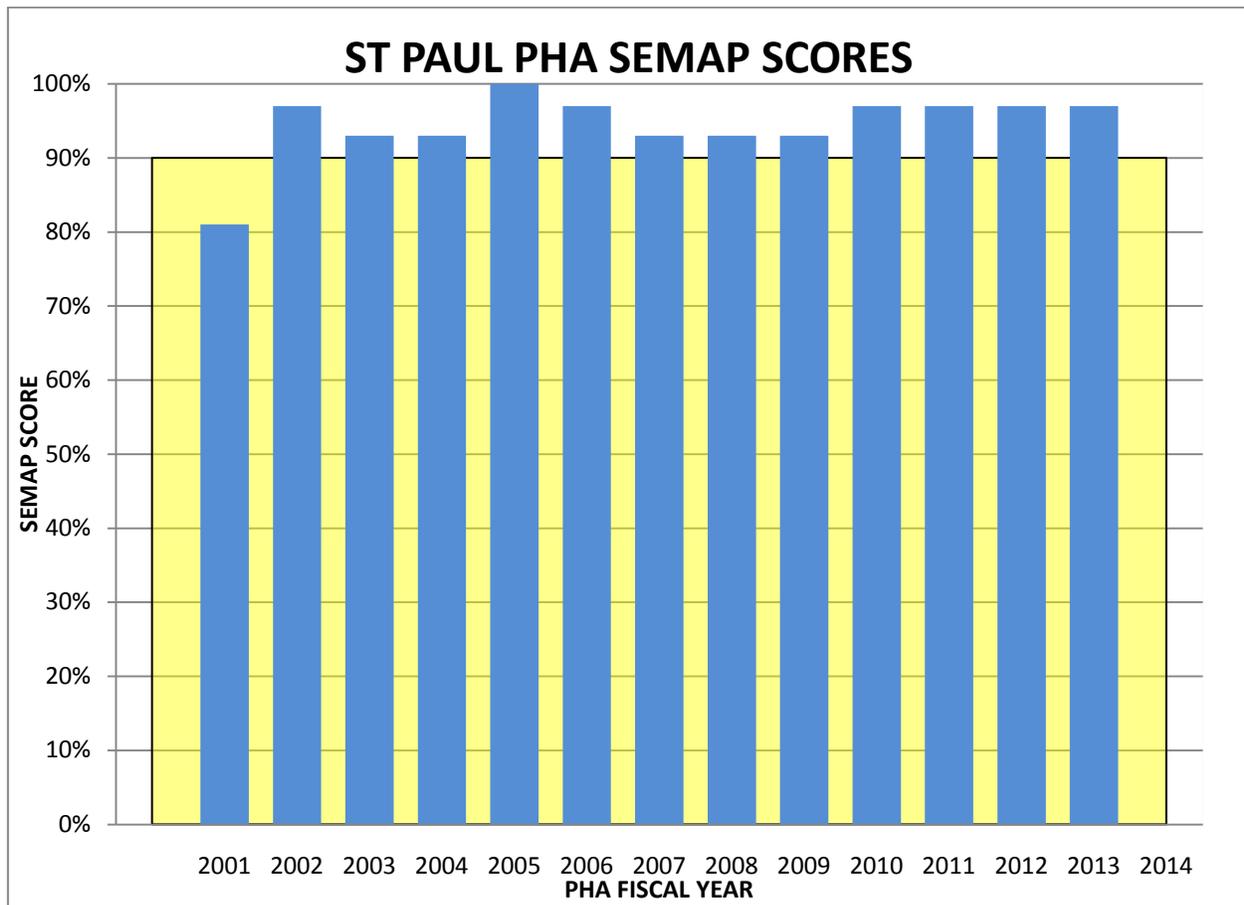
Again this year the PHA did not receive the five bonus points available on Indicator #15, Deconcentration of Poverty. To receive points on this factor, the PHA would have to show that more voucher participant families with children are living in, or moving to, low poverty census tracts. The

three criteria are explained in more detail in the attachment. HousingLink conducted the required data analysis for the PHA, and the results are shown on an attachment.

An explanation of all of the SEMAP indicators and scores is attached. Staff believes that the PHA’s performance on these indicators confirms that the Agency is successfully administering the program with integrity and accountability, as well as achieving Agency Goal #2 for another year.

FAH/DJM

- Attachments: 1. Resolution No. 13-05/22-04
2. Explanation of SEMAP Indicators
3. HousingLink Analysis



PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

RESOLUTION NO. 13-05/22-04

**SECTION 8 MANAGEMENT ASSESSMENT
PROGRAM (SEMAP) CERTIFICATION**

WHEREAS, the Public Housing Agency of the City of Saint Paul (PHA) currently administers a Section 8 Housing Choice Voucher Program and with a total of 4,551 units; and

WHEREAS, the Saint Paul Public Housing Agency is required to submit a Section 8 Management Assessment Program (SEMAP) certification for Fiscal Year 2013; and

WHEREAS, staff has completed all required file audits and documentation for SEMAP scoring; and

WHEREAS, the final SEMAP scores have been presented to the Board and considered at this meeting;

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

1. The PHA's SEMAP score of 140 out of 145 points, or 97%, as explained in the attached Board Report, is hereby approved; and
2. The Executive Director or his designee is authorized to execute the required certification and to submit it to the Department of Housing and Urban Development with any required documentation.

Date: _____

Tom Reding, Chair
Saint Paul PHA Board of
Commissioners

EXPLANATION OF SEMAP INDICATORS AND PHA SCORES

As stated in the Board report, the scores for Indicators #1-8 are certified by the PHA; five of those require self-audits of a sample of randomly selected files. The size of the sample varies for different indicators depending of the universe of that indicator.

SEMAP Performance Indicators 24 CFR Sec. 985.3	FY 2013 PHA Score	Possible Points
1. Selection from Waiting List	15	15
2. Reasonable Rent	20	20
3. Determination of Adjusted Income	20	20
4. Utility Allowance Schedule	5	5
5. HQS Quality Control Inspections	5	5
6. HQS Enforcement	10	10
7. Expanding Housing Opportunities	5	5
8. FMR Limit and Payment Standards	5	5
9. Annual Reexaminations	10	10
10. Correct Rent Calculations	5	5
11. Pre-contract HQS Inspections (not being rated this year)	5	5
12. Annual HQS Inspections (not being rated this year)	10	10
13. Lease-up (utilization)	20	20
14. FSS Enrollment and escrow accounts	5	10
15. Deconcentration Bonus	0	
TOTAL POINTS	140	145
SEMAP SCORE	97%	100%

- 1. Selection from Waiting List (15 of 15 points).** *The PHA has policies for selecting applicants from the waiting list and follows those policies. Required two sample sets: one for new admissions to the program (10 samples) and one for applicants reaching the top of the waiting list (8 samples). All files sampled met the criteria.*
- 2. Reasonable Rent (20 of 20 points).** *PHA has adopted and follows a reasonable written method to determine and document reasonable rent for each unit rented or any rent increase. Staff audited the ten samples to the program as new admissions, and found that all rents were reasonable. Among the 44 files that were audited for ongoing participants, staff audited all of those that had a rental adjustment, and found that all rents were reasonable. SEMAP awards the full 20 points for correct procedures, and 98% accuracy and above in application.*
- 3. Determination of Adjusted Income (20 of 20 points).** *The PHA's sample of files shows that at the time of admission and reexamination, the PHA property obtained third party verification of adjusted income or documented why not; used the verified information in determining adjusted*

income; properly attributed allowances; and used appropriate utility allowances. This indicator requires audits of separate samples of files from admissions and reexaminations, for a total of 54 files audited. There was only one finding, for an accuracy rate of 98% and a score of 20 points on this component.

- 4. Utility Allowance Schedule (5 of 5 points).** *The PHA maintains an up-to-date utility allowance schedule. As required by HUD regulations the PHA reviewed the utility allowance schedules this year. The Board approved updates for electric utility allowances on February 27 and March 27, 2013.*
- 5. Housing Quality Standards (HQS) Quality Control Inspections (5 of 5 points).** *A PHA supervisor reinspected a sample of units during the PHA fiscal year for quality control of HQS inspections. Forty-two quality control inspections (the required sample size) were conducted.*
- 6. HQS Enforcement (10 of 10 points).** *The PHA's sample of failed inspections show that any cited life-threatening HQS deficiencies were corrected within 24 hours from the inspection, and all other cited HQS deficiencies were corrected within no more than 30 calendar days from the inspections or within any PHA approved extension, or if the HQS deficiencies were not corrected in the required time, the PHA stopped assistance payments no later than the first of the following month or took prompt and vigorous action to enforce the family obligations. The sample size of 32 files contained no findings.*
- 7. Expanding Housing Opportunities (5 of 5 points).** *The PHA has written policies and procedures to help families using vouchers to find housing outside areas of poverty or minority concentration. To receive full points in this category, the PHA compiled all of the relevant information from their own procedures and the information provided to participants and applicants that illustrate their commitment to expanding housing opportunities.*
- 8. FMR Limit and Payment Standards (5 of 5 points).** *PHA has adopted Payment Standards that are within HUD's limits or HUD-approved exception rent limits. The current PHA payment standards range from 95% to 108% of the FMRs, which is within the allowable range of 90-110%.*
- 9. Annual Reexaminations (10 of 10 points).** *The PHA completes a reexamination for each participating family at least every 12 months. The MTCS SEMAP indicator for fiscal year end shows no late reexaminations out of 3695 families subject to reexamination. In order to gain full points, the PHA must have at least 95% completed in a timely manner.*
- 10. Correct Tenant Rent Calculations (5 of 5 points).** *The PHA correctly computes the family's payment of rent to the property owner. The MTCS SEMAP indicator for fiscal year end shows no rent discrepancies out of 2140 files.*
- 11. Pre-contract HQS Inspections (5 of 5 points).** *Each newly leased unit passed HQS inspection before the beginning date of the assisted lease and Housing Assistance Payments (HAP) contracts. HUD's on-line MTCS SEMAP report shows that all 797 out of 797 newly-leased units passed inspection on or before the contract effective date. In order to gain full points for this indicator, the PHA must have at least 98% completed in a timely manner.*

- 12. Annual HQS Inspections (10 of 10 points).** *The PHA inspects each unit under contract at least annually. On-line MTCS data show 52 out of 3320 HQS inspections were late, or 1.5%. The Agency receives full points on this indicator if 5% or fewer annual inspections are late.*
- 13. Lease-up (Utilization) (20 of 20 points).** *The PHA executes assistance contracts on behalf of eligible families for the number of units that have been under budget for at least one year. Lease up rates for this factor can be calculated from either the unit lease-up rate or the budget utilization rate, both measured against a 98% standard for full points. The PHA earns full points under either standard. The HCV unit utilization rate for calendar year 2012 was 98.73% (number of unit-months under HAP contract divided by total of unit-months authorized), earning full points on this indicator. The HCV budget utilization was 99.08%, which would also earn the full points. The Section 8 HAP budget authority was \$34,745,865 and the PHA spent \$34,425,042.*
- 14. FSS enrollment and escrow accounts (5 of 10 points).** *This factor contains two components. The first part measures the number of Family Self Sufficiency (FSS) slots filled in the PHA's mandatory program. The second component measures the percent of escrow accounts established for FSS participants. To receive the full 10 points the PHA would have to have at least 349 FSS participants (80% of 436), with 30% or more of those participants having escrow accounts. The PHA receives 5 points because more than 30% of the current FSS participants have escrow accounts: 43 participants, 30 with escrow accounts = 73%, according to PIC records.*
- 15. Deconcentration indicator (0 of 5 bonus points).** *A PHA in a metropolitan area can add five points to their SEMAP score by showing they meet one of the three criteria under this indicator. The criteria are based on families with children living in or moving to areas (census tracts) with lower poverty rates (poverty rates below the 23.9% average for the metro area). The average poverty rate of 23.9% is the new figure from the 2011 American Community Survey from the U.S. Census. The previous average was 24.2%.*

A PHA receives "deconcentration" points for SEMAP if:

Criterion 1: Over half (50%) of all families with children assisted by Section 8 in the PHA's "principal operating area" live in "low poverty census tracts".

A "low poverty census tract" is defined as one with a poverty rate below 10%, or below the average poverty rate for the PHA's "principal operating area". In Saint Paul the average poverty rate is 23.9% according to 2011 ACS figures. There are 44 census tracts with lower poverty rates and 42 with higher poverty rates.

HousingLink's analysis showed that approximately 31.5% (under half) of Section 8 participant families with children live in census tracts with poverty rates below 24.2%.

That percentage is significantly lower than last year (44.8%), showing that fewer families with children are living in low-poverty areas. However, this is consistent with the figure from two years ago. This is likely due to the shifting and eliminating of high poverty census

tracts due to the overall increase in the poverty rate for St. Paul from 15.6% to 24.2%, and the inclusion of new census tracts as high poverty areas in this most recent redetermination.

Criterion 2: The percent of Section 8 mover families with children who moved to low poverty census tracts in the PHA's "principal operating area" is at least 2% higher than the percent of all Section 8 families with children living in low-poverty census tracts.

HousingLink's analysis showed that, of the voucher participant families with children who moved during the year, approximately 27.4% moved to low-poverty census tracts. That figure is lower than the 31.5% of families living in low-poverty census tracts, so the PHA does not meet this criterion.

Criterion 3: The percent of Section 8 mover families with children who moved to low poverty census tracts in the PHA's "principal operating area" over the last two PHA FYs is at least two percentage points higher than the percent of all Section 8 families with children who resided in low poverty census tracts at the end of the second to last PHA FY.

Of the voucher participant families with children who moved during the last two years, approximately 27.4% moved to low-poverty census tracts. That figure is lower than the 33.4% of families who lived in low-poverty census tracts two years ago.

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR

REGARDING Presidents Council Request to Allina Health
For Charitable Contribution to Support
Statewide Health Improvement
Program (SHIP) Activities

DATE May 22, 2013

Staff requests Board approval to submit a Charitable Contribution Request in the amount of \$4,000 to Allina Health on behalf of the Hi-Rise Presidents Council. The Presidents Council will use these funds to work with staff and the Saint Paul-Ramsey County Department of Public Health (SPRCDPH) to do the following:

1. Fund youth bicycle education initiatives at the McDonough and Mt. Airy Homes family developments,
2. Fund gardening activities at Hamline and Ravoux hi-rises and Mt. Airy Homes, and
3. Provide a stipend for a 3-month, part-time internship to a public housing student to serve as a Healthy Communities Assistant to help coordinate and oversee these activities.

Allina Health accepts applications for charitable contributions year-round and makes funding selections at the end of each month through its Community Benefit and Engagement program. In June 2012 Allina Health awarded the PHA and the Presidents Council \$2,500 to work with the SPRCDPH to fund exercise classes at the Hamline, Mt. Airy and Ravoux hi-rises. These classes were part of the larger \$85,000 SHIP grant initiative that began in December 2012 to implement activities in the areas of nutrition, active lifestyle and tobacco reduction. Additional grant funds were needed because exercise classes are not eligible activities under the SHIP grant.

All of the proposed activities for which the PHA and Presidents Council are seeking funding fall within the SHIP grant requirements, and have been previously done with SHIP funds. The current SHIP grant is scheduled to end on June 30, 2013, and the PHA and Presidents Council

would like to continue to support SHIP-related activities. The Presidents Council has agreed to serve as the lead applicant because only community organizations with 501(c)(3) status are eligible to apply.

If Board approval is granted, PHA staff will submit the application immediately to make the end of the month deadline.

ANH

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING HUD-Veterans Affairs Supportive Housing
Program (VASH) Vouchers;
15 Additional Vouchers Received

DATE May 22, 2013

Staff requests Board approval of Resolution No. 13-05/22-01 to ratify the Agency's acceptance of 15 more Housing Choice Vouchers (HCV) under the HUD-Veterans Affairs Supportive Housing (VASH) Program. HUD-VASH is a partnership with the Veterans Administration Medical Center (VAMC) in Minneapolis. The new vouchers will bring the PHA's total of VASH vouchers to 140 and the total for all voucher programs to 4,587.

On April 30, 2013 HUD notified the Executive Director by e-mail (copy attached) that the PHA could receive these vouchers which are funded out of the FFY 2013 Appropriations Act. HUD's letter required the PHA to acknowledge its willingness to administer the vouchers immediately, first by sending an e-mail response within five days, and then by submitting a streamlined application within two weeks. Staff promptly completed both actions to meet those tight deadlines.

Section 8 Housing Assistance Payment (HAP) funding was affected by the sequester, and overall funds to assist eligible households decreased from near full funding to 94%. Staff are responding by decreasing overall program utilization through attrition. However, the VASH program continues to receive bipartisan support. Congress exempted the VASH program from the sequestration, which has made this additional award possible and will likely result in full funding for all recently awarded VASH vouchers.

The VASH program is intended to assist homeless veterans by providing case management services through VA facilities and rent subsidies through PHAs. The VAMC identifies eligible veterans and refers them to the PHA, where they bypass the regular voucher waiting list. The PHA verifies only income eligibility and checks that no family member is subject to a lifetime registration requirement under a state sex offender registration program. If the family or individual meets those two eligibility requirements, the PHA issues the voucher and administers it like other Housing Choice Vouchers.

The PHA first received 35 VASH vouchers in 2009, then 25 in 2010, 25 more in 2011, then 40 in 2012 for a total of 125. When this report was written 113 of those vouchers were under lease and 7 more were in process or shopping for a unit. Staff continue to work diligently to assure that an adequate number of referrals are obtained to ensure the maximum number of VASH vouchers are leased up.

Year	VASH Award
2009	35
2010	25
2011	25
2012	40
2013	15
Total:	140

The PHA will receive additional administrative fees for these 15 vouchers, although the fee proration in the current year (estimated at 69%) will reduce the amount received. Though the Section 8 program is currently running at a narrow deficit, the PHA's administrative fee reserves (Unrestricted Net Assets) are adequate to cover a small administrative operating deficit for these

VASH vouchers. As explained in the recent report on the Section 8 Operating Budget, the reserves were estimated at over \$1.3 million at the end of fiscal year 2013.

Adding 15 vouchers to the current allocation will modestly increase staff workload. As detailed in the recent budget report, staffing levels have remained flat in large part a result of the sequestration and historically low levels of program funding. If the PHA continues to receive additions to the voucher supply, at some point it will be necessary to increase staffing again.

DJM/FAH

Attachments: Resolution
HUD Letter Offering VASH Vouchers

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

RESOLUTION NO. 13-05/22-01

**APPLICATION TO THE UNITED STATES
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT;
FOR 15 SECTION 8 HOUSING CHOICE VOUCHERS FOR THE
HUD-VETERANS AFFAIRS SUPPORTIVE HOUSING (VASH) PROGRAM**

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

WHEREAS, the PHA currently administers a combined Section 8 Voucher Program with 4,572 units, including Housing Choice Vouchers, Mainstream/Disability Vouchers, Family Unification Program Vouchers and 125 vouchers under the HUD-Veterans Affairs Supportive Housing (VASH); and

WHEREAS, on April 30, 2013, HUD offered the PHA an additional 15 VASH vouchers to administer in partnership with the Veterans Administration Medical Center in Minneapolis; and

WHEREAS, staff recommends that the PHA accept this funding offered by HUD, to administer this program that will benefit more homeless veterans and their families, as well as the community;

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

1. The PHA accepts HUD's offer of 15 Housing Choice Voucher subsidies for the HUD-Veterans Affairs Supportive Housing (VASH) Program; and
2. The Executive Director or his designee is authorized to execute all documents required by HUD or the Veteran's Administration to accept and administer the additional VASH vouchers.
3. Since HUD required the PHA to respond before the date of this Board meeting, these approvals are effective retroactively and ratify the staff's acceptance of the vouchers.