On October 24, 2018, the Saint Paul Public Housing Agency (PHA) Board of Commissioners approved the following actions:

- Cancel December Board Meeting
- Section 8 Housing Choice Voucher Program: Increase Utility Allowances; Maintain Utility Allowances for Public Housing
- Affirm Request for Removal of Declaration of Trust for W.A. Boss Central Administrative Office Building, 555 North Wabasha Street; Part 200 Retention Application No. DDA0008563
- Congregate Housing Services Program (CHSP); Grant Renewal Request and Budget; Program Year January 2019 - December 2019
- Draft Public Housing Agency Plan for PHA Fiscal Year 2020 and Draft Amendments to Agency Plan for FY 2019 Including RAD Details; Public Hearing; De-concentration of Poverty Analysis
- Approval of Contract Settlement with AFSCME Local 1854 (American Federation of State, County and Municipal Employees)
- Section 8 Housing Choice Voucher Program; Increase Payment Standards
- Catholic Charities Mary Hall Section 8 Moderate Rehabilitation Single Room Occupancy (SRO) Project; Support Mutual Termination of HAP Contract

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS	**FROM** **JON M. GUTZMANN EXECUTIVE DIRECTOR**
REGARDING Cancel December Board Meeting	**DATE** October 24, 2018

Staff recommends Board approval to cancel the December regular business meeting because it appears there will be no business items for consideration. The fourth Wednesday falls on the December 26 this year. In previous years the Board has approved canceling the December regular business meeting, or holding it a week early if needed to approve necessary business items. It does not appear to be necessary for the Board to meet in December this year.

The Agency By-Laws state that “A scheduled regular or special meeting may be rescheduled or canceled only with the concurrence of four commissioners obtained at least three days prior to the scheduled regular or special meeting.” (Article I, Section 3.)

The November regular business meeting will be held on November 28, 2018.

MLM

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM **JON M. GUTZMANN**
EXECUTIVE DIRECTOR

REGARDING Section 8 Housing Choice Voucher Program: Increase Utility Allowances; Maintain Utility Allowances for Public Housing

DATE October 24, 2018

Staff requests Board approval of the following actions:

1. Adopt Resolution No. 18-10/24-2 to increase the utility allowances for trash removal expenses in the Housing Choice Voucher (HCV) program; and
2. Adopt Resolution No. 18-10/24-3 to maintain all utility allowances at their current amounts for the Public Housing program.

The utility allowances are contained in the Admission and Occupancy Policies for each program, which are part of the Agency Plan. If approved, the higher trash utility allowances would take effect on November 1, 2018 for new HCV participants and for current participants who move to new units, and January 1, 2019 for current participants with annual recertifications of eligibility on or after that date. The Board last approved changing the HCV utility allowances on July 22, 2015.

Increasing Housing Choice Voucher Utility Allowances for Trash Removal. The PHA's current and proposed utility allowances (UA) for trash removal for multi-family (M), townhouse/duplex (T/D) and single family homes (SFH) are as follows (increases highlighted):

Trash UA	0 BR	1 BR			2 BR			3 BR			4 BR			5 BR	6BR
Unit Type	M	M	T/D	SF	M	T/D	SF	M	T/D	SF	M	T/D	SF	SF	SF
2018 Current	10	10	23	23	10	23	23	10	23	23	10	23	23	25	25
2019 Proposed	10	10	25	25	10	34	34	10	36	36	10	36	36	36	36

Staff is recommending increasing the utility allowances for trash removal in response to the City of Saint Paul's new coordinated garbage collection system for residential properties with 1-4 units, which went into effect October 1, 2018.

For public housing family residents and voucher participants who pay some or all of their own utility costs, the utility allowance reduces the amount of rent the household must pay to the PHA or the property owner. The rent plus the utility allowance equals 30% of the household's adjusted income. When a utility allowance goes up, tenants who pay that bill directly to the utility provider have their rent payment to the PHA or the property owner reduced by the same amount. In some cases the tenant's utility allowances are higher than their income-based rent amount, so the PHA sends the resident a monthly "utility reimbursement" check.

Staff estimates that the proposed increase in HCV utility allowances for trash removal would raise the PHA's cost for subsidy payments to property owners (landlords) by about $30,000 per year. Since utility allowance changes are applied during annual recertifications for current HCV participants, the cost in the first year is approximately one-half of the annualized cost. The total budget for those subsidies (Housing Assistance Payments, "HAP") is approximately $37 million for this calendar year.

No changes recommended for public housing utility allowances. In public housing, utility allowances only apply to the townhouse/rowhouse units in family housing developments and scattered site single family homes and duplexes, where the residents pay their own bills for electricity, natural gas and District Energy (at Mt. Airy Homes). PHA hi-rise residents do not pay separate utility bills, other than a utility surcharge paid by residents who have a freezer or a window air conditioner.

HUD regulations require PHAs to review utility allowances for both public housing and Section 8 at least annually, and to adjust the utility allowances if rates have changed by 10% or more since the previous adjustment. The last adjustment to utility allowances in either program was approved by the Board in July 2015, when new categories were added in Section 8 (for water/sewer and trash in multi-family buildings). The last time the PHA increased utility allowances (for both programs) was in 2013, and annual reviews since then have shown that those adjustments are still sufficient to cover the current rates. The Board last approved maintaining the utility allowances in both programs on November 25, 2017.

Staff plans to contract for a study of utility consumption in both public housing units and properties rented by Housing Choice Voucher participants prior to next year's utility allowance recommendations. The conversion of most public housing units to Project-Based Rental Assistance (PBRA) under RAD (HUD's Rental Assistance Demonstration) will require a specific analysis of utility costs for those properties.

DJM/CMS/FAH

Attachments: Resolution No. 18-10/24-2; Section 8 HCV Utility Allowances
Resolution No. 18-10/24-3; Public Housing Utility Allowances
2018-19 Section 8 HCV Utility Allowances
2018-19 Public Housing Utility Allowances

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM **JON M. GUTZMANN**
EXECUTIVE DIRECTOR

REGARDING Affirm Request for Removal of Declaration of Trust for W.A. Boss Central Administrative Office Building, 555 North Wabasha Street; Part 200 Retention Application No. DDA0008563

DATE October 24, 2018

Staff recommends Board approval of Resolution No. 18-10/24-1 to ratify the Board's approval of Resolution No. 11-12/21-2 (copy attached) and to reaffirm the PHA's request to HUD to remove the Declaration of Trust for the W. Andrew Boss Central Administrative Office Building (CAO). HUD staff have acknowledged that the December 21, 2011 Board report adequately explained the PHA's request; and PHA staff have submitted all of the supplementary information requested by HUD. Staff also completed an online application and resubmitted digital copies of all of the documents we submitted previously. (In current HUD jargon the action is now called a "Part 200 Retention Application", meaning that the PHA will retain the property after it is no longer considered part of the Public Housing Program.) However, due to the long passage of time since the PHA submitted its original request (while the application was "pending" at HUD), HUD staff have recommended further Board action to demonstrate that the request is still active. Staff believes that will be resolved by the Board's approval of the attached resolution.

A Declaration of Trust legally records HUD's interests in PHA public housing program properties and must be removed or released prior to sale, disposition or reassignment to non-public housing program status. The PHA has no plans to sell, alter, change function, or dispose of the CAO once the Declaration of Trust is removed. The removal of the Declaration of Trust will not be detrimental to the function of the PHA's Public Housing Program or other PHA programs. The PHA will execute a Restrictive Use Agreement or similar document confirming that the property will continue to be used primarily to support PHA programs for not less than 30 years.

The original Board approval and application to HUD included assigning the CAO to the "Central Office Cost Center" (COCC), as directed by the HUD notice then in effect (PIH 2008-17). Based on more a more recent HUD notice (PIH 2016-20), staff believes that it is no longer necessary or appropriate to assign the CAO to the COCC. The CAO will continue to be owned by the PHA and the Agency will continue to operate the CAO and manage its finances as required by sound accounting practices and relevant HUD rules.

Staff included this action in the Agency Plan for the PHA's Fiscal Year 2013 and again in the current year's Agency Plan. Staff has explained it at Public Hearings held on the Agency Plan and meetings of the Resident Advisory Board (RAB). No comments have ever been submitted by the RAB or the public.

FAH

Attachments: Resolution No. 18-10/24-01
Board Report Dated December 21, 2011
Resolution No. 11-12/21-02

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL
RESOLUTION NO. 18-10/24-01

RATIFYING RESOLUTION NO. 11-12/21-2;
APPLICATION FOR REMOVAL OF DECLARATION OF TRUST
FOR THE W. A. BOSS CENTRAL ADMINISTRATIVE OFFICE BUILDING

WHEREAS, the Board of Commissioners of the Public Housing Agency of the City of Saint Paul (PHA) approved the attached Resolution No. 11-12/21-2 on December 21, 2011, authorizing staff to submit to HUD an Application for Removal of the Declaration of Trust for the W. A. Boss Central Administrative Office Building (CAO; and

WHEREAS, the PHA has submitted this application both in printed copies and in digital files submitted online (now called a Part 200 Retention Application, No. DDA0008563); and

WHEREAS, due to the length of time the application has been pending at HUD, staff has recommended approval of this resolution to reaffirm and ratify the Board's previous approval of this application;

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 previous approval to submit an application to HUD seeking approval to remove the Declaration of Trust for the CAO is hereby ratified and reaffirmed; and

2. The Executive Director or his designee is authorized to execute all documents related to the application to HUD for approval to remove the Declaration of Trust for the CAO and transfer the CAO to the COCC; and

Approved by PHA Board of Commissioners: ________________, 2018

____
Thomas L. Reding, Chair

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM **JON M. GUTZMANN**
EXECUTIVE DIRECTOR

REGARDING Congregate Housing Services Program (CHSP); Grant Renewal Request and Budget; Program Year January 2019 – December 2019

DATE October 24, 2018

Staff requests Board approval to submit a grant renewal request to HUD for the Congregate Housing Services Program (CHSP) in the amount of $839,455. The grant would provide HUD funding to support four CHSP sites for a one-year period from January 1, 2019 through December 31, 2019. Based on that subsidy amount, the total CHSP budget for the program year would be approximately $2,145,060 including the HUD subsidy, participant fees, required local matching funds and in-kind contributions.

CHSP is licensed by the State as a "home management program" that combines affordable housing with non-medical services that help participants live independently and avoid unnecessary nursing home, group home or other placement. The PHA's contract with HUD authorizes up to 166 CHSP participants, but the budget actually supports approximately 125 participants. The PHA sets a target number for each of the four CHSP sites, and the actual number of persons served may be higher or lower during a month. All program participants have disabilities, are elderly and/or are in frail condition, so turnover occurs each month. CHSP and Rental Office staff continue marketing the program to maintain enrollment. During September 2018 a total of 112 clients were served by the program, including clients who were served on a temporary basis (rather than being enrolled for ongoing services).

CHSP provides case coordination, housekeeping, daily meals and monitoring plus other needed services to prevent institutionalization of frail elderly persons and persons with disabilities. Up to two meals are served daily, 365 days per year. Both meals are catered by Presbyterian Homes and Services' Optage Senior Dining Choices. The noon meal is provided to eligible CHSP participants under Title III of the Older Americans Act, and the evening meal is provided through the CHSP program. The current CHSP contract with Presbyterian Homes and Services runs through December 31, 2018. PHA staff are currently working with Presbyterian Homes to draft a new contract for continued meal service.

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

SITE	TARGET NUMBER SERVED	SEPT 2018 NUMBER SERVED (incl. Temps)
Ravoux	35	33
Edgerton	20	21
Iowa	35	31
Montreal	35	27
TOTAL	125	112

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

1. It establishes the subsidy request for the upcoming grant year. The subsidy request for Calendar Year 2019 is the same as the Calendar Year 2018 approved grant amount, as explained below.

2. It formally requests a one-year extension of the grant period, until December 31, 2018.

The proposed budget (Attachment 2) shows total expenditures of $2,145,060. The budget is balanced, with proposed revenues meeting anticipated expenditures.

Congress earmarks funds in each HUD Appropriations Act to continue funding existing CHSP programs. Typically HUD has approved one-year grant renewals with a modest increase above the funding level from the previous year (historically in the 2.0% range). HUD Field Office staff have indicated that no increase for CY 2019 has been approved, so PHA staff are submitting the request at the same funding level as Calendar Year 2018. There is no guarantee of long term CHSP funding, despite the program's success in providing needed services at reasonable costs since 1982.

As of March 31, 2018, the PHA has $164,599 in reserves from payments received from the Wilder Foundation on behalf of participants in Wilder's Assisted Living Program. The proposed budget requires $10,315 in supplemental income from this reserve account. This account grows at approximately $1,000 per month or $12,000 per year.

AJH

Attachments: Attachment 1 – HUD CHSP Budget Formula
Attachment 2 – Summary Budget (Grant Renewals CY 2019)
CHSP Enrollment History

HUD CHSP Budget Formula

Minimum fee contribution	10% of total budget
Maximum in-kind	10% of total match
Maximum administrative match	10% of total budget
Minimum local match	50% of total budget
Maximum HUD contribution	40% of total budget

Participants may not be charged more than the actual cost of the services, which now averages approximately $721 per month per participant (salaries, benefits, food, excluding matching and in-kind contributions).

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM **JON M. GUTZMANN**
EXECUTIVE DIRECTOR

REGARDING Draft Public Housing Agency Plan for PHA Fiscal Year 2020 and Draft Amendments to Agency Plan for FY 2019 Including RAD Details; Public Hearing; Deconcentration of Poverty Analysis

DATE October 24, 2018

Staff recommends Board approval for the following actions:

1. Preliminary approval of the draft Agency Plan and attachments for the next fiscal year, PHA FY 2020 (Federal Fiscal Year 2019), beginning April 1, 2019 (white paper);

2. Preliminary approval of the draft amendments to the HUD-approved Agency Plan for the current fiscal year (PHA FY 2019, beginning April 1, 2018), to provide more details of the pending conversions of public housing properties to Project-Based Rental Assistance (PBRA) under RAD, the Rental Assistance Demonstration (blue paper); and

3. Approval of the required "deconcentration of poverty" analysis, comparing average incomes at each of the four family housing developments (white paper).

The PHA will hold a public hearing on the Agency Plan on Tuesday, November 13, 2018 from 4:00 – 5:30 PM at the Neill Hi-Rise, 325 Laurel Avenue. At the hearing staff will summarize both the proposed updates to the Annual Agency Plan for the PHA's next fiscal year (PHA FY 2020) and the RAD amendments to the current Plan (PHA FY 2019). Staff will request final Board approval of the Agency Plan and amendments at the November 28, 2018 business meeting. The PHA's current approved Agency Plan is posted on the PHA's website, www.stpha.org.

On September 27, 2018 the St. Paul Pioneer Press published the PHA's notice announcing the date of the public hearing and stating that a draft Plan for next year and the details of the RAD amendments were available for review and comment. The draft Plan for next year is substantially the same as the approved Plan for the current year.

The amendment to the current approved Agency Plan provides details of the pending RAD conversion as required for the RAD Financing Plans for each of the projects (Asset Management Projects, AMPs). The conversions have been discussed at Board meetings and resident meetings beginning in 2017, and more details are coming into focus as staff works on the Financing Plans. Last year HUD approved the PHA's significant amendment to the Agency Plan for FY 2018 that summarized the RAD conversion, but without the specifics like the number of units by bedroom size at each AMP, etc. The recommended revisions to Agency Plan Attachment K provide those required details.

The addition to Plan Attachment K also notes that the PHA is replacing its business system computer software, entirely separate from the pending RAD conversions. As part of that process, and to facilitate the implementation of new software, the PHA may consider simplifying policies for waiting list preferences and unit assignment. If a major change in the policies is proposed, the PHA will involve the Resident Advisory Board (RAB) and other stakeholders in those discussions, and again follow the procedures for a significant amendment to the Agency Plan.

Members of the Resident Advisory Board (RAB) discussed the Plan updates in three meetings in August and September. Agendas and announcements of RAB meetings were mailed to the Hi-Rise Presidents Council, the City-Wide Residents Council, Section 8 representatives and Southern Minnesota Regional Legal Services (SMRLS).

<u>"Deconcentration of poverty."</u> Federal law requires each public housing agency to annually examine the average household incomes (adjusted for unit sizes) at each family housing development and across all family developments, to determine if there are "concentrations of poverty" which should be addressed. A summary of staff's latest deconcentration analysis is

attached. As in previous years, our analysis of average incomes showed relatively consistent incomes across developments, so there is no need for further analysis or corrective action.

FAH

Attachments: Draft Agency Plan for PHA FY 2020 and Attachments
Notice of Public Hearing on November 13, 2018
Deconcentration of Poverty Policy and Analysis
Family Income Trends
Draft RAD Amendment to Agency Plan for PHA FY 2019 (Version 3)

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS | **FROM** JON M. GUTZMANN, EXECUTIVE DIRECTOR

REGARDING Approval of Contract Settlement with AFSCME Local 1854 (American Federation of State, County and Municipal Employees)

DATE October 24, 2018

Staff requests Board approval of the tentative agreement on contract wages, the PHA's medical insurance contribution amount and other contract changes reached with Local 1854, American Federation of State, County and Municipal Employees (AFSCME) District Council 5, representing most of the PHA's clerical, technical and support staff (about 100 employees). AFSCME membership ratified the tentative agreement on September 25, 2018.

The tentative agreement covers the three-year period retroactive from June 1, 2018 to May 31, 2021 and includes salary increases effective June 1, 2018, June 1, 2019 and June 1, 2020, as well as the PHA's contribution amounts for medical insurance effective July 1, 2018, July 1, 2019 and July 1, 2020. The proposed contract language is as follows:

1. SALARY INCREASES

Staff proposes salary increases of 3.0% for the first year, 2.9% for the second year, and 2.9% for the third year, with an exception for employees in the A12 Band/Grade/Subgrade classification who would receive a 3.2% increase during the first year only. If approved, Article 11.3 of the AFSCME Agreement would be revised as follows:

> 11.31 On <u>June 1, 2018</u> the salary schedule published in Article 11.2 will be adjusted by increasing the salary range minimums and maximums and the value of all steps by 3.0%. On June 1, 2018 all regularly scheduled employees covered by this agreement whose salary is within the salary range will remain on the same step

and will receive a 3.0% salary increase. This brings the total aggregate salary increase to 3.0%.

On June 1, 2018, all regularly scheduled employees at the A12 Band/Grade/Subgrade classification, covered by this agreement whose salary is within the salary range will remain on the same step and will receive an additional 0.2% salary increase after the 3.0% salary increase has been applied to the value of each step. This brings the total aggregate salary increase for this group to 3.2%. [There are five (5) regular employees in this group.]

11.32 On June 1, 2019 the salary schedule published in Article 11.2 will be adjusted by increasing the salary range minimums and maximums and the value of all steps by 1.1%. On June 1, 2019 all regularly scheduled employees covered by this agreement whose salary is within the salary range will receive a 1.1% salary increase; and all regularly scheduled employees who have completed their initial probationary period will be moved to the next highest step (See Exhibit A [to the Contract] – Step Grid) after the 1.1% increase is applied. The value of each step increase is 1.8%, which brings the total aggregate salary increase to 2.9%.

11.33 On June 1, 2020 the salary schedule published in Article 11.2 will be adjusted by increasing the salary range minimums and maximums and the value of all steps by 2.9%. On June 1, 2020 all regularly scheduled employees covered by this agreement whose salary is within the salary range will remain on the same step and will receive a 2.9% salary increase. This brings the total aggregate salary increase to 2.9%.

The compensation exception during the first year of the agreement for all employees at the A12 Band/Grade/Subgrade was proposed by staff, and accepted by AFSCME, based on the following factors:

1) The 2018 "affordable housing wage" for the Minneapolis-St. Paul-Bloomington area is $20.94 per hour, as determined by the National Low Income Housing Coalition (NLIHC). The NLIHC releases an annual *Out of Reach* report that tracks the hourly wage that a person would need to make in order to spend no more than 30% of their monthly income on a two-bedroom home; and
2) The average hourly salary is $18.71 for all AFSCME employees at the A12 level. A 3.2% increase would bring the average salary for this group of employees closer to the "affordable housing wage" for our area.

The proposed compensation changes retroactive to June 1, 2018 would increase the annual payroll by approximately $169,902, for a new annual total of approximately $5,824,006 for AFSCME covered employees. The recommended second year increase (2.9%) for June 1, 2019 would add approximately $168,896 for a new annual total of $5,992,902. The recommended third year increase (2.9%) for June 1, 2020 would add about $173,794 for a new annual total of $6,166,696. The average pay for AFSCME covered positions is approximately $54,747/year ($26.32/hour) in the first year of this agreement, approximately $56,335/year ($27.08/hour) for the second year, and approximately $57,969/year ($27.87/hour) for the third year. All of these numbers are based on a salary snapshot as of May 31, 2018 when the most recent AFSCME agreement expired.

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

2. PHA CONTRIBUTION TOWARD MEDICAL INSURANCE

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

- On July 1, 2018, the PHA will retroactively increase its employer contribution by 3.5%. This increase will be added to the base amount the PHA pays retroactive to July 1, 2018.
- On July 1, 2019, the PHA will increase its employer contribution by 3.5%. This increase will be added to the base amount the PHA will pay effective July 1, 2019.
- On July 1, 2020, the PHA will increase its employer contribution by 3.5%. This increase will be added to the base amount the PHA will pay effective July 1, 2020.

Blue Cross/Blue Shield increased the cost for medical insurance premiums approximately 9% effective July 1, 2018, and has a rate cap of 10% for July 1, 2019.

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

<u>July 1, 2018:</u>

- $807 for single coverage (up from $779)
- $1,266 for single plus 1 coverage (up from $1,223)
- $1,445 for family coverage (up from $1,396)

<u>July 1, 2019:</u>

- Single: $836
- Single +1: $1,311
- Family: $1,496

<u>July 1, 2020:</u>

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

These recommended increases would continue the PHA's pattern of increasing its contribution to employees' medical insurance costs by 3.5% each year, as first approved by the Board in 2011. Blue Cross/Blue Shield did not increase the insurance premiums that year but the PHA nevertheless committed to a 3.5% increase in its contribution, with the intent of leveling out its annual cost increases rather than changing each year as premiums changed by varying amounts. A 3.5% increase for AFSCME would be consistent with the 3.5% increase recently approved by the Board at its August 22, 2018 meeting for the Supervisory & Confidential employee group. The attached table shows the history of premium increases and PHA contributions.

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

Using the June 2018 medical insurance census data, the annualized cost increase for the Agency's contribution for the AFSCME employee group is approximately $41,172, for a total Agency cost of approximately $1,070,316 for AFSCME medical insurance premiums from July 1, 2018 to June 30, 2019. The Operating Budget approved by the Board on March 28, 2018 includes the necessary funds to cover this cost during this fiscal year.

3. OTHER ADMINISTRATIVE CHANGES

In addition to the previously outlined changes to salaries and health insurance, staff are also recommending the following changes:

1) **Fair Share (Article 3.2):** On June 27, 2018 the United States Supreme Court invalidated provisions in collective bargaining contracts that required employees who are not members of a union to contribute a "fair share" fee to the union representing their work group. (*Janus vs. AFSCME*) The PHA ceased collecting fair share fees from non-members of AFSCME Council 5 after receiving notice of this decision. Staff are recommending removal of this article to reflect that change.

2) **CHSP Holiday Pay (Article 10.6):** AFSCME proposed, and staff are recommending, increasing the current additional hourly amount that CHSP employees are paid to work on Thanksgiving Day and Christmas Day from an additional $4.00 per hour to an additional $6.00 per hour.

3) **"On Call" Pay (New Article 11.13):** AFSCME proposed, and staff are recommending, new contract language to include an "on call" pay provision for AFSCME employees who are

required to carry (and answer) the “on call” cellphone for an assigned period outside of normal business hours.

History: All Assistant Housing Managers are required to be on call for a minimum of one week per year. Each assignment is typically for one consecutive seven-day period (Friday at 4:30 PM until the following Friday at 8:00 AM). Under the previous AFSCME contracts, on call employees received no additional compensation for carrying the phone or answering phone calls after hours. If the employee was called back to a PHA site then he or she would receive straight pay as exempt employees.

The proposed agreement provides additional compensation as listed below for AFSCME employees during their on call assignment for carrying the phone, answering all calls received while off duty, and performing any other related PHA work that does not involve a call back to the site.

- Retroactive to June 1, 2018, employees working on call will be paid at a weekly rate of $196.00 per week [in addition to the employee’s regular salary];
- Effective June 1, 2019, employees working on call will be paid at a weekly rate of $224.00 per week;
- Effective June 1, 2020, employees working on call will be paid at a weekly rate of $252.00 per week; and
- Any assignment of less than seven consecutive days will be compensated for each day at the rate of 1/7th of the weekly rate.

The estimated additional cost to the PHA for this new provision would be $7,448 in 2018, $8,512 in 2019 and $9,576 in 2020. The PHA has a similar provision for employees in the City Employees’ Union Local 363 bargaining group who are required to be on call.

4) **Parking/Transportation Allowance (Article 11.83)**: AFSCME proposed, and staff are recommending, increasing the parking/transportation allowance for employees assigned to work at a downtown location and who do not receive parking provided by the PHA. The proposed increases are as follows:

- Effective the first of the month following ratification of this contract, increase the parking allowance from $55.00 per month to $60.00 per month; and

- Effective the first of the month following ratification of this contract, increase the allowance for public transportation/metro mass transportation passes from $60.00 per month to $65.00 per month.

5) **Eligibility for Promotion or Transfer (Article 16.5)**: Staff proposed, and AFSCME agreed to, the following requirement for AFSCME employees interested in applying for open positions that would result in either a promotion or transfer:

   "An employee who has received one written disciplinary action within the last one year (365 calendar days) shall not be eligible for a promotion or transfer."

6) **Titles of Job Classifications by Band/Grade/Subgrade**: During the past three years the Board has approved the creation of two new positions (Housing Choice Voucher Specialist and Rental Office Specialist), and one position reclassification (Accounting Specialist). The *Titles of Job Classifications by Band/Grade/Subgrade* listing has been updated to reflect these previously approved changes.

In the attached draft AFSCME Agreement, the proposed new hourly rates, medical insurance, and other language changes are double-underlined and deletions are ~~interlined~~.

ANH/MGB/AAG

Attachment: Health Insurance Increases 1996-2018
April 2018 Compensation Survey
Proposed AFSCME Agreement Language Changes

SUMMARY OF AFSCME HEALTH INSURANCE INCREASES

Proposed

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

Actual

YEAR	**PREMIUM INCREASE**	**PHA INCREASE**	**EMPLOYEE INCREASE**
2018	9%	3.5% (Proposed)	
2017	3% decrease	3.5%	
2016	No increase	3.5%	
2015	No Increase	3.5%	
2014	5%	3.5%	
2013	12%	3.5%	PHA to contribute one time only – July 1, 2013 – June 30, 2014 an additional $100 per month for FT employees and $75 per month for PT employees
2012	7.2%	3.5%	Varies by option and type
2011	0%	3.5%	<3.5%>
2010	9%	9%	9%
2009	13%	12%	14%
2008	7%	2.5%	Varies by option
2007	7.5%	7.5%	7.5%
2006	7.13%	7.13%	7.13%
2005	0%	0%	0%
2004	5.27%	4.99%	6.41% ($330/60% dependent coverage
2003	9.71%	5.82%	28.06% ($315/60% dependent coverage)
2002	8.2%	8.2%	($315/60% dependent coverage)
2001	15.4%	15.4%	($295/60% dependent coverage)
2000	24.33%	24.33%	($255/60% dependent coverage)
1999	20%	20%	($245/60% dependent coverage)
1998	5.12%	5.12%	($225/60% dependent coverage)
1997	9.9%	9.9%	($215/60% dependent coverage)
1996	6%	6%	($215/60% dependent coverage)
Average for 23 years: 1996-2018	**177.76 / 23 = 7.73%**	**165.89 / 23 = 7.21%**	

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM **JON M. GUTZMANN**
EXECUTIVE DIRECTOR

REGARDING Section 8 Housing Choice Voucher Program; Increase Payment Standards

DATE October 24, 2018

Staff requests Board approval of Resolutions No. 17-10/25-1 and 17-10/25-2 to increase the payment standards for the Housing Choice Voucher (HCV; Section 8) Program. The payment standards are contained in the Admission and Occupancy Policies, which is an attachment to the Agency Plan. If approved, the higher payment standards would take effect on November 1, 2018 for new HCV participants and current participants who move to new units, and January 1, 2019 for current participants with annual recertifications of eligibility on or after that date. The Board last approved increasing the payment standards on October 25, 2017.

Increasing Housing Choice Voucher Payment Standards. The PHA's current and proposed payment standards are as follows:

	0 BR	**1 BR**	**2 BR**	**3 BR**	**4 BR**	**5 BR**	**6 BR**
1. Current Payment Standards	$711	$864	$1,089	$1,438	$1,775	$2,041	$2,307
2. FMR Increase Percentage	7.3%	5.9%	5.7%	5.8%	6.1%	6.1%	6.1%
3. Payment Standard Increase Percentage	8.3%	7.9%	6.7%	7.8%	7.1%	7.1%	7.1%
4. Proposed Payment Standards	**$770**	**$933**	**$1,162**	**$1,554**	**$1,903**	**$2,188**	**$2,474**
5. Percentage of New FMR	101%	102%	101%	95%	99%	99%	99%

The proposed increase in payment standards is based on new Fair Market Rents (FMRs) from HUD that are effective for the new federal fiscal year beginning October 1, 2018 (FFY 2019). HUD regulations allow housing authorities to set their payment standards between 90% and 110% of the FMRs to meet the particular local jurisdiction's market needs and demands. The fair markets for the region increased by a large amount for this current fiscal year, reflecting the high demand and low vacancy renters are experiencing throughout the metro-area. For a number of reasons explained below, staff are recommending payment standard increases that match the rate of the large fair market rent increase, plus an additional 1% in all categories except the 1BR and 3BR categories, which will see an additional 2% increase.

Staff estimates that the maximum potential impact of the recommended payment standard increases could be approximately $1.1 million for 2019 (calendar year), added to the annual cost of the Housing Assistance Payment (HAP) subsidies paid to property owners of approximately $37 million. The annualized additional cost beginning in 2020 would be approximately $2.25 million, and staff expects that the funding levels will increase to meet some or most of this increased cost.

The PHA also currently has approximately $3 million in HAP reserves, which can only be used for unfunded (but obligated) HAP subsidy payments. Since HUD's Fair Market Rent is based on aged information, spending available reserves is intended, in part, to allow the PHA to promptly meet the unique market demands of their region. Spending some of the reserves can also benefit the PHA in a couple ways. First, higher spending in one year increases the budget renewal figure for the following year. Second, "excess" reserves are at risk of being recaptured by HUD or offset against the PHA's annual budget authority. Currently HUD does not define a threshold for "excess" HAP reserves.

The estimated annualized cost of the higher payment standards does not take effect until/unless a participating owner asks for a rent increase. HUD regulations require the PHA to approve reasonable rent increases when requested by owners. Staff responsibly manages these transactions, reviewing comparable units in the building and throughout St. Paul, and will grant increases if the requested rent is reasonable considering the rental unit's location, size, age, condition, amenities, etc. Staff tracks the rent increases that are granted every year, and the annualized estimate is based on this historical information.

Background: Payment Standards. The Section 8 payment standards establish the maximum subsidy amount that the PHA can pay for each size of rental unit (by number of bedrooms). The participant pays 30% of monthly adjusted income (minus utility allowances for tenant-paid utilities) towards their rent and the PHA pays the difference up to the "contract rent" (the rent amount stated in the lease) or the payment standard, whichever is lower. If the contract rent plus the utility allowance exceeds the payment standard, the tenant pays any additional costs over the payment standard (subject to the PHA's determination that the rent is reasonable for the unit).

Current Rent Burden and Shopping Success. HUD requires housing authorities to evaluate their payment standards as part of the annual SEMAP certification. Part of that evaluation is to determine the number of families who are "rent-burdened", meaning that they are paying more than 30% of monthly adjusted income toward their share of rent. If more than 40% of families in a particular unit size are rent-burdened, HUD can require the housing authority to raise their payment standards. When staff analyzed the rent burdens of current voucher participants this month, 1010 families were paying more than 30% of their adjusted income for rent (compared to 791 last year).

While each of the bedroom payment standards was increased by the rate of the Fair Market Rent increase, plus an additional 1%, the 1BR and 3BR were increased by an additional 2% beyond the FMR rate increase. Prior to this proposed increase, the rent burden range is anywhere from 30 to 40% based on the unit size, with 1BR and 3BR voucher clients showing the highest rent burden. Out of the 1,243 1BR voucher-holders renting 1BR voucher units, 484 (39%) were paying more than 30% of their income towards their rent. Out of the 535 3BR voucher-holders renting 3BR units, 212 (40%) were paying more than 30% of their income towards their rent. The remaining bedroom sizes range currently from 30-38%, which is the highest it has been sine at least 2014. Increasing the payment standards as recommended would reduce the number of all families paying more than 30% of income.

Another test of the adequacy of payment standards is the "shopping success rate" of voucher holders who are shopping for a unit to rent. The shopping success rate of all new participant families and "movers" from April through September of this year was 74%, based on 380 vouchers that were successfully leased up (counting both newly-issued vouchers and households moving between units) and 133 vouchers expired. Though this rate is consistent with the success rate at this time last year, in earlier years the shopping success rate was generally in the low 90% range. There has been a steady decline since April, with leasing percentages then being approximately 86%. In September, they have reduced to 65%. Increasing the payment standards as recommended would increase the shopping success rate.

"40% Affordability Limit". When a voucher participant first moves into a rental unit, the families' total payment is limited to 40% of their monthly adjusted income, but there is no such restriction thereafter. That "40% affordability limit" is currently preventing many voucher holders from leasing new units in the current tight rental market with rising rents. Raising the payment standard will make more units in more locations affordable for voucher holders.

Fair Market Rents. Despite its terminology, HUD does not dictate to the rental housing market what the "fair" market value of a unit is. The FMR is simply a reference point used to define subsidy limits for the Section 8/Housing Choice Voucher program and other HUD subsidy programs. It is statistically derived from surveys of large numbers of "standard" rental units in the private market from approximately three years ago, excluding new and luxury units, and then updated using various trending estimates. HUD adjusts the FMRs annually for inflation and other factors. For the Twin Cities metropolitan area, HUD now sets the FMR at the 40th percentile of rents, meaning that 40% of standard rental units have rents including utilities at or below that amount. The PHA can set its payment standards between 90% and 110% of the FMR's.

The FFY 2018 and 2019 Fair Market Rents are as follows:

	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	6 BR
FFY 2017 Fair Market Rents (FMRs)	$711	$864	$1,089	$1,547	$1,812	$2,083	$2,355
% increase in FMRs	7.3%	5.9%	5.7%	5.8%	6.1%	6.1%	6.1%
New FMRs for FFY 2018	$736	$915	$1,151	$1,636	$1,923	$2,211	$2,499

This year's increase is higher than usual, nearly exceeding the previously high FMR increase of 6.25% from FFY 2017. The increase for FFY18 was small, with an average of only .7%.

Increasing Payment Standards: Cost Impact on participants and the PHA. Higher payment standards mean that some voucher participants will pay a smaller portion of the rent than currently, and the PHA will pay more. There will be variations among units, as explained below.

- For units with gross rent (the contract rent stated in the lease plus any utility allowances) that is at or below the current payment standard, a higher payment standard does not change the tenant's payment or the PHA's payment. The voucher participant will pay the same amount of rent to the property owner (30% of adjusted income), and the PHA's Housing Assistance Payment (HAP) to the owner will stay the same. However, if the owner requests and the PHA approves a rent increase above the old payment standard, the PHA will pay more subsidy (HAP).

- For units with gross rent higher than the current payment standard, the PHA will pay a higher subsidy (HAP) when the payment standard increases. The tenant will pay a smaller portion of the rent to the property owner.

- Staff expects that property owners would request approval for rent increases to bring the gross rent up to the payment standard. All rent increases must meet the PHA's rent reasonableness criteria. In a year of a higher payment standard increases, staff may not be able to grant the full amount of owner requests for an increase unless they can be shown as reasonable.

Raising the payment standards helps families with vouchers who are searching for a unit by giving them more access to units that have somewhat higher rents, allowing greater choice and mobility.

DJM

Attachment: Resolutions No. 17-10/25-1 and 17-10/25-2
2017-18 Section 8 Payment Standards and Utility Allowances

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS		**FROM**	**JON M. GUTZMANN** **EXECUTIVE DIRECTOR**
REGARDING	Catholic Charities Mary Hall Section 8 Moderate Rehabilitation Single Room Occupancy (SRO) Project; Support Mutual Termination of HAP Contract	**DATE**	October 24, 2018

Staff requests Board approval of Resolution No. 18-10/24-5 to mutually terminate the HAP contract with an effective end-date of November 30, 2018, ending the PHA's administration of rental assistance for 75 Moderate Rehabilitation Single Room Occupancy (Mod Rehab SRO) units for the current Mary Hall building, located at 438 Main Street in St. Paul. Catholic Charities intends to convert the units to Project-Based-Rental-Assistance under the Rental Assistance Demonstration (RAD) Program.

The PHA previously indicated support for the conversion in a report and resolution dated May 25, 2017 (attached). On March 28, 2018, the PHA executed an annual renewal contract to continue Housing Assistance Payments and Administration, effective April 1, 2018 and continuing through March 31, 2019. In its letter dated October 10, 2018, Catholic Charities requests that the PHA "mutually agree to terminate the Mod Rehab contract as necessary to enter into the new…PBRA contract." They note they have received preliminary HUD approval for the RAD conversion, and that the new PBRA contract between Catholic Charities and HUD is scheduled to be effective December 1, 2018.

Staff inquired about replacement subsidies for this project, to preserve the affordable housing opportunities that are effectively administered by the PHA. HUD declined the request.

However, the assistance for the 75 units under this contract will be preserved by HUD under a new PBRA contract with Catholic Charities.

DJM

Attachment: Resolution No. 18-10/24-5
Board Report and Resolution May 24, 2017
Catholic Charities Letter to PHA dated October 10, 2018

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

RESOLUTION NO. 18-10/24-5

MARY HALL SECTION 8 MODERATE REHABILITATION SINGLE ROOM OCCUPANCY PROJECT; SUPPORT FOR CONVERSION UNDER RENTAL ASSISTANCE DEMONSTRATION

WHEREAS, the Public Housing Agency of the City of Saint Paul (PHA) applied to the U.S. Department of Housing & Urban Development (HUD) in 1989 for a grant under the Section 8 Moderate Rehabilitation Single Room Occupancy Program (Section 8 Mod Rehab SRO) to provide rental assistance to 75 units at Mary Hall, 438 Main Street in St. Paul, in cooperation with Catholic Charities of St. Paul and Minneapolis; and

WHEREAS, HUD awarded the requested grant for the project (MN46 K001-006-01) and since then Catholic Charities has managed and maintained the SRO units at Mary Hall, providing safe, affordable housing for formerly homeless single adults with very low incomes; and

WHEREAS, the PHA has managed the HUD grants and contracts for the Mary Hall SRO units, providing a range of administrative and financial services to comply with all HUD requirements; and

WHEREAS, Catholic Charities has submitted an application to HUD under the Rental Assistance Demonstration (RAD) program, to convert the Mod Rehab SRO rental subsidies (Housing Assistance Payments/HAP) for the 75 units at Mary Hall to another form of rental assistance to support the same number of units for the same population at Catholic Charities' new building (St. Paul Opportunity Center/Dorothy Day Residence) when the new building is completed; and

WHEREAS, after the conversion Catholic Charities will assume full responsibility for managing the HAP subsidies and the property; and the PHA would have no further responsibility for the project; and

WHEREAS, Catholic Charities has committed to provide continuous housing assistance to all individuals residing in the Mary Hall SRO; and

WHEREAS, Catholic Charities has asked the PHA to mutually agree to an early termination of the current HAP contract; and

WHEREAS, the Board of Commissioners finds that the proposed RAD conversion of the Section 8 Mod Rehab SRO units at Mary Hall to support new units at Catholic Charities' St. Paul Opportunity Center/Dorothy Day Residence is in the best interests of the PHA, the residents of Mary Hall and the community;

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

1. The PHA supports Catholic Charities' application to HUD under the Rental Assistance Demonstration (RAD) to convert the 75 units currently subsidized under the Section 8 Moderate Rehabilitation Single Room Occupancy Program, and to provide continuous assistance to current Mary Hall residents; and

2. The Executive Director or his designee is authorized and directed to prepare and submit an agreement to mutually terminate the existing HAP contract as requested by Catholic Charities, and to prepare and submit such additional documentation and data as required by HUD in support of such termination; and

3. The PHA Plan is hereby amended accordingly.