

PHA OVERVIEW and HOUSING POLICY ISSUES

FEBRUARY 23, 2005

Jon Gutzmann, PHA Executive Director

Saint Paul PHA Mission



The PHA helps families and individuals with low incomes achieve greater stability and self reliance by providing safe, affordable, quality housing, and links to community services.

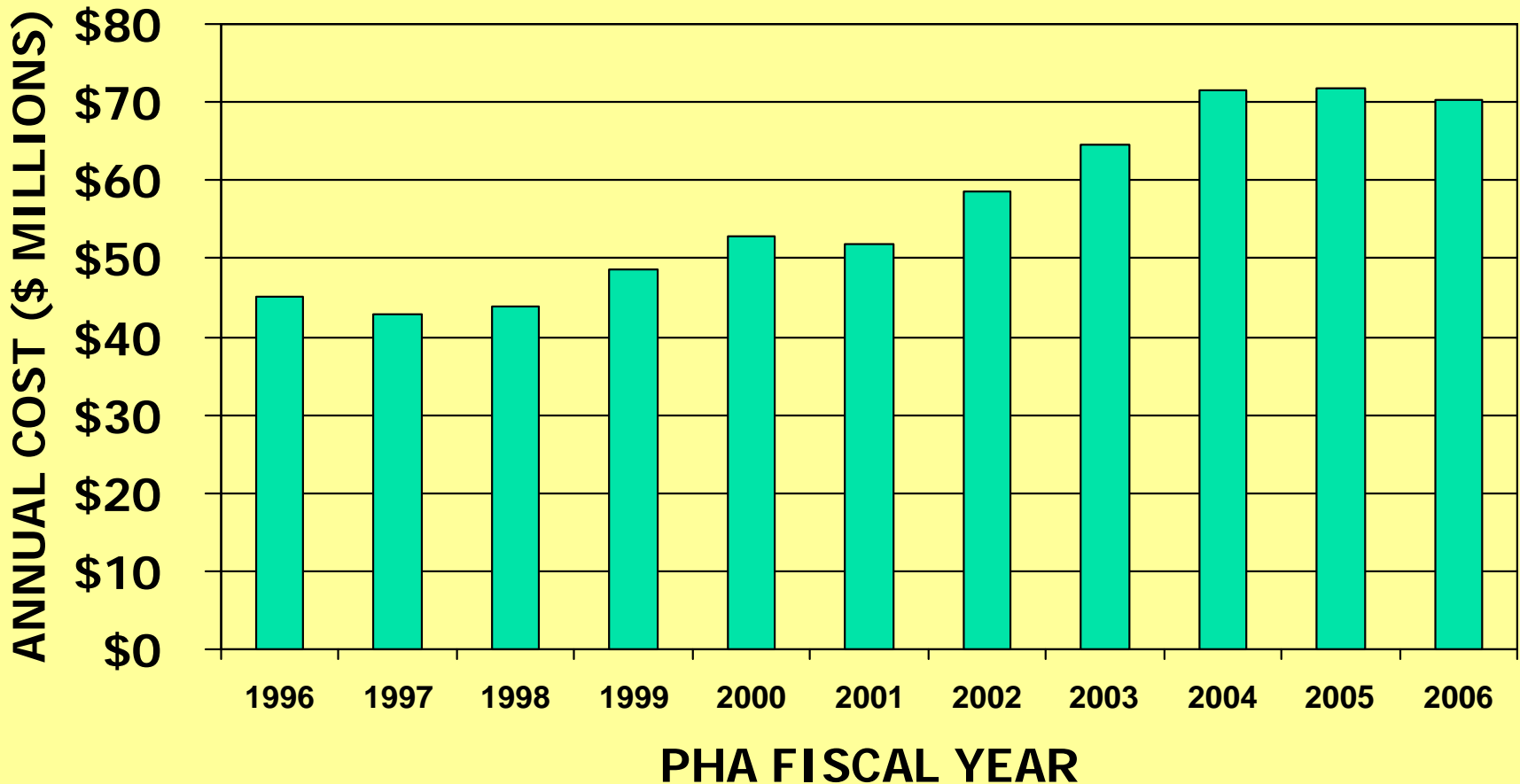


PHA's Three Major Programs

- Public Housing
- Capital Fund
- Section 8 Housing Choice Vouchers
- Providing over 8,000 units of affordable housing to over 20,000 people



PHA Federal Programs: Total Expenses





Valley Hi-Rise



Neill Hi-Rise



Ravoux Hi-rise

Montreal
Hi-Rise

**2548 HI-RISE
UNITS**





Roosevelt Homes



Dunedin Terrace

**1710 FAMILY
UNITS**



McDonough Homes



Mt. Airy Homes

16 Hi-Rises

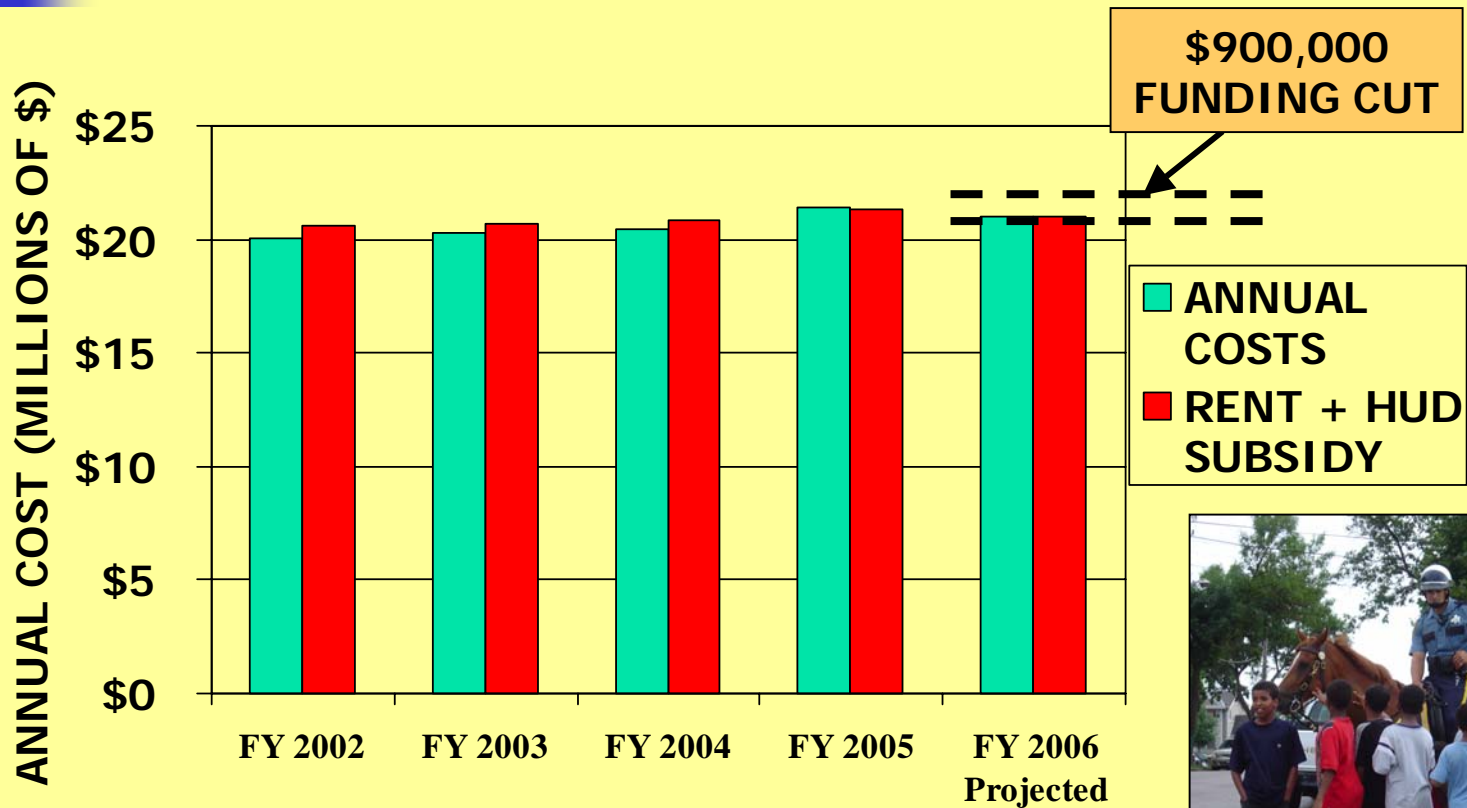
4 Family Developments

● **414 Scattered Site Homes**

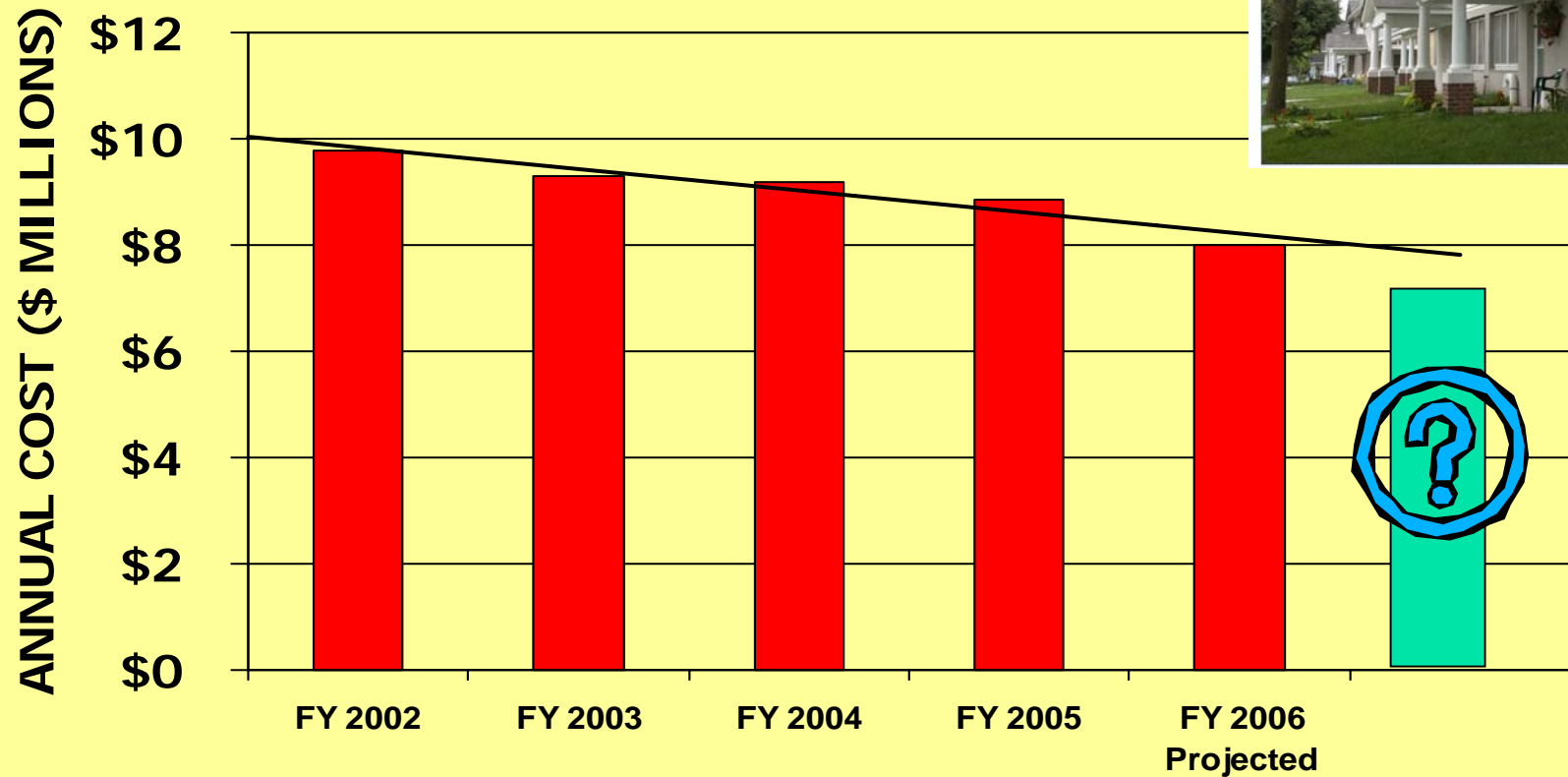
The insured value of the PHA's property is \$365 million.



Public Housing Program: Operating Subsidies Cut



Public Housing Program: Capital Funding Cut

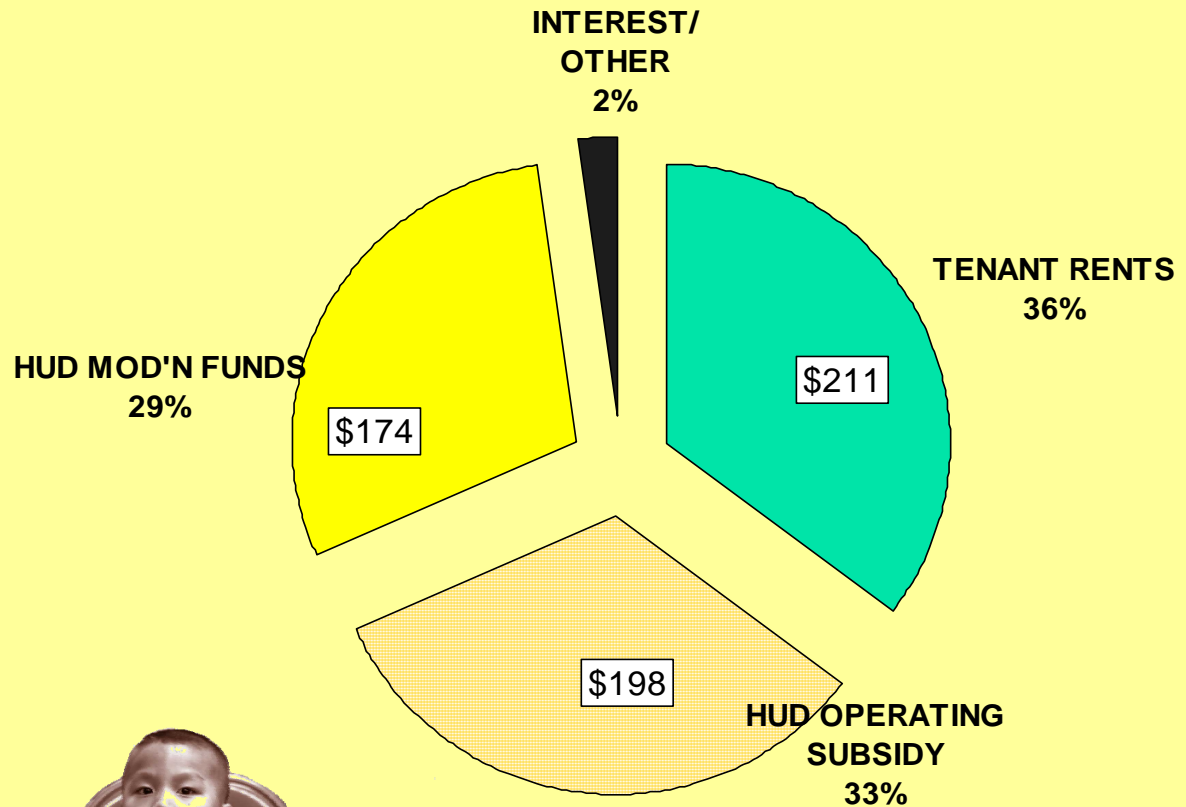


"Sources & Uses" of Public Housing Funding

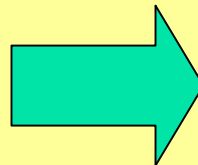
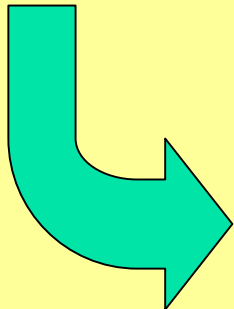
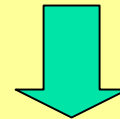
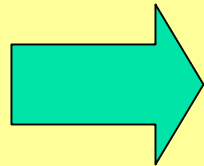


Operating Costs:
Approx. \$423
Per Unit-Month
in FY 2005

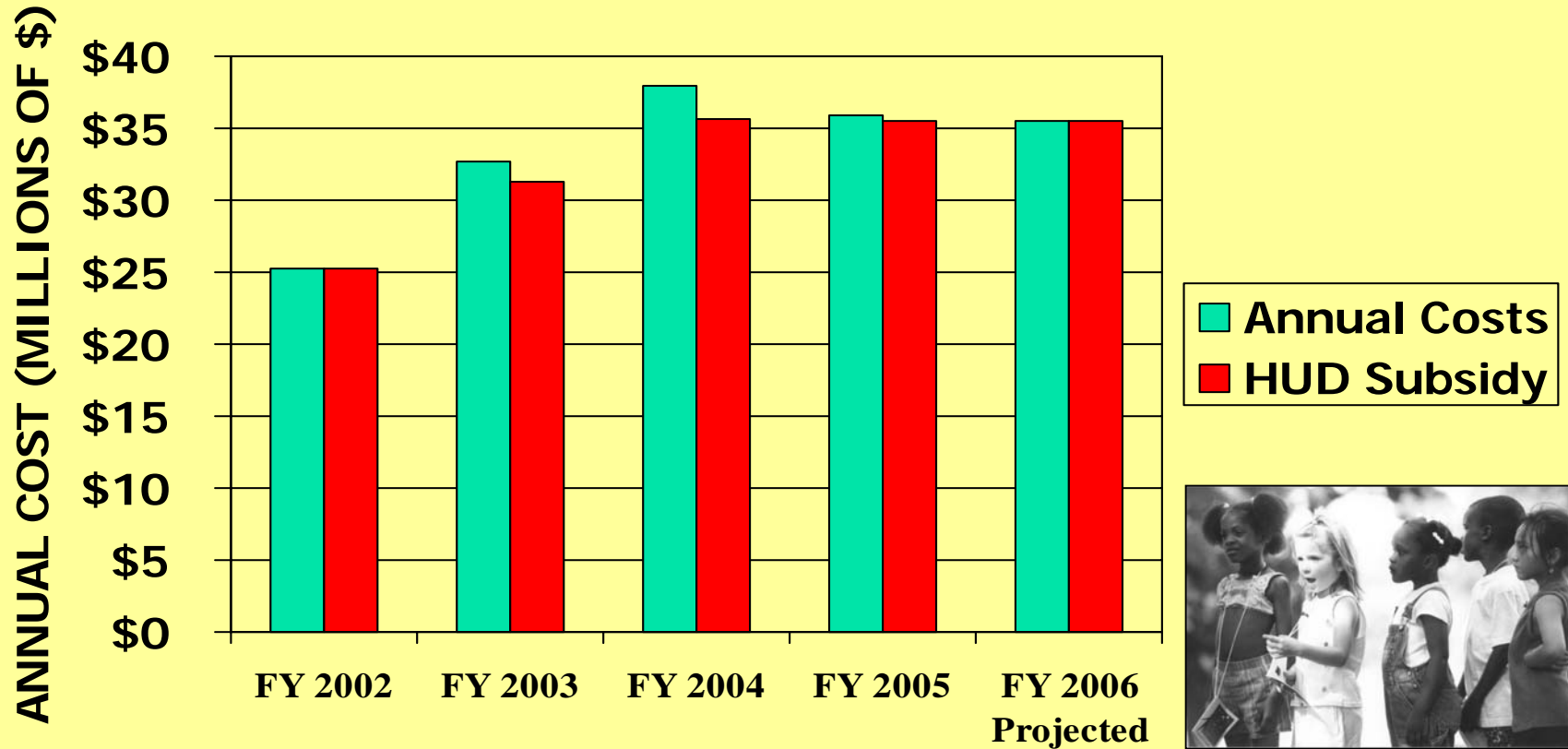
Total Costs
Including Mod.
Approx. \$597
Per Unit-Month



SECTION 8 VOUCHERS: Federal Subsidies to Owners



Voucher Program Costs Rise; Now Subsidy Is Lower





VOUCHER COST REDUCTIONS eff. Sept 2004

To reduce voucher costs and to reflect the lower market rents, the PHA:

- Reduced all rents (Contract Rents) by 7% and
- Reduced all subsidy limits (Payment Standards) by 7%, to 93% of the "Fair Market Rents"
- Suspended rent increases (ongoing)

Future PHA Policy Issues



- Major change in public housing operating subsidies:
 - Project-Based accounting and management, beginning 2006/2007?
 - Funding based on FHA and private models
- Reduced Capital Funding
 - Ability to modernize to our high standards and preserve the \$365 million asset?

Future PHA Policy Issues



- Future of Section 8 Vouchers
 - Block grants, lower grants?
 - Flexible Voucher Proposal?
Deregulation and the positives and negatives of more “local control”
 - Rent Simplification Proposal (simplify rent calculations while keeping rents affordable and rewarding work)

Future PHA Funding Issues



- MAJOR funding cuts for housing programs are proposed in the Bush Administration's FY 2006 budget:
- Calendar 2005: 89% of full funding for public housing (\$900,000 cut and reduction in staff to 1992 level)
- Calendar 2006: 80% of full funding?

PHA Response to Funding Cuts

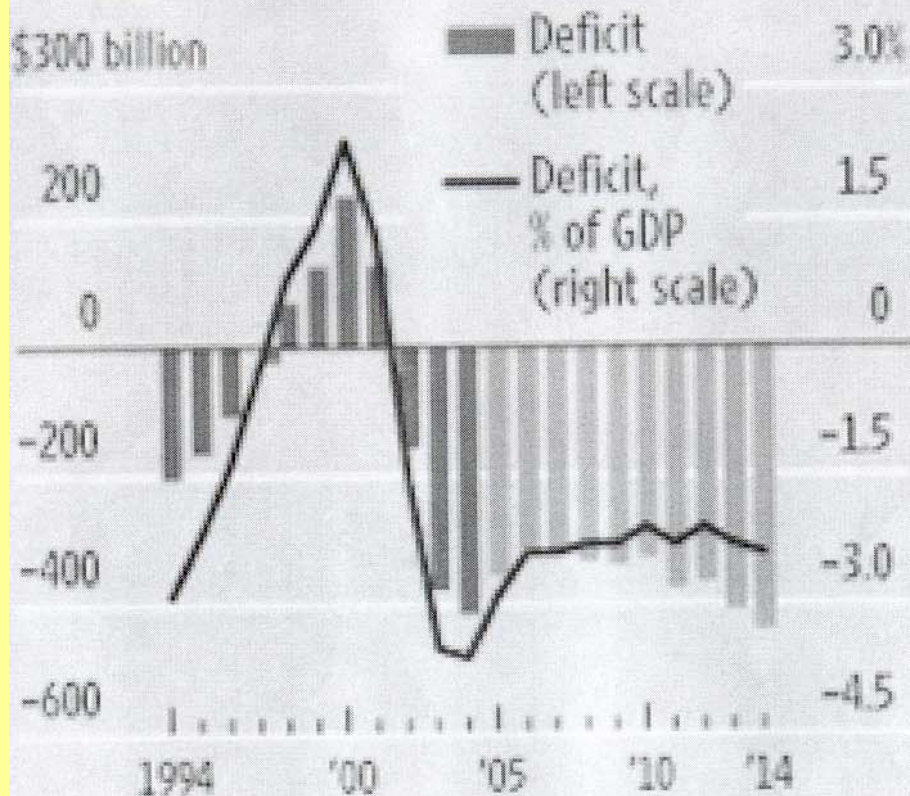


Fight to preserve this federally funded safety net resource:

- Public Housing is 1% of Housing Supply in America
- More a matter of will than resources (tax cuts vs. programs)
- Non-domestic discretionary expenses bear the brunt of cuts

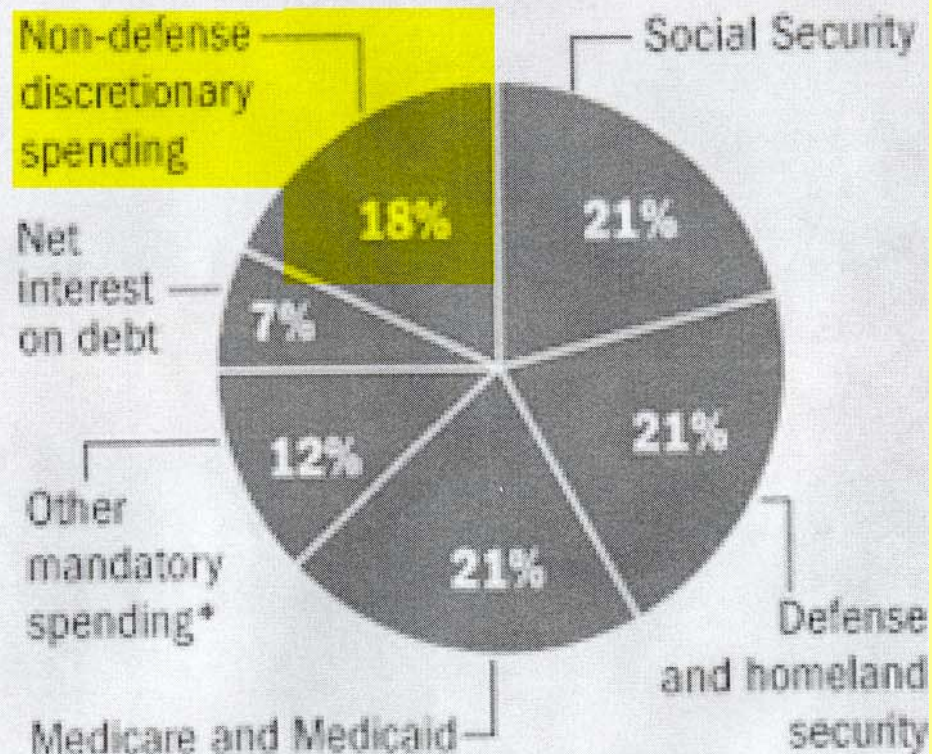
Guns and Butter

The federal budget deficit in billions of dollars and as a percentage of gross domestic product.



Note: The figures for 2005-2014 are projections, which assume: Bush tax cuts are extended, alternative minimum tax is changed, spending on Iraq and Afghanistan tapers off and other spending follows Bush requests.

Where the \$2.3 trillion 2004 federal budget was spent.



*Includes welfare, unemployment compensation, farm subsidies and federal civilian and military retirement benefits.

Source: Congressional Budget Office

PHA Response, Cont'd



- With declining federal funding, PHA must look for entrepreneurial opportunities, but some are "one time:"
- Sell excess land (as we did last year which allowed Habitat to build 30 homes, new plans being explored)
 - Sell some scattered site homes (only if we can replace with new project-based vouchers or other public housing units)

PHA Response, Cont'd



- Concentrate on core programs, transition from others, such as jobs programs
- Expand partnerships with community organizations for production and preservation
- Provide fee management services (active exploration with three entities)
- Rent office space to commercial tenants



New PHA Central Administrative Office Building at 555 N. Wabasha

- Brings 35 new jobs downtown
- Helps fund homeownership program, etc
- MPR developing old site

Comments and Recommendations

- PHA appreciates cooperative relationships with City Council, Mayor, City Departments
- Thanks to Chief Harrington and SPPD for ACOP and OIR support
- Thanks to Chief Holton, Fire Marshal Zaccard for life-safety and code compliance assistance
- Thanks to Susan Kimberly and all PED staff for joint work on Housing Plans, PBA, etc.



Housing 5000 Postscript

- PHA's "Project-based Assistance" supported 284 affordable units, including 144 units of supportive hsg.
- PHA will provide more PBA if we get additional vouchers
- Our investment preserving affordable housing:
 - \$6.8 million in 2004
 - \$9.5 million in 2003
 - \$9.1 million in 2002



Going Forward

- We will join the fight to preserve CDBG
- We need your help: “Save CDBG” should not mean “Cut Public Housing and Section 8” as we fear
- We will support new production goals
- Critical that we preserve the affordable housing supply in city and region despite the challenges ahead

