

Save Public Housing? Why? How?

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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: All Federal Funding from HUD

1. Public Housing
(Operating Fund)
2. Capital Fund
3. Section 8/ Housing
Choice Vouchers



Designated "High Performer" PHA for 17 consecutive years; providing 8000+ affordable homes to over 20,000 people.

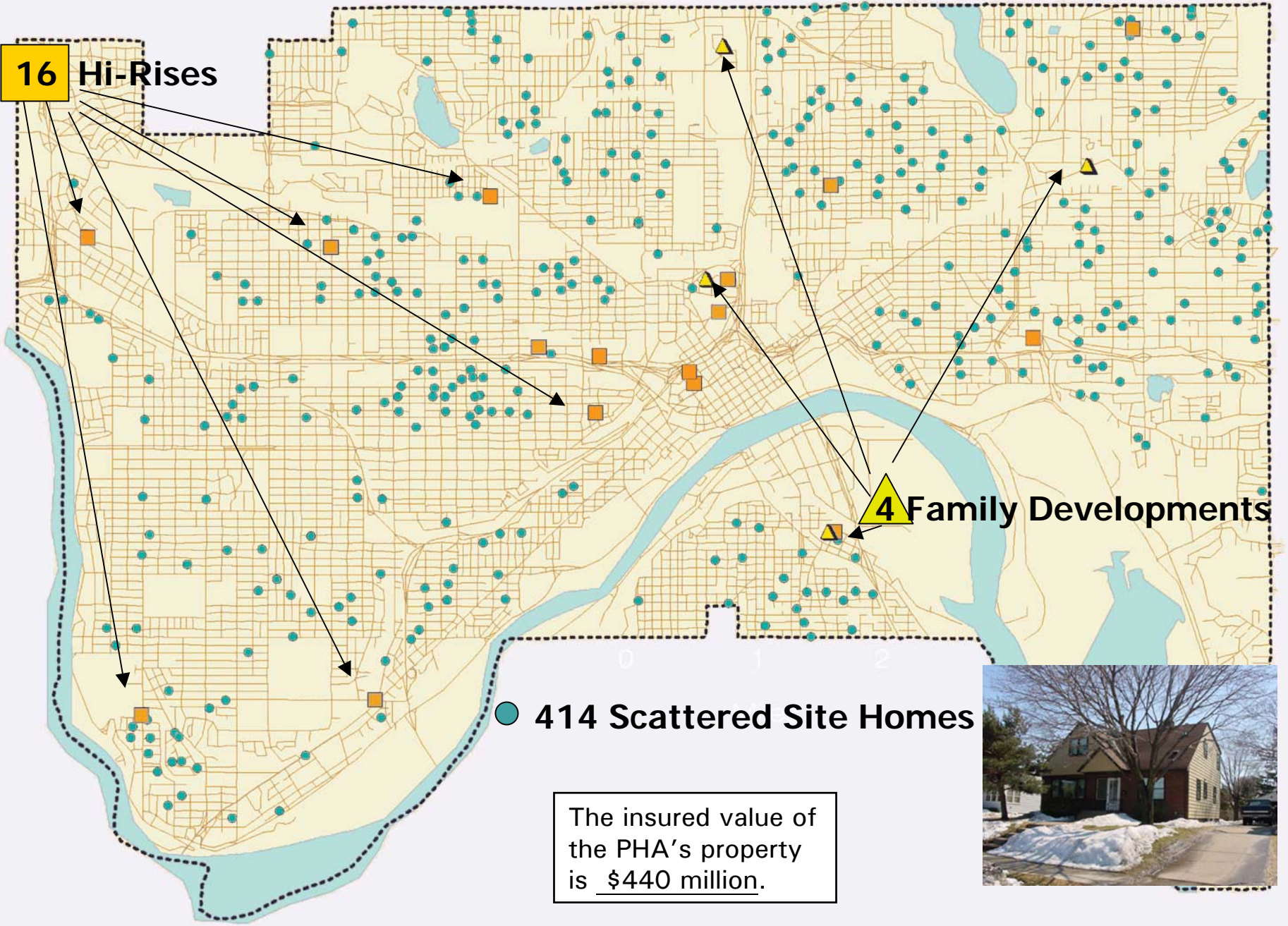
What is the Saint Paul PHA?



- A **“Landlord”**:

The PHA owns and manages 4258 houses and apartments for low income people.





16 Hi-Rises

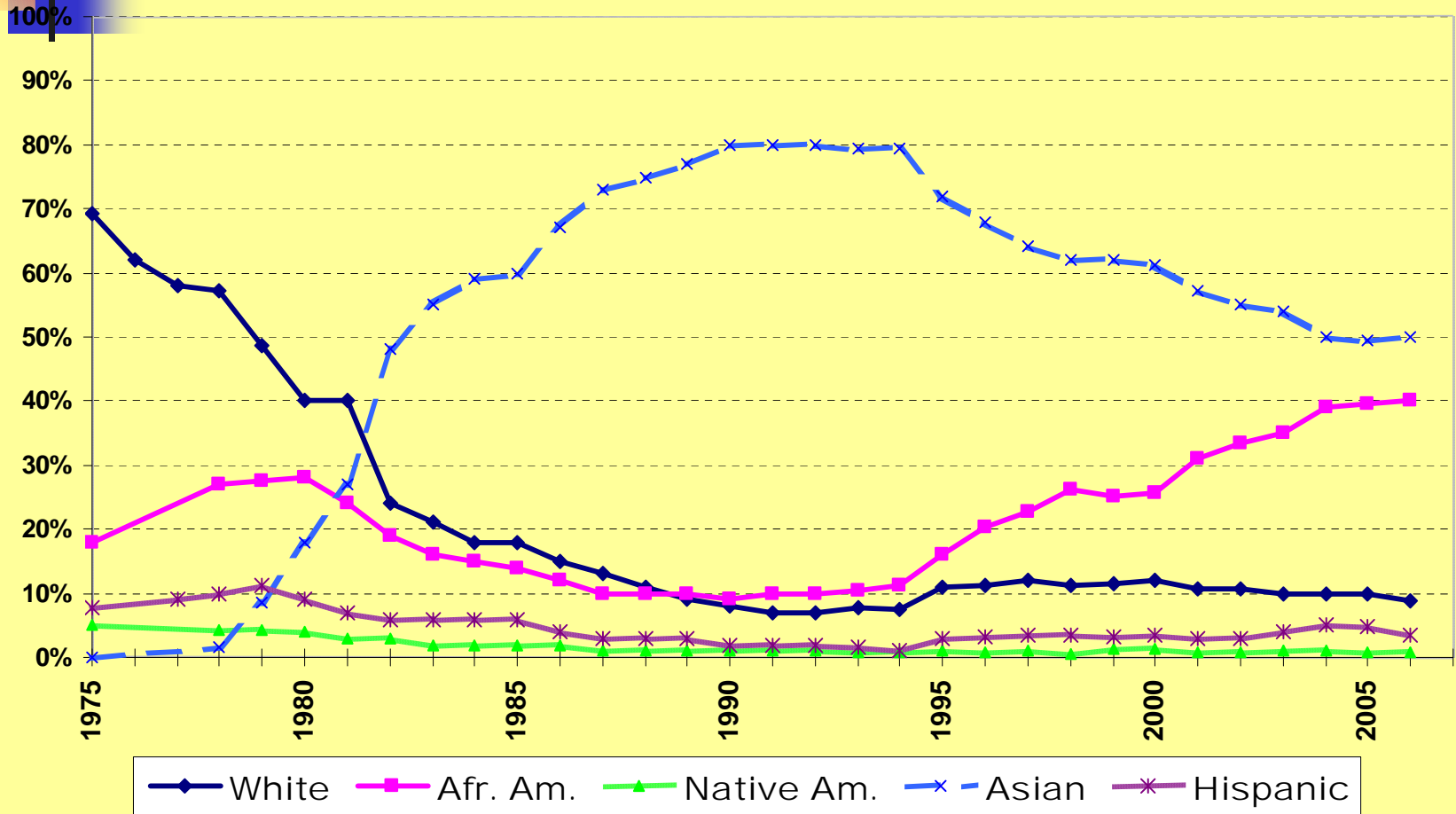
4 Family Developments

● 414 Scattered Site Homes

The insured value of the PHA's property is \$440 million.



PHA'S FAMILY PUBLIC HOUSING: Home to Existing and New Minnesotans: 1975 - 2006



Public Housing Myths



- “It’s mostly single moms with kids”
 - **Fact:** 59% of all public housing heads-of-household are either elderly or disabled: 74% in hi-rises; 39% in family developments.
- “People stay forever”
 - **Fact:** The average length-of-stay is around 6 years
- “Everyone’s on Welfare”
 - **Fact:** 22% of public housing residents receive MFIP

Public Housing Myths (cont.)



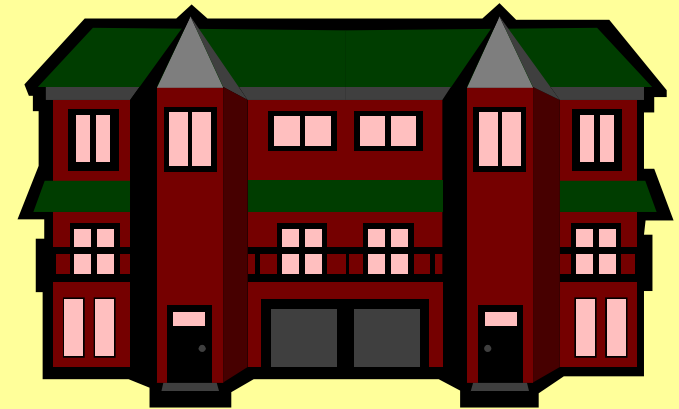
- “Public housing residents don’t pay rent”
 - **Fact:** Rent is paid & is based on income. The average rent is \$226 per month for hi-rise residents; \$345 per month for residents in the family developments.
- “Nobody works”
 - **Fact:** 44% of public housing family households have earned income (average earnings \$20,000/yr or ~22% AMI).
- “That’s a Section 8 building”
 - **Fact:** No such thing. All Section 8 vouchers are placed in privately owned and managed properties.

What is the Saint Paul PHA?



- **A Funder:**

The PHA pays \$34 million/year in Sec. 8 rent subsidies to private landlords, for > 4000 apartments.

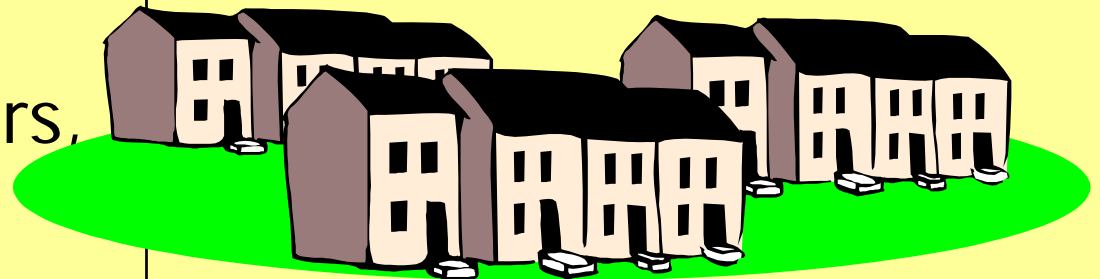
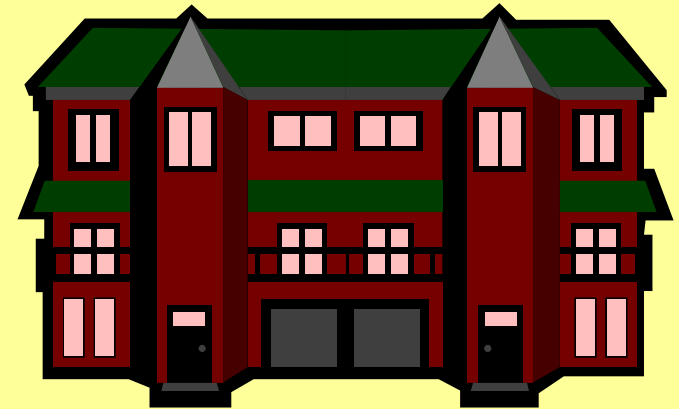


What Is the Saint Paul PHA?



- **A Community Partner:**

The PHA returns federal tax dollars to local private landlords, the city, contractors, and more...

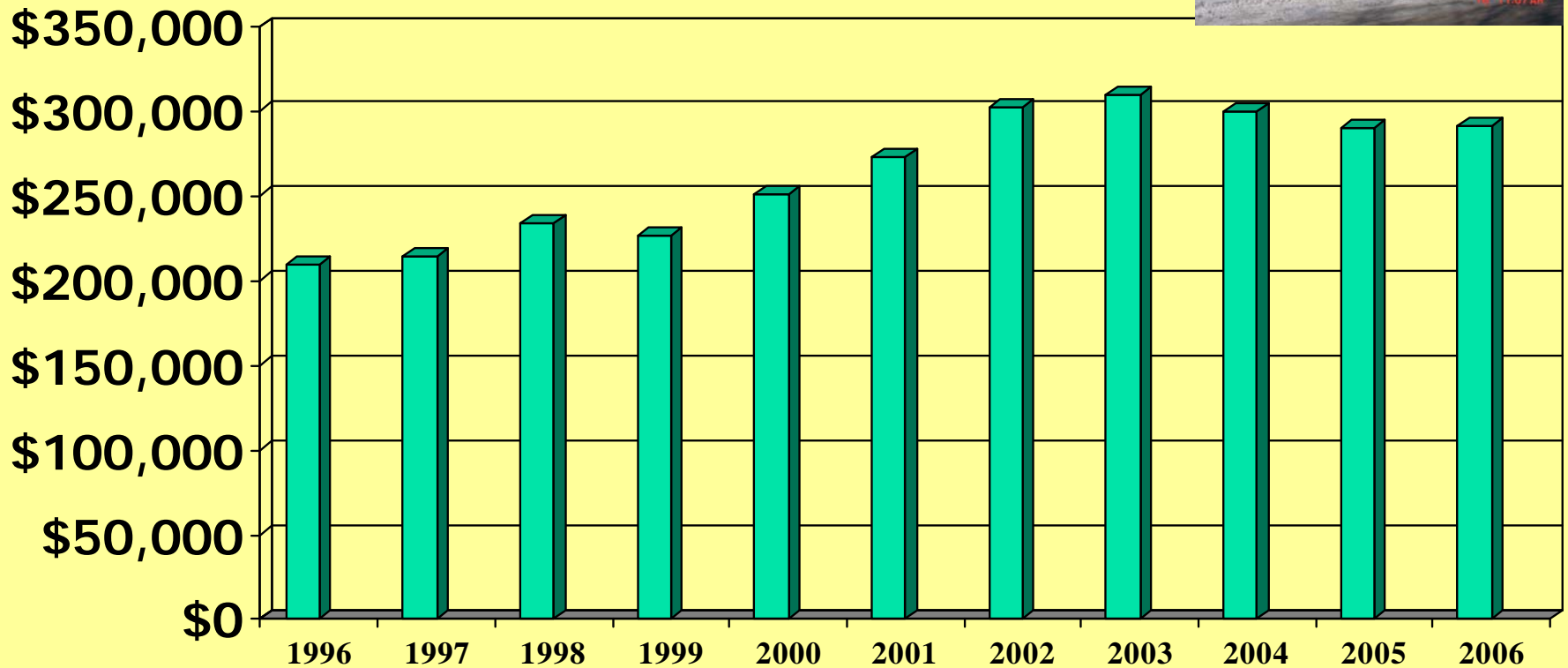


City and Community Partnership

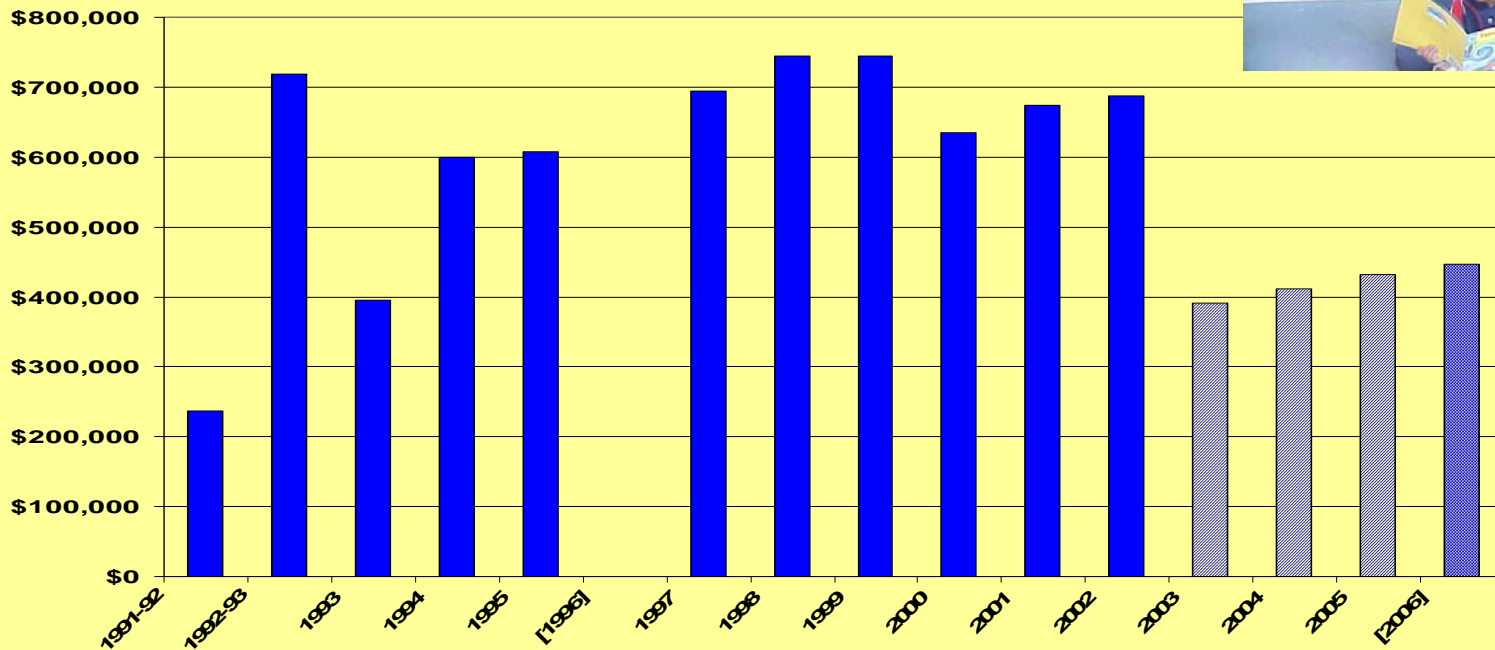
- PHA's "Project-based Sec. 8 Assistance" (PBA) supported 84 affordable units in 10 projects under Housing 5000.
- The Housing 5000 final report valued that PHA contribution at \$32,126,583.
- Overall, PHA PBA tied to 342 new affordable units, including 152 units of supportive housing



PHA Makes Payments in Lieu of Taxes (PILOT)

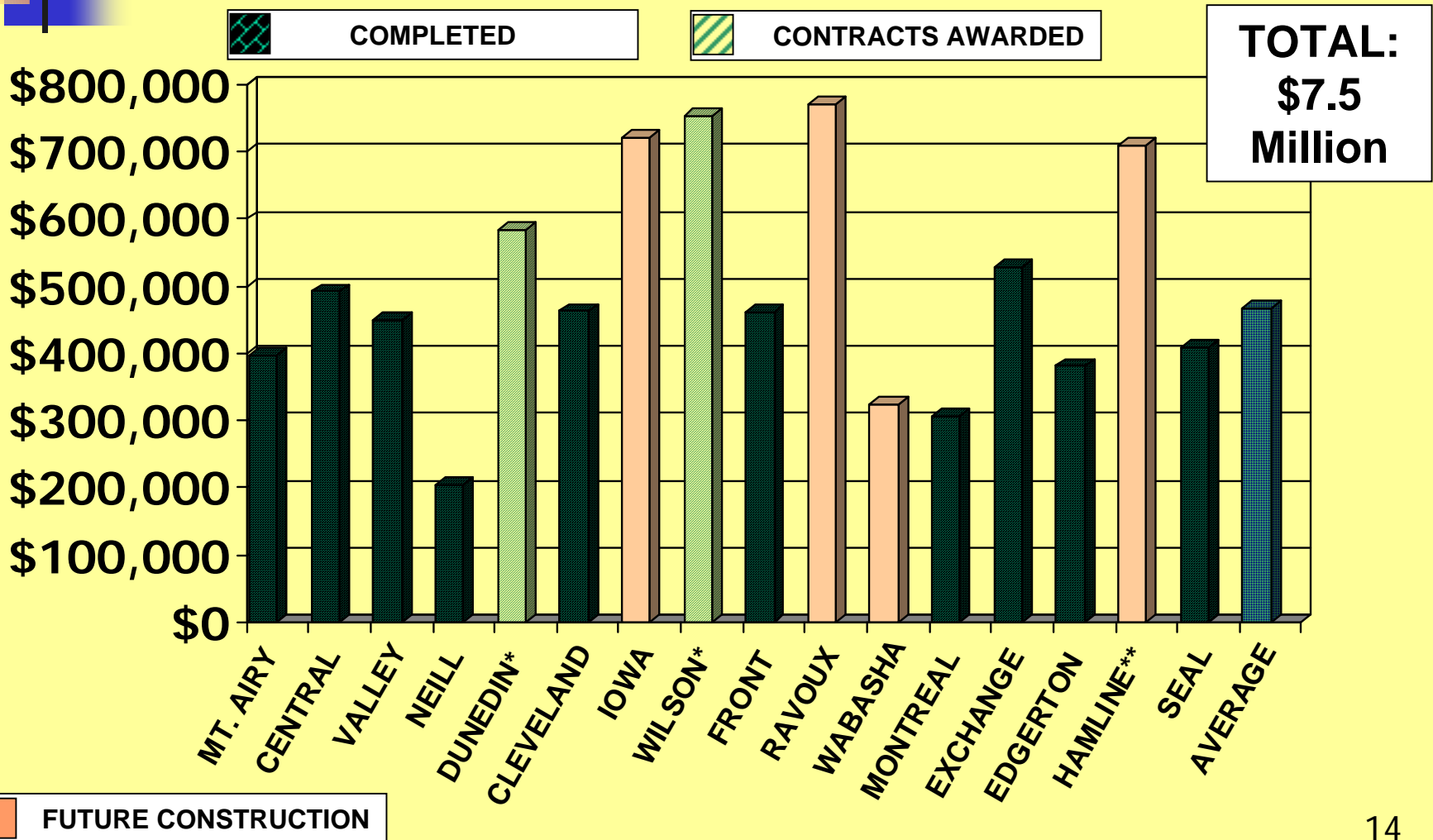


PHA PAYMENTS TO CITY/SPPD FOR ACOP: Total \$8 Million Since 1991

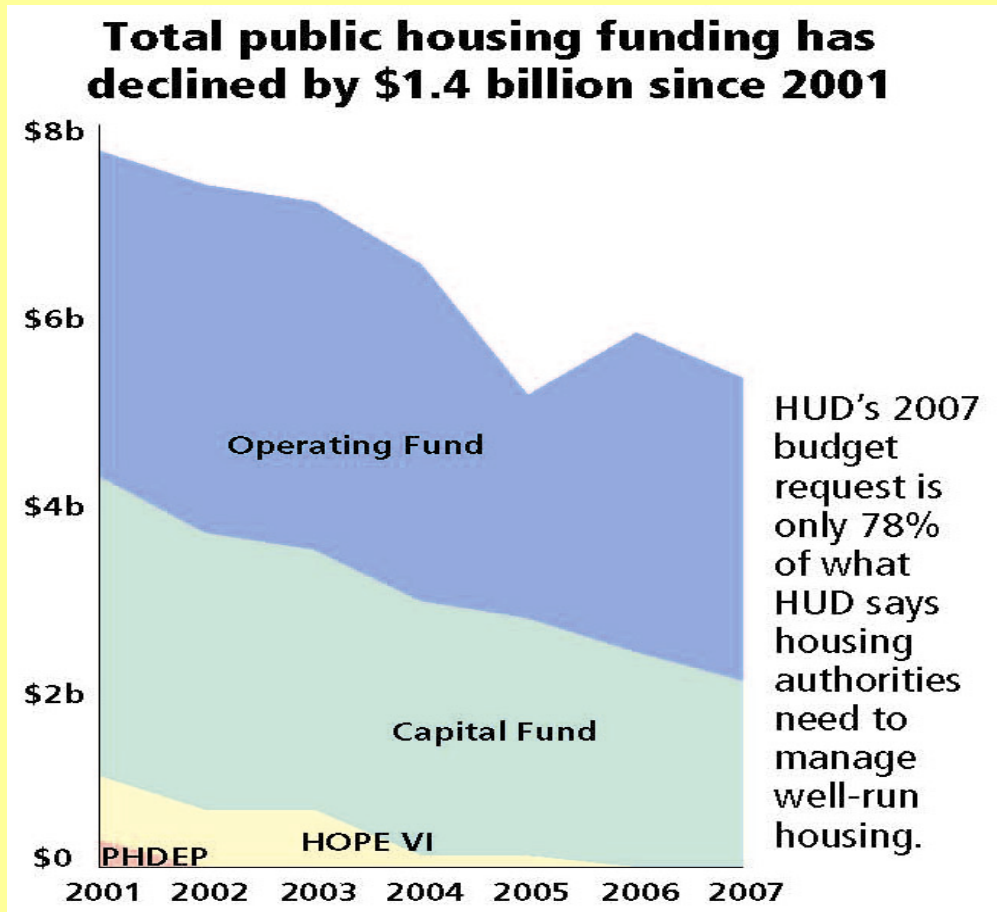


- From 1991-2002 the PHA supported ACOP with HUD Grants (PHDEP)
- Since Congress eliminated PHDEP, the PHA has supported ACOP from our Operating Budget.

PHA'S Investment in Life Safety Improvements: Hi-Rise Sprinklers and Alarm Systems

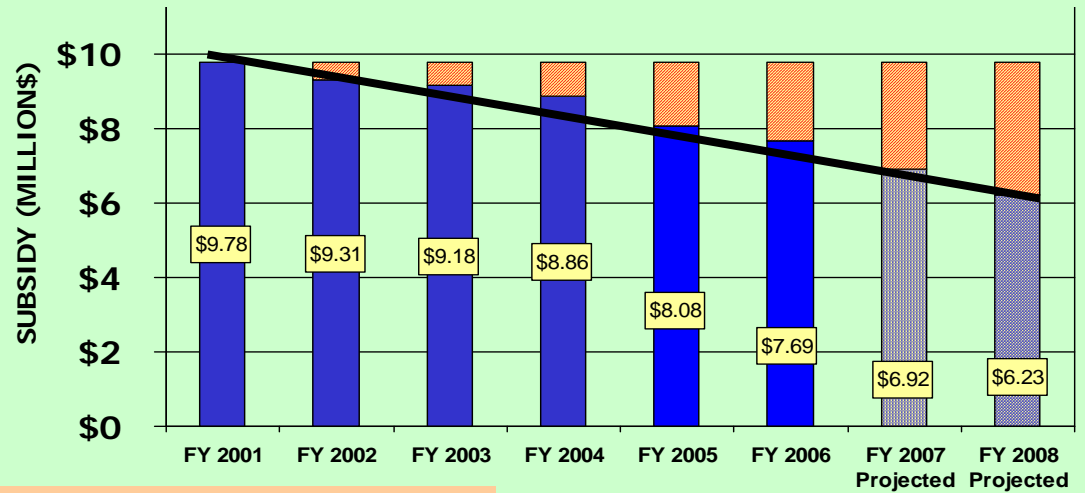


The Problem: Federal Spending For Public Housing Is Falling

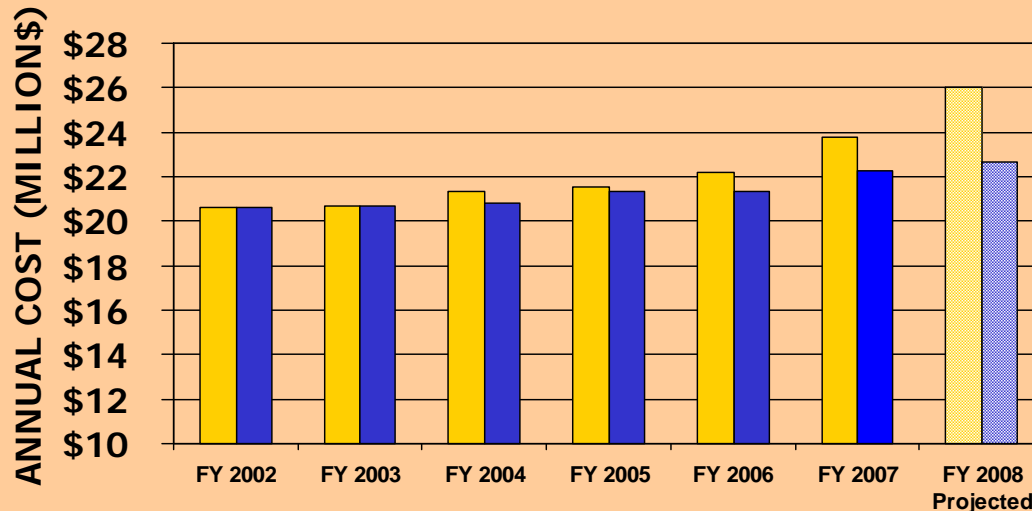




Capital Funding Cuts: \$12.2 Million in 7 Years



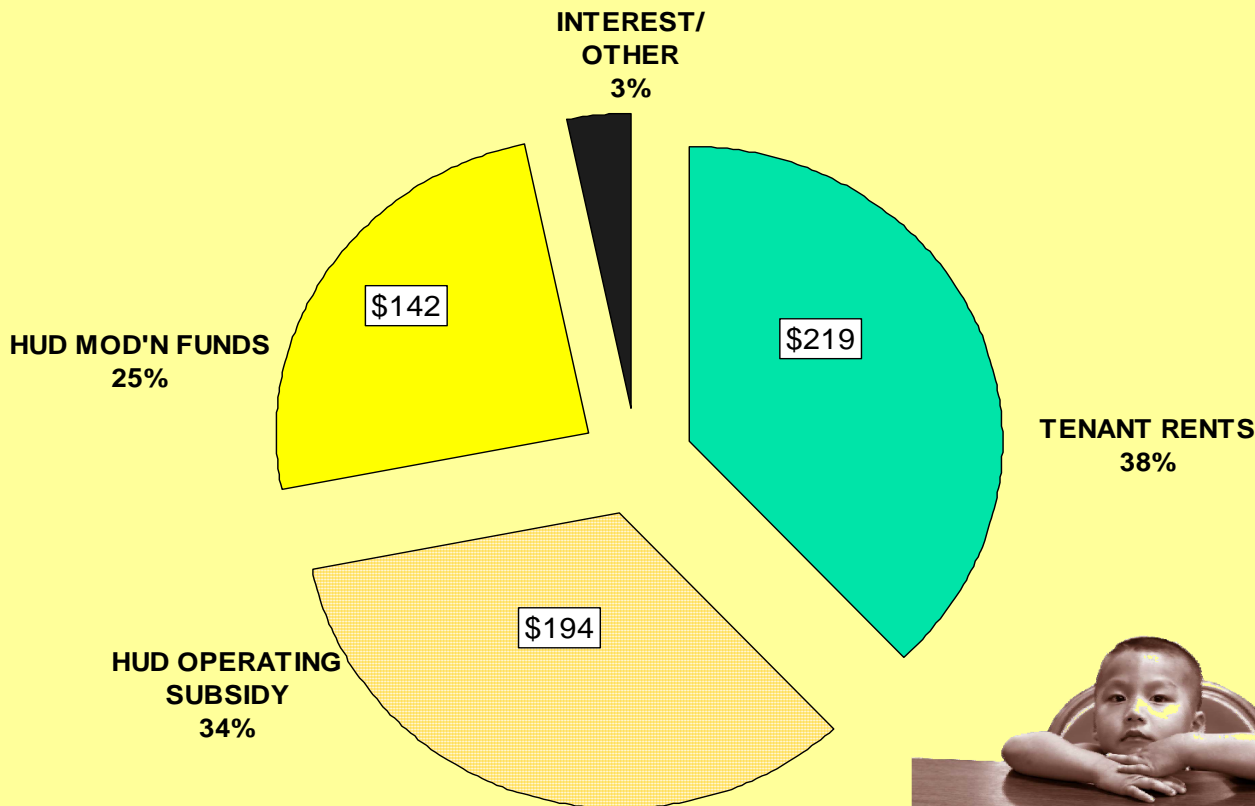
Public Housing Operating Subsidy Cuts: \$7.15 million in 6 years



"Sources & Uses" of Public Housing Funding



Revenue Sources



Operating Costs:

Approx. \$432
Per Unit-Month
in 2006

Total Costs
Including Mod.
Approx. \$574
Per Unit-Month





Inadequate Future Federal Funding Proposed

- HUD's proposed FY 2007 budget would provide only 76% of necessary operating subsidy (based on need of \$4.7 billion/year according to Harvard Cost Study)
 - If adopted, PHA's would have received the lowest operating fund "proration" **ever** (putting many of the nation's 3200 PHA's out of business)

PHA Responses: (Current Strategic Plan)

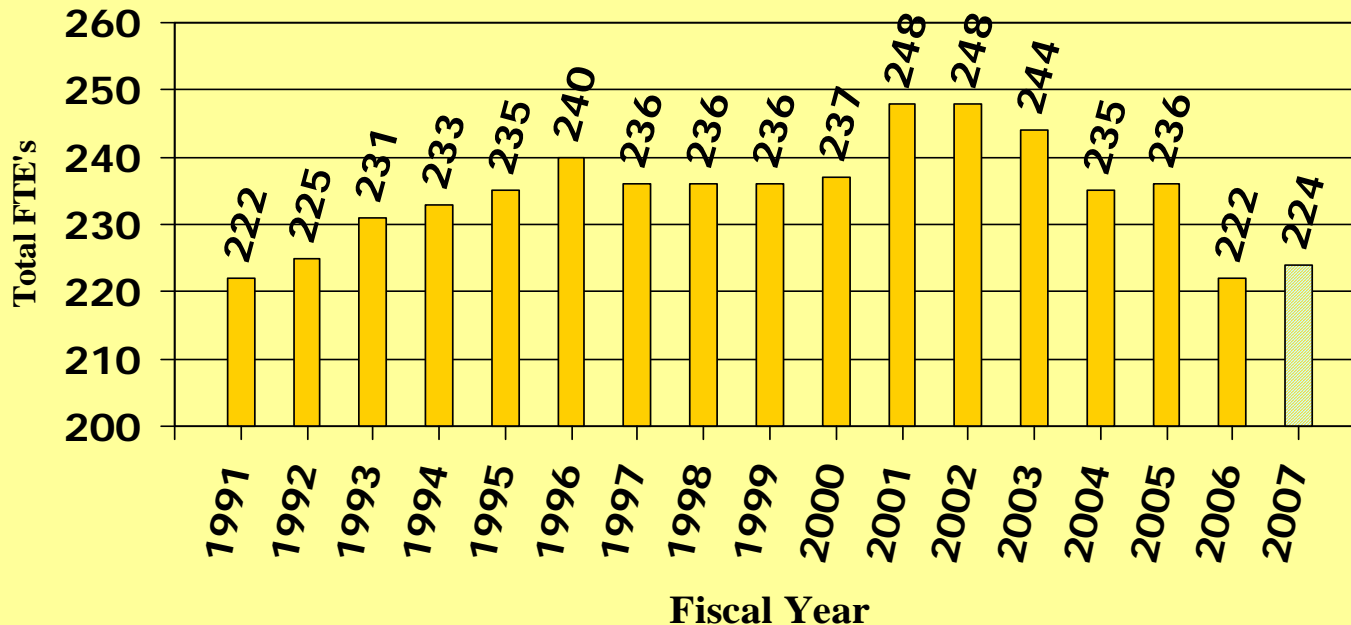


1. Fight to preserve this 70-year-old federally funded safety net resource:
 - Public housing is 1% of housing supply in America
 - More people living in poverty in America than the entire population of Canada (34 million)
 - More a matter of “will” than “resources” (tax cuts vs. programs)
 - Congressional efforts (letters from Senators to HUD), press events, industry group involvement, resident organizing, support from US. Conference of Mayors and others, etc. However, very limited “success” to date
 - Governor’s proposed budget includes \$2.5 million for public housing for first time ever.

PHA Responses, cont'd



2. Staff reductions: already eliminated as many staff positions as possible without sacrificing quality or mission.



PHA Responses, cont'd



3. Sell excess land to Habitat for Humanity (30 homes produced to date. Potential for 6 more).
4. Sell scattered site homes with replacement (18 sold to date, 16 more in process. All replaced with new project-based vouchers or other previously "de-programmed" public housing units).

PHA Responses, cont'd



5. Increase tenant burden where permitted by law: Raised minimum rents and flat rents, increased “excess utility charges” and “sales/service” charges (\$420,000 savings/yr.)
6. Delay public housing utility allowance increase (one time savings of \$185,000)

PHA Responses, cont'd



7. Charge service providers rent in Community Centers? (early reaction not favorable to mission/goal of PHA providing on-site services)
8. Seek new revenue producing ventures: Early exploration with MHFA, PED, Met. Council, Suburban HRA's, Wilder, Common Bond, etc.

Future Survival - Entrepreneurial Strategies



1. Create and hold non-HUD income producing assets
2. Manage non-HUD income producing asset (fee management services only, not own).
3. Last Resort: Sell a certain number of public housing units without replacement each year to “plug” a HUD funding deficit. Severely challenges traditional PHA mission.



Future Federal Funding: Hope

- On February 15, 2007, the U.S. Senate approved the House measure adding \$300 million in public housing operating subsidy for FY2007 (unfinished business from the 109th Congress). (Yields an 84% vs. 76% subsidy.)
- HUD's FY2008 Budget still proposes deep cuts in public housing (and CDBG) and must be stopped. We are hopeful the Democratically controlled 110th Congress gets it. We are hopeful the bleeding will end, But how do we "grow back" limbs?



The PHA in Existing Plans

“The PHA is the principal provider of housing assistance to the City’s low and moderate income population.”

“Preservation of existing publicly-assisted affordable housing is a key strategy of the Housing Plan.”

“Continue to support the PHA in its efforts to secure the necessary resources to modernize and maintain the City’s stock of public housing.”



The PHA in Next Plan? Ideas?

“The PHA is the principal provider of housing assistance to the City’s low and moderate income population and as such, the City should do what it can to ensure its survival, including lobbying Congress for adequate federal financial assistance.”

“Preservation and modernization of existing publicly-assisted affordable housing is a key strategy of the Housing Plan.”

Thank You

