

PHA OVERVIEW and HOUSING POLICY ISSUES

JANUARY 17, 2006

Jon Gutzmann, PHA Executive Director

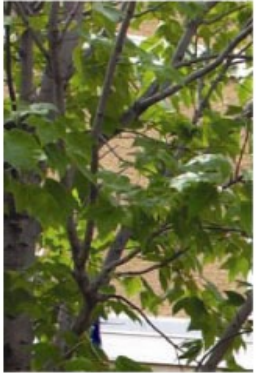
Saint Paul PHA Mission



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.



St. Paul Public Housing Agency Annual Report 2004



Board of Commissioners

The Saint Paul Public Housing Agency (PHA) is governed by a Board of Commissioners, whose members are appointed by the Mayor of Saint Paul and confirmed by the Saint Paul City Council. The Commissioners represent a variety of interests, but share a commitment to maintaining excellence in all of the PHA's programs.

Commissioners during the PHA's Fiscal Year 2004 (left to right):

- Top: Shirley Kane, Hi-Rise public housing resident
Kit Hadley, Director, Minneapolis Public Library
- Middle: John Wilking, Pipefitters Local 455
Kevin Lindsey, General Counsel, Axis Minnesota
- Bottom: Tom Reding, Assistant Chief of Police, Saint Paul Police Department
(Retired)
Mai-Tong Lee, Family public housing resident



Michael Driscoll
Legal Counsel



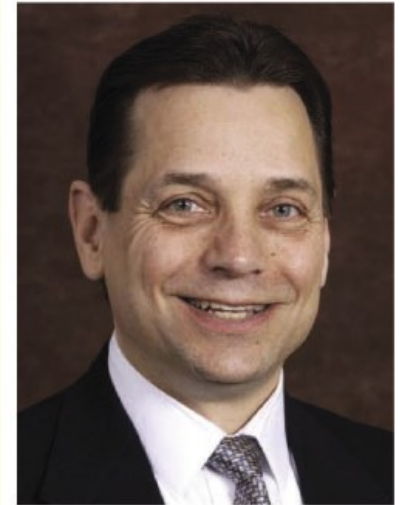
Above: Board Chair Andy Boss and Board Vice Chair Kit Hadley
welcome new Commissioners Ong Yang and Marty Strub

Technical Services

In this year's report we feature the PHA's Technical Services Department staff. This team of skilled professionals and support staff works with staff from other departments, PHA residents, consultants and contractors to plan and carry out the major modernization work on PHA properties. They also manage the PHA's major service contracts, like trash collection, elevator maintenance and similar services.



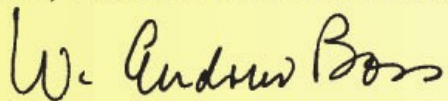
In a sense, most of the PHA's staff provide "technical services" because housing, especially federally-subsidized housing, has become a highly technical field. Every PHA department's work is regulated by federal law and regulations, state and local law, and the PHA's own policies and procedures. To accomplish the PHA's mission every staff member must keep up with the changing technical requirements of their job, and they do!



Jon M. Gutzmann
Executive Director



W. Andrew Boss
Chair, Board of Commissioners



PHA Senior and Executive Staff at right from left to right and top to bottom: Tristy Auger, Mike McMurray, Jon Gutzmann, Pang Yang, Kedrick White, Alicia Huckleby, Julius Erolin, Junella Pichelman, Al Hester, Chao Xyong, Lyle Schumann; and above: Hank Petro and Marilyn Porter.

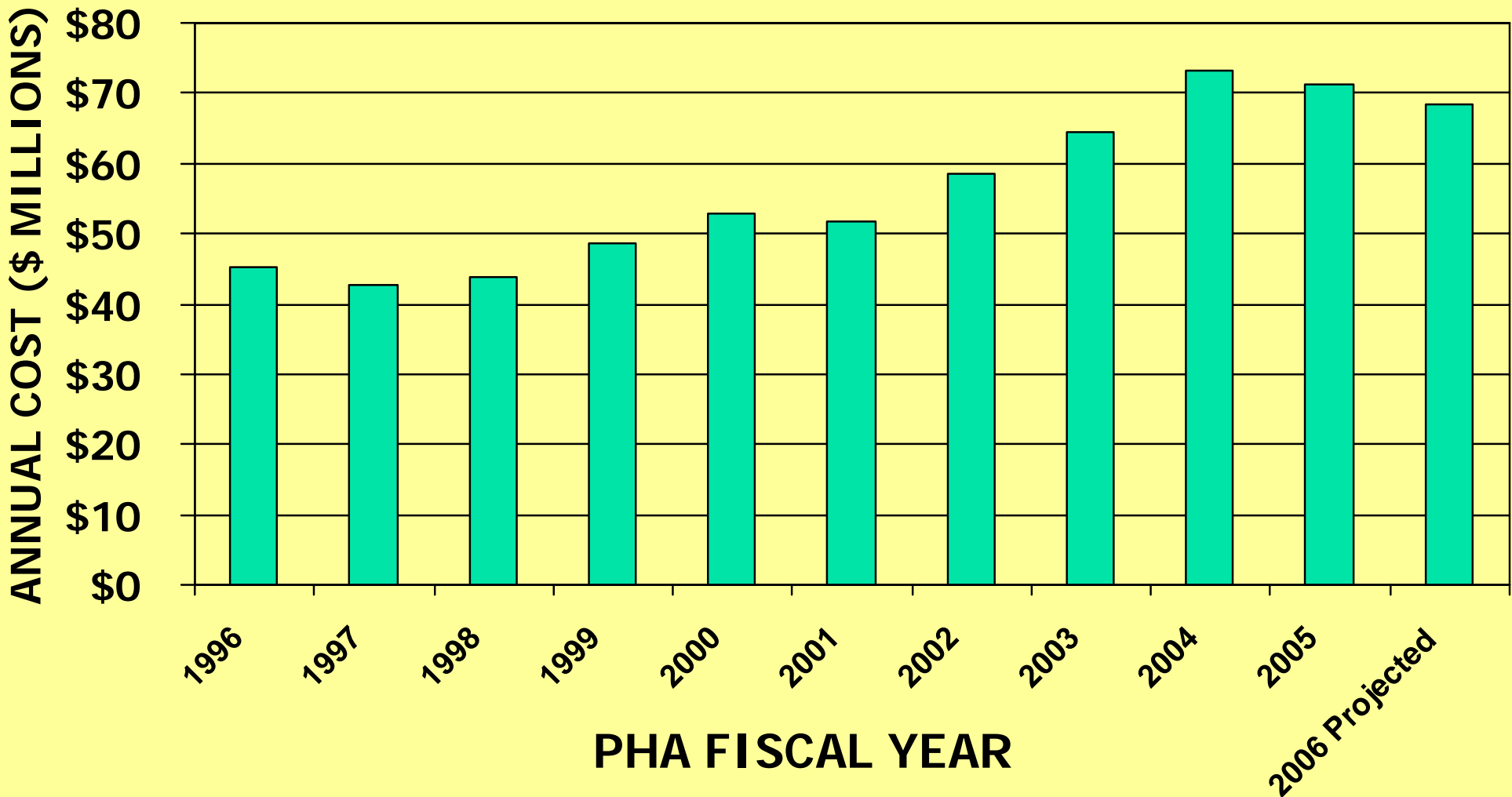
PHA's Three Major Programs: ALL Federal Funding from HUD

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



Providing over 8,000 units of affordable housing to over 20,000 people

PHA Federal Programs: Total Revenues and Expenses Are Declining





Valley Hi-Rise



Neill Hi-Rise



Ravoux Hi-rise

Montreal
Hi-Rise

**2548 HI-RISE
UNITS**





Roosevelt Homes



Dunedin Terrace

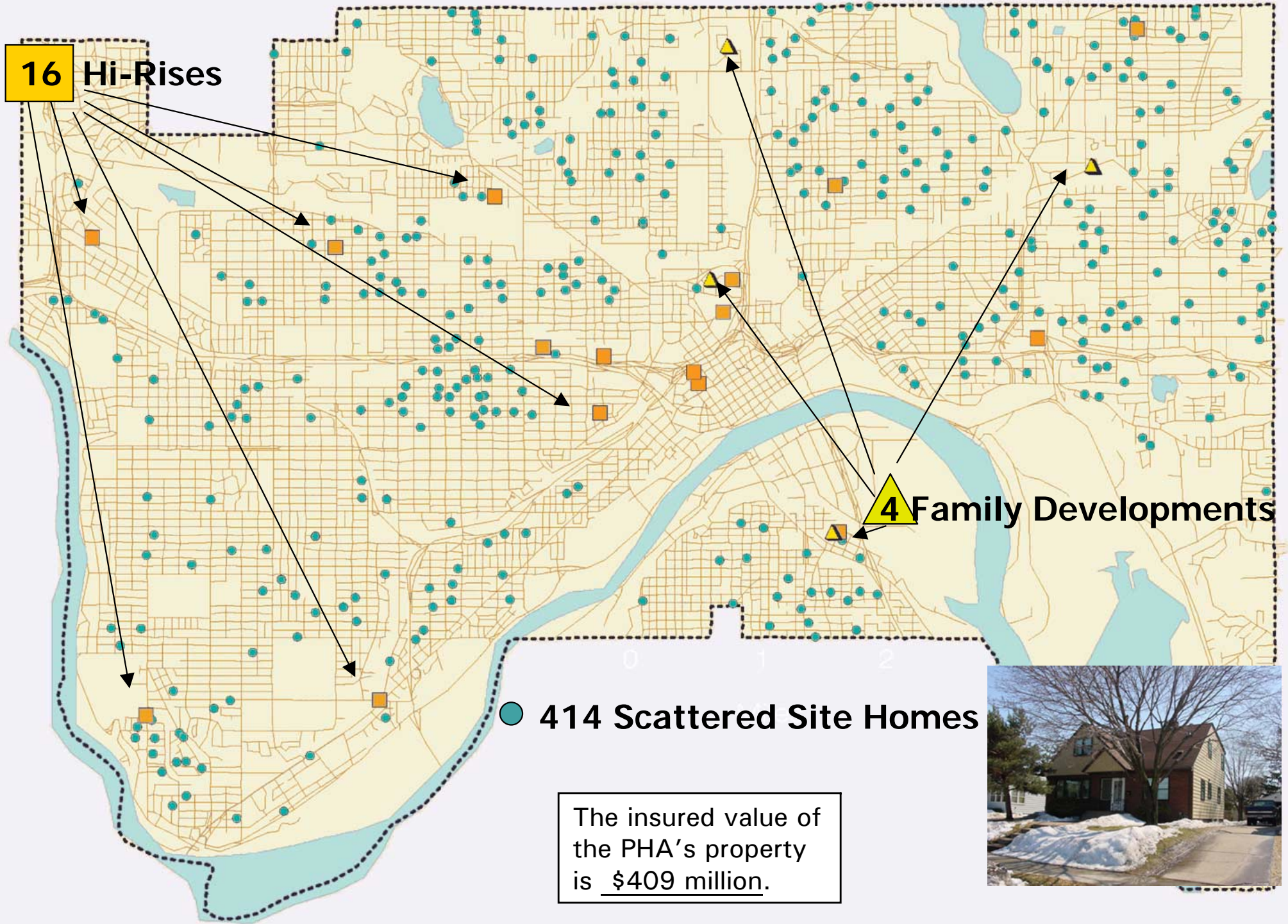
**1710 FAMILY
UNITS**



McDonough Homes



Mt. Airy Homes



PHA COMMUNITY CENTERS

Located at all four
Family Housing
Sites:

- McDonough Homes
- Roosevelt Homes
- Mt. Airy Homes
- Dunedin Terrace



McDonough
Community Center

COMMUNITY CENTER PROGRAMS



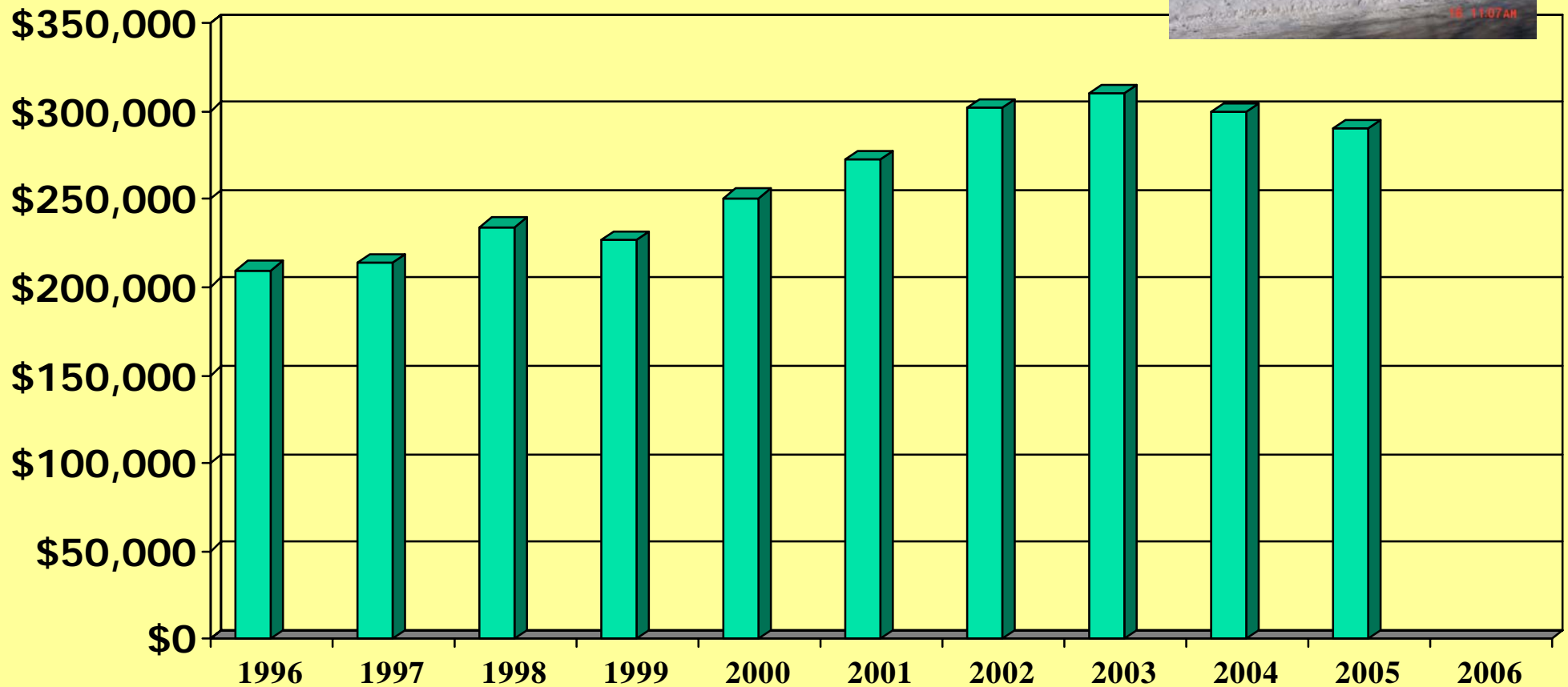
- Headstart
- ECFE
- Parks and Recreation
- WIC
- Even Start
- Training and Employment programs
- Youth Literacy and Tutoring Programs
- Bookmobile
- Boy Scouts
- Youth Care Girls Group
- Health Clinic
- U of M Extension programs
- Food Shelves
- ELL classes
- ACOP
- Resident Councils

COMMUNITY CENTER PARTICIPATION

- **Headstart** 360 preschool children per week
- **Parks and Rec** 150 youth per week
- **ECFE** 225 preschool children and parents per week
- **STEP** 125 teens and adults per week

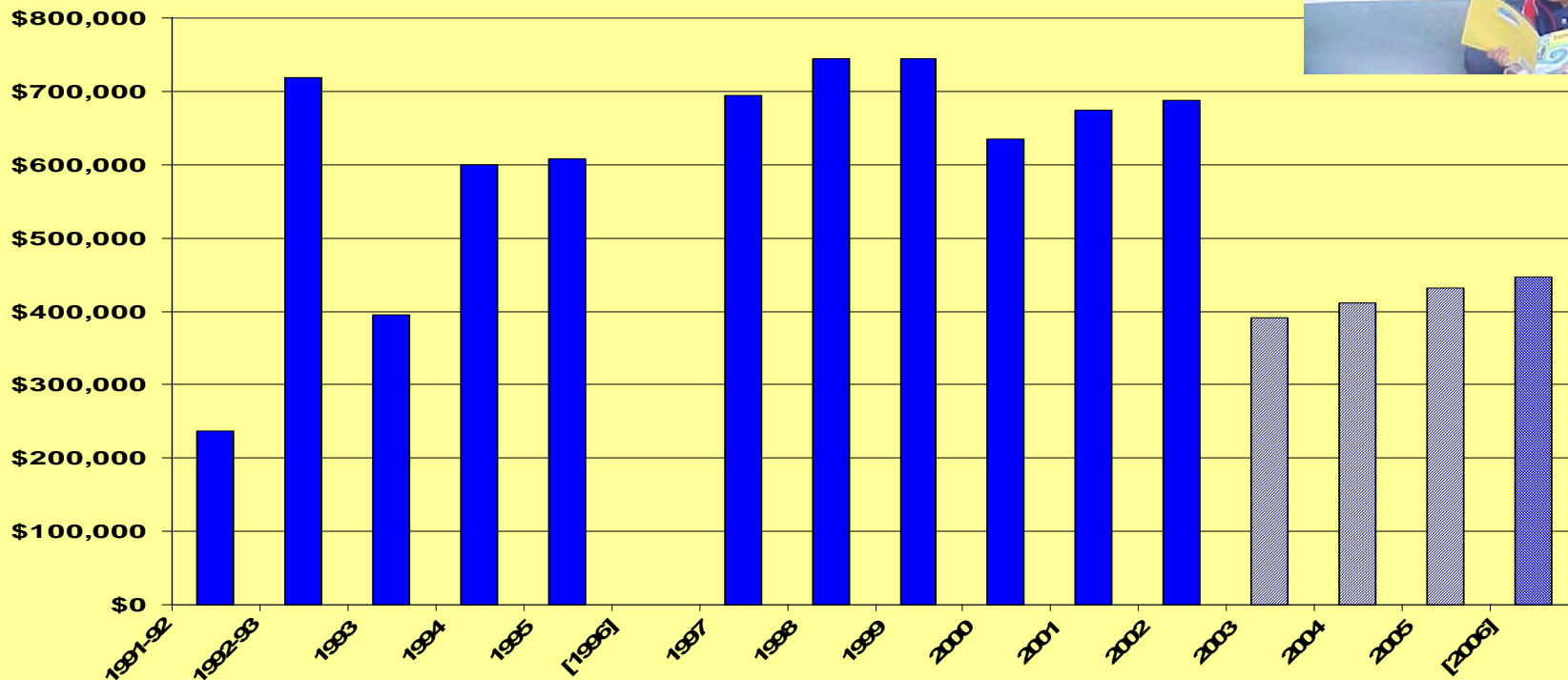


PHA'S Payments in Lieu of Taxes (PILOT)



PHA PAYMENTS TO CITY/SPPD FOR ACOP:

Total \$8 Million Since 1991

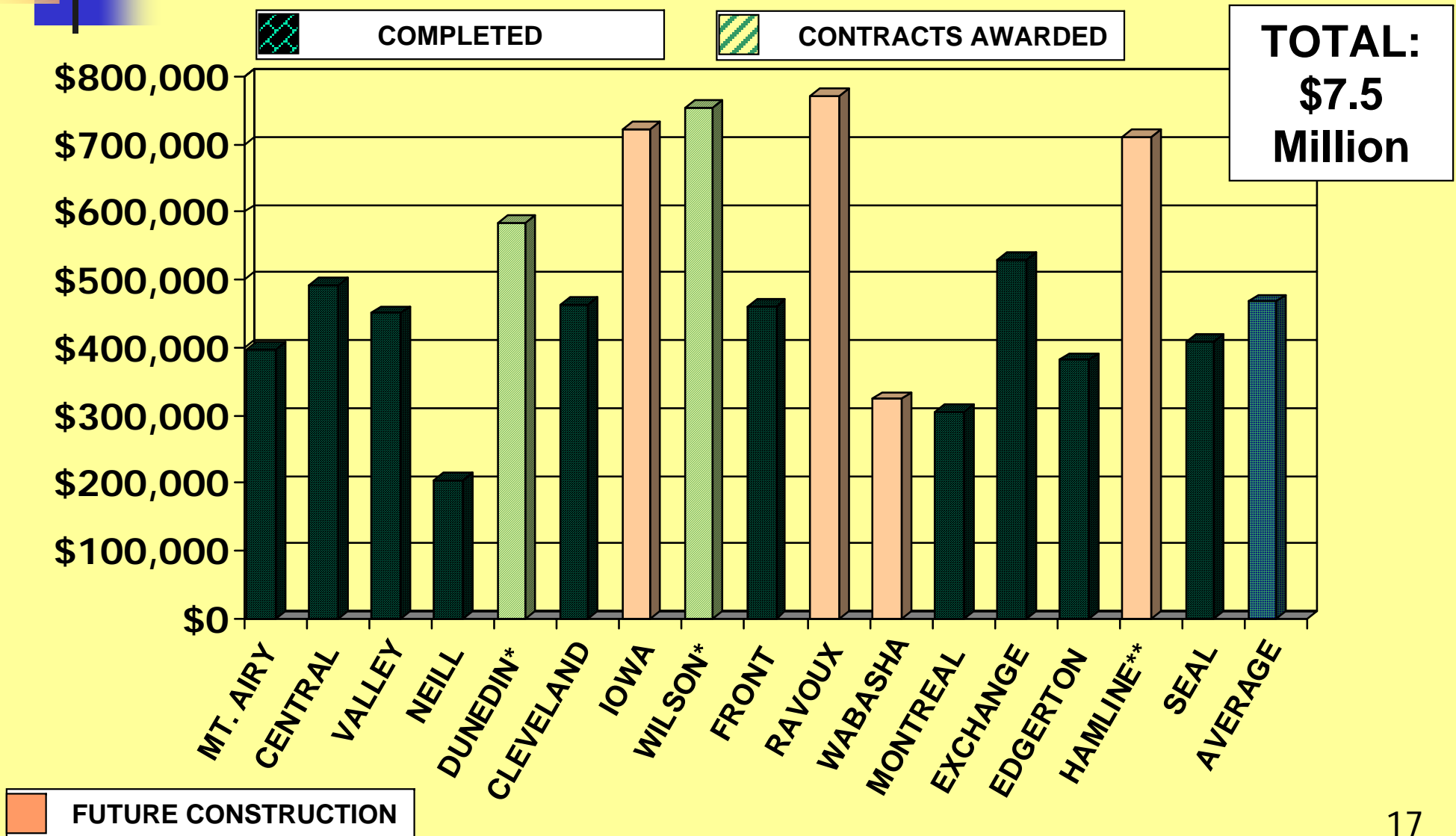


- From 1991-2002 the PHA supported ACOP with HUD Grants (PHDEP)
- Since Congress eliminated PHDEP, the PHA has supported ACOP from our Operating Budget.

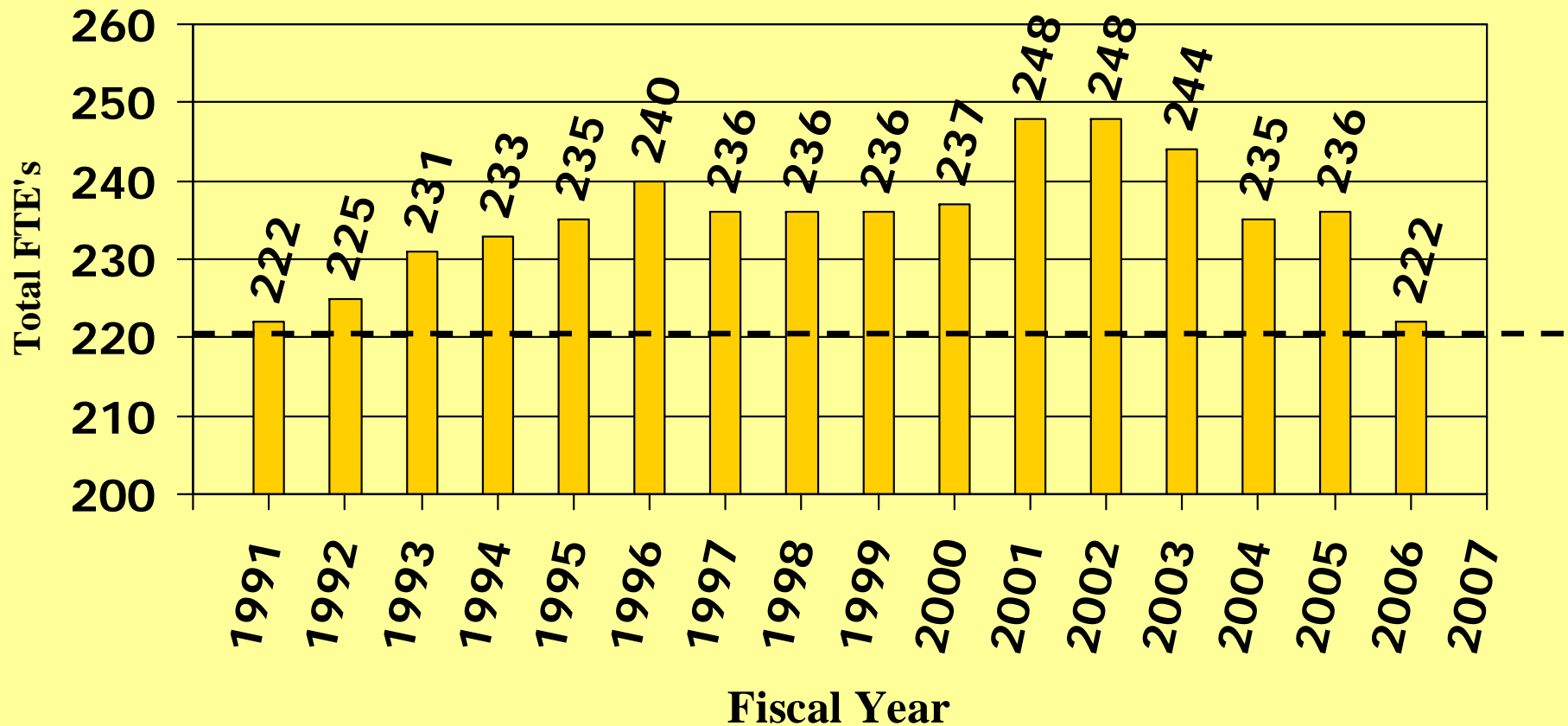
“OFFICER-IN-RESIDENCE” PROGRAM: SPPD OFFICERS LIVE IN ALL 16 PHA HI-RISES



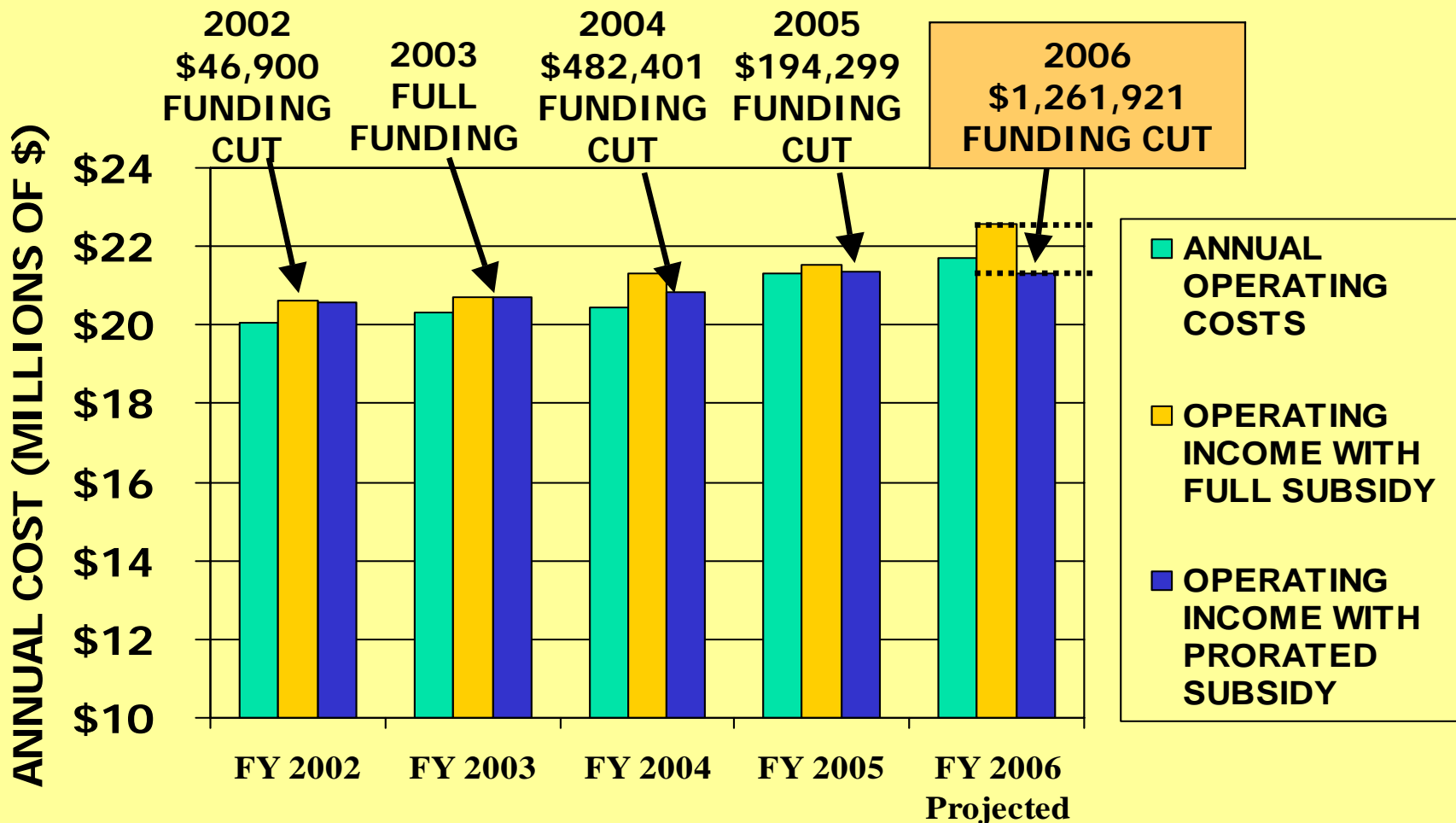
PHA'S Investment in Life Safety Improvements: Hi-Rise Sprinklers and Alarm Systems



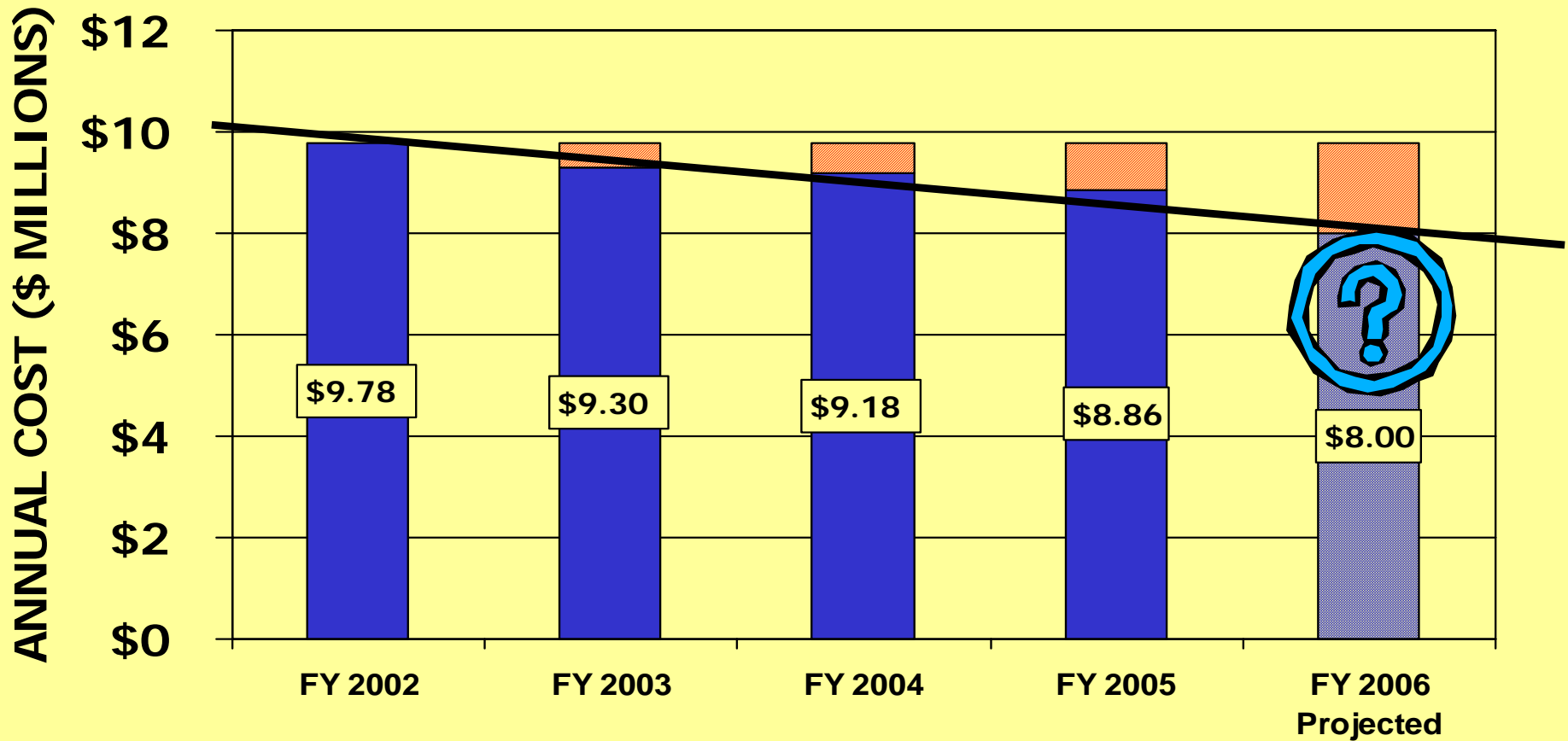
FTE History and Projection



Public Housing Program: Operating Subsidies Cut



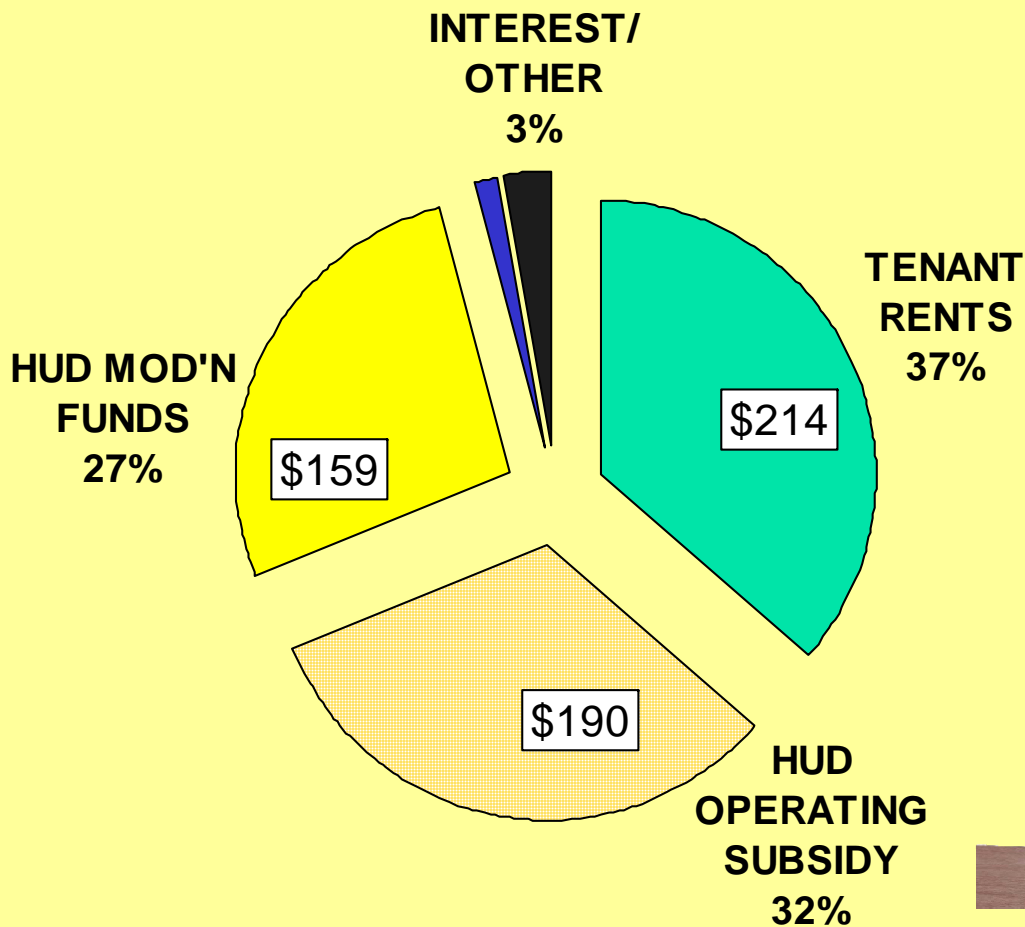
Capital Funding Cuts: Total \$3.8 Million over 4 Years



"Sources & Uses" of Public Housing Funding



Revenue Sources



Operating Costs:

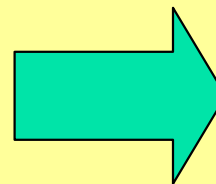
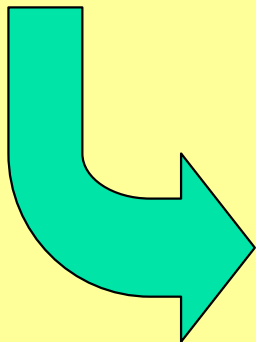
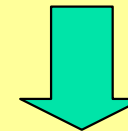
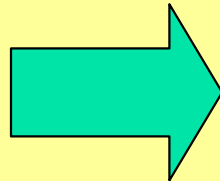
Approx. \$428
Per Unit-Month
in FY 2006

Total Costs

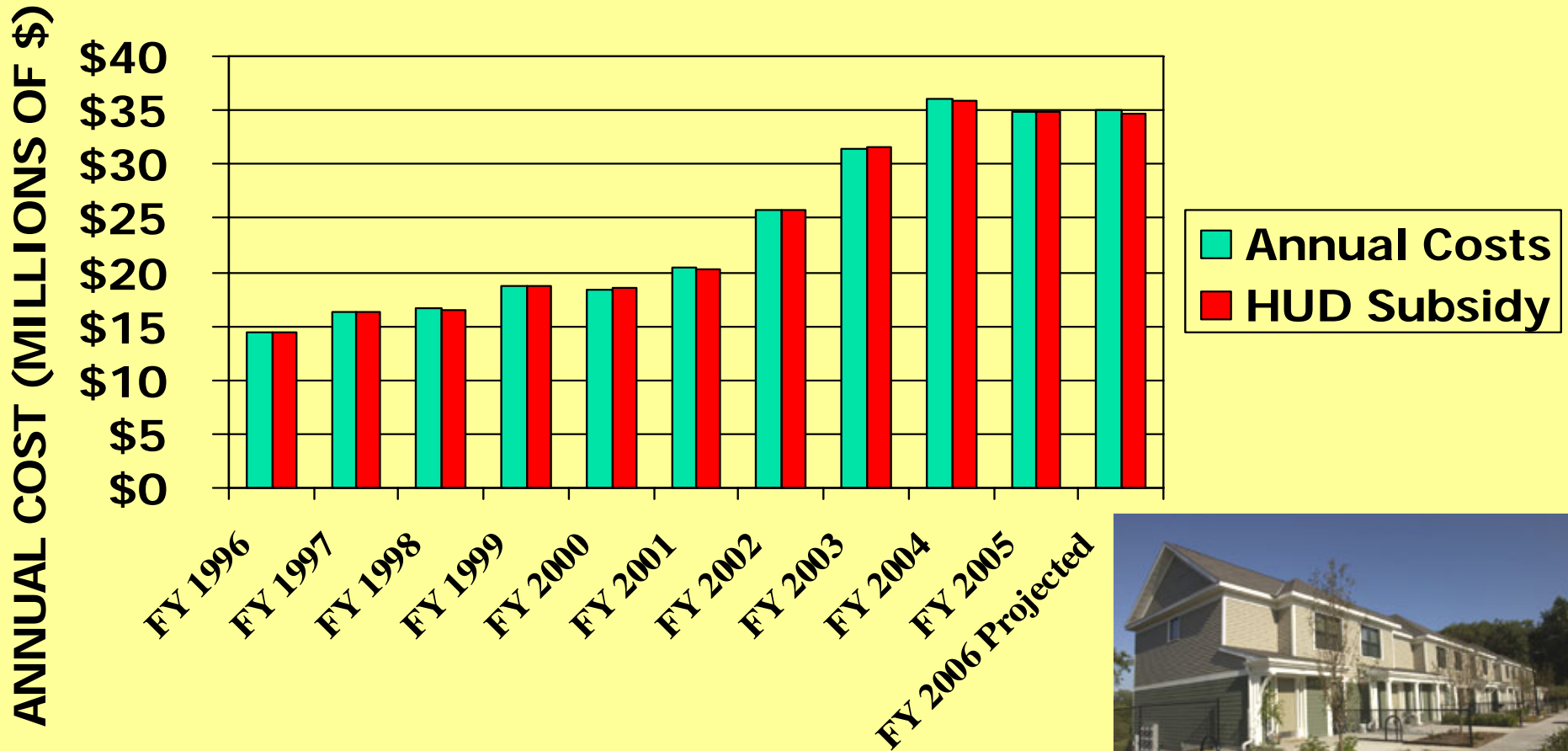
Including Mod.
Approx. \$587
Per Unit-Month



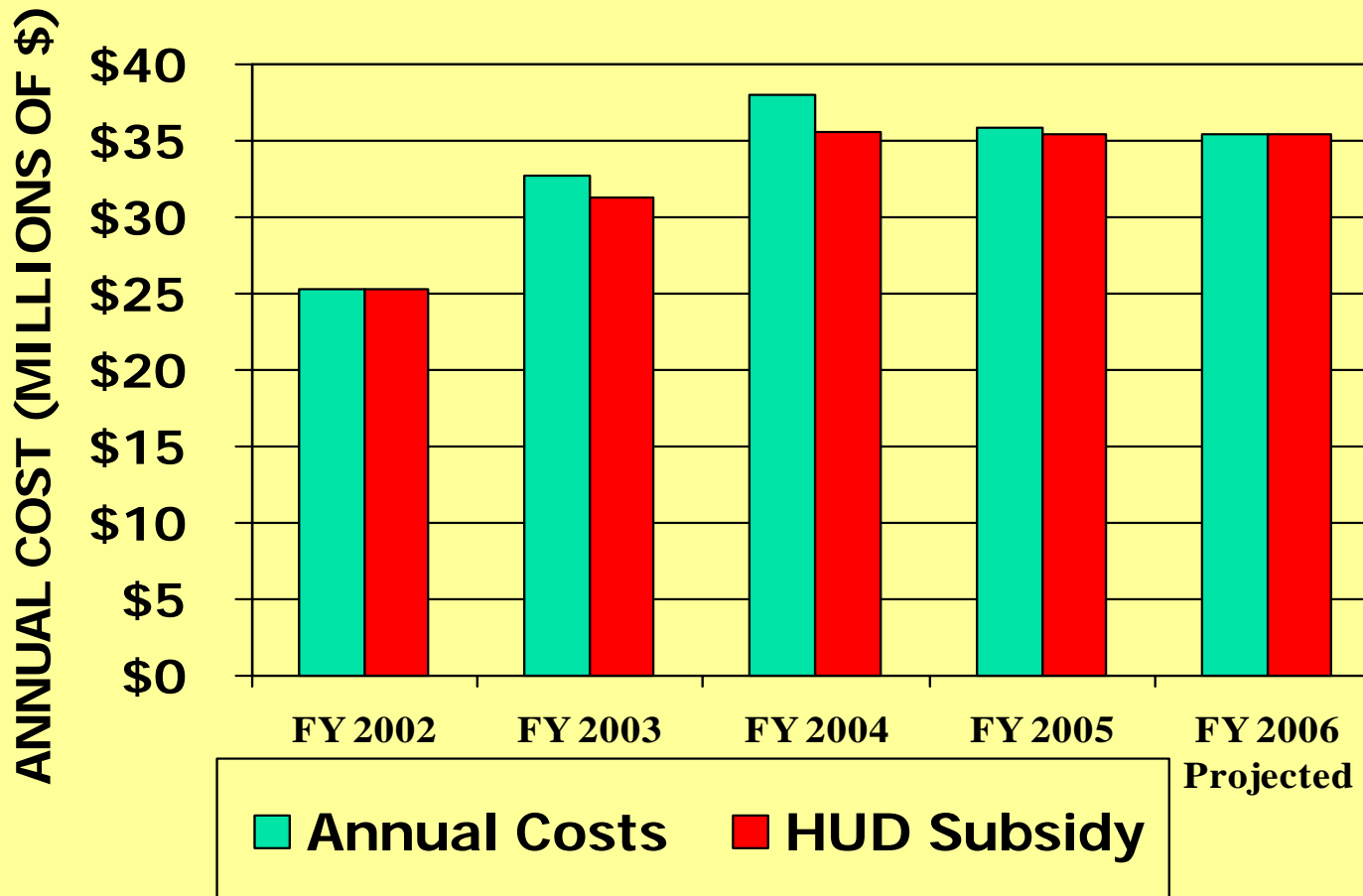
SECTION 8 VOUCHERS: Federal Subsidies to Owners



Voucher Costs Rose Over 10 Years; Subsidies Kept Pace – Until 2004



Now Subsidy Is Lower



**2005
Average
Cost per
Voucher:
\$740/mo.**





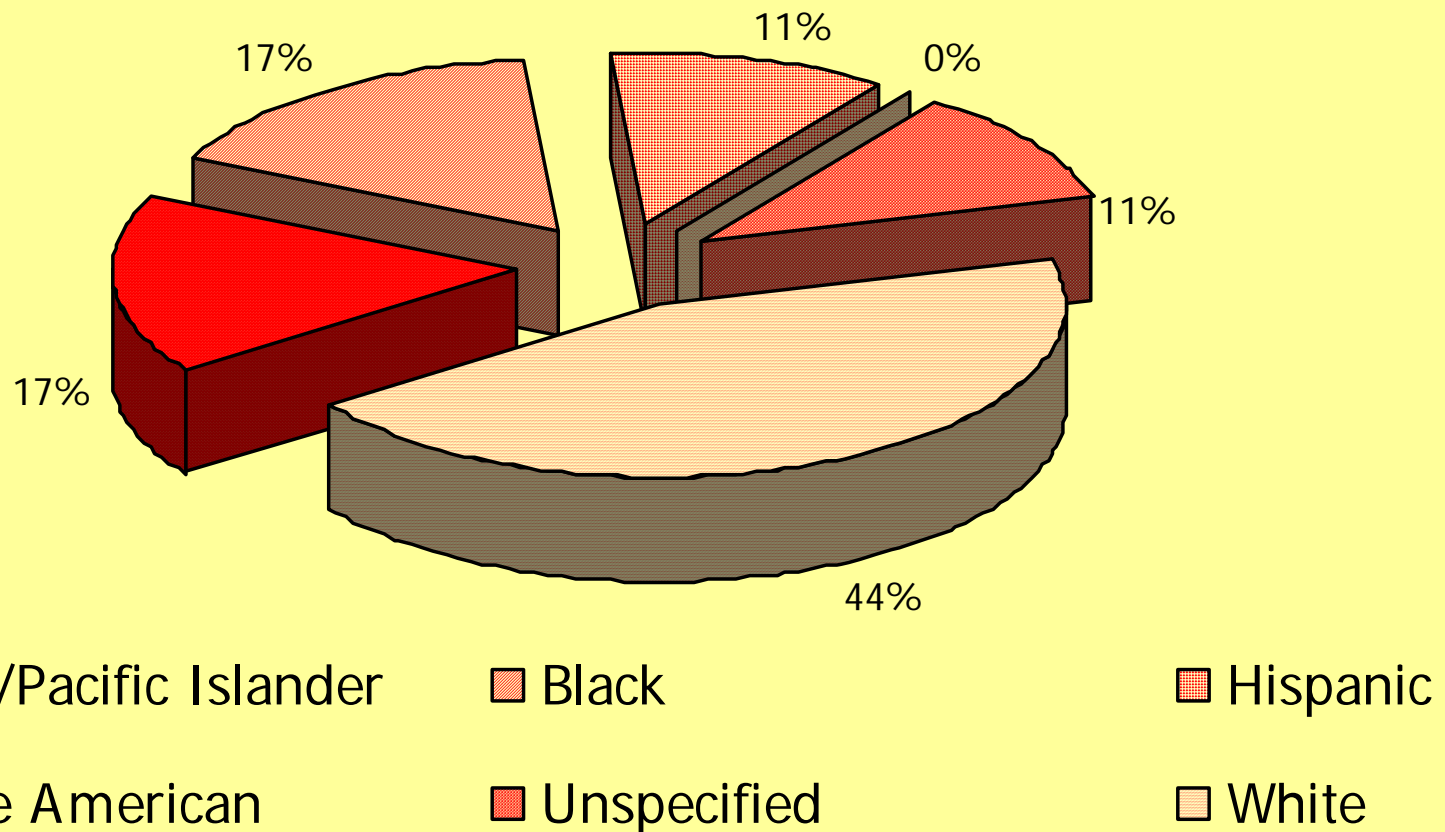
VOUCHER COST REDUCTIONS eff. Sept 2004

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

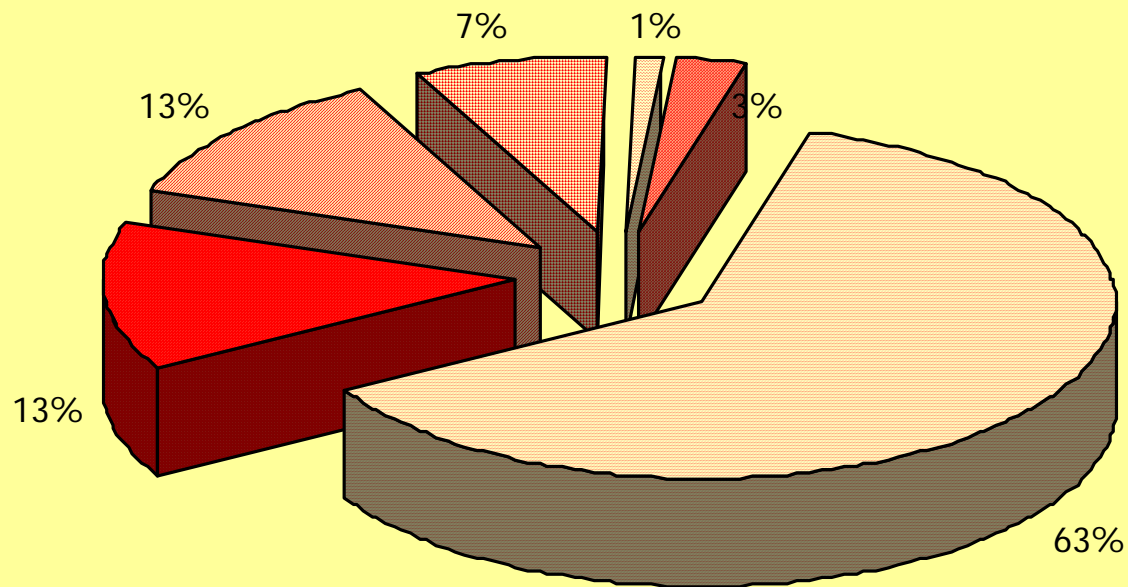
- Reduced all rents (Contract Rents) by 7% and
- Reduced all subsidy limits (Payment Standards) by 7%, to 93% of the "Fair Market Rents"
- Suspended rent increases (ongoing)

PHA WORKFORCE DIVERSITY: 2005 New Hires

(Includes promotions and transfers)



PHA WORKFORCE DIVERSITY: Current PHA Employees by Ethnic Group



- Asian/Pacific Islander
- Black
- Hispanic
- Native American
- Unspecified
- White

PHA USES MINORITY CONTRACTORS:

\$37 Million over 11 Years to M/W/DBE's

	Total Contracting	MODERNIZATION	OPERATING	BUILDING	M/WDBE % Of
Year	Budget	M/WDBE participation	M/WDBE participation	M/WDBE participation	Combined Budget
1995	\$ 12,222,983	\$ 2,459,565	\$ 623,183		25%
1996	12,054,412	2,681,172	586,867		27%
1997	12,052,865	2,608,934	593,224		27%
1998	6,817,731	858,605	550,637		21%
1999	15,692,458	3,027,985	937,067		25%
2000	12,793,498	2,505,548	967,197		27%
2001	10,887,843	2,487,503	1,003,280		32%
2002	12,664,361	3,170,113	610,121		30%
2003*	22,887,663	5,249,393	209,170	1,920,300	24%
2004	3,704,546	864,206	392,157	501	34%
2005	9,493,000	2,696,876	251,760	17,700	31%
Totals	\$ 131,271,360	\$28,609,900	\$ 6,724,663	\$ 1,938,501	Average 27.55%

Future PHA Policy Issues



- Major change in public housing operating subsidies:
 - Project-Based accounting, budgeting and management, beginning 2007?
 - Funding based on FHA and private models
- Reduced Capital Funding
 - Ability to modernize to our high standards and preserve the \$409 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



- MORE funding cuts for housing programs are likely under the FFY 2006 HUD appropriation:
- Calendar 2005: 89% of “full funding” for public housing operating subsidy & \$780,000 Capital Fund cut; reduction in staff to 1992 level
- Calendar 2006: 80-90% of full funding?

Future PHA Funding Issues



- Utility Costs: **\$465,510 increase** in Revised operating budget for this FY for utilities, despite cutting labor costs.
- Next year?

PHA Response to Funding Cuts

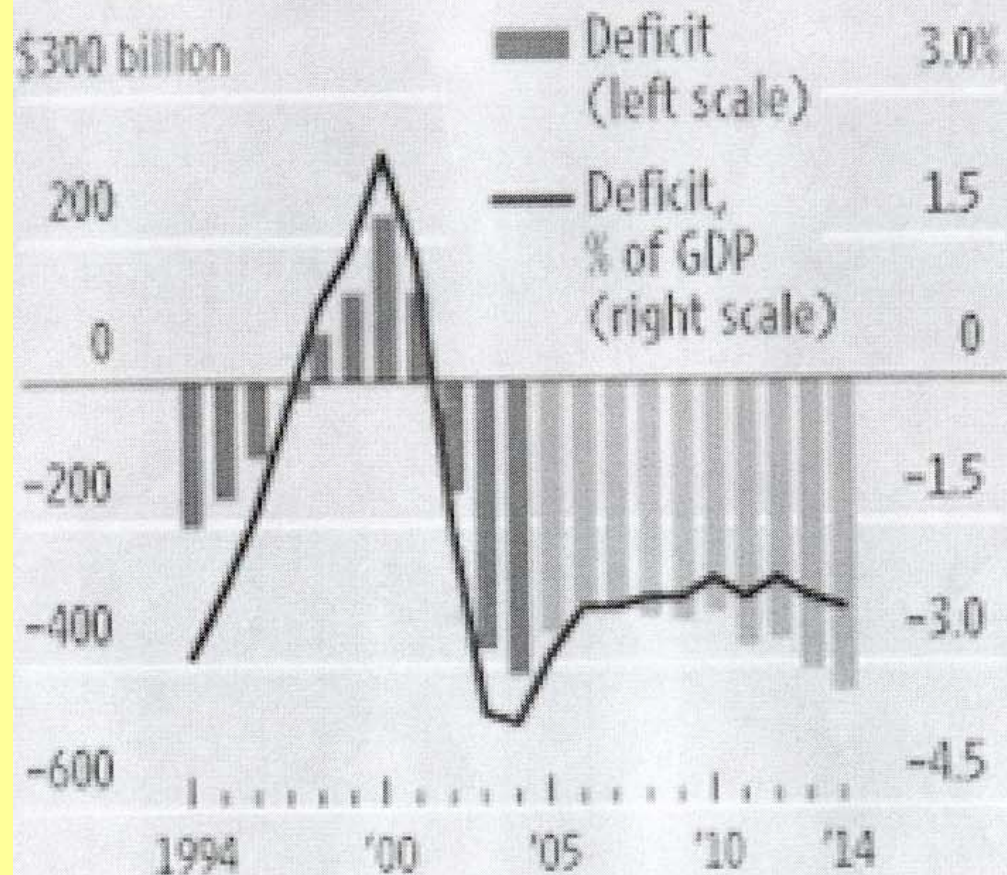


Fight to preserve this federally funded safety net resource:

- 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

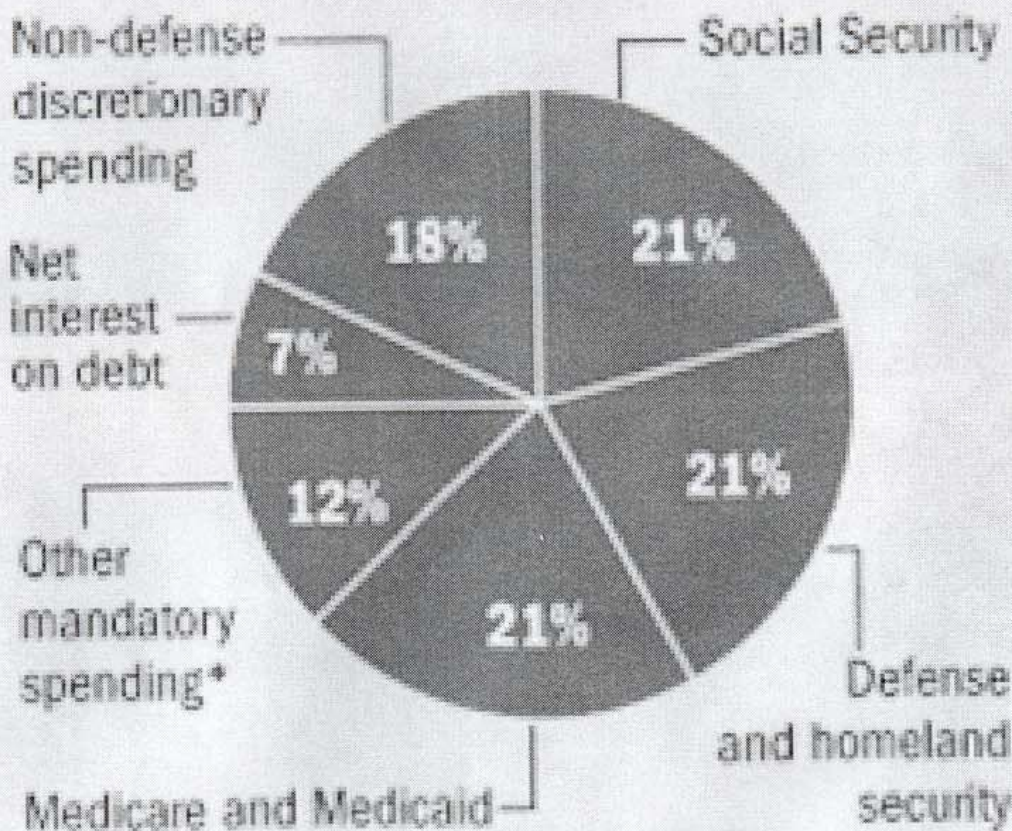
Guns and Butter

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 (replace if possible 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

- Brought 35 new jobs downtown
- Helps fund homeownership program, etc
- MPR developed 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 PED staff for joint work on Housing Plans, PBA, etc.



Housing 5000 Postscript

- PHA's "Project-based Assistance" (PBA) supported 84 affordable units in 10 projects under Housing 5000.
- The City's Housing 5000 final report showed the PHA contributed \$32,126,583.
- Overall, PHA PBA has supported 342 affordable units, including 152 units of supportive hsg.



Housing 5000 Postscript

- Using HUD Capital Fund grants for public housing, the PHA has invested over \$31 million to preserve affordable housing in the City in 4 years :
 - \$6.7 million in 2005
 - \$6.8 million in 2004
 - \$9.5 million in 2003
 - \$9.1 million in 2002

