



May 15, 2009 PRESS RELEASE – FOR IMMEDIATE RELEASE

Event: Saint Paul Public Housing Agency (PHA) – PHA Announces of Contract Awards for \$11 Million; Obligates 100% of PHA’s Federal Stimulus Grant

Place: McDonough Community Center
1544 Timberlake Road
St. Paul, MN 55117

Date: Thursday May 28, 2009

Time: 10:00 AM – 12:00 PM (Program at 10:30 AM)

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SAINT PAUL PUBLIC HOUSING AGENCY ANNOUNCES CONTRACT AWARDS TO SPEND \$10,065,782 IN RECOVERY ACT FUNDING PLUS OTHER CAPITAL FUNDING

On Wednesday, May 27, 2009 the Saint Paul Public Housing Agency (PHA) Board of Commissioners is expected to approve three construction contracts that fully commit the PHA’s federal Recovery Act funding of \$10,065,782. The three contracts recommended for approval total \$11,135,060 so the PHA will supplement the “Stimulus money” with other HUD capital funding awarded previously. Combined with a \$363,488 contract for other modernization work approved by the PHA Board in April, the housing agency will have committed to spend almost \$11.5 million of federal subsidies in the local economy in just 3 ½ months since Congress approved the Stimulus Act.

Scheduled speakers at the press event include Senator Amy Klobuchar, Congresswoman Betty McCollum, St. Paul Mayor Chris Coleman, City Councilmember Lee Helgen, PHA Board Chairperson W. Andrew Boss, and PHA Executive Director Jon Gutzmann.

The construction projects, contractors (apparent low bidders) and contract amounts are as follows:

- McDonough Homes Modernization; Frerichs Construction Co.: \$10,543,612.
 - Modernize 150 rowhouse units inside and outside, including site work, This contract will finishing the upgrade of all 580 units at McDonough Homes. The family public housing development was constructed in the early 1950's. The current modernization work began in 2002. Total cost: \$35.4 million.
(Location: North End, west of I-35E, between Arlington and Wheelock)
- 1743 E. Iowa Hi-Rise; Install Fire Safety Sprinklers; Brothers Fire Protection Co.: \$319,800.
 - With this contract, 13 of the PHA's 16 hi-rises will have fire safety sprinklers. Sprinklers were not required when the buildings were constructed. The PHA has requested public funding from other sources for the remaining three buildings, so all hi-rise residents will have the same life-saving fire prevention systems in their buildings.
(Location: west of White Bear Avenue, across from Hillcrest Shopping Center)
- 1743 E. Iowa Hi-Rise; Upgrade Fire Alarm System; Eagan Co.: \$271,648.
 - Installing the new fire sprinkler system requires replacing the fire alarm system so it will provide appropriate water flow and tamper alarms. The replacement alarm system also will provide code-required voice notification for fire personnel communication with residents and ADA-required alarm devices with strobe lights.

The fourth major PHA construction contract using some of the Stimulus Act funds was awarded at the April 22 Board meeting:

- Modernization of PHA Duplexes in Summit University; Berg Construction Services, Inc.: \$363,488.
 - This contract finishes the exterior upgrades of all 42 duplex units the PHA built in the Summit-University area in 1964.

The total cost of these four construction contracts is \$11,498,548.

Following federal and state law and its own contracting policies, the PHA awards to the "lowest responsible bidder" who fully responds to all of the contract requirements. The contract awards are contingent on PHA Board approval, which depends on staff confirming the contractors' bid amounts (still "apparent low bids" at this writing), qualifications, commitments to equal employment practices and subcontracting to qualified businesses owned by people who are racial minorities, women or persons with disabilities.

Capital improvements to public housing properties benefit the current and future residents, improve the community and generate economic benefits. A national study by Econsult determined that each dollar of HUD capital funding generated \$2.12 in economic activity in the community, and almost 15 [14.7] jobs created or supported for each \$1 million construction project. (In capital improvement

projects much of the money buys materials, equipment, etc.) Following that estimate, the four PHA contracts would support almost 170 jobs.

In addition to the jobs to be created or preserved through the construction contracts, the PHA also hired 27 long- term temporary workers to assist with property maintenance, including 16 public housing residents.

Scheduled speakers include Senator Amy Klobuchar, Congresswoman Betty McCollum, St. Paul Mayor Chris Coleman, City Councilmember Lee Helgen, PHA Board Chairperson W. Andrew Boss, and PHA Executive Director Jon Gutzmann.

Jon Gutzmann says,

“The federal stimulus funding is just what Saint Paul (and PHA’s throughout Minnesota and nationwide) needs to begin to catch up on major repair and renovation work that has been deferred for too long. We appreciate the priority given to quick passage and distribution of the funds by the Obama Administration and the Congress, with strong support from Minnesota’s Congressional delegation. The previous Administration consistently requested less funding for housing than HUD’s own formulas called for, so PHA’s had to cut staff, settle for “band-aid repairs” and take other extreme measures to survive. At the St. Paul PHA we reluctantly sold assets—mostly scattered site homes—to be able to make needed capital improvements on the remaining inventory. The \$10 million stimulus grant we received allows us to begin catching up with deferred capital improvements, improving the quality of life for the residents, and preserving or creating new jobs.”

St Paul PHA officials believe their agency is one of the first large housing authorities in the country to obligate their entire grant. The Stimulus Act (American Recovery and Reinvestment Act of 2009) was signed into law on February 17. HUD staff notified housing authorities of their individual grant amounts about a week later and completed the paperwork to make the money available on March 17. The Recovery Act requires PHA’s to fully obligate the funds (with signed contracts) within one year, and to spend all of the money within three years.

PHA Background:

The PHA administers federal rent subsidies that provide about 20,000 Saint Paul residents with safe, affordable housing. About half of those residents live in the 4249 public housing homes and apartments that the PHA owns and manages. The other 10,000 residents use Section 8 Housing Choice Vouchers to pay part of their rent in privately-owned properties.

Over half of the PHA-owned units (2548) are in 16 high-rise apartment buildings for seniors, persons with disabilities and younger single people. Most of the high-rise apartments are efficiency or one-bedroom units. Almost 1300 family townhomes are divided among four housing developments. McDonough Homes is the largest family development, with 580 units spread over about 70 acres. Another 400+ families rent PHA “scattered site” homes that are distributed throughout the city. Over 6300 households have put their names on the public housing waiting list. The wait can be a few months up to several years, depending on the household size and other factors.

The PHA also administers the federal rent subsidy program known as “Section 8 Housing Choice Vouchers”. The rental vouchers help almost 4000 households pay affordable rents in privately-owned apartments and rental homes. The waiting list for have Section 8 vouchers is closed, and the few families receiving vouchers now have waited years for their names to come to the top of the list. Over 11,000 households requested applications when the waiting list was opened for three days in 2007, and 8000 are still on the list.

Families in public housing and Section 8-subsidized apartments pay about 30% of their income for rent and utilities, and the federal housing subsidy pays the rest of the cost.

The total insured value of the PHA’s public housing properties is \$520 million. The total annual budget for public housing, Section 8 and related programs is about \$67 million. The Section 8 program alone will bring about \$32 million in federal funds to Saint Paul this year, most of which is then paid out as rent subsidies to private property owners. Public housing residents pay almost \$12 million a year to the PHA for rent and utilities. HUD will provide \$13 million this year for the public housing “operating subsidy” and another \$8 million for major modernization work, aside from the Recovery Act funding. PHA staff tallied \$77 million in deferred maintenance and other capital needs in a recent “physical needs assessment” of public housing properties, caused by aging buildings and several years of reduced federal funding. The stimulus funding will make a significant down payment on those capital needs, but the PHA needs several years of higher capital grants to “catch up” and then “keep up” with major repair and renovation needs as they accrue (examples: hi-rise roof and boiler replacement, window replacements for energy conservation, etc.). .

The PHA is consistently rated as a “high performer” by HUD for both its public housing and Section 8 programs, based on performance indicators like these:

- All of the PHA’s public housing units are occupied (less than 1% vacancy,).
- PHA residents pay rent on time. The PHA’s collection losses are under two percent of all rents and charges billed.
- The PHA spends its capital grants from HUD on time, following approved plans and budgets.
- The PHA’s public housing units are well maintained. Maintenance requests are completed quickly: Emergencies repairs are done in less than 24 hours, and routine requests in an average of less than 5 days

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