



PRESS RELEASE – FOR IMMEDIATE RELEASE
June 8, 2015

Event: ***PUBLIC HOUSING REPLACES LOST UNITS AT MCDONOUGH HOMES***
Saint Paul Public Housing Agency (PHA) Breaks Ground for 12 New Homes at McDonough Homes Family Development

Place: McDonough Homes Community Center
1544 Timberlake Rd
St. Paul, MN 55117
(Near I-35E and Wheelock Parkway)

Date: Thursday, July 9, 2015

Time: 9:00 AM – 11:00 AM (Program at 9:30 AM)

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Information about the PHA is also posted at: www.stpha.org

PUBLIC HOUSING CONSTRUCTION BEGINS AT MCDONOUGH HOMES

Saint Paul Public Housing Agency awards contract for construction of a 12-plex

On Thursday, July 9, 2015 the Saint Paul Public Housing Agency (PHA) will mark the start of construction on a new 12-plex townhomes at its McDonough Homes public housing development. The development now has 580 townhome rental units that were originally built for low income families in 1952. The two new buildings at McDonough Homes, to be built on Jackson Street, will provide housing for twelve additional families.

On April 22, 2015 the PHA Board of Commissioners approved the construction contract for \$2,839,000 with Weber, Inc., of North Saint Paul, Minnesota. More than a third of the money comes from a \$1,080,000 interest-free 30 year loan through the Minnesota Housing Agency. The rest of the cost will be covered by federal funds the PHA receives from HUD under the Public Housing Capital Fund Program.

The new buildings will have a number of special features including the following:

- Five of the twelve units will be fully accessible for persons with disabilities.
- All units will be fully protected by fire suppression sprinklers.
- The construction will meet the Green Communities Standards required by Minnesota Housing as part of their loan requirements.
- The units will have security screens on the first floor windows to reduce future window breakage and increase security.
- The buildings will have cementitious siding (like Hardi-Plank) on the exteriors to provide extra durability and reduce maintenance costs.

Invited speakers for the press event include Minnesota Housing Commissioner Mary Tingerthal, Senator Al Franken, Senator Amy Klobuchar, Congresswoman Betty McCollum and Councilmember Amy Brendmoen. PHA Executive Director Jon Gutzmann, PHA Commissioners and officers of the McDonough Resident Council will also speak.

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. Before awarding a contract, the PHA’s staff confirms the contractors’ bid amounts, qualifications, commitments to equal employment practices and subcontracting to qualified businesses owned by people who are racial minorities, women or persons with disabilities. Weber, Inc. will also provide building trades pre-apprenticeship opportunities for PHA residents by participating in the “Step-Up” program. Weber will comply with Section 3 requirements by contributing 2.5% of the total contract amount to the PHA’s Section 3 Training Fund.

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 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, this PHA contract could support about 40 jobs.

PHA Executive Director Jon Gutzmann says,

“McDonough Homes has served its residents and the community well for over 60 years. These 12 new homes will provide safe, affordable, quality housing to another twelve families that need it. The State of Minnesota’s commitment to help preserve federally-funded public housing is demonstrated here. We applaud the Governor and the State Legislature for approving \$20 million for capital improvements to public housing throughout the State in the last legislative session, as part of a \$100 million commitment to affordable housing. We encourage them to do more of the same in future sessions.”

These new buildings will be completed by the end of this year.

PHA Background:

The St. Paul PHA has a national reputation for successful programs and has been recognized in many ways over its 38-year history.

The agency has earned HUD’s “High Performer” rating for 25 consecutive years in its public housing program, and for 14 consecutive years in its Section 8 program, based on performance indicators like these:

- The PHA has maintained a 99% occupancy rate for 20 consecutive years.
- PHA residents pay rent on time. The PHA’s collection losses are under two percent of all rents and charges billed.
- PHA residents comply with their lease. Only 1-2% of residents are evicted for serious lease violations each year.
- 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. Residents report almost 100% satisfaction with work orders.
- Crime rates in PHA properties are consistently lower than city-wide averages.
- The PHA spends its capital grants from HUD on time, following approved plans and budgets.
- The PHA compiled a 15 year record with zero findings on its annual audits and has won awards for its financial reporting.

The PHA received HUD’s National Outstanding Sustained Performance Awards in 1991 and 1996, and was the highest-rated large housing agency in the country in 1996 (the only year HUD published such a national ranking).

The PHA administers federal rent subsidies that provide safe, affordable housing to more than 21,000 Saint Paul residents. Almost half of those residents live in the 4262 public housing homes and apartments that the PHA owns and manages. Section 8 Housing Choice Vouchers pay part of the rent in privately-owned properties for another 4,600 households (families and individuals).

Over half of the PHA-owned units (2554) 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 PHA’s largest family development in the North End, with 580 units. (Mt. Airy Homes near the Capitol has 302 units, Roosevelt Townhomes in the Eastside has 320 family units, and Dunedin Terrace in the Westside has 104 units). Another 400 families rent PHA “scattered site” homes that are distributed throughout the city. Over 7,000 households have put their names on the public housing waiting list. The wait can be six months (for an elderly person or a person with a disability to lease a small hi-rise unit) or up to several years (for a family needing a larger unit). The length of wait depends 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 over 4,600 households pay affordable rents in privately-owned apartments and rental homes. The waiting list for Section 8 vouchers has been closed for seven

years. Later this year the PHA will accept new applications for vouchers on line for a few days. That opening will be publicized widely well in advance. Over 11,000 households requested applications when the waiting list was opened for three days in 2007, and staff expects to receive two or three times that many applications this year.

Families in both 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 \$608 million. The total annual budget for public housing, Section 8 and related programs is about \$72 million. Public housing residents pay over \$13 million a year to the PHA for rent and utilities. HUD will provide about \$12 million this year for the public housing "operating subsidy" and another \$6 million for major modernization work. The Section 8 program alone will bring about \$39 million in federal funds to Saint Paul this year, most of which is then paid out as rent subsidies to private property owners. Federal funding for both Section 8 and public housing was cut by the budget "sequestration" and other reductions approved by Congress. In a recent "physical needs assessment" of public housing properties, PHA staff tallied \$77 million in deferred maintenance and other capital needs caused by aging buildings and several years of reduced federal funding.

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