



PRESS RELEASE – FOR IMMEDIATE RELEASE
September 4, 2014

Event: *PUBLIC HOUSING REPLACES LOST UNITS AT MT. AIRY HOMES*
Saint Paul Public Housing Agency (PHA) Breaks Ground for 4 New Homes at Mt. Airy Homes Family Development

Place: Mt. Airy Hi-Rise Community Room
200 E. Arch Street
St. Paul, MN 55130
(North of the Capitol, between University Avenue East and Pennsylvania Avenue East)

Date: Tuesday, September 30, 2014

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

FOR MORE INFORMATION CONTACT:

Alicia Huckleby, Resident Initiatives Director

or

Al Hester, Housing Policy Director

or

Mai Moua, Executive Assistant/Program Coordinator

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

PUBLIC HOUSING CONSTRUCTION BEGINS AT MT. AIRY HOMES

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

On Tuesday September 30, 2014 the Saint Paul Public Housing Agency (PHA) will mark the beginning of a new construction addition to its Mt. Airy Homes public housing development. The area now has 298 townhome rental units that were originally built for low income families in 1959. The new building at Mt. Airy Homes will provide housing for four additional families and will be built on the Mt. Airy Street site vacated when two single family homes were demolished years ago.

On April 23, 2014 the PHA Board of Commissioners approved the construction contract for

\$845,500 with Frerichs Construction Company, of St. Paul, Minnesota. More than one-third of the money comes from a \$360,000 interest-free deferred 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 building will have a number of special features including the following:

- One of the four 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 building will have stucco on the exterior of the first floor and cementitious siding (like Hardi-Plank) on the second floor exteriors to provide extra durability and reduced maintenance costs.
- The units will be heated through fan coil units using hot water provided by District Energy.
- The contract includes necessary site work to modify the adjacent parking lot adding three new parking stalls and two accessible stalls, installing new District Energy hot water supply and new sewer, water and electrical to the site.

Invited speakers for the press event include Minnesota Housing Commissioner Mary Tingerthal, State Senator Sandy Pappas, State Representative Carlos Mariani and Councilmember Dai Thao. PHA Executive Director Jon Gutzmann, PHA Commissioners and officers of the Mt. Airy 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. Frerichs Construction will also provide building trades pre-apprenticeship opportunities for PHA residents by participating in the “Step-Up” program. Frerichs will subcontract a portion of the work to businesses that are owned by or that hire low income residents of the area (“Section 3 businesses”).

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 would support about 15 jobs.

PHA Executive Director Jon Gutzmann says,

“Mt. Airy Homes has served its residents and the community well for 55 years. This new fourplex replaces units that once stood on the site, to provide safe, affordable, quality housing

to another four 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."

The new building 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 37-year history.

The agency has earned HUD's "High Performer" rating for 24 consecutive years in its public housing program, and for 13 consecutive years in its Section 8 program, based on performance indicators like these:

- All of the PHA's public housing units are occupied: less than 1% vacancy rate every year for over 17 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 20,000 Saint Paul residents. Almost half of those residents live in the 4259 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 4,589 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.

Mt. Airy Homes is the PHA's third largest family development, with 298 units. (Roosevelt Townhomes in the Eastside has 314 family units, McDonough Homes in the North End has 580 units and Dunedin Terrace in the Westside has 88 units). Another 400 families rent PHA "scattered site" homes that are distributed throughout the city. Over 8200 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 4500 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 about 500 are still on the list.

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 almost \$600 million. The total annual budget for public housing, Section 8 and related programs is about \$70 million. Public housing residents pay over \$12 million a year to the PHA for rent and utilities. HUD will provide about \$11.6 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 \$36 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 has been cut significantly by the “sequestration” and previous 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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