



Louisiana Housing Corporation

The following motion was offered by Board Member Malcolm Young and seconded by Board Member Ellen M. Lee:

RESOLUTION

A resolution authorizing the transition of the total operation of the Permanent Supportive Housing ("PSH") Project Based Voucher Program to the Louisiana Housing Corporation (the "Corporation"); and providing for other matters in connection therewith.

WHEREAS, the Louisiana Housing Corporation (the "Corporation") was created as a public body corporate and politic and an instrumentality of the State of Louisiana (the "State") pursuant to Act 408 of the 2011 Louisiana Legislature, contained in Chapter 3-G of Title 40 of the Louisiana Revised Statutes of 1950, as amended and codified as Louisiana Revised Statute §40:600.86 through 600.11 (the "LHC Act"); and

WHEREAS, R.S. 40:600.91(26) directs that the Corporation administer or manage disaster recovery programs funded by the Department of Housing and Urban Development (HUD); and

WHEREAS, R.S. 40:600.91(26) directs that the Homelessness Prevention Program formerly administered by the Department of Children and Family Services be transferred to the Corporation; and

WHEREAS, R.S. 40:600.91(27) directs that the Corporation shall have powers necessary to access any and all federal funding related to housing; and

WHEREAS, the Permanent Supportive Housing ("PSH") Project Based Voucher Program and the Homelessness Prevention Programs are presently administered in part by the LHC through the Louisiana Housing Authority ("LHA") and involve the use of Community Development Block Grant ("CDBG") and other federal dollars to accomplish their missions and goals; and

WHEREAS, the PSH program has faced budget cuts which include reductions in the administrative fee available to the Corporation; and

WHEREAS, it has been determined that operation of the PSH program can be accomplished within the decreased proration of the administrative fee, if the entire program operation is brought in house.

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the Louisiana Housing Corporation (the "Board"), acting as the governing authority of said Corporation:

SECTION 1. The Board hereby authorizes the transition of the total operation of the Permanent Supportive Housing ("PSH") Project Based Voucher Program to the Louisiana Housing Corporation.

SECTION 2. The transition of the PSII program will be accomplished within the guidelines set forth in the Transition Overview, attached to this Resolution as Exhibit A.

SECTION 3. The Chairman, Executive Director, Counsel and staff are hereby authorized, empowered, and directed to execute any forms and/or documents required to be executed on behalf of and in the name of the Corporation, the terms of which are to be consistent with the provisions of this resolution and the transition overview.

This resolution having been submitted to a vote, the vote thereon was as follows:

YEAS: Michael L. Airhart, Mayson H. Foster, Dr. Daryl V. Burckel, Larry Ferdinand, John N. Kennedy, Ellen M. Lee, Willie Spears, Guy T. Williams, Jr., Malcolm Young

NAYS: None

ABSENT: Matthew P. Ritchie

And the resolution was declared adopted on this, the 10th day of July 2013.



Chairman



Secretary

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

I, the undersigned Secretary of the Board of Directors of the Louisiana Housing Corporation (the "Corporation"), do hereby certify that the foregoing two (2) pages constitute a true and correct copy of a resolution adopted by said Board of Directors on June 12, 2013, entitled: "A resolution authorizing the transition of the total operation of the Permanent Supportive Housing ("PSH") Project Based Voucher Program to the Louisiana Housing Corporation (the "Corporation"); and providing for other matters in connection therewith."

IN FAITH WHEREOF, witness my official signature and the impress of the official seal of the Corporation on this, the 10th day of July 2013.


Secretary

(SEAL)

SUMMARY

Since its inception in 2009, the Louisiana Housing Authority (LHA) has contracted with Quadel to administer the day-to-day operations of the Permanent Supportive Housing (PSH) Project-based Voucher (PBV) Program. Initially, the LHA did not have the experience or capacity to independently start-up and implement a new program of this magnitude and Quadel was selected through a Request for Proposal (RFP) process. The current arrangement has been very beneficial to the LHA; however, the LHA now has significant experience with the PBV program and is in a position to manage the program directly by moving it completely in-house.

A study conducted by Cohn Reznick, at the request of the Louisiana Housing Corporation (LHC), indicates that by bringing the day-to-day operations of the PBV Program 100% in-house, the LHA could achieve savings of nearly \$800,000 over the remaining term of the Quadel contract (ends April 30, 2015).

This year, the PBV Program has faced some budget cuts including a decreased proration of the Administrative Fee. Moving the program in-house will allow the LHA more flexibility to adjust to these types of challenges going forward and will allow us to make any changes necessary to compensate for fluctuations in funding, while retaining the expertise and workforce necessary to continue to successfully deliver the PBV Program to our most vulnerable population.

The transition from Quadel to LHA will take six months, beginning in June 2013, and all transition activities must be completed by December 1, 2013.

IS THERE A YEARLY ALLOCATION FOR THE PBV PROGRAM?

No, there is no yearly allocation for the PBV Program. The PBV budget is based on the number of units that the LHA has leased up (under contract, occupied, rent being paid) on the first of every month. Eventually, the program will plateau with an even 2,000 units, but as we are still ramping up, the number of units leased every month varies.

HOW IS THE ADMIN RATE DETERMINED?

The PBV admin rate changes every year. The rate is based on what HUD determines it can afford based on the total Section 8 budget. Here is how it works:

	Step 1	Step 2	Step 3
Admin Percentage Process	HUD posts a rate for each HA	LHA requests a higher rate*	HUD informs all HAs of approved pro-rated rate
Year 2013 LHA Rates	HUD posted a rate of \$66.64/mo for first 600 units and \$62.19 for the remaining units under lease	The LHA requested a rate of \$93.14 (our approved rate in 2012 was \$80.66).	HUD has not yet approved the requested higher rate, but we do know that the proration percentage is 69% of whatever they approve.

* The approval is based on the uniqueness of the program and the actual operating budget.

NOTE: In 2009 and 2010, the approved rate before proration was \$75 and in 2011 it was \$84.12.

FTEs & Cost Savings

Comparison of Operating Expenses over the Remainder of the Contract (17 months)	
Current Operating Costs (Quadel \$1,847,438 + State Expenses \$358,416)	\$2,205,854
Proposed Operating Costs (LHA/LHC administers program in-house)	\$1,103,932
TOTAL OPERATING COSTS SAVINGS OVER THE REMAINDER OF THE CONTRACT	\$1,101,922

Currently Quadel operates the PBV Program with a team of 12 employees. Bringing the contract in-house will allow LHA to reduce costs significantly by administering the program with only 8 FTEs, which includes the hiring of several critical members of Quadel's team.

The total increase of LHA staff as a result of bringing this program in-house will be 8 FTEs to the LHC, but will result in a cost-savings to the Corporation (see table below).

The following items will be reduced or eliminated over the remaining contract period (17 months) as a result of the transition and represent a portion of the total operating costs savings:

Line Item	Reduced or Eliminated	Amount
Direct Cost – rent	Reduced	\$ 68,000.00
Direct Cost – travel	Reduced	\$ 35,513.00
Direct Cost – network hosting	Eliminated	\$ 36,754.00
Direct Cost – temporary help	Eliminated	\$ 25,075.00
Direct Cost – professional fees	Eliminated	\$ 10,625.00
Direct Cost – liability insurance	Eliminated	\$ 21,420.00
Direct Cost - Management Support	Eliminated	\$108,188.00
Direct Cost – Management Fee	Eliminated	\$358,411.00
Labor – IT/Waiting List Specialist	Eliminated	\$ 89,896.00
		\$753,882.00

PBV PROGRAM ANNUAL OPERATING BUDGET ESTIMATE

The budget below is our best estimate of what the LHA's annual operating budget will be once the PBV Program has transitioned from Quadel to LHA. *(NOTE: the total savings as indicated in the previous section includes the entire remaining period of the contract, which is 17 months. The information below represents the estimated annual cost.)*

The numbers are based on: 1) the current approved Quadel budget, 2) LHA's known costs in Baton Rouge and 3) an assessment of what activities will change once the Quadel component transitions to Baton Rouge.

Labor			
	Personnel	8 FTE	\$ 366,476.00
	Fringe	0.28	\$ 102,613.28
	<i>Total Labor and Fringe</i>		\$ 469,089.28
Consultants			
	Hawkins		\$ 75,000.00
	TAC		\$ 60,000.00
	Casterline		\$ 19,500.00
	Pinelli		\$ 6,965.00
	<i>Total Consultants</i>		\$ 161,465.00
Subcontractors			
	Inspection Services		\$ 8,735.00
	Criminal Background		\$ 5,164.00
	Utility Allowance		\$ 1,500.00
	Computer Services		\$ 21,105.00
	<i>Total Subcontractors</i>		\$ 36,504.00
Other Direct			
	Occupancy		\$ 24,000.00
	Phone		\$ 30,000.00
	Printing		\$ 1,680.00
	Supplies		\$ 12,192.00
	Computer		\$ 14,832.00
	Postage		\$ 9,192.00
	Existing State Other Direct		\$ 9,840.00
	Travel		\$ 10,452.00
	<i>Total Other Direct</i>		\$ 112,188.00
TOTAL ANNUAL COST			\$ 779,246.28