



NOTICE AND AGENDA

April 22, 2015

REGULAR MEETING OF THE MINNEAPOLIS PUBLIC HOUSING AUTHORITY IN AND FOR THE CITY OF MINNEAPOLIS WILL BE HELD AT 1:30 P.M. AT 1001 WASHINGTON AVENUE NORTH, MINNEAPOLIS, MINNESOTA

The Tenant Advisory Committee will meet at 12:00 Noon, same date and place

Commissioners:

- F. Clayton Tyler, Chair**
- Charles T. Lutz, Vice Chair**
- Daisy Nguyen, Secretary**
- Tom DeAngelo, Commissioner**
- Cara Letofsky, Commissioner**
- Dorothy Robinson, Commissioner**
- Hon. James Rosenbaum, Commissioner**
- Berra Toka, Commissioner**

GENERAL:

- Roll Call
- Approval of Agenda
- Minutes of Regular Meeting of January 28, 2015

TENANT ADVISORY COMMITTEE – TAC Chairperson Comments

DISCUSSION:

1. Affordable Housing Trust Request (Cora McCorvey, Executive Director / CEO)
2. Use of 2012 Operating Subsidy Settlement Funds (Tim Durose, DED / CFO)
3. Planning for a New MPHA Administrative Office Building (Dean Carlson, Development Project Manager)

RESOLUTION:

4. Approval and Execution of Rental Assistance Demonstration (RAD) Transaction Documents (Bob Boyd, Director of Policy & Special Initiatives)



RECEIVE AND FILE:

- Monthly Performance Report for January 2015 (Cora McCorvey, Executive Director / CEO)
- Monthly Performance Report for February 2015 (Cora McCorvey, Executive Director / CEO)
- Monthly Performance Report for March 2015 (Cora McCorvey, Executive Director / CEO)

Next Regular Meeting:

**Wednesday, May 27, 2015 - 1:30p.m.
1001 Washington Avenue North
Minneapolis, MN 55401**

Notice: *A portion of this meeting may be closed to the public pursuant to Minnesota Statutes Section 13D.03 or 13D.05.*



**MINUTES OF THE ANNUAL MEETING OF THE
MINNEAPOLIS PUBLIC HOUSING AUTHORITY
IN AND FOR THE CITY OF MINNEAPOLIS
January 28, 2015**

The Minneapolis Public Housing Authority in and for the City of Minneapolis met in its Annual Meeting at 1:30 P.M. on January 28, 2015, at 1001 Washington Avenue North, Minneapolis, Minnesota, the date, time, and place established for the holding of such meeting.

Roll Call:

The Chair called the meeting to order, the following members of the Board being present:

F. Clayton Tyler	Chair
Charles T. Lutz	Vice Chair
Tom DeAngelo	Commissioner
Cara Letofsky	Commissioner

The following members of the Board were absent:

Daisy Nguyen	Secretary
Dorothy Robinson	Commissioner
Hon. James Rosenbaum	Commissioner

The following others were also present:

Cora McCorvey	Executive Director / CEO
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The Chair declared the presence of a quorum.

Approval of Agenda:

Commissioner Lutz moved approval of the proposed agenda. The motion was seconded by Commissioner Letofsky. Upon a voice vote, the Chair declared the motion carried.

Approval of Minutes:

The Minutes of the Regular Meeting of December 17, 2014, were presented for approval. Commissioner Lutz moved the minutes be accepted as presented. The motion was seconded by Commissioner DeAngelo. Upon a voice vote, the Chair declared the motion carried.



Election of Officers and Appointment of Committee Members:

Upon nomination by Commissioner Letofsky, seconded by Commissioner DeAngelo, Commissioner Lutz was unanimously re-elected Vice Chair of the MPHA Board of Commissioners and Commissioner Nguyen was unanimously re-elected Secretary of the MPHA Board of Commissioners.

The Chair announced the following committee appointments for 2015: Commissioner Letofsky to chair the MPHA Audit Committee, Commissioner Robinson to the Audit Committee, Commissioner Nguyen to the MPHA Pension Committee, Commissioners DeAngelo, Letofsky and Chairman Tyler to the Development Committee, Commissioners Lutz, Rosenbaum and Nguyen to the Executive Committee of the Board, Chairman Tyler to chair the Executive Committee.

Item No. 1: Meeting Schedule for 2015 Board Meetings

After a brief presentation by staff and discussion, Commissioner Lutz moved approval of the recommendation set forth in the Report. Commissioner Letofsky seconded the motion. Upon a voice vote, the Chair declared the motion carried. [See Document No. 2015-01]

Item No. 2: Declaration of Trust for 4046 Third Avenue South

After a presentation by staff and discussion, Commissioner Letofsky moved approval of the recommendation set forth in the Report along with the corresponding Resolution which was attached thereto. Commissioner DeAngelo seconded the motion. Upon a roll call vote, four Commissioners voted "aye" (Commissioners DeAngelo, Letofsky, Lutz, and Tyler), and No Commissioners voted "nay". The Chair declared the motion carried. [See Document No. 2015-02]

Item No. 3: Amendment to MPHA's Health Reimbursement Arrangement (HRA) Plan

After a presentation by staff and discussion, Commissioner Lutz moved approval of the recommendation set forth in the Report along with the corresponding Resolution which was attached thereto. Commissioner Letofsky seconded the motion. Upon a roll call vote, four Commissioners voted "aye" (Commissioners DeAngelo, Letofsky, Lutz, and Tyler), and No Commissioners voted "nay". The Chair declared the motion carried. [See Document No. 2015-03]

Item No. 4: Amendments to MPHA Procurement Policy

After a brief presentation by staff and discussion, Commissioner DeAngelo moved approval of the recommendation set forth in the Report. Commissioner Letofsky seconded the motion. Upon a voice vote, the Chair declared the motion carried. [See Document No. 2015-04]

Item No. 5: Appointment of the Moving to Work Resident Advisory Board (RAB)

After a brief presentation by staff and discussion, Commissioner Lutz moved approval of the recommendation set forth in the Report. Commissioner Letofsky seconded the motion. Upon a voice vote, the Chair declared the motion carried. [See Document No. 2015-05]



Item No. 6 Approval of 2015 Pay Equity Implementation Report

After a brief presentation by staff and discussion, Commissioner Lutz moved approval of the recommendation set forth in the Report. Commissioner Letofsky seconded the motion. Upon a voice vote, the Chair declared the motion carried. [See Document No. 2015-06]

Receive and File Items:

The following item was received and filed by the Board:

- The Monthly Performance Report for December 2014. [See Document No. 2015-07]

Adjournment:

There being no further business to come before the meeting, and upon a motion duly made and seconded, the meeting was adjourned at 1:47 p.m.

Secretary of the Board of Commissioners

Date These Minutes Approved



April 22, 2015

Agenda Item 1

REPORT TO THE BOARD OF COMMISSIONERS

FROM: Cora McCorvey, Executive Director / CEO

SUBJECT: Affordable Housing Trust Fund Request

Previous Directives: None

Resident Association Notification: This matter will be discussed with the Tenant Advisory Committee (TAC) immediately prior to the Board's April 22, 2015 meeting.

Budget Impact: A favorable response from the City of Minneapolis would have a positive impact on MPHA's Capital Fund Budget.

Affirmative Action Compliance: Not Applicable

Procurement Review: Not Applicable

RECOMMENDATION: It is recommended that the Board of Commissioners formally request the City of Minneapolis to set aside a portion of the annual Affordable Housing Trust Fund to assist MPHA with its critical backlog of unmet capital needs.

MPHA's Low Income Public Housing program has consistently achieved HUD's "high performer" status since 1997. Despite this achievement, the housing stock the Agency is charged with maintaining is at risk. MPHA currently has over \$100 million in past due capital needs. These needs include building components that have reached or exceeded their useful life; over \$50 million of these are for major building systems (major plumbing and electrical systems, elevators, building envelopes, etc.) that are critical to the health and safety to thousands of the City's poorest and most vulnerable families, elderly, and disabled.

The City of Minneapolis established the Affordable Housing Trust Fund (AHTF) in 2003 to earmark \$10 million per year in the City's budget for the development and preservation of affordable housing. Historically, these funds have been directed exclusively to affordable housing developers in support of new affordable housing projects. In recent conversations with the City Council President, it was suggested that the Agency pursue the use of some of the AHTF's resources to preserve assets the City already owns.

Until 2010, the City provided MPHA with approximately \$1.5 million a year in tax levy funding along with substantial CDBG funding support for various programs and services managed by the Agency.



Even with these cuts in City support, MPHA has been effective in managing its limited resources and allocation of its funding to target its most critical needs. But maintaining its significant housing stock under this economic reality is not sustainable.

Staff recommends that the Agency's Board of Commissioners formerly request the City of Minneapolis to set aside a portion of the Affordable Housing Trust Fund to assist the City's public housing program in preserving its properties so that very low-income families who are residents of the City have safe, decent and affordable housing.

This Report was prepared by Cora McCorvey, Executive Director / CEO. For additional information contact Ms. McCorvey at (612) 342-1495 or cmccorvey@mplspha.org.



April 22, 2015

Agenda Item 2

REPORT TO THE COMMISSIONERS

FROM: Cora McCorvey, Executive Director / CEO

SUBJECT: Use of 2012 Operating Subsidy Settlement Funds

Previous Directives: None

Resident Association Notification: This matter will be discussed with the Tenant Advisory Committee (TAC) immediately prior to the Board's April 22, 2015 meeting.

Budget Impact: This report authorizes the use of \$2,371,284.

Procurement Review: Not Applicable

Affirmative Action Compliance: Not Applicable

RECOMMENDATION: It is recommended that the Board of Commissioners approve the use of the Operating Subsidy Settlement Funds as described in this Report.

In 2012, HUD reduced the MPHA's public housing operating subsidy by \$2,789,746 in an attempt to offset all public housing authorities (PHAs) with excess reserves. Because MPHA is an MTW agency, HUD reduced MPHA's operating subsidy based on a reduction of similar sized PHAs and not based on MPHA's actual reserve balance. Although the MPHA did not have reserves that were "excess" under HUD's definition, HUD nonetheless reduced the MPHA's operating subsidy for 2012.

MPHA filed a complaint with the Court alleging that HUD breached the MTW Contract and thus the MPHA was damaged in an amount of at least \$2,789,746. MPHA offered to settle all of its claims in this case in exchange for payment by the United States in the amount of \$2,371,284.



Staff is seeking the Board of Commissioners approval to spend the \$2.3 million as follows:

USE	AMOUNT
Legal costs related to the Complaint	\$ 67,000
Project Lookout for FY16	\$ 155,000
Existing Public housing building rehabilitation and major repairs	\$2,149,284
TOTAL USES	\$2,371,284

This Report was prepared by Tim Durose, Deputy Executive Director / Chief Financial Officer. For further information, please contact Mr. Durose at (612) 342-1410 or tdurose@mplspha.org.



April 22, 2015

Agenda Item 3

REPORT TO THE BOARD OF COMMISSIONERS

FROM: Cora McCorvey, Executive Director / CEO

SUBJECT: Planning for a New MPHA Administrative Office Building

Previous Directives: None.

Resident Association Notification: This matter will be discussed with the Tenant Advisory Committee (TAC) immediately prior to the Board's April 22, 2015 meeting.

Budget Impact: Planning costs will be funded in the Central Office Cost Center Budget.

Affirmative Action Compliance: Not applicable; however, any consultant hired will be subject to Affirmative Action requirements.

Procurement Review: Not applicable; however, any actions taken to acquire consulting or other professional services will be subject to MPHA's procurement process.

RECOMMENDATION: It is recommended that the Board of Commissioners authorize the Executive Director and/or her designee(s) to examine the possibility of developing a new administrative office building and analyze the implications of relocating from its current Central Office facility at 1001 Washington Avenue North.

MPHA currently owns its Central Office administrative office building located at 1001 Washington Avenue North. This 40,000 square foot building is situated on a 130,000 square foot parcel and was built in 1970 as a training facility by the previous owner, Control Data Corporation. MPHA purchased it in 1991. While structurally sound, the building layout is inflexible and inefficient. Further, renovations that would effectively address existing security concerns and functionality are cost prohibitive.

Considering the current real estate market in the North Loop, MPHA's 130,000 square foot property could have a market value as high as \$5,000,000 to \$7,000,000. Therefore, now may be an opportune time to consider selling or leasing the property and building new, state-of-the-art administrative offices on MPHA owned property in Heritage Park. A new administrative building would not only be more flexible and better meet the future needs of MPHA, its residents, program participants and employees, but could also provide an opportunity for MPHA to own rentable



commercial/office space, spur development at Heritage Park, and take advantage of planned public transportation in the immediate area.

The process of planning and developing a new MPHA administrative office facility will take time. Staff recommends the objective to be having a destination facility ready for move in before the existing 1001 property is finally disposed of. Disposal of this asset will require the approval of the MPHA Board of Commissioners and HUD.

This Report was prepared by Dean Carlson, Development Project Manager. For additional information, contact Mr. Carlson at (612) 342-1213 or dcarlson@mplspha.org.



April 22, 2015

Agenda Item 4

REPORT TO THE BOARD OF COMMISSIONERS

FROM: Cora McCorvey, Executive Director / CEO

SUBJECT: Approval and Execution of Rental Assistance Demonstration (RAD)
Transaction Documents

Previous Directives: On December 18, 2014, the Board approved a Resolution approving the submission of a Rental Assistance Demonstration (RAD) “Program Application” for the 200 public housing units at the Heritage Park Asset Management Project (AMP) and the submission of a RAD “Portfolio Award Application” for the 200 public housing units at the Heritage Park AMP and the 184 public housing units at the Glendale Townhomes AMP.

Resident Association Notification: MPHA’s RAD Application was reviewed and approved by the Tenant Advisory Committee (TAC) prior to its submission to HUD. This Report and Resolution will be reviewed by TAC immediately prior to the Board’s April 22, 2015 meeting.

Budget Impact: Implementing RAD will require a number of legal and other transactional costs which will be paid out of Central Office funds.

Affirmative Action Compliance: Not Applicable

Procurement Review: Not Applicable; but any actions taken to implement this transaction will be subject to MPHA’s procurement review process.

RECOMMENDATION: It is recommended that the Board of Commissioners adopt the attached Resolution which authorizes the Board’s Chair and/or the Executive Director and/or their designees to execute documents relating to the RAD transactions for Heritage Park and taking such actions as may be necessary to meet HUD’s milestones for both the conversion of Heritage Park public housing units to PBRA and to timely submit a RAD application to HUD as part of MPHA’s Portfolio RAD application for MPHA’s Glendale Family Development that was approved by HUD.

BACKGROUND:

The Rental Assistance Demonstration (RAD) was authorized by the Appropriations Act of 2012. RAD provides an opportunity to test the conversion of public housing to long-term, project-based Section 8 rental assistance. It is a central part of HUD’s rental housing preservation strategy, which is designed to preserve the nation’s stock of affordable rental housing, promote



efficiency within and among HUD programs, and build strong, stable communities.

RAD's primary goals include the preservation and improvement of public housing properties by enabling PHAs and owners to secure private debt and equity in order to address immediate and long-term capital needs. RAD allows proven financing tools to be applied to public and assisted housing. RAD is also designed to test the extent to which residents have increased housing choices after the conversion, and the overall impact on the subject properties.

HERITAGE PARK DEVELOPMENT:

At the November 20, 2013 Board of Commissioners meeting, staff presented the rationale for submitting a RAD application for the 200 public housing units at Heritage Park. Staff indicated that, mainly due to insufficient federal appropriations and significant property assessments, the costs to operate and maintain public housing units at Heritage Park are in excess of the resources available to support them. Disbursements from the Heritage Park public housing unit reserves have been utilized to address the shortfalls from previous years. Since that time, McCormack Baron Salazar reports that the reserves have been fully utilized to address the shortfalls.

Staff prepared a 'white paper' providing more details on RAD and its possible impact for MPHA which was sent to the Board on December 6, 2013. The white paper noted that, given the recent history of HUD funding for public housing and the unavailability of other sources of revenue, there is an ongoing risk to the viability of the public housing units at Heritage Park. Staff believed that RAD appeared to be the most feasible alternative for preserving these public housing units and the Board agreed.

BENEFITS OF RAD CONVERSION FOR HERITAGE PARK:

For Heritage Park, a RAD conversion would allow the 200 public housing units to become project based Section 8 units. This would be beneficial to the long-term preservation of the units because of a likely improved funding and regulatory environment. The RAD agreement would:

- Likely provide McCormack Baron Salazar with a more secure Operating Subsidy, as Section 8 funding has proved to be more stable than public housing operating funding, plus Capital Funds directly from HUD;
- Provide less future pro-ration risk because of a shift in the appropriation account to project-based Section 8;
- Provide improved inflation adjustments to annual funding; and
- Provide significant reductions in the administrative burden and bureaucracy of public housing for both MPHA and McCormack Baron Salazar.



In exchange, McCormack Baron Salazar has agreed to negotiate the return of some Capital Funds to MPHA as payment under the current ground lease.

The conversion will require a RAD contract between HUD and McCormack Baron Salazar. McCormack Baron Salazar and HUD, not MPHA, would bear responsibility for financial success of all units. Unlike the current requirements related to public housing, McCormack Baron Salazar would have to be willing to share resources across all 440 units in the development to make the project financially feasible.

RESIDENT IMPACT:

The real impact of RAD conversion on residents of the converted project is negligible. No residents will be involuntary displaced. HUD has determined that a number of ‘Resident Procedural and Program Rights’ must be carried over under RAD. RAD conversion requires PHAs who are converting to provide a “choice mobility option” to residents of RAD projects. This means all RAD residents would have a right to a Section 8 tenant-based voucher within two (2) years of residency post conversion. HUD has recognized that implementing this provision could create difficulties for PHAs and impact the current Section 8 waiting list families and provides for a “phase in” strategy for this provision. Current public housing residents have no such right to a voucher; thus, this aspect of conversion provides an additional benefit to a RAD resident.

Prior to submitting its RAD application, staff conducted two meetings with residents living in the public housing units at Heritage Park to notify the residents of MPHA’s intent to pursue a conversion and to provide an opportunity for comment. MPHA will conduct additional meetings with and direct communications to Heritage Park public housing residents as part of the Conversion process.

RAD PORTFOLIO APPLICATION:

As part of its RAD application, MPHA also submitted a RAD Portfolio Application which includes both the Heritage Park AMP and the Glendale Townhomes AMP. The RAD Portfolio Application preserves the Agency’s ability to submit a full RAD Application for the Glendale Townhomes Development. MPHA has one year from March 25, 2015 to submit its RAD application for Glendale. MPHA may elect not to submit a Glendale Application should it not prove to be feasible without penalty or other adverse impact on the Heritage Park conversion.

HUD required RAD milestones, and the transactions and actions required to achieve a successful RAD conversion of the Heritage Park Public housing units, as well as the meeting of all requirements related to the submission of the Portfolio Application for Glendale all require numerous implementation actions.

In order to avoid having to call Special Board meetings within these tight schedules to address these administrative requirements, staff is recommending that the Board approve the attached



Resolution authorizing the Chairperson of the Board or the Executive Director or their designees to execute RAD-related documents and to take actions needed to timely prepare the Portfolio Application for Glendale. Prior to submission, the Glendale Portfolio Application will be presented to the Board for approval. The Executive Director and the Chair will report actions take related to RAD at the next regularly scheduled Board meetings.

This Report was prepared by Bob Boyd, Director of Policy and Special Initiatives. For additional information please contact Mr. Boyd at (612) 342-1437 or bboyd@mplspha.org.



RESOLUTION NO. 15-155

WHEREAS, Minneapolis Public Housing Authority ("MPHA") is a party to an Annual Contributions Contract ("ACC") with the United States Department of Housing and Urban Development ("HUD") for funding the capital and operating costs of low rent public housing units and projects; and

WHEREAS, The MPHA Board approved a Report and Resolution on December 18, 2013 approving the submission of a Rental Assistance Demonstration (RAD) Program application for the 200 public housing units at the Heritage Park Asset Management Project (AMP) and the submission of a Portfolio Award application that included the 200 public housing units at the Heritage Park AMP and 184 public housing units at MPHA's Glendale Townhomes; and

WHEREAS, the MPHA Board of Commissioners has approved MPHA's RAD Application and Portfolio Application to HUD that accepts the HUD requirements for participating in RAD; and

WHEREAS, HUD has established requirements, identified milestones, and requires certain RAD Transaction Documents to be executed and actions taken within certain timeframes ; and

WHEREAS, the actions and timeframes for meeting HUD's RAD requirements, are time sensitive and, considering the difficulty of scheduling meetings of the Board in order to accommodate such schedules,

NOW, THEREFORE, BE IT RESOLVED:

That the MPHA Board shall specifically authorize the MPHA Board Chair and/or the Executive Director to approve and take actions that may be necessary to meet HUD's RAD requirements and milestones related to the Heritage Park Implementation of RAD and the preparation of the Glendale RAD Application.

1. After approving the same, the Chairperson and/or Executive Director or her designee are authorized and directed to execute the Transaction Documents (including ACC Amendments) which are related to the RAD Conversion, as well as to execute such other ancillary agreements, and/or to take actions as may be necessary in order to effectuate the Heritage Park RAD Conversion and submission of the Glendale RAD application.
2. The Executive Director is directed to report the execution of such Transaction Documents and other actions taken at the first regularly scheduled meeting of the MPHA Board of Commissioners following each such action.
3. This Resolution shall take effect immediately.