2017 MOVING TO WORK ANNUAL REPORT

MINNEAPOLIS PUBLIC HOUSING AUTHORITY

For the year ended December 31, 2017

Submitted to HUD on March 29, 2018

EQUAL HOUSING OPPORTUNITY – EQUAL EMPLOYMENT OPPORTUNTY

MINNEAPOLIS PUBLIC HOUSING AUTHORITY BOARD OF COMMISSIONERS

MISSION STATEMENT

To promote and deliver quality, well-managed homes to a diverse low-income population and, with partners, contribute to the well-being of the individuals, families and community we serve.

ABOUT THE MOVING-TO-WORK PROGRAM

In 1996, Congress created the Moving to Work (MTW) Demonstration Program. The program allows designated housing authorities to design and test innovative, locally-designed strategies for providing low-income families with affordable housing. MTW allows the agency to waive most HUD regulations if it is pursuing one of three statutory objectives: (1) increasing housing choices, (2) creating opportunities for families with children to become self-sufficient, and (3) increasing cost effectiveness of the agency. An MTW agency may also move funds as needed among its programs, within certain guidelines, to best meet local needs.

In 2008, the U.S. Department of Housing and Urban Development (HUD) granted MPHA its MTW status. We are one of 39 MTW agencies nationwide. MTW status does not increase MPHA's funding from HUD (and, despite its name, it does not impose work requirements on residents). However, it gives MPHA additional flexibility to weather federal funding volatility and to design programs that allow us to better serve our Minneapolis community.

Each year, MTW agencies such as MPHA must prepare two documents for HUD. In the fall, MPHA submits an MTW Annual Plan in which MPHA describes the ways we intend to exercise our MTW flexibilities in the coming year. This annual plan includes a detailed look at the programs, operations, and major capital investments of the housing authority, as well as any new MTW initiatives MPHA proposes to pursue. And each spring, MPHA submits this MTW Annual Report, which assesses our progress with respect to our goals over the prior year, summarizes our operating information, and provides updates on previously authorized MTW activities. The components of both documents are prescribed by HUD.

For more information, contact:
Jeff Horwich, Director of Policy and External Affairs (MTW@mplspha.org)

MplsPublicHousing MplsPubHousing
www.MPHAOnline.org

MPHA 2017 MTW Annual Report

Table of Contents

I. INTRODUCTION: Near-Term Action, Long-Term Gain

During 2017 MPHA took a decisive turn from its historic focus on stability and modest growth, toward aggressively laying a foundation for sustainable, long-term preservation of our housing and the economic well-being of the people we serve. It has been a year of significant transition for MPHA and the environment in which we operate: a new administration took office in Washington, bringing ever-changing policy priorities and uncertainty around funding for federal housing programs. Minneapolis elections late in the year brought a new mayor and new city council members with a renewed interest and commitment to affordable housing. At MPHA, a new executive director assumed leadership in February, followed by strategic reorganization and enhancements to senior leadership to align MPHA for its now-and-future challenges.

Our fundamental, underlying context remained unchanged: public housing authorities sit poised between decades of federal disinvestment and budget pressure, on one side, and the low-income, often vulnerable households who rely upon our programs to meet the fundamental human need of shelter. It has become the "new normal" to operate without adequate funding, yet this new normal is not sustainable. If we are to be good stewards of our mission, we must find innovative ways to fund our work, serving our current families and the families who will surely need us in the future. This will mean utilizing our MTW flexibility to every extent we can, and mobilizing in partnership with our community to invest together where the federal government falls short.

In 2017, MPHA laid down bold markers on its new course: placing housing preservation on the public agenda, forging new partnerships to serve local needs, retooling to offer more choices for families with vouchers, and supporting the values that make MPHA communities strong.

PRESERVING PUBLIC HOUSING: LAYING THE FOUNDATION

Guiding Principles affirm the rights of public housing residents

MPHA began with the people we serve. Our *Guiding Principles for Redevelopment and Capital Investments*—drafted with extensive resident contributions, approved by our board, and presented in five languages—commits to resident involvement, right-of-return, stable rent, and protecting vulnerable populations.

Working Capital Fund paves the way for initial investments

MPHA secured a $1 million grant from the McKnight Foundation which, together with $1 million from MPHA's reserves, formed a working capital fund to assess the capital needs of MPHA's entire portfolio. The fund also allows MPHA to consult with design, financing, and energy experts and commence the community engagement and pre-development work to guide our investments in preserving and creating deeply affordable public housing.

From the *Guiding Principles*
A resident "bill of rights"

- PRIORITY ON PRESERVATION
- RIGHT-OF-RETURN
- PROTECT VULNERABLE POPULATIONS
- RESIDENT INVOLVEMENT IN DESIGN
- RELOCATION ASSISTANCE
- CONTINUED MPHA MANAGEMENT
- OPEN, TRANSPARENT PROCESS

Building a culture of transparency and public engagement

MPHA undertook deliberate, sustained efforts to inform and rally the community around this work through community meetings (including extra public meetings around our MTW Annual Plan), newspaper editorials, media interviews, printed materials, videos, recorded phone hotlines in English and Somali, and public testimony for enhanced funding in the city budget.

Investing wisely today in our most pressing needs

Although our available funding falls far short of our need, MPHA invested $13.5 million dollars in capital projects across our portfolio in 2017—in part by using our MTW single-fund-flexibility to address urgent safety and security priorities. The agency directed our limited capital dollars toward repair and upgrade of fire suppression and alarm systems; elevator modernization; piping, heating, and electrical systems repair; and roof replacements at our scattered-site homes. Two buildings long-due for apartment renovations received major updates. By working with partners, MPHA also pursued and secured U.S. Department of Energy funding to perform major weatherization and energy-efficiency upgrades for our oldest major property, the Glendale Townhomes. This work, begun in 2017, will provide all 184 family units with new insulation, updated ventilation systems, and furnace repairs. We estimate the investment may total more than $1.5 million, bringing comfort to residents and energy savings to MPHA.

Crews blow in cellulose attic insulation at MPHA's Glendale Townhomes, through a partnership with Sustainable Resources Center (SRC) and CenterPoint Energy.

PARTNERSHIPS TO CREATE NEW HOMES AND MEET LOCAL NEEDS

Minnehaha Townhomes moves forward for homeless families

The year 2017 brought great progress for our "Shelter to Home" MTW activity, under which MPHA will build 16 townhome units dedicated to families emerging from homelessness. In partnership with the City of Minneapolis, MPHA obtained a one-acre lot in a desirable location with excellent access to transit, has agreements in place to fund and deliver services to families, and has raised near $4 million toward this initiative by working intensely with city, county, state, and private funders. We are hopeful the Minnehaha Townhomes will demonstrate MPHA's commitment and its capacity to develop and redevelop in pursuit of our mission.

Rendering of the Minnehaha Townhomes

Making housing for homeless youth a reality

Downtown View groundbreaking

In 2017 MPHA celebrated the groundbreaking and later the opening of a Minneapolis transitional housing facility for homeless youth. The facility, called "Downtown View," is run by local partner Youthlink, with services provided by Project for Pride in Living (PPL). MPHA made this project possible with our commitment of 25 project-based vouchers under our "Permanent Supportive Housing for Youth" initiative.

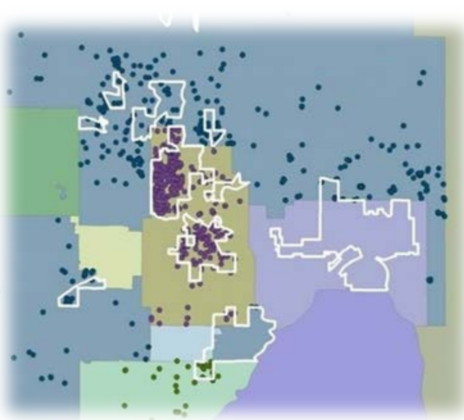
A new start for ex-offenders

MPHA's "Reintegration of Offenders" initiative took a leap forward near the end of 2017, as MPHA began sponsor-based, fixed subsidies that will give way at a later date to project-based vouchers and specialized services. With our local partners Better Futures and Beacon, MPHA has stepped up to help fill a troubling gap in housing, job-training, and support for recently released offenders ready for a second chance.

A safety net for suddenly displaced families

In mid-2017, the City of Minneapolis found it regrettably necessary to revoke the license of a landlord that housed dozens of families in affordable—if potentially sub-standard—homes. MPHA mobilized quickly to partner with a local social service agency, Community Action Partnership of Hennepin County, to create a safety-net program for any families that should lose their housing. Under the program, MPHA provides families a fixed rental subsidy up to one-year, combined with rapid-response services from our partner.

INNOVATIVE APPROACHES TO FAMILY OPPORTUNITY AND CHOICE



Map compiled by MPHA—using partner PHA data—showing voucher distribution (dots) and areas of concentrated poverty in the Twin Cities (inside white lines).

Leading a regional approach to opportunity and efficiency

Recognizing that we can do better for families by breaking down barriers, MPHA convened 10 public housing authorities in the Twin Cities three times in 2017, applying a grant from the Family Housing Fund. The PHAs and Housing and Redevelopment Authorities (HRAs) gathered to review research, compare experiences, and explore ways we can collaborate to reduce inefficiencies while expanding options for families. Two key partners, the Metropolitan Council HRA and St. Paul PHA, hosted meetings, and attendance from our adjacent agencies has been strong. At these gatherings, MPHA has introduced the prospect of applying for Regional MTW status, which could extend certain aspects of MPHA's flexibility to our neighboring agencies. We expect, with at least one major partner PHA, to make a regional MTW request of the HUD Secretary in 2018.

Attracting more property owners, and serving them better

Property owners make the Housing Choice Voucher program work—and better relationships mean better outcomes for families. MPHA dove deep into policies and practices across our HCV program in 2017, with a goal to improve customer service, streamline processes, and make the program more appealing for private property owners. We created an owner-outreach coordinator position to drive our efforts on accessibility and communication. And we began collaborating with the city on an owners' incentive fund and inspections data-sharing.

All-staff Housing Choice Voucher customer service training from Nan McKay

Investing in the mobility-to-opportunity connection

For children, a "mobility move" can make a lifetime of difference. MPHA continued to expand its Mobility Voucher Program under a dedicated mobility specialist, helping families find and afford rentals in areas of greater opportunity—inside and outside of Minneapolis. We commissioned a rent study to better understand rental trends in the Minneapolis marketplace and make data-driven decisions on where to adjust our payment standards. MPHA also began a review of our project-based voucher program, redesigning our process for selection of developers that align with MPHA's strategic objectives. In 2017, with considerable input from MPHA about our voucher program and the enhancements underway, the Minneapolis City Council unanimously voted to prohibit rental discrimination based upon use of a housing voucher.

EMPOWERED, HEALTHY COMMUNITIES

Facing the future together with a powerful resident community

MPHA Executive Director Greg Russ chats with residents at an MTW meeting in 2017.

MPHA continues to enjoy a strong, constructive relationship with the Minneapolis Highrise Representative Council (MHRC), the umbrella non-profit group for our highrise buildings' resident councils. MHRC efforts touch on security (MPHA continues its contributions to MHRC's "Project Lookout" program), safety (such as MHRC's work to address dangerous pedestrian intersections near our buildings), and wellness (including an Active Living Committee and activities designed to foster active and healthy lifestyles). MHRC is also a crucial partner in helping MPHA engage residents to plan and advocate with us for the preservation of our public housing, and providing valuable feedback on our unfolding efforts.

Serving seniors and vulnerable populations


Twin Cities Mobile Market

Along with 12 senior-designated buildings, MPHA continued its pioneering assisted-living and memory care facilities in partnership with AugustanaCare. The multiple tenant-partners at our Cora McCorvey Health and Wellness Center serve many of our senior public housing residents in ways that improve well-being and independence. Volunteers of America social workers are embedded throughout our highrise buildings to offer on-site assistance with crises and assistance in navigating community resources. In 2017, a grocery-on-wheels, the Twin Cities Mobile Market, began weekly visits to multiple MPHA highrises. Other partners provide support for residents with mental illness (Touchstone Mental Health), and engagement of our young people (Girls in Action). We have been working with the City of Minneapolis Health Department for materials and support as we take the non-highrise portions of our public housing smoke-free in 2018 (MPHA implemented smoke-free policies in highrise housing in 2015).

Supporting Section 3 and women and minority-owned businesses

In 2017, MPHA joined with eight other government entities to form the Twin Cities Section 3 Collaborative. Instead of having to register with each entity, eligible individuals can register centrally to be notified about job opportunities and training through the Section 3 programs run by the Minneapolis and St. Paul PHAs, both cities, and four counties. MPHA staff were also familiar faces at National Association of Minority Contractors (NAMC) monthly meetings and venues like the Small and Disadvantaged Business Opportunity Council vendor Fair.

FIVE-YEAR STRATEGIC PLAN: 2012-2017

Through all of the above actions—and many more across our operational and support departments—MPHA continued to advance in line with our five-year *Strategic Directions*, established in 2012.

- Strategic Direction 1: MPHA's highest priority is to preserve its viable housing portfolio so it remains a resource for affordable, safe, and high-quality housing for its residents.
- Strategic Direction 2: MPHA will maximize effective use of its Section 8 Housing Choice Voucher Authority and have as a priority to maintain its baseline number of tenant-based vouchers and respond to additional critical Minneapolis community affordable housing needs by assessing revenue streams, resource implications, and opportunity costs as it allocates its vouchers.
- Strategic Direction 3: MPHA will seek partnerships with the goal of enhancing services, promoting health and wellness, contributing to safety and supporting residents and participants in their efforts to live independent lives.
- Strategic Direction 4: MPHA will continue to participate and communicate with HUD, the State of Minnesota, the Metropolitan Council, Hennepin County, and the City of Minneapolis to contribute to the development of housing policy and housing policy implementation as well as to ensure that the affordable housing needs of Minneapolis residents and the agency's capacity and ability to address these needs will be considered when housing-related decisions are being made.

- Strategic Direction 5: MPHA will use its resources in an efficient and accountable manner, in compliance with all laws and regulations, and will seek to maintain an adequate financial reserve to ensure the long-term viability of the agency and protect it from unanticipated costs and the consequences of fluctuating federal appropriations.
- Strategic Direction 6: MPHA will update and strengthen its operational policies and practices to ensure: a) that all staff can perform their duties at the highest levels of competency and b) the long-term viability of the agency, including cultivating and attracting the next generation of leadership.
- Strategic Direction 7: MPHA will continue its commitment to promote participation in its operations by women, minority and Section 3 residents and Businesses as well as other Small and Underutilized Business Program (SUBP) participants.

These previous goals provided a framework and direction over the past five years, and we have achieved much. In 2017 and beyond, we find ourselves in a changing environment. We will likely restate our strategic initiatives in the near future, driven by the need to preserve units and create lasting partnerships that benefit the families we serve.

* * *

MPHA did not make as much progress as hoped on three short-term goals specifically mentioned in the 2017 MTW Annual Plan. Our “Shelter-to-Housing” PBV initiative got off the ground in 2017, but with just one initial placement of vouchers. We have redesigned the RFP process and continue to explore ways to further encourage nonprofit providers to open units for homeless families. Second, MPHA did not pursue a Rental Assistance Demonstration (RAD) conversion to PBVs for Heritage Park. Due to the RAD cap and timing, MPHA stepped back to evaluate the best structure for long-term preservation of those homes in a manner most cost-effective for MPHA. Third, MPHA was not able to extend our agreement with the key partner in our “Soft Subsidy Initiative.” After a promising implementation, our partner informed us at the end of 2017 that it had lost essential funding and would have to discontinue in 2018. However, over five years of operations we have gained experience and confidence in using this fixed-subsidy, partner-driven model to smooth a path to self-sufficiency—a framework we may likely apply again in the future.

LOOKING AHEAD

For MPHA, 2017 was a year of setting many things in motion. 2018 will be a year of gathering momentum, as these efforts continue to gain steam and combine with new activities we have proposed or have yet to imagine. Next year will, in particular, bring an increased focus on the connections between housing, education, employment, and health. Our timelines are long: two years to launch the full-scale preservation and revitalization of our portfolio; 10 to 20 years to see that plan unfold; 30 years or more as we look to the heightened potential of a child whose family, today, is able to move with a voucher a neighborhood that alters her lifetime trajectory. The future is uncertain, and change is inevitable—yet our mission is timeless. Through the changes, MPHA remains committed to helping people most in need gain the dignity and security that comes with a stable, quality home.

SNAPSHOT: MPHA'S HOUSING ASSISTANCE PROGRAMS

The Minneapolis Public Housing Authority (MPHA) owns and manages over 6,000 public housing units and administers over 5,000 housing vouchers, providing over 26,000 people in the Minneapolis community with decent, safe, and affordable housing.

MPHA provides housing to over 6,000 families (10,500 people) through its **Public Housing programs**. In this traditional model, most families receiving assistance from MPHA earn less than 30 percent of the Area Median Income (AMI) or $27,100 (for a family of four). Families contribute in general no more than 30 percent of their income toward their rent – whether they are working or on fixed income. While most of the homes are the traditional high-rise buildings, MPHA also owns and operates single-family/duplex/fourplex homes throughout the city ("scattered sites") and two townhome developments. MPHA also contracts with partners to provide assisted-living at eight facilities, including two locations with memory care.

6,246 Public Housing Units with 10,500 Residents			
UNITS		**HIGHRISES**	**FAMILY PROPERTIES**
5,006	Units in **42** high-rise apartment buildings	**89%** over age 50 or disabled	**58%** children
736	Scattered site family homes	**82%** people of color	**96%** people of color
14	Lease-to-Own townhomes	**33%** Somali	**27%** Somali
184	Family townhome units	**$12,111** average income per household	**$26,419** average income per household
306	Units in other developments	**16%** of households employed	**71%** of households employed

Under MPHA's **Housing Choice Voucher** (HCV, often referred to as "Section 8") program, eligible families receive a voucher that can be used to pay a portion of their rent in a privately-owned apartment or home. Families contribute on average 30 percent of their income towards their rent and utilities, and MPHA provides the rest. Families can use the voucher to choose where they want to live within Minneapolis or outside the city. MPHA administers over 5,000 vouchers, including vouchers for veterans and families experiencing homelessness.

Through its **Project-Based Voucher** (PBV) program, MPHA provides rental assistance to low-income families living in privately owned apartments. Using voucher funding, MPHA enters into a contract with the property owner to ensure that these units are preserved as affordable housing for up to 20 years.

5,143 Housing Vouchers serving 15,000+ People*		
4,509	Vouchers, including:	**53%** of participants are children
	711 Project-based Vouchers	**41%** of households are disabled;
	13 Family Self-Sufficiency participants	**15%** are seniors
	30 Mobility Voucher Program participants	**32%** list Somalia as country-of-origin
261	Veterans Affairs Supportive Housing vouchers	**78%** of heads-of-household are women
100	Family Unification Program vouchers	**84%** are people of color
273	Homeless housing units	**46%** of households are employed
		$15,550 Average income of all households; for working households, **$22,080**

**Figures do not include 780 Port-in vouchers administered by MPHA*

December 2017

II. General Operating Information

ANNUAL MTW REPORT

A. HOUSING STOCK INFORMATION

i. Actual New Project Based Vouchers

Tenant-based vouchers that the MTW PHA project-based for the first time during the Plan Year. These include only those in which at least an Agreement to enter into a Housing Assistance Payment (AHAP) was in place by the end of the Plan Year. Indicate whether the unit is included in the Rental Assistance Demonstration (RAD).

PROPERTY NAME	NUMBER OF VOUCHERS NEWLY PROJECT-BASED		STATUS AT END OF PLAN YEAR**	RAD?	DESCRIPTION OF PROJECT
	Planned*	Actual			
Lutheran Social Services	12	0	Committed	No	Serves homeless families
Downtown View	25	0	Committed	No	Serves homeless youth
	37	0	Planned/Actual Total Vouchers Newly Project-Based		

* Figures in the "Planned" column should match the corresponding Annual MTW Plan.
** Select "Status at the End of Plan Year" from: Committed, Leased/Issued

Please describe differences between the Planned and Actual Number of Vouchers Newly Project-Based:

The utilization of these project-based vouchers depends on attrition, so as soon as a unit becomes vacant, it will become a project-based voucher unit for the next eligible family.

ii. Actual Existing Project Based Vouchers

Tenant-based vouchers that the MTW PHA is currently project-basing in the Plan Year. These include only those in which at least an AHAP was in place by the beginning of the Plan Year. Indicate whether the unit is included in RAD.

PROPERTY NAME	NUMBER OF PROJECT-BASED VOUCHERS		STATUS AT END OF PLAN YEAR**	RAD?	DESCRIPTION OF PROJECT
	Planned*	Actual			
Archdale	13	13	Leased/Issued	No	Serves homeless youth
Armadillo Flats - 2727	4	4	Leased/Issued	No	Serves low-income people
Armadillo Flats - 2743	4	4	Leased/Issued	No	Serves low-income people
Barrington	3	3	Leased/Issued	No	Serves low to moderate income people
Bottineau Lofts	9	9	Leased/Issued	No	Serves low-income people
Boulevard	6	6	Leased/Issued	No	Serves low-income people
Catholic Eldercare	24	24	Leased/Issued	No	Assisted living facility for elderly people
Central Ave Apts	61	61	Leased/Issued	No	Serves low-income people
Central Ave Lofts	8	8	Leased/Issued	No	Serves low-income people

Clare Apts	28	28	Leased/Issued	No	Serves single adults who have HIV/AIDS
Collaborative Village	16	16	Leased/Issued	No	Serves homeless individuals and families
Creekside Commons	6	6	Leased/Issued	No	Serves low-income people
Emanuel Housing	6	6	Leased/Issued	No	Serves Veterans
Families Moving Forward	12	12	Leased/Issued	No	Serves homeless individuals and families
Franklin Portland	7	7	Leased/Issued	No	Serves low-income people
Hiawatha Commons	20	20	Leased/Issued	No	Serves low-income people
Jeremiah	18	18	Leased/Issued	No	Serves low-income single women with children
Journey Homes	12	12	Leased/Issued	No	Supportive services for disabled, homeless families
Lamoreaux	13	13	Leased/Issued	No	Serves homeless individuals
Lindquist	24	24	Leased/Issued	No	Serves low-income people
Lonoke	4	4	Leased/Issued	No	Serves low-income people
Loring Towers	43	43	Leased/Issued	No	Serves low-income people
Lydia	40	40	Leased/Issued	No	Serves disabled homeless individuals
Many Rivers East	7	7	Leased/Issued	No	Serves low-income people
Many Rivers West	3	3	Leased/Issued	No	Serves low-income people
MN Indian Women's Resource Center	13	13	Leased/Issued	No	Serves homeless, Native American families
Park Plaza (phase I)	16	16	Leased/Issued	No	Serves low-income people
Park Plaza (phase II)	12	12	Leased/Issued	No	Serves low-income people
Park Plaza (phase III)	48	48	Leased/Issued	No	Serves low-income people
Passage	10	10	Leased/Issued	No	Serves low-income single women with or without children
Phillips Family	28	28	Leased/Issued	No	Serves low-income people
Phillips Redesign	4	4	Leased/Issued	No	Serves low-income people
Pinecliff	7	7	Leased/Issued	No	Serves low-income people
Portland Village	24	24	Leased/Issued	No	Serves homeless families with a disabled adult member
PPL Foreclosure	21	21	Leased/Issued	No	Serves low-income people
PPL Fourth Ave	6	6	Leased/Issued	No	Serves low-income people
River Runs	16	16	Leased/Issued	No	Serves low-income people
The Rose	15	15	Leased/Issued	No	Serves low-income people
Spirit on Lake	5	5	Leased/Issued	No	Serves low-income people
St. Anthony Mills	17	17	Leased/Issued	No	Serves low-income people
St. Barnabas	39	39	Leased/Issued	No	Serves homeless and at-risk youth
Trinity Gateway	16	16	Leased/Issued	No	Serves low-income people
Tubman	10	10	Leased/Issued	No	Serves single women with or without children
West River Gateway	12	12	Leased/Issued	No	Serves low-income people
	710	710	**Planned/Actual Total Existing Project-Based Vouchers**		

* Figures and text in the "Planned" column should match the corresponding Annual MTW Plan.

** Select "Status at the End of Plan Year" from: Committed, Leased/Issued

Please describe differences between the Planned and Actual Existing Number of Vouchers Project-Based:

Not applicable

iii. Actual Other Changes to MTW Housing Stock in the Plan Year

Examples of the types of other changes can include (but are not limited to): units held off-line due to relocation or substantial rehabilitation, local, non-traditional units to be acquired/developed, etc.

ACTUAL OTHER CHANGES TO MTW HOUSING STOCK IN THE PLAN YEAR
In 2017, MPHA sold three townhomes to residents as part of our Lease-To-Own initiative. MPHA also purchased a six-unit property from one of our partners that had been in our Metropolitan Housing Opportunities Program (MHOP). We already hold the ACC for these units so now we own and manage them within our scattered site program.

iv. General Description of All Actual Capital Expenditures During the Plan Year

Narrative general description of all actual capital expenditures of MTW funds during the Plan Year.

GENERAL DESCRIPTION OF ALL ACTUAL CAPITAL EXPENDITURES DURING THE PLAN YEAR

Actual 2017 Capital expenditures totaled approximately $13.5 Million. Major work, completed or initiated, included:

- Corridor flooring abatement and replacement at seven sites: Elliot Twins, 1707 3rd Ave S, 710 2nd St NE, 616 Washington St NE, 314 Hennepin Ave and 1710 Plymouth Ave N
- Apartment renovation, piping replacement, fire suppression system installation, fire alarm system replacement, and HVAC improvements at 311 University Ave NE
- Piping replacement, apartment upgrades, fire suppression system installation, fire alarm system replacement, and HVAC improvements at 620 Cedar Ave S
- Piping replacement, apartment upgrades, fire alarm system replacement, HVAC improvements at 1627 S 6th St
- Office improvements at 1001 Washington Ave N
- Comprehensive apartment renovation, piping replacement, parking lot replacement, and heating system upgrades at 3116 Oliver Ave N
- Piping and shower replacement and other apartment improvements at 1206 2nd St NE
- Elevator modernization at six sites: Hiawatha Towers, 1415 E 22nd St, 620 Cedar Ave S, and 828 Spring St NE
- Heating valve replacement at 1314 44th Ave N
- Piping replacement, apartment upgrades, fire alarm system replacement, and heating valve replacement at 2728 E Franklin Ave
- Main electrical switch gear and generator replacement at Horn Towers
- Fire alarm system replacement at eleven highrise sites
- Roof replacement at a number of single family home scattered sites

Any variance between forecasted and actual spending was primarily due to uncertainty around Capital Fund Program appropriations and timing (the 2017 grant was not made available until late July 2017). Planning and implementation activities were in turn suspended until funding levels and availability became clear.

B. LEASING INFORMATION

i. Actual Number of Households Served

Snapshot and unit month information on the number of households the MTW PHA actually served at the end of the Plan Year.

NUMBER OF HOUSEHOLDS SERVED THROUGH:	NUMBER OF UNIT MONTHS OCCUPIED/LEASED*		NUMBER OF HOUSEHOLDS SERVED**	
	Planned^^	Actual	Planned^^	Actual
MTW Public Housing Units Leased	73,044	73,044	6,087	6,087
MTW Housing Choice Vouchers (HCV) Utilized	53,244	53,948	4,437	4,496
Local, Non-Traditional: Tenant-Based	0	0	0	0
Local, Non-Traditional: Property-Based	1,464	316	122	53
Local, Non-Traditional: Homeownership	240	240	17	17
Planned/Actual Totals	127,992	127,548	10,663	10,653

* "Planned Number of Unit Months Occupied/Leased" is the total number of months the MTW PHA planned to have leased/occupied in each category throughout the full Plan Year (as shown in the Annual MTW Plan).
** "Planned Number of Households to be Served" is calculated by dividing the "Planned Number of Unit Months Occupied/Leased" by the number of months in the Plan Year (as shown in the Annual MTW Plan).
^^ Figures and text in the "Planned" column should match the corresponding Annual MTW Plan.

Please describe any differences between the planned and actual households served:

There is no significant difference.

LOCAL, NON-TRADITIONAL CATEGORY	MTW ACTIVITY NAME/NUMBER	NUMBER OF UNIT MONTHS OCCUPIED/LEASED*		NUMBER OF HOUSEHOLDS TO BE SERVED*	
		Planned^^	Actual	Planned^^	Actual
Tenant-Based					
Property-Based	2011-2 Soft Subsidy Initiative	240	156	20	13
	2016-2 Reintegration of Offenders	480	160	40	40
Homeownership	2010-4 Lease-To-Own Initiative	240	240	20	20
Planned/Actual Totals		960	556	80	73

* The sum of the figures provided should match the totals provided for each Local, Non-Traditional category in the previous table. Figures should be given by individual activity. Multiple entries may be made for each category if applicable.
^^ Figures and text in the "Planned" column should match the corresponding Annual MTW Plan.

HOUSEHOLDS RECEIVING LOCAL, NON-TRADITIONAL SERVICES ONLY	AVERAGE NUMBER OF HOUSEHOLDS PER MONTH	TOTAL NUMBER OF HOUSEHOLDS IN THE PLAN YEAR
Not applicable		

ii. Discussion of Any Actual Issues/Solutions Related to Leasing

Discussion of any actual issues and solutions utilized in the MTW housing programs listed.

HOUSING PROGRAM	DESCRIPTION OF ACTUAL LEASING ISSUES AND SOLUTIONS
MTW Public Housing	None
MTW Housing Choice Voucher	Minneapolis has a tight rental market with a vacancy rate of less than 3%. MPHA's efforts include investing in dedicated resident mobility and owner outreach positions to create new housing opportunities, initiating a study of our local rental market, and partnering with the city on an owners incentive fund.
Local, Non-Traditional	

C. WAITING LIST INFORMATION

i. Actual Waiting List Information

Snapshot information on the actual status of MTW waiting lists at the end of the Plan Year. The "Description" column should detail the structure of the waiting list and the population(s) served.

WAITING LIST NAME	DESCRIPTION	NUMBER OF HOUSEHOLDS ON WAITING LIST	WAITING LIST OPEN, PARTIALLY OPEN OR CLOSED	WAS THE WAITING LIST OPENED DURING THE PLAN YEAR
Public Housing Elderly/Disabled	Disabled persons between the ages of 18 and 49, Near-Elderly and Elderly persons age 50 or over	7,627	Open	Yes
Public Housing Family	Families with at least one dependent	8,156	Partially Open (open for 2, 4, & 5-bedroom units)	Yes
Housing Choice Voucher Program	All households who applied	1,075	Closed	No

Please describe any duplication of applicants across waiting lists:

Households who are eligible for more than one MPHA program may apply to each program when its waiting list is open and thus may be active on multiple MPHA waiting lists.

ii. Actual Changes to Waiting List in the Plan Year

Please describe any actual changes to the organizational structure or policies of the waiting list(s), including any opening or closing of a waiting list, during the Plan Year.

WAITING LIST NAME	DESCRIPTION OF ACTUAL CHANGES TO WAITING LIST
Public Housing Family	In June 2017, the 3-bedroom waiting list was closed and the 2-bedroom list was opened.

D. *INFORMATION ON STATUTORY OBJECTIVES AND REQUIREMENTS*

i. 75% of Families Assisted Are Very Low Income

HUD will verify compliance with the statutory requirement that at least 75% of the households assisted by the MTW PHA are very low income for MTW public housing units and MTW HCVs through HUD systems. The MTW PHA should provide data for the actual families housed upon admission during the PHA's Plan Year reported in the "Local, Non-Traditional: Tenant-Based"; "Local, Non-Traditional: Property-Based"; and "Local, Non-Traditional: Homeownership" categories. Do not include households reported in the "Local, Non-Traditional Services Only" category.

INCOME LEVEL	NUMBER OF LOCAL, NON-TRADITIONAL HOUSEHOLDS ~~ADMITTED~~ SERVED IN THE PLAN YEAR*
80%-50% Area Median Income	3
49%-30% Area Median Income	9
Below 30% Area Median Income	53
Total Local, Non-Traditional Households Admitted	65*

*** MPHA is reporting all households below 80% of AMI *served* during the year (not just those admitted), which is the figure relevant to the statutory requirement.**

ii. Maintain Comparable Mix

HUD will verify compliance with the statutory requirement that MTW PHAs continue to serve a comparable mix of families by family size by first assessing a baseline mix of family sizes served by the MTW PHA prior to entry into the MTW demonstration (or the closest date with available data) and compare that to the current mix of family sizes served during the Plan Year.

BASELINE MIX OF FAMILY SIZES SERVED (upon entry to MTW)					
FAMILY SIZE	OCCUPIED PUBLIC HOUSING UNITS	UTILIZED HCVs	NON-MTW ADJUSTMENTS*	BASELINE MIX NUMBER	BASELINE MIX PERCENTAGE
1 Person	4,485	1,575	X	6,060	60%
2 Person	497	783	X	1,280	13%
3 Person	216	696	X	912	9%
4 Person	170	586	X	756	7%
5 Person	112	350	X	462	5%
6+ Person	204	410	X	614	6%
TOTAL	5,684	4,400	X	10,084	100%

* "Non-MTW Adjustments" are defined as factors that are outside the control of the MTW PHA. An example of an acceptable "Non-MTW Adjustment" would include demographic changes in the community's overall population. If the MTW PHA includes "Non-MTW Adjustments," a thorough justification, including information substantiating the numbers given, should be included below.

Please describe the justification for any "Non-MTW Adjustments" given above:

Not applicable

MIX OF FAMILY SIZES SERVED (in Plan Year)				
FAMILY SIZE	BASELINE MIX PERCENTAGE**	NUMBER OF HOUSEHOLDS SERVED IN PLAN YEAR^	PERCENTAGE OF HOUSEHOLDS SERVED IN PLAN YEAR^^	PERCENTAGE CHANGE FROM BASELINE YEAR TO CURRENT PLAN YEAR
1 Person	60%	6,120	58%	-2.3%
2 Person	13%	1,388	13%	0.4%
3 Person	9%	967	9%	0.1%
4 Person	7%	741	7%	-0.5%
5 Person	5%	520	5%	0.3%
6+ Person	6%	847	8%	1.9%
TOTAL	100%	10,583	100%	0%

** The “Baseline Mix Percentage” figures given in the “Mix of Family Sizes Served (in Plan Year)” table should match those in the column of the same name in the “Baseline Mix of Family Sizes Served (upon entry to MTW)” table.
^ The “Total” in the “Number of Households Served in Plan Year” column should match the “Actual Total” box in the “Actual Number of Households Served in the Plan Year” table in Section II.B.i of this Annual MTW Report.
^^ The percentages in this column should be calculated by dividing the number in the prior column for each family size by the “Total” number of households served in the Plan Year. These percentages will reflect adjustment to the mix of families served that are due to the decisions of the MTW PHA. Justification of percentages in the current Plan Year that vary by more than 5% from the Baseline Year must be provided below.

Please describe the justification for any variances of more than 5% between the Plan Year and Baseline Year:

Not applicable

iii. Number of Households Transitioned to Self-Sufficiency in the Plan Year
Number of households, across MTW activities, that were transitioned to the MTW PHA’s local definition of self-sufficiency during the Plan Year.

MPHA NOTE: Transition to self-sufficiency is not a statutory requirement of the MTW program.

MTW ACTIVITY NAME/NUMBER	NUMBER OF HOUSEHOLDS TRANSITIONED TO SELF SUFFICIENCY	MTW PHA LOCAL DEFINITION OF SELF SUFFICIENCY
Public Housing Working Family Incentive	105	Resident rent portion is flat rent amount
Lease-To-Own Initiative	4	Income sufficient to purchase home
Soft Subsidy Initiative	0	Participant is off of government financial assistance
HCV Rent Reform Initiative	44	Households going off program for having $0 HAP (family is paying their full contract rent)
Shelter to Home – Public Housing	0	
Shelter to Home – PBV	0	
Reintegration of Offenders	0	Maintained lease in own name for 90 days, engaged in addressing wellness needs at home, employed at least 90 days for 20 hours per week, no new offenses or return to custody for 90 days, increased parenting skills
Permanent Supportive Housing for Youth	0	Youth on an education or employment trajectory and able to afford safe and decent housing upon exit from program
	0	**(Households Duplicated Across MTW Activities)**
	153	**Total Households Transitions to Self Sufficiency**

* Figures should match the outcome reported where metric SS#8 is used in Section IV of this Annual MTW Report.

III. Proposed MTW Activities

All proposed MTW activities that were granted approval by HUD are reported in Section IV as “Approved Activities.”

IV. Approved MTW Activities

Implemented Activities

Implemented Activities	*Approved*	*Implemented*
HCV Mobility Voucher Program	2009	2010
HCV Rent Reform	2014	2014
Lease-to-Own Initiative	2010	2012
Low-Rent Annual to Three-Year Certifications	2009	2010
Minimum Rent Initiative for Public Housing Residents	2010	2011
Permanent Supportive Housing for Youth	2016	2016
Public Housing Working Family Incentive	2010	2011
Reintegration of Offenders	2016	2017
Shelter to Home – Project-Based Vouchers	2016	2016
Shelter to Home – Public Housing	2015	2017
Soft Subsidy Initiative	2011	2013
Targeted Project Based Initiative	2011	2012

Activities Not Yet Implemented

Conversion of 312 Mixed-Financed PH Units to PBV	2010

Activities On-Hold

Activities On-Hold	*Approved*	*Implemented*	*On-Hold/Closed*
Alternate Income Verifications	2013		2017
Public Housing Earned Income Disregard	2009	2010	2017

Closed-Out Activities

Activities Closed Out This Year:

Absence from Unit Initiative	2011	2011	2017
Block Grant & Fungible Use of MPHA Resources	2009	2009	2017
Foreclosure Stabilization PBV Demonstration Program	2010	2011	2017

Activities Closed Out in Previous Years

Biennial HQS Inspections	2012	2012	2014
Combine Homeownership Programs	2009	2009	2012
Earned Income Disallowance Simplification – HCV	2012	2012	2016
MPHA/Hennepin County Transitional Housing	2013	2014	2016
Public Housing Self-Sufficiency Program	2009	2009	2012

HCV Mobility Voucher Program (ACTIVITY 2009 – 6)

Approved in 2009, Implemented in 2010

Description/Impact/Update

MPHA created a Mobility Voucher program to encourage low-income families to move to communities of greater opportunity that are not impacted by concentrated poverty or race and to find safe, decent and affordable housing in an environment conducive to breaking the cycle of poverty. This initiative responds to HUD's goal of deconcentrating families who live in poverty and Affirmatively Furthering Fair Housing.

The program is structured to increase housing choices for families on the MPHA Section 8 Waiting List and current program participants who live in Areas of Concentrated Poverty (ACP) and Racially Concentrated Areas of Poverty (RCAP), and who are willing to move into non-concentrated areas (also referred to as "areas of opportunity"). MPHA has created an appendix to its Section 8 Administrative Plan that details the specific elements of this initiative (including definitions of ACPs and RCAPs).

We serve families under the Mobility Program by a) offering incentives and enhanced support to help families find and keep homes in areas of opportunity within the City of Minneapolis, and b) allowing participant families to lease a unit outside the City of Minneapolis, provided the unit is located in an area of opportunity. Families who lease in another metro area housing authority's jurisdiction must continue with MPHA case management services to remain eligible for the Mobility Program. Mobility families who port-out cannot be absorbed during the three years they are under the Contract of Participation.

In 2015, the Mobility Voucher Program was redesigned to offer material incentives to the program such as security deposit assistance, application fee assistance, higher payment standards, three 31-day bus cards, and moving assistance. These incentives were designed to encourage further participation in the program and to help families achieve more mobility moves. The offered incentives have been shown through academic research to help increase mobility outcomes. The first year of the incentives were used by only a few participants. In late 2016, MPHA hired a Mobility Community Services Coordinator and the program is growing.

In early 2017, a study commissioned by the Family Housing Fund, *Enhancements and Best Practices Designed to Expand Resident Choice and Mobility in Minneapolis*, offered 40 recommendations that might improve mobility outcomes with the HCV program and the Mobility Voucher Program, specifically. During 2017, MPHA began implementing many of these recommendations, on a schedule that will continue well into 2018.

In 2017, the Minneapolis City Council enacted a change to the city's Human Rights Ordinance that will prohibit discrimination in rental housing against prospective tenants with Housing Choice Vouchers. When this change becomes effective in mid-2018, this may enable more families with vouchers to rent in areas of opportunity within Minneapolis.

Changes to Activity, Metrics, or Data Collection – Planned (Annual Plan) or Actual (Annual Report)

MPHA made no significant or non-significant changes or modifications to this activity during the plan year, nor any planned or unplanned changes to metrics or data collection.

Challenges in Achieving Benchmarks and Possible Strategies

The Mobility Voucher Program met its benchmarks for the year.

HUD Standard Metrics

HC #5: Increase in Resident Mobility				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Number of households able to move to a better unit and/or neighborhood of opportunity as a result of the activity	0	25	32	Yes

HC #7: Households Assisted by Services that Increase Housing Choice				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Number of households receiving services aimed to increase housing choice	0	25	32	Yes

HCV RENT REFORM INITIATIVE (ACTIVITY 2014 – 1)

Approved and Implemented in 2014

Description/Impact/Update

The goal of rent reform was to streamline and simplify the rental subsidy determination and recertification processes, promoting self-sufficiency for HCV participants while saving costs and allowing us to more serve more families from our waitlist. With the advent of federal sequestration in 2013, the focus shifted to maintaining assistance for all current families within a severely decreased budget.

MPHA's HCV rent reform initiative consists of the following:

a) **Flat Subsidy:** MPHA replaced the standard rent calculation method with a simplified, flat subsidy model which incorporates consideration for tenant paid utilities. MPHA determines the subsidy paid to the owner on behalf of the family by using a flat subsidy amount based on household income and bedroom size. In instances where the applicable subsidy is greater than the contract rent, MPHA will cap the subsidy at the contract rent amount, minus the minimum rent. We aspire to present the HAP amounts in a way that gives families a clear understanding of how much they will receive, allowing them to make a more informed decision of where they could move.

b) **Minimum Rent:** As part of the flat subsidy model, MPHA revised the application of minimum rent policies. When establishing the flat subsidy tables, MPHA structured the minimum rent into the tables. If a participant's calculated rent amount is less than the minimum rent amount, the participant pays the minimum rent to the owner. Families in project-based units which receive funding from HUD's Community Planning and Development department through the Supportive Housing Program (SHP) or the Housing Opportunities for Persons with AIDS (HOPWA) program are exempt from MTW minimum rent and all other aspects of HCV rent reform.

c) **40 Percent Affordability Cap:** MPHA eliminated the 40 percent affordability cap because under rent reform affordability becomes the responsibility of the family. We will not approve a Request for Tenancy Approval (RFTA) if a participant's rent portion exceeds 50 percent of their monthly adjusted income without supervisory review and approval.

d) **Revised Asset Income Calculation and Verification Policies:** MPHA revised existing policies on asset verification and calculation. When the market value of a family's assets is below an established asset threshold, MPHA will exclude income from these assets. When the total asset market value is greater than the established threshold, MPHA will calculate asset income by multiplying the asset's market value by the applicable passbook savings rate. MPHA will allow HCV households to self-certify assets in all instances when the market value of the household's total assets is below the established threshold.

e) **Interim Re-examinations:** MPHA made changes to the interim re-examination policy. MPHA limits HCV families to one discretionary interim re-examination between regular annual recertifications. Between annual recertifications, household members who are employed are not required to report increases in earned income. And for household members who are not employed, they must report any subsequent employment. Increases in unearned income for any household member and changes in household composition must still be reported.

f) **Working Family Incentive and Streamlined Deductions and Exclusions:** As part of MPHA's revisions to the standard rent calculation method, MPHA streamlined deductions and exclusions. MPHA has eliminated childcare, medical expenses, and dependent deductions from the calculation of adjusted income. To lessen the impact of removing the childcare and dependent deductions, MPHA continued to administer the Working Family Incentive (a 15% exclusion of earned income for families with minor children). To offset the impact of removing medical expense deductions, MPHA increased the standard elderly/disabled deduction. MPHA is excluding 100 percent of income for adult, full-time students (other than the head of household, co-head or spouse). MPHA has phased out its MTW HCV Earned-Income Disregard activity in light of rent reform (families in the program were grandfathered in to the change).

g) **Changes in Fair Market Rents (FMRs):** MPHA reviews HUD's Fair Market Rents annually and may conduct a research and market analysis on local rents in updating the subsidy tables. MPHA waived the requirement that the agency conduct reasonable rent determinations on all HCV units when there is a five percent year-over-year decrease in the FMR in effect 60 days before the contract anniversary. MPHA conducts reasonable rent determinations at the time of initial lease-up, at the time of owner rent increases, and at all other times deemed appropriate by MPHA.

h) **Flat Subsidy Reasonable Accommodation:** As a reasonable accommodation for individuals with qualifying disabilities, MPHA may provide a higher subsidy for accessible units.

i) **Portability:** MPHA revised the portability policies. Participants are approved to port-out of Minneapolis only for reasons related to employment, education, safety, medical/disability, VAWA, housing affordability, or to move into an Area of Opportunity within the seven-county Twin Cities Metropolitan Area. Families who are denied portability have the right to request an informal hearing.

j) **Mixed Families:** For families with mixed immigration status, MPHA will deduct 10% from the flat subsidy amount. This 10% deduction is a flat deduction from the subsidy amount, regardless of the number of ineligible family members in the household.

There are no significant updates for the prior year. The impact of rent reform in 2017 was broad—affecting the large majority of participants in HCV—and largely consistent with prior years. Agency expenses continued to decrease (down 12 percent in 2017) while participants experienced gains across the components of self-sufficiency (including a 13 percent increase in earned income).

Changes to Activity, Metrics, or Data Collection – Planned (Annual Plan) or Actual (Annual Report)

MPHA made no significant changes to this activity during the plan year. After we reviewed our capacity to collect data on staff-time spent on specific tasks, MPHA determined that we cannot collect or report suitable data on metric CE#2 at this time. We intend to revisit the question of how we might capture this outcome in a useful way. There were no other planned or unplanned changes to metrics or data collection. MPHA also revisited our approach to benchmarking SS#6. Rather than the prior approach of tracking an absolute decrease in subsidy, we are now benchmarking our subsidy against a calculation of non-rent-reform subsidy for our market.

Challenges in Achieving Benchmarks and Possible Strategies

MPHA's error rate is higher than expected. We believe this is attributable to the complexity of calculating income. MPHA created a "Continuous Improvement Team" of employees to identify process and procedure gaps that we hope will improve overall accuracy and consistency. We are also improving training, developing additional performance metrics for staff, and adding an additional Quality and Technical Specialist to assist with audit and measurement. MPHA also did not meet its benchmark for SS#6, a result we attribute to the general rise in the cost of rental housing in our market.

HUD Standard Metrics

CE #1: Agency Cost Savings				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Total cost of task in dollars (budget for Section 8 HCV program – expenses)	2013 budgeted expenses of $44,451,999	2016 expenses will decrease 9.65% to $40,162,621	2017 expenses decreased 12% to $39,223,332	Yes

CE #2: Staff Time Savings				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Total time to complete the task in staff hours (decrease).	0*	0*	0*	0*

* In assembling this report, MPHA has looked closely at our prior reporting on this metric and investigated the capacity of our existing internal data sources to measure baselines and outcomes. Our review has determined that we are currently unable to measure this metric in a verifiable, usable way. MPHA will continue exploring whether to reinstate this metric in the future.

CE #3: Decrease in Error Rate of Task Execution				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Average error rate in calculating adjusted income as a percentage	12.6% error rate in adjusted income calculation	4% error rate in adjusted income calculation	10.9% error rate in adjusted income calculation.	No

SS #1: Increase in Household Income				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Average income from employment	$17,495	Earned income will increase 3.6% $18,125	Earned income increased 13% to $19,719	Yes

SS #3: Increase in Positive Outcomes in Employment Status				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
6. Other – with earned income	1,504 heads of households had earned income	1,552 heads of households will have earned income	2,123 heads of households have earned income.	Yes
	58% of work-able households had a head of household with earned income	Work-able households with a head of household with earned income will increase 2%, to 60%	62% of Work-able households had a head of household with earned income.	Yes

SS #4: Households Removed from Temporary Assistance to Needy Families (TANF)				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Number of households receiving TANF assistance	2,418 receiving TANF	2,300 will be receiving TANF	1,721 Families are receiving TANF.	Yes

SS #6: Reducing Per Unit Subsidy Costs for Participating Households				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Average per unit cost	$730	Per unit cost will decrease 2%, to $719	$727	No (Rising rental market)

SS #8: Households Transitioned to Self-Sufficiency				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Number of households transitioned to self-sufficiency as measured by number of households going off program for having $0 HAP subsidy amount - they are self-sufficient because they are paying the full contract rent	14	25	44	Yes

Lease-To-Own Initiative (ACTIVITY 2010 – 4)

Approved in 2010, Implemented in 2012

Description/Impact/Update

MPHA utilized funds from its American Recovery and Reinvestment Act grant to purchase 20 townhome units (the "Sumnerfield Townhomes") for the creation of a Lease-to-Own Initiative. MPHA's initial target audience for this initiative was qualified public housing residents, Housing Choice Voucher participants, families on MPHA's waiting lists, and MPHA and City of Minneapolis employees who qualify for public housing. MPHA later broadened the eligibility to include other low-income, first-time homebuyers.

Participants rent these units as public housing residents, with a requirement to purchase within five years. MPHA offers advantageous terms for families that close within two years. MPHA works with participants on achieving the homeownership goal, although participants are ultimately responsible for achieving mortgage-readiness and securing financing within five years. MPHA escrows a portion of each month's rent (as a contribution toward a down-payment) and matches up to $1,500 in documented personal savings. Most participants will undergo homeownership counseling as a component of their loan.

MPHA has sold six units of the original 20, including three in 2017. MPHA believes that closing on the remaining units will take longer. Of the 14 remaining units, nine were occupied by families who moved in during 2017. In 2017, MPHA began a thorough review of the program including the selection criteria, case management, and homeownership counseling to contribute to successful outcomes for families.

Changes to Activity, Metrics, or Data Collection – Planned (Annual Plan) or Actual (Annual Report)

MPHA made no significant changes to this activity during the plan year. We did make certain adjustments to metrics in the interest of clarity and utility. For SS#2, the baseline, benchmark, and outcome are now reported in dollar figures (MPHA had previously reported number of households). With this change, MPHA also chose an appropriate benchmark the reflects that families enrolled at any time have different tenures in the program. For SS#8, we added specific figures to the self-sufficiency definition. Metric HC#7 was revised from prior reporting to read N/A, with a note of explanation. This metric was never compatible with the nature of the activity, and reporting it was misleading. There were no other changes to metrics or data collection.

Challenges in Achieving Benchmarks and Possible Strategies

Lease-to-Own participants did not achieve the savings benchmark. Most households that were successful in reaching their savings goals have closed on their homes and are not reflected in the metric. Useful insights are difficult to extrapolate from the HUD standard "average savings" outcome, since many of the families were new to the program in 2017 (with little time to build up savings). Nonetheless, program participants are short of where we would expect them to be. MPHA is exploring integrating a third-party provider for mortgage-readiness case-management, bringing a more regimented, standardized approach to helping families achieve the overall goal of closing on their townhome within five years.

HUD Standard Metrics

SS #1: Increase in Household Income				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Average earned income of households affected by this policy in dollars (increase).	$25,500*	Residents enrolled in the program through both years will have a 2% increase in average earned income. Prior year (2016): $42,804 Benchmark: $43,660	$59,178	Yes

* The baseline is set at the initial qualifying income for the program.

SS #2: Increase in Household Savings				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Average amount of savings/escrow of households affected by this policy in dollars (increase).*	0	$750 Per household	14 households in the program at the end of 2017 had an average savings of $428.57.	No (Many new participants with only a partial year in the program)

* MPHA also tracks the number of families who have attained the $1,500 savings match goal. At the end of 2017, this number was four; this is the same as the number who had reached the goal during 2016. These households are not the same, as three of the families who met the goal in 2016 closed on their homes in 2017.

SS #8: Households Transitioned to Self Sufficiency				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Number of households transitioned to self-sufficiency (increase). MPHA has defined self-sufficiency as income sufficient to purchase a home (In 2017: income generally sufficient to purchase a $130,000 home: $55,000)	0	2	4	Yes

HC #5: Increase in Resident Mobility				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Number of households able to move to a better unit and/or neighborhood of opportunity as a result of the activity (increase).	N/A*	N/A	N/A	N/A

* This metric is not applicable to this activity, which is confined to single property. The goal of the initiative is for the resident to purchase the unit in which they live.

HC #6: Increase in Homeownership Opportunities				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Number of households that purchased a home as a result of the activity (increase).	0	3	3	Yes

HC #7: Households Assisted by Services that Increase Housing Choice				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Number of households receiving services aimed to increase housing choice (increase).*	N/A	N/A	N/A	N/A

This metric is incompatible with the nature of the program, in which we are selling off a limited stock of homes.

Low-Rent Annual to Three-Year Certifications (ACTIVITY 2009 – 2)

Approved in 2009, Implemented in 2012

Description/Impact/Update

MPHA recertifies every three years (instead of annually) elderly, disabled or other public housing residents who are on a fixed income and whose sources of income are not likely to change for extended periods of time. MPHA anticipates this change would save the agency time and allow better utilization of its resources and believes this change also provides a significant benefit to its residents. MPHA has maintained its policy of reporting changes in income.

This activity has the highest impact on our highrise residents. Changing the annuals to every three years for Elderly and Disabled and residents with a stable income has allowed staff to concentrate their efforts on residents where the rent change will have a greater impact on the rental income for the agency. MPHA runs HUD Enterprise Income Verification (EIV) reports every three months for our minimum renters and continues to run the EIV reports for tenants who are not required to do their annual certification in the current year.

In 2017, MPHA 2,631 households were not burdened by an annual recertification under this initiative. In addition, 1,309 households underwent an interim recertification and will not have to be recertified for three years, unless there is a change in circumstances. MPHA continues interim recertifications for any household that is required to be recertified or who requests recertification due to a change in circumstances.

MPHA continues its experience of saving hours related to recertification, as well as significant other time related to setting up appointments, following through on verifications, and other tasks that are related impacts of this process.

MPHA has not received, nor does it expect to receive, any hardship requests as MPHA will still conduct interim re-certifications if there is a loss of family income.

Changes to Activity, Metrics, or Data Collection – Planned (Annual Plan) or Actual (Annual Report)

MPHA made no changes or modifications to this activity during the plan year, nor any planned or unplanned changes to metrics or data collection.

Challenges in Achieving Benchmarks and Possible Strategies

MPHA has had varying outcomes from year-to-year with regard to staff-time savings. MPHA staff intend to revisit our recent outcomes, consider what challenges we may be encountering, and assess our most appropriate benchmark given the experience with this activity.

HUD Standard Metrics

CE #1: Agency Cost Savings				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Total cost of task in dollars (decrease).	Cost of task prior to implementation of the activity **$119,371**	Expected cost of task after implementation of the activity **$90,000**	**$101,407**	Yes

CE #2: Staff Time Savings				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Total time to complete the task in staff hours (decrease).	Total amount of staff time dedicated to the task prior to implementation of the activity **- 6,240 hours**	Expected amount of total staff time dedicated to the task after implementation of the activity - **4,120 hours**	Actual amount of total staff time dedicated to the task after implementation of the activity (in hours) = **4,266 hours**	No

CE #5: Increase in Agency Rental Revenue				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Rental revenue in dollars (increase).	Rental revenue prior to implementation of the activity - **$14,437,400**	Annual increase of 1.5% In 2016: $19,850,802 Benchmark: $20,148,564	Rental revenue after the implementation of the activity **$20,357,317**	Yes

Minimum Rent Initiative for Public Housing Residents (ACTIVITY 2010 – 2)

Approved in 2010 and Implemented in 2011

Description/Impact/Update

Tenants moving into public housing, whose calculated rent is less than the minimum rent, pay the minimum rent that is in effect at the time of lease-up. This initiative increased the minimum rent of existing tenants at the first annual or interim re-exam after implementation. The initiative was implemented to promote self-sufficiency and increase rental income.

In 2017, MPHA's minimum rent in public housing was $75. The number of households paying minimum rent was 573, which represents about 10% of all MPHA public housing households. As this initiative was phased in over 2011, the number of families paying minimum rent initially doubled, from 369 to a peak of 837 families at the end of 2012. This was followed by a steady decline, until at the end of 2017 there were 573 families paying minimum rent. Hardship requests have fluctuated between a high of 54 and low of 19. In 2017 there were 27 hardship requests; 20 were approved, seven were denied, and there were 15 families still on a hardship at the end of 2017.

Changes to Activity, Metrics, or Data Collection – Planned (Annual Plan) or Actual (Annual Report)

MPHA made no changes to this activity during the plan year. MPHA did revise the benchmark, based upon our experience with this activity, from $600,000 to $500,000. Our benchmark measures the amount of rent revenue from tenants paying minimum rent. Initially, MPHA experienced a substantial increase in revenues from these households. In fact, MPHA so quickly exceeded the initial benchmark ($325,800) that it was reset in 2015 to the much higher number ($600,000). However, revenues have since stabilized below that benchmark level, which is by no means an adverse outcome. In fact, further increasing the outcome *under this activity* would be a negative outcome overall for MPHA and our residents: we would need to experience a decline in income for non-minimum rent households, such that they begin paying minimum rent. In light of the steady-state we are now experiencing, we have revised last year's benchmark to reflect our experience with the program.

Challenges in Achieving Benchmarks and Possible Strategies

There was no challenge in meeting the benchmark for the year, as defined. Per the discussion above, MPHA may revisit whether this metric is still the best measure of the success of this activity, and will update future plans accordingly.

HUD Standard Metrics

CE #5: Increase in Agency Rental Revenue - Public Housing				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Rental revenue in dollars (increase).	Rental revenue prior to implementation of the activity - **$221,400**.	Expected rental revenue after implementation of the activity - **$500,000**	Actual rental revenue after implementation of the activity (in dollars) = **$515,700**	Yes

Permanent Supportive Housing for Youth (ACTIVITY 2016 – 3)

Approved in 2016, Implemented in 2016

Description/Impact/Update

The City of Minneapolis has a significant need for permanent supportive housing for homeless youth. Two local partners, Project for Pride in Living (PPL) and YouthLink, worked together to build a new facility to provide supportive housing for 46 homeless youth (ages 18-23). MPHA has committed 25 project-based vouchers for a period of 20 years to this new facility.

YouthLink and PPL will provide educational support, job training, and other supportive services. These services will be led by a program supervisor, responsible for overall service delivery and outcomes. Other key personnel include a resident advisor who will live on-site and troubleshoot crises that may occur outside of typical office hours, and four case managers who, in addition to working with young people in a traditional case management model, will help young people connect to community and Youth Opportunity Center resources based on individual aspirations and life goals. Case managers will also help them navigate the often-difficult system of community-based adult services such as education, employment, and independent housing.

Youth will pay 30% of their incomes toward their housing and (if allowable under the various funding supports) a minimum rent of $75 per month. The youth served will come to the program via the Hennepin County Coordinated Entry system for sheltering the homeless, with intake administered by Youthlink. MPHA has entered into an Agreement with PPL and YouthLink that details funding and operational requirements of the program along with the reporting requirements.

A sponsor-based voucher phase initially proposed as part of this activity did not ultimately materialize, as fundraising was highly successful and the project moved rapidly toward construction of the new housing facility (and project-based phase). The facility, named “Downtown View,” completed construction in late 2017. The first participants using our project-based vouchers are anticipated in 2018.

Changes to Activity, Metrics, or Data Collection – Planned (Annual Plan) or Actual (Annual Report)

MPHA made no significant changes to this activity during the plan year. As fundraising for the project completed, MPHA is able to provide a benchmark (previously listed at TBD) for CE#4. Benchmarks for HC#1, HC#5, and HC#7 previously read “1225” (the intent was to indicate “12 - 25” vouchers). We have revised these benchmarks to not only clarify the typographical error, but to properly reflect our initial ambition to place at least 12 vouchers. There were no other planned or unplanned changes to metrics or data collection.

HUD Standard Metrics

With no active residents yet in 2017, MPHA was not able to record outcomes on HC and SS metrics.

CE#4: Increase in Resources Leveraged				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Amount of funds leveraged in dollars (increase).	0	$11,900,649*	$11,900,649	Yes

** Revised from TBD, given knowledge about construction costs and funds raised.*

HC #1: Additional Units of Housing Made Available				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Number of new housing units made available for households at or below 80% AMI as a result of the activity (increase)	0	12*	0	No (Housing units not yet available in 2017)

** Benchmark clarified; previously read "1225."*

HC #5 Households Assisted by Services that Increase Resident Mobility				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Number of households able to move to a better unit and/or neighborhood of opportunity as a result of the activity (increase).	0	12*	0	No (Housing units not yet available in 2017)

** Benchmark clarified; previously read "1225."*

HC #7: Households Assisted by Services that Increase Housing Choice				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Number of households receiving services aimed to increase housing choice (increase).	0	12*	0	No (Housing units not yet available in 2017)

** Benchmark clarified; previously read "1225."*

SS #1: Increase in Household Income				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Average earned income of households affected by this policy (increase).	0	Increase of household income $8,320.00	0	No (Housing units not yet available in 2017)

SS #2: Increase in Household Savings				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Average amount of savings/escrow of households affected by this policy (increase).	0	$250	0	No (Housing units not yet available in 2017)

SS #3: Increase in Positive Outcomes in Employment Status				
Report the Baseline, Benchmark and Outcome data for each type of employment status for those head(s) of households affected by the self-sufficiency activity.				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Number of families with stable employment histories (increase) (1) Employed Full-Time - (2) Employed Part-Time - (3) Enrolled in an Educational Program - (4) Enrolled in Job Training Program - (5) Unemployed - (6) Other:	0	2 FTE 9 PT 8 Education 2 Job T – Voc 3 Unemployed 2 Other	0	No (Housing units not yet available in 2017)

SS #5: Households Assisted by Services that Increase Self Sufficiency				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Number of households receiving services aimed to increase self sufficiency (increase).	0	13	0	No (Housing units not yet available in 2017)

SS #8: Households Transitioned to Self Sufficiency				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Number of households transitioned to self-sufficiency (increase). Self Sufficiency means: Youth on an education or employment trajectory and able to afford safe and decent housing upon exit from program.	0	2	0	No (Housing units not yet available in 2017)

Public Housing Working Family Incentive (ACTIVITY 2010 – 1)

Approved and Implemented in 2011

Description/Impact/Update

The rent calculation includes an automatic 15 percent deduction from the gross annual earned income of a working family, defined as any family where earned income of any amount is part of the rent calculation. This deduction provides the working family with available money to support work-related costs such as transportation, uniforms, and health insurance premiums.

MPHA had good results with this initiative during 2017. The average income of those employed increased, while, and the number of households employed increased.   At the end of 2017, there were 1,554 public housing households with earned income, an increase of 4.2% over 2016, while the average earned income of those households increased to $24,857. MPHA had no requests for hardship under this initiative in 2017. For those families who continued work, this activity increased the working family's level of income and enhanced the likelihood that the family would achieve a livable wage and move toward self-sufficiency. There was a financial impact on the low-rent program for 2017, because the reduction in Adjusted Gross Income due to the 15% allowance reduces the amount of rent paid; due to a proration in subsidy, MPHA w experienced a loss of subsidy.

This is a rent reform initiative. MPHA has had no requests for hardship exceptions

Changes to Activity, Metrics, or Data Collection – Planned (Annual Plan) or Actual (Annual Report)

MPHA made no changes to this activity during the plan year, nor any planned or unplanned changes to metrics or data collection.

Challenges in Achieving Benchmarks and Possible Strategies

MPHA has had success with this initiative, with no challenges meeting benchmarks.

HUD Standard Metrics

SS #1: Increase in Household Income				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Average earned income of households affected by this policy in dollars (increase).	Average earned income of households affected by this policy prior to implementation of the activity **$15,970.**	Expected average earned income of households affected by this policy prior to implementation of the activity **$16,609.**	Actual average earned income of households affected by this policy prior to implementation (in dollars) = **$24,857**	Yes

SS #3: Increase in Positive Outcomes in Employment Status				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Report the following information separately for each category: (6) Other - Households with earned income.	Households with earned income prior to implementation of the activity - 1,241.	Households with earned income after implementation - 1,253	Actual head(s) of households with earned income after implementation of the activity (number) = 1,553	Yes
(Expressed as percents)	Percentage of households with earned income prior to implementation - 21%.	Percentage of households with earned income prior to implementation - 22%.	Actual percentage of total households with earned income after implementation of the activity (percent) 25.5%	Yes

SS #4: Households Removed from Temporary Assistance for Needy Families (TANF)				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Number of households receiving TANF assistance (decrease).	Households receiving TANF prior to implementation of the activity - **546**	Expected number of households receiving TANF after implementation of the activity - **500**	Actual households receiving TANF after implementation of the activity - **238**	Yes

SS #6: Reducing Per Unit Subsidy Costs for Participating Households				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Average amount of Section 8 and/or 9 subsidy per household affected by this policy in dollars (decrease).	Average subsidy per household affected by this policy prior to implementation of the activity (in dollars) = **$306.00**	Expected average subsidy per household affected by this policy after implementation of the activity (in dollars). **$321.00**	Actual average subsidy per household affected by this policy after implementation of the activity (in dollars) = **$278.86**	Yes

*This metric was required by HUD, but it does not provide valid information as subsidy proration has significantly changed. Subsidy is provided by AMP, not individual tenant.

SS #7: Increase in Agency Rental Revenue				
Unit of Measurement	**Baseline (2009)**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
PHA rental revenue in dollars (increase).	PHA rental revenue prior to implementation of the activity (in dollars) = **$14,437,400**	Expected PHA rental revenue after implementation of the activity - **$15,937,400.**	Actual PHA rental revenue after implementation of the activity (in dollars) = **$20,357,317**	Yes

SS #8: Households Transitioned to Self Sufficiency				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Number of households transitioned to self-sufficiency (increase). The PHA determined that self-sufficiency for public housing residents whose rent increased to the flat rent amount for their unit.	Households transitioned to self-sufficiency (<<PHA definition of self-sufficiency>>) prior to implementation of the activity (number). This number may be zero. Families paying Flat Rate Rent 2010: **270**	Expected households transitioned to self-sufficiency (<<PHA definition of self-sufficiency>>) after implementation of the activity (number) = **20 additional families.**	Actual households transitioned to self-sufficiency (<<PHA definition of self-sufficiency>>) after implementation of the activity in 2017(number) =**105**	Yes

Reintegration of Offenders (ACTIVITY 2016 – 2)

Approved in 2016, Implemented in 2017

Description/Impact/Update

This program supports a three-way partnership that provides training, employment, family unification, and housing assistance to men coming out of prison. In the first phase, MPHA provides housing subsidy as sponsor-based voucher and one partner will provide services. The second, development-phase partner will develop housing and MPHA will support the project with project-based vouchers. These organizations will also provide various social and supportive services that will help the men reunify with their families and establish civic pride and ties to their communities once they enter the program.

This initiative will provide an immediate impact to up to 40 offenders coming out of prison in need supportive housing with services who would otherwise be left homeless and without services needed for successful reintegration into the community. One partner, Better Futures, operates intensive training, supportive services and employment programs for men coming out of prison, but lacks the critical housing support necessary to help stabilize these men's lives. The second partner, Beacon, is incorporating units in a development specifically to house individuals in this program.

Under its "broader use of funds" MTW authorization, MPHA will provide sponsor-based vouchers that offer necessary interim support and stability until the development is completed. MPHA pays a flat subsidy to Better Futures to cover costs of housing and services for each sponsor-based participant in the program. Once the permanent housing development is completed, the project-based vouchers will provide long-term support for the supportive housing program at the site. MPHA has provided a commitment for 40 PBVs.

Participants are selected via referrals from the Minnesota Department of Corrections, the county's Coordinated Entry process, or as walk-in applicants. Participant portion of rent is determined in three phases. In Phases 1 and 2 the participant will be living in the partner's guest house where 32 of MPHA's vouchers will be utilized. For the first month the participants pay nothing and are introduced to their jobs in a warehouse. After the first month the participants will pay $100 a month for rent in $25 weekly installments. When the participant reaches Phase 3, they will move out of the guest house and into a market rate unit that is operated by a different community partners. In these units the participant pays 30% of their income towards rent.

In September 2017, MPHA began providing the 40 sponsor-based vouchers (immediately following a HUD decision to grant MPHA a waiver that was necessary for this activity to be implemented). MPHA has entered an agreement with Better Futures that details the funding and operational requirements of the program along with the reporting requirements that respond to the HUD metrics. Although it was operational for only a short portion of the year, this activity has moved to "implemented" for 2017.

Changes to Activity, Metrics, or Data Collection – Planned (Annual Plan) or Actual (Annual Report)

Other than implementing the activity, MPHA made no changes to this activity during the plan year. In reviewing the metrics in the first year of measurement, MPHA did clarify/revise benchmarks for SS#1 and SS#5. Explanations appear below those metrics tables. There were no other planned or unplanned changes to metrics or data collection.

Challenges in Achieving Benchmarks and Possible Strategies

We were able to begin immediately serving the full complement of 40 intended households. However, because this program only received clearance and got underway late in the year, there was insufficient time in 2017 to achieve most of the metrics associated with the sponsor-based phase of the activity. With a full year of implementation in 2018, we look forward to a true picture of the activity.

HUD Standard Metrics

CE#4: Increase in Resources Leveraged				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Amount of funds leveraged in dollars (increase).	0	TBD	TBD	TBD*

***** *This metric will become relevant when our partners move to the project-based phase of this activity. Until those discussions progress considerably, it is not feasible to establish a benchmark nor track this metric.*

HC #1: Additional Units of Housing Made Available				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Number of new housing units made available for households at or below 80% AMI as a result of the activity (increase). Families coming out of homeless shelters.	0	40	40	Yes

HC#5: Increase in Resident Mobility				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Number of Households able to move to a better unit and/or neighborhood of opportunity as a result of the activity (increase).	0	40	0	During the sponsor-based phase, participants are housed in impacted areas. In the project-based phase, the participants will reside in an opportunity area.

HC#7: Households Assisted by Services that Increase Housing Choice				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Number of households receiving services aimed to increase housing choice (increase).	0	40	40	Yes

SS#1: Increase in Household Income				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Average annual income for families (over a five-year period) (increase)	0	Increase of household income $8,880.00	0	No (Partial year result)

SS #3: Increase in Positive Outcomes in Employment Status				
Report the Baseline, Benchmark and Outcome data for each type of employment status for those head(s) of households affected by the self-sufficiency activity.				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Number of families with stable employment histories (increase) (1) Employed Full-Time - (2) Employed Part-Time - (3) Enrolled in an Educational Program - (4) Enrolled in Job Training Program - (5) Unemployed - (6) Other:	0	25 FTE 59 PT 90 Education 10 Job T – Voc 0 Unemployed	5 - FTE 35 - PTE 40 - Job Training Program	No (Partial year result)

SS #5: Households Assisted by Services that Increase Self Sufficiency				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Number of households receiving services aimed to increase self sufficiency (increase).	0	40*	40	Yes

** MPHA revised this benchmark from 90 to 40. The originally declared benchmark of 90 appears to have been an error. This is the first year of metric-reporting for this activity.*

SS #8: Households Transitioned to Self Sufficiency				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Number of households transitioned to self sufficiency (increase). Self Sufficiency means: Maintained lease in own name for 90 days, engaged in addressing health and wellness needs at home, employed at least 90 days for 20 hours per week, no new offenses and no return to custody for at least 90 days Increased parenting skills, if applicable) {All met within 12 months of enrollment.	0	25	0	No (First participants began in 2017.)

Shelter to Home - Project Based Vouchers (ACTIVITY 2016 – 1)

Approved in 2016, Implemented in 2016

Description/Impact/Update

The Minneapolis/Hennepin County initiative to end homelessness has made significant progress in housing single adults. However, it is behind its targets to establish transitional and permanent affordable housing for families. Shelters for families with children are currently overcrowded; with no next step for these families, they remain in shelter longer and limit spaces for other families who find themselves in housing crisis.

MPHA will place up to 50 project-based vouchers (PBVs) with non-profit housing providers in the City of Minneapolis, focused on providing housing to formerly homeless families. Eligible families will be identified through Hennepin County's case management system, and the county will provide the referrals. Families will receive ongoing services from Hennepin County, Property owners and/or their services provider partners. Property owners will be required to reserve the project-based units exclusively for families coming out of shelter, develop a family services plan that will support the family in finding alternative housing within five years, and hold the units as an ongoing resource for homeless families.

MPHA issued an initial request-for-proposals (RFP) in August 2016 and subsequently awarded a housing assistance payments (HAP) contract to the housing provider, Lutheran Social Services, for 12 PBVs. We anticipate the first move-ins in 2018.

MPHA engaged with the City of Minneapolis in 2017 to enhance the RFP process for the remaining 38 vouchers. The RFP is now coordinated with RFPs for other Minneapolis affordable housing funding programs, in the hopes that this will present the opportunity to a wider audience of developers.

Changes to Activity, Metrics, or Data Collection – Planned (Annual Plan) or Actual (Annual Report)

MPHA made no changes to this activity during the plan year. MPHA determined that we had previously input a multi-year goal as our benchmark for the number of households served; this report revises the benchmark to reflect an appropriate annual goal. There we no other planned or unplanned changes to metrics or data collection.

Challenges in Achieving Benchmarks and Possible Strategies

To raise awareness and inspire more proposals, MPHA changed its RFP process to coordinate closely with other city affordable housing programs. We will continue to evaluate with the city and county additional ways of encouraging participation by non-profit housing providers. All unachieved benchmarks below result from the fact that while the units have been created, none were yet leased up in 2017.

HUD Standard Metrics

Note: Some metrics are listed as N/A until families are housed.

HC #1: Additional Units of Housing Made Available				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved**
Number of new housing units made available for households at or below 80% AMI as a result of the activity (increase). Families coming out of homeless shelters.	0	12	12	Yes

HC #5: Increase in Resident Mobility				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved**
Number of households able to move to a better unit and/or neighborhood of opportunity as a result of the activity.	0	12	0	No (No lease-up yet in 2017)

HC #7: Households Assisted by Services that Increase Housing Choice				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved**
Number of households receiving services aimed to increase housing choice (increase).	0	12	0	No (No lease-up yet in 2017)

SS #1: Increase in Household Income				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved**
Average annual income for households affected by this policy (increase).	0	0	0	N/A (No lease-up yet in 2017)

SS #3: Increase in Positive Outcomes in Employment Status				
Report the Baseline, Benchmark and Outcome data for each type of employment status for those head(s) of households affected by the self-sufficiency activity.				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Report the following information separately for each category: (1) Employed Full- Time (2) Employed Part- Time (3) Enrolled in an Educational Program (4) Enrolled in Job Training Program (5) Unemployed (6) Other	0	0	0	N/A (No lease-up yet in 2017)

SS #4: Households Removed from Temporary Assistance for Needy Families (TANF)				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Number of households receiving TANF assistance (decrease).	0	0	0	N/A (No lease-up yet in 2017)

SS #5: Households Assisted by Services that Increase Self Sufficiency				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Number of households receiving services aimed to increase self-sufficiency (increase). *Self-Sufficiency defined as Family successfully moves from PBV Shelter unit to independent living (No longer requiring Shelter to Home PBV subsidy*.	0	12	0	No (No lease-up yet in 2017)

SS #6: Reducing Per Unit Subsidy Costs for Participating Households				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Average amount of Section 8 and/or 9 subsidy per household affected by this policy in dollars (decrease).	0	0	0	N/A (No lease-up yet in 2017)

SS #7: Increase in Agency Rental Revenue				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
PHA rental revenue in dollars (increase)	0	0	0	N/A (No lease-up yet in 2017)

SS #8: Households Transitioned to Self Sufficiency				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Number of households transitioned to self- sufficiency (increase).	0	0	0	N/A (No lease-up yet in 2017)

Shelter to Home - Public Housing (ACTIVITY 2015 – 1)

Approved in 2015, Implemented in 2017

Description/Impact/Update

The Minneapolis/Hennepin County initiative to end homelessness has made significant progress in housing single adults. However, it is behind its targets to establish transitional and permanent affordable housing for families. Shelters for families with children are currently overcrowded; with no next step for these families, they remain in shelter longer and limit spaces for other families who find themselves in housing crisis.

Under HUD's Faircloth limit, Minneapolis Public Housing Authority (MPHA) has the authority to operate additional public housing units over its current stock and receive additional subsidy for the units.

MPHA is using its MTW authority to create a supportive housing program for families coming out of homeless shelters, and to limit the time families can utilize this housing for no more than five years to ensure that these developments serve as an on-going resource for homeless families. MPHA hopes that this program will create 30 to 50 units in the first five years of the program, bringing relief to families who are stuck in shelter and freeing up shelter space for other families facing urgent need. Families targeted for the program will receive ongoing services from Hennepin County and/or their service provider partners.

MPHA's near-term goal under this activity is development of the Minnehaha Townhomes. MPHA has obtained a 1.1-acre lot to develop 16 two and three -bedroom public housing units, in a location with excellent access to transit and a low concentration of poverty. MPHA has raised nearly $4 million toward this project's construction. The Family Housing Fund providing funding for MPHA and Hennepin County to design a services plan for resident families.

Over the longer term, MPHA may also work with local affordable housing developers to include Faircloth units in affordable housing projects in the City of Minneapolis using the Operating Subsidy-Only Mixed Finance Development process. These developments would be dependent upon the developer receiving other non-public housing financing.

This program will increase housing choices by creating new ways for very low-income families in homeless shelters to move into one or more supportive housing developments with services.

Changes to Activity, Metrics, or Data Collection – Planned (Annual Plan) or Actual (Annual Report)

This activity was designated "implemented" for the first time in 2017. The benchmarks for the HC metrics and for SS#5, which were listed as TBD in the 2017 plan, are updated in this report to reflect the initial expectations for the Minnehaha Townhomes. Until we complete construction and lease-up, we cannot establish appropriate benchmarks in most areas. As families are housed, we will have sufficient information to fill out all the metrics.

Challenges in Achieving Benchmarks and Possible Strategies

For the Minnehaha Townhomes project, MPHA has worked diligently with the City of Minneapolis and public and private funders to address the complex process of securing and closing on funding for the project. MPHA expects to close and begin construction in 2018.

HUD Standard Metrics

HC #1: Additional units of Housing Made Available				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Number of new housing units made available for households at or below 80% AMI as a result of the activity (increase). Families coming out of homeless shelters.	0	16	0	No Project still in development

HC #5: Increase in Resident Mobility				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Number of households able to move to a better unit and/or neighborhood of opportunity as a result of the activity.	0	16	0	No Project still in development

HC #7: Households Assisted by Services that Increase Housing Choice				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Number of households receiving services aimed to increase housing choice (increase).	0	16	0	No Project still in development

SS #3: Increase in Positive Outcomes in Employment Status				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Report the following information separately for each category: (1) Employed Full-Time (2) Employed Part-Time (3) Enrolled in an Educational Program (4) Enrolled in job Training Program (5) Unemployed (6) Other	0	0	0	No Project still in development

SS #4: Households Removed from Temporary Assistance for Needy Families (TANF)				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Number of households receiving TANF assistance (decrease).	0	0	0	No Project still in development

SS #5: Households Assisted by Services that Increase Self Sufficiency				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Number of households receiving services aimed to increase self-sufficiency (increase).	0	16	0	No Project still in development o

SS #8: Households Transitioned to Self-Sufficiency				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Number of households transitioned to self-sufficiency (increase). The PHA will create one or more definitions for "self-sufficiency" to use for this metric.	0	0	0	No Project still in development

ACTIVITY 2011 – 2: Soft Subsidy Initiative

Approved in 2011, Implemented in 2013

Description/Impact/Update

In traditional housing assistance programs, whenever a participant increases their income, their rent portion increases. The goal of this initiative is to reverse that relationship so that when a participant starts working or attending job training, their rent portion decreases to incentivize work.

Under this activity, MPHA entered into a subsidy agreement with a service-provider partner that rehabbed 20 units for participating families. The partner expected the family to commit to a path off government assistance and into the workforce; the family receives a rent subsidy in return. MPHA provides a fixed subsidy payment to the partner ($500 per participating family, per month).

The participating families come from multi-generational poverty, with poor rental histories and little to no work experience. Services provided to families housed under this initiative included intensive weekly coaching on setting and achieving goals. Once participants start working, partners staff work with them on furthering their education or training to move beyond entry level jobs. The 20 families that moved into the units that opened in 2013 generally made progress on at least one goal. Despite the tough job market, almost all of the families were employed.

Our initial partner providing housing and case-management under this initiative, Alliance Housing, experienced funding challenges in 2017, and served fewer families than in previous years. At the end of the year, this initial partner announced that it was discontinuing the program because of loss of funding. MPHA will pursue other community partners for this initiative.

Changes to Activity, Metrics, or Data Collection – Planned (Annual Plan) or Actual (Annual Report)

MPHA made no significant or non-significant changes or modifications to this activity during the plan year. MPHA has input information for SS#6 (previously N/A). There were no other planned or unplanned changes to metrics or data collection.

Challenges in Achieving Benchmarks and Possible Strategies

Many of the benchmarks were met. However, the program did not serve the benchmarked number of families in 2017 because of a decrease in funding at our partner. No families met the goal of self-sufficiency within five years; however, no family has been enrolled for longer than 31 months. There are no feasible strategies to remedy this, as the partner announced their program will be discontinued.

HUD Standard Metrics

SS #1: Increase in Household Income				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Average earned income of households affected by this policy in dollars (increase).	0	$13,195	$29,308.00	Yes

SS #3: Increase in Positive Outcomes in Employment Status				
Report the Baseline, Benchmark and Outcome data for each type of employment status for those head(s) of households affected by the self-sufficiency activity.				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
(1) Employed Full- Time	0	6	7	Yes
(2) Employed Part- Time	0	6	6	Yes
(3) Enrolled in an Educational Program	0	2	2	Yes
(4) Enrolled in Job Training Program	0	5	0	No
(5) Unemployed	0	0	0	Yes
(6) Other: Percentage of Households with Earned Income	0	75%	100%	Yes

SS #4: Households Removed from Temporary Assistance for Needy Families (TANF)				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Number of households receiving TANF cash assistance (decrease).	15	5	2	Yes

SS #5: Households Assisted by Services that Increase Self Sufficiency				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Number of households receiving services aimed to increase self-sufficiency (increase)	0	20	13	No

SS #6: Reducing Per Unit Subsidy Costs for Participating Households				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Average amount of Section 8 subsidy per household affected by this policy in dollars (decrease).	0	$721	$500	Yes

SS #8: Households Transitioned to Self Sufficiency				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Number of households transitioned to self-sufficiency (increase). Self Sufficiency is defined as: the participant leaves government financial assistance.	0	2	0	No.*

** This intervention is a program aiming for self-sufficiency after five years. However, the longest-participating families to-date have been in the program for only 31 months.*

ACTIVITY 2011 – 1: Targeted Project-Based Initiative

Approved in 2011, Implemented in 2012

Description/Impact/Update

Under this activity, MPHA project-based vouchers for the specific purpose of creating additional affordable housing for low-income families in the City of Minneapolis. MPHA's objective was to expand the locations of project-based voucher (PBV) programs, and to strategically deploy voucher awards to leverage the creation of additional non-PBV affordable housing (affordable to families with 80 percent of Area Media Income or below). MPHA limited the number of vouchers that were awarded to any development to 20 vouchers.

MPHA's initial goal was to facilitate 120 new affordable units. MPHA first awarded vouchers under this initiative in early 2012. Here are the totals to-date:

Development Name	Total Affordable Housing Units	MPHA Project-Based Vouchers
Emanuel Housing	101	17 (includes 11 VASH PBVs)
The Rose	101	15
Spirit-on-Lake	46	5
Lonoke	19	4
TOTAL	**267**	**41**

Changes to Activity, Metrics, or Data Collection – Planned (Annual Plan) or Actual (Annual Report)

In our 2017 MTW Annual Plan, MPHA stated that we intended to close out this activity. However, we are choosing instead to keep it open, as the approved framework suits our ongoing goals to expand housing choice and create new affordable housing in the community. MPHA has also adjusted a confusing aspect of how we were tracking metric HC#1 (additional units of housing made available). Along with the total number of housing units created, prior plans and reports had tracked a sub-benchmark of "regular" vouchers separately. We have revised this metric to reflect the primary benchmark and outcome (total new units created). There were no other changes to metrics or data collection; data was collected from partner project information and MPHA's internal data systems.

Challenges in Achieving Benchmarks and Possible Strategies

None. This activity quickly achieved and in fact far surpassed its objective. We consider the initial phase, creating 226 affordable housing units, to be a strong model for future activities.

HUD Standard Metrics

Note: Outcomes were achieved in 2014 and have been unchanged since that time.

CE #4: Increase in Resources Leveraged				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Amount of funds leveraged in dollars (increase).	$11,880,000 (Based upon initial anticipated cost of $330,000 per unit, and 36 vouchers awarded.)	$35.6 million (3 to 1 voucher-to-non-voucher-unit ratio)	$88,100,000 (Total of 267 units and ratio of approximately 8 to 1)	Yes

HC #1: Additional Units of Housing Made Available				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Number of new housing units made available for households at or below 80% AMI as a result of the activity (increase). If units reach a specific type of household, give that type in this box.	0	120	226 units (leveraging 41 MPHA vouchers)*	Yes

** This benchmark has been clarified from prior years' reporting. See notes above, under Changes to Activity, Metrics, or Data Collection.*

HC #7: Households Assisted by Services that Increase Housing Choice				
Unit of Measurement	**Baseline**	**Yearly Benchmark**	**Outcome**	**Benchmark Achieved?**
Number of households receiving services aimed to increase housing choice (increase).	0	144	267	Yes

B. ACTIVITIES NOT YET IMPLEMENTED

ACTIVITY 2010 – 3: Conversion of 312 Mixed-Finance Public Housing Units to PBV

Approved in 2010, Not Yet Implemented

Brief Description

MPHA proposed to use MTW authority and the voluntary conversion or disposition process to convert 312 mixed-finance public housing units that MPHA neither owns nor manages (collectively known as the Metropolitan Housing Opportunity Program, or MHOP) to secure new Section 8 Housing Choice Vouchers and then project base these units in the same mixed-finance development. MPHA anticipated this initiative would significantly reduce the administrative burden for MPHA and property owners/managers. Families housed in the new project-based units would have access to a Housing Choice Voucher after one year of residency and would be able to increase their housing choices. MPHA applied to the RAD program and received a Commitment to Enter into a Housing Assistance Payments Contract (CHAP) in 2014 for conversion of the 200 mixed-finance units at Heritage Park. However, the CHAP expired and MPHA is exploring how to implement the conversion for Heritage Park and the other MHOP units via RAD or another yet-to-be-determined method.

Actions Taken Toward Implementation in the Plan Year

MPHA continues to research and explore the options available to us to move forward on this activity. In 2017 we began negotiations with the current owner and manager of Heritage Park to determine the future ownership and management of those units. The outcome of that process could have some impact upon this activity. We are closely watching policy developments at HUD and in Congress around RAD and other yet-to-be-determined paths for conversion. In the meantime, these 312 units continue to provide much-needed housing for families from our public housing waitlist.

C. ACTIVITIES ON HOLD

Alternate Income Verifications (ACTIVITY 2013 – 2)

Approved in 2013, Not Implemented, Placed On-Hold in 2017

Brief Description

The purpose of this activity was to enable low-income persons in need of assisted living to receive housing with services that would not be available to them with the current regulatory requirements for verification of income in public housing. MPHA proposed that if an applicant was eligible and has income information that clearly demonstrates eligibility for public housing, MPHA should be able to utilize this information to sign a lease and move the tenant into housing. However, MPHA found in practice that it did not need to implement this initiative to successfully house persons in the agency's new acute assisted living/memory care programs. The activity may, however, be relevant to future efforts.

Actions toward reactivating in the plan year

None. The activity was placed on-hold in 2017.

Public Housing Earned Income Disregard (ACTIVITY 2009 – 4)

Approved in 2009, Implemented in 2010, Placed On-Hold in 2017

Brief Description

HUD regulations allow families a full income disregard for one year and a 50% disregard for the second year in certain circumstances (including employment of a previously unemployed household member, participation in a self-sufficiency program, and if the household receives welfare payments). As families move in and out of employment, the disregard is postponed. Monitoring this standard arrangement is time consuming and creates administrative hardships that are prone to errors. MPHA created a full two-year income disregard for eligible families, which eliminated the administrative hardship and time-consuming monitoring.

Since implementing this initiative, 353 MPHA residents have completed MTW EIDs. This number reflects the percentage of elderly and disabled residents in our population. However, households who participated in this program had a meaningful incentive to work and continue working as the EID is targeted to reward families who maintain their employment for a full two years. MPHA also found the initiative reduced staff time and mitigated possible errors as the policy implements EID for two full years without having to deal with the intermittent, cumbersome tracking and communications issues related to the HUD standard 48-month program. Residents reported that they were able to follow and understand this program better.

The activity was by most measures successful. In light of the PIH Notice 2016-05, MPHA is placing this activity on-hold as it no longer needs MTW Authority to continue it. However, we believe there may be circumstances in which we would reactivate it in the future.

Actions toward reactivating in the plan year

None. The activity was placed on-hold in 2017.

D. CLOSED OUT ACTIVITIES

Activities closed out in 2017

Absence from Unit Initiative (ACTIVITY 2011 – 3)

Approved in 2001, Implemented in 2011, Closed in 2017

Why the activity was closed out

The absence-from-unit initiative continues the rent obligation for tenants whose income is temporarily reduced during an absence from the unit for more than 30 days. Under this initiative, tenants who temporarily lose income were required to pay rent as if the income continued. Residents could request a hardship to pay minimum rent during their absence, along with an agreement to repay the difference over the next 12 months.

MPHA's resident organization has continually challenged MPHA to end this initiative as it has a disproportionate impact on immigrant families who receive SSI and lose this income if they travel outside the United States. After several years of experience and study of the financial impact of this initiative, MPHA has determined that the administrative burden related to this initiative and the hardship this creates for very low-income immigrant families is not cost-effective.

Lessons-learned and summary table (if applicable)

The utilization was considerably lower than MPHA had expected (we had originally chosen a benchmark of 100 households reporting absence, based on experience). Based upon the data and anecdotal reports from property managers, MPHA believes many tenants responded to the policy by declining to report their absences, despite the reporting requirement in the lease. MPHA's revenue outcomes fluctuated around the benchmark since the HUD Standard Metric was instituted in 2013. Ultimately, MPHA learned that any potential revenue increase from this initiative could not outweigh the administrative and other intangible costs (principally resident and community concern and friction) and the hardship imposed upon certain families.

Year	Residents Reporting 30-day+ Absence	Residents Requesting Hardship
2013	58	44
2014	65	54
2015	75	43
2016	56	30

MPHA began tracking this HUD Standard Metric in 2013:

	CE #5: Increase in Agency Rental Revenue				
Year	**Unit of Measurement**	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
2013	Rental revenue in dollars (increase).	$11,250*	$32,550	$29,090	No
2014	Rental revenue in dollars (increase).	$11,250	$32,550	$34,089	Yes
2015	Rental revenue in dollars (increase).	$11,250	$32,550	$36,103	Yes
2016	Rental revenue in dollars (increase).	$11,250	$32,550	$26,649	No

* Baseline is based upon experience of around 100 tenants per year, prior to implementation, requesting a rent-reduction due to an absence. This is the approximate rent collected during those absences, prior to the activity.

Block Grant and Fungible Use of MPHA Resources (ACTIVITY 2009 – 1)

Approved 2009, Implemented in 2009, Closed in 2017

Why the activity was closed out

HUD does not require this to be reported in the same format as other initiatives. The MTW Sources and Uses provides the detail of the Combined Fund. This Activity was moved to the “Closed Out” Section of the 2017 MTW Plan per HUD instruction.

Lessons-learned and summary table (if applicable)

Not applicable.

Foreclosure Stabilization Project-Based Voucher Demonstration Program (ACTIVITY 2010 – 5)

Approved in 2010, Implemented in 2011, Closed in 2017

Why the activity was closed out

This initiative was a partnership with a local non-profit that purchased and rehabilitated four- and six-unit properties that had gone through foreclosure. MPHA project-based 21 vouchers at these units. Implementation began in May 2011 and was complete by August 2012 when all 21 units were occupied. The units have remained occupied and active in 2016 as preserved units of affordable housing. The activity's objectives have been fulfilled.

Lessons-learned and summary table (if applicable)

This activity met its benchmarks quickly and we consider it successful. All benchmarks were achieved in 2011, and did not change in subsequent years.

CE #4: Increase in Resources Leveraged				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Amount of funds leveraged in dollars (increase).	$0	$2,554,083 leveraged after implementation of the activity.	$2,554,083	Yes

HC #2: Units of Housing Preserved				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Number of housing units preserved for households at or below 80% AMI that would otherwise not be available (increase). If units reach a specific type of household, give that type in this box.	0	21	21	Yes

CLOSED OUT ACTIVITIES (PRIOR TO 2017)

Biennial Housing Quality Standards Inspections (ACTIVITY 2012 – 1)

Approved and Implemented in 2012, Closed out in 2014

Why the activity was closed out

This activity gave MPHA the authority to change the HCV Program's annual Housing Quality Standards (HQS) Inspection requirement to a biennial HQS Inspection requirement for units in multifamily complexes of six (6) units or more and where 80% of those units passed HQS Inspections in the prior two years. However, two years later Section 220 of the 2014 Congressional Appropriations Act allowed "public housing authorities to inspect assisted dwelling units during the term of a HAP Contract by inspecting such units not less than biennially instead of annually." MPHA's current MTW initiative under this category is fully compliant with all the allowances under Section 220 of the 2014 Congressional Appropriations Act and therefore, the Agency closed out this activity as MTW authority was no longer required.

Combine Homeownership Programs (ACTIVITY 2009 – 3)

Approved and implemented in 2009, Closed out in 2012

Why the activity was closed out

MPHA discontinued this initiative in 2012 due to funding shortfalls, and closed out the program. With the phase-out of MPHA's Homeownership Made Easy (HOME) program in June 2012, two families received homeowner education and mortgage readiness counseling in 2012. Of these, one family closed on their home in Northeast Minneapolis in June 2012. No families were assisted through the Moving Home program. No families were referred by Twin Cities Habitat for Humanity or Neighborhood Housing Services of Minneapolis for the Section 8 Mortgage Foreclosure Prevention Program.

Earned Income Disallowance Simplification - HCV (ACTIVITY 2012 – 2)

Approved and Implemented in 2012, Closed out in 2016

Why the activity was closed out

In the Housing Choice Voucher Program, HUD regulations allow families whose head of household is disabled a full income disregard for one year and a 50% disregard for the second year. As families move in and out of employment, the disregard is postponed; the monitoring is time-consuming and creates administrative hardships that are prone to errors. MPHA created a two-year full income disregard for eligible families and eliminated the administrative hardship and time-consuming monitoring. MPHA eliminated the Earned Income Disregard in implementing its Rent Reform program, but permitted current participants to complete their two-year eligibility under his initiative.

MPHA – Hennepin County Transitional Housing Demonstration (ACTIVITY 2013 – 1)

Approved in 2013, Implemented in 2014, Closed out in 2016.

Why the activity was closed out

MPHA partnered with Hennepin County to create a "Transitional Housing with Supportive Services" demonstration program to allow MPHA to utilize up to eight public housing units for low-income individuals who are in need of transitional housing for brief periods from a few days to a few months. These individuals are low-income vulnerable persons who will be exiting the hospital, have no support system and need supportive services to avoid re-hospitalization and who without such services would remain in the hospital costing thousands of dollars which could be significantly mitigated under this initiative. This activity did not live up to its promise. The county medical center ultimately could not secure adequate funding to support the concept. Even though it was more costly to address the repeated health needs of homeless people who visited the hospital, Minnesota Medical Assistance (Medicaid) paid for medical costs and could not reimburse for housing. Since implementation in 2014, only two units were occupied by seven individuals, which fell considerably short of our expectations. The key lesson learned is to continue to work on ways that Medicaid might reimburse for housing related costs.

Public Housing Self-Sufficiency Program (ACTIVITY 2009 – 5)

Approved and implemented in 2009, Closed out in 2012

Why the activity was closed out

MPHA discontinued this program in 2012 due to federal funding cutbacks in its housing programs. This program was developed to support MPHA's homeownership initiatives which were also discontinued in 2012.

V. Sources and Uses of MTW Funds

ANNUAL MTW REPORT

A. ACTUAL SOURCES AND USES OF MTW FUNDS

i. Actual Sources of MTW Funds in the Plan Year
MPHA has submitted unaudited and audited information in the prescribed Financial Data Schedule (FDS) format through the Financial Assessment System – PHA (FASPHA), or its successor system.

ii. Actual Uses of MTW Funds in the Plan Year
MPHA has submitted unaudited and audited information in the prescribed FDS format through the FASPHA, or its successor system.

iii. Describe Actual Use of MTW Single Fund Flexibility
The MTW PHA shall provide a thorough narrative of actual activities that use only the MTW single fund flexibility. Where possible, the MTW PHA may provide metrics to track the outcomes of these programs and/or activities. Activities that use other MTW authorizations in Attachment C and/or D of the Standard MTW Agreement (or analogous section in a successor MTW Agreement) do not need to be described here, as they are already found in Section (IV) of the Annual MTW Report. The MTW PHA shall also provide a thorough description of how it used MTW single fund flexibility to direct funding towards specific housing and/or service programs in a way that responds to local needs (that is, at a higher or lower level than would be possible without MTW single fund flexibility).

ACTUAL USE OF MTW SINGLE FUND FLEXIBILITY
MPHA did not have any activities that utilized only MTW single fund flexibility. MPHA used approximately $6.5 million from its HCV HAP Subsidy to augment other programs in accordance with the needs of our local community. Of this amount: $3.1 million went to MPHA's Public Housing Capital Budget; $1.5 million to the Public Housing Operating Budget; $1.3 million to HCV Administration; $309,000 to Capital Improvement Administration Fees; and $264,000 to MTW Local Initiatives (primarily research, reporting, and administration related to MPHA's MTW status). Among other things, these transfers allowed significant building rehabilitation and repair of essential systems that would not have been possible under the federal capital fund alone; helped augment security services to provide public housing residents with a safer living environment; and supported a higher level of responsiveness and customer service to Housing Choice Voucher participants and property owners than would not have been possible under deeply prorated administrative funding.

B. LOCAL ASSET MANGEMENT PLAN

i. Did the MTW PHA allocate costs within statute in the Plan Year? **No**

ii. Did the MTW PHA implement a local asset management plan (LAMP) in the Plan Year? **Yes**

iii. Did the MTW PHA provide a LAMP in the appendix? Yes

iv. If the MTW PHA has provided a LAMP in the appendix, please provide a brief update on implementation of the LAMP. Please provide any actual changes (which must be detailed in an approved Annual MTW Plan/Plan amendment) or state that the MTW PHA did not make any changes in the Plan Year.

HUD approved MPHA's LAMP in the 2017 MTW Annual Plan. MPHA has implemented the LAMP and did not make any changes from the LAMP described in Appendix A of the 2017 MTW Plan.

VI. Adminstrative

A. Reviews, Audits, and Inspections

MPHA’s 2016 Single Audit conducted in 2017 identified findings in the Section 8 Program and an internal control finding. The Section 8 Program findings related to the calculation of housing assistance payments and Housing Quality Standards (HQS) re-inspections. The internal control finding related to access to the MPHA’s computer system. MPHA has prepared and has begun implementing a corrective action plan.

B. Evaluation Results

MPHA has no results of MTW PHA-directed evaluations to report for 2017.

C. MTW Statutory Requirement Certification

Please see certification on following page.

D. MTW Energy Performance Contract (EPC) Flexibility Data

This section is not applicable to MPHA (MPHA’s EPC is standard, with no additional MTW flexibility).

MTW STATUTORY REQUIREMENT CERTIFICATION

Acting on behalf of the Public Housing Agency (PHA) listed below, as its authorized PHA official, I approve the submission of the Annual Moving to Work Report for the PHA fiscal year ending **December 31, 2017**, hereinafter referred to as "the Report", of which this document is a part and make the following certifications and agreements with the Department of Housing and Urban Development (HUD) in connection with the submission of the Report and implementation thereof:

The Agency has met the three statutory requirements of: 1) assuring that at least 75 percent of the families assisted by the Agency are very low-income; 2) continuing to assist substantially the same total number of households as would have been assisted had the agency not participated in the MTW demonstration, and 3) maintaining a comparable mix of households (by family size) served as would have been served had the agency not participated in the MTW demonstration.

Minneapolis Public Housing Authority
PHA Name

MN002
PHA Number/HA Code

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

Tracey Scott
Name of Authorized Official

Deputy Executive Director
Title

Signature

March 29, 2017
Date

APPENDIX A: Local Asset Management Plan (LAMP)

The Minneapolis Public Housing Authority (MPHA) follows HUD's asset management program including project-based management, budgeting, accounting, and financial management. HUD consultants completed an on-site review of MPHA's asset management conversion in 2008 and found that MPHA demonstrated a successful conversion to asset management.

In programs where it applies, 2 CFR Part 200, Subpart E allows PHAs to use a fee-for-service in lieu of allocation systems for the reimbursement of overhead costs. MPHA has elected to use a fee-for-service approach.

The Changes in Financial Management and Reporting for Public Housing Agencies Under the New Operating Fund Rule (24 CFR part 990) Supplement to HUD Handbook 7475.1 REV., CHG-1, Financial Management Handbook states that a PHA may charge up to a maximum 10 percent of the annual Capital Fund grant as a management fee. While current program rules (§ 968.112) allow PHAs to charge up to 10 percent of the Capital Fund grant for ''Administration,'' these administrative costs must be specifically apportioned and/or documented. Under a fee-for-service system, the PHA may charge a management fee of 10 percent, regardless of actual costs.

The Capital Fund Program management fee covers costs associated with the Central Office Cost Center's oversight and management of the Capital Fund Program. These costs include duties related to general capital planning, preparation of the Annual Plan, processing of e-LOCCS, preparation of reports, drawing of funds, budgeting, accounting, and procurement of construction and other miscellaneous contracts. MPHA is aware that HUD is proposing a change in Federal Regulations that Central Office funds be federalized and MPHA's LAMP will be in compliance with the final regulations regarding this matter.

The Moving to Work Agreement permits MPHA to combine funding awarded to it annually pursuant to Section 8 (o), Section 9 (d), and Section 9 (e) of the 1937 Housing Act into a single, authority-wide funding source ("MTW Funds"). MPHA has elected to combine all MTW Funds and use the MTW Funds with the full flexibility permitted by the Moving to Work Agreement.

As permitted under the First Amendment to Moving to Work Agreement, MPHA may design and implement a local asset management program which allows fees that exceed the levels set forth by HUD's asset management requirements. Because MPHA may utilize MTW Housing Choice Voucher (HCV) program funds for public housing capital expenditures, MPHA's local asset management plan would permit a management fee chargeable to the HCV program to cover the Central Office Cost Center's oversight and management of HCV-funded capital improvements. The costs include, but are not limited to, duties related to general capital planning, processing and reporting of VMS capital expenditure reimbursements, preparation of reports, budgeting, accounting, and procurement of construction and other miscellaneous contracts.

As permitted under the First Amendment to Moving to Work Agreement, MPHA may apply local determinations with respect to front line, prorated, and shared resources, fee costs, and other aspects of such requirements, to meet the objectives of the MTW program. The cost of maintenance supervision of specialized project staff that are assigned to asset management projects will be prorated to the asset management projects on a reasonable basis.

MPHA reserves the right to employ full MTW Single Fund flexibility across properties and programs.

The additional fee and the central supervision of specialized maintenance staff would be the only deviation from HUD's asset management guidelines.

APPENDIX B: Glossary of Commonly Used Housing Terms

***ARRA* –** The ***American Recovery & Reinvestment Act of 2009 (*"Recovery Act")** was a stimulus package enacted by Congress in 2009. Though the primary objective was to save and grow jobs, the Recovery Act also provided temporary relief for programs most affected by the recession and allowed investments in infrastructure, education, health, and renewable energy.

ACC - Annual Contributions Contract is the written contract between HUD and a Public Housing Authority (PHA) under which HUD agrees to provide funding for a program (under the Housing Act of 1937), and the PHA agrees to comply with HUD requirements for the program.

AMI - Area Median Income - an estimate from the Department of Housing and Urban Development (**HUD**) of how much money families in a given area earn on average.

AMP – Asset Management Projects is a term used to identify the PHA's property groupings.

CFP - Capital Fund Program is an annual grant in which HUD provides funds for the modernization and development of public housing beyond the scope of routine maintenance.

CFR – Code of Federal Regulations are published federal rules that define and implement laws; commonly referred to as "the regulations."

CDBG - Community Development Block Grant is a flexible program that provides communities with resources to address a wide range of unique community development needs.

CMTO - Creating Moves to Opportunity is a nationwide collaboration between universities, foundations, and PHAs with the purpose of improving long-term outcomes of children by evaluating strategies that support Housing Choice Voucher (HCV) families in moving to higher opportunity neighborhoods.

DOT - Declaration of Trust is a legal instrument which grants **HUD** an interest in a public housing property. It also provides public notice that the property was developed, maintained, or operated with Federal assistance and is, therefore, held in **trust** by the public housing agency for the benefit of **HUD**.

EPC - Energy Performance Contract is a financing mechanism authorized by Congress designed to accelerate investment in cost-effective energy conservation measures in federally supported buildings such as public housing.

Extremely Low-Income Family – a family whose annual income does not exceed 30 percent of the area median income, as determined by HUD.

Faircloth Authority – named for a former U.S. Senator Faircloth and refers to additional public housing subsidy that MPHA is permitted to access, provided we can build or acquire the units.

FSS – Family Self-Sufficiency Program is a HUD program in which a PHA promotes self-sufficiency of assisted families, including the coordination of support services.

FUP – Family Unification Vouchers are special purpose vouchers provided to two different populations: families and former foster-care youth (ages 18-24) that are homeless or lack adequate housing. Eligible families are referred by the local child welfare agency to the PHA.

HAP - Housing Assistance Payments contract – a written contract between the PHA and a property owner established to provide rent subsidies on behalf of an eligible low-income family.

HCV – Housing Choice Voucher (Also known as "Section 8") can be used to pay a portion of a tenant's rent in a privately-owned apartment or home. Families contribute on average 30 percent of their income towards their rent and utilities and MPHA provides the rest. (Families can use the voucher to choose where they want to live within Minneapolis or outside the city.)

HQS - Housing Quality Standards are established by HUD and outline minimum life-safety requirements for any housing assisted under the voucher program.

LURA – Land Use Restriction Agreement is a legally binding contract requiring the parties to limit the use of a property for a specified term. LURAs are typically used in connection with low-income housing tax credits to ensure that a housing property is restricted to households who make a certain income (for example, 30% of Area Median Income) for an agreed-upon period. By agreement among the parties, this period need not match and may exceed the tax credit compliance period (for example, 30 years or more).

LEP - Limited English Proficiency Plan is developed by the PHA, per HUD requirements, to make reasonable efforts to provide free language assistance and meaningful access to a client who does not speak English as their primary language or has limited ability to read, write, speak, or understand English.

LIHTC - Low-Income Housing Tax Credit is a dollar-for-dollar tax credit in the United States for affordable housing investments that gives incentives for the utilization of private equity in the development of affordable housing aimed at low-income Americans.

MTW – Moving to Work Demonstration Program created by Congress in 1996 allows housing authorities to design and test innovative, locally-designed strategies for providing low-income families with affordable housing. MTW allows the agency to waive most HUD regulations if the agency meets at least one of three statutory objectives: (1) increasing housing choices, (2) creating opportunities for families with

Portability – A family utilizing a Housing Choice voucher can choose to rent a dwelling unit in a city outside their initial PHA.

PBRA - Project Based Rental Assistance was authorized by Congress in 1974 to provide rental subsidies for eligible tenant families residing in newly constructed, substantially rehabilitated, and existing rental and cooperative apartment projects. Under it, developers (for-profit or non-profit) would build low-income housing and HUD would make up the difference between the HUD-approved rent (Contract Rent) for the assisted unit and the HUD-required rental contribution from eligible tenant families.

PBV – Project-Based Voucher provides rental assistance to families living in privately owned apartments. Using the voucher funding, MPHA enters into a contract with the property owner to ensure that these units are preserved as affordable housing for up to 20 years.

RAD - Rental Assistance Demonstration was created to give public housing authorities (PHAs) a tool to preserve and improve public housing properties and address the nationwide backlog of deferred maintenance.

Subsidy Standards are established by a PHA to determine the appropriate number of bedrooms and amount of subsidy for families based on the number of people and the family composition.

SNAP - Supplemental Nutrition Assistance Program, formerly known as Food Stamps, helps low income families to purchase nutritious food.

VASH - Veterans Affairs Supportive Housing This joint HUD-Veterans Affairs (VA) program combines Housing Choice Voucher (HCV) rental assistance for homeless Veterans with case management and clinical services provided by the Department of Veterans Affairs (VA).

Very Low-Income Family – A low-income family whose annual income does not exceed 50% of the area median income for the area, as determined by HUD.