



August 22, 2018

Agenda Item 1

REPORT TO THE COMMISSIONERS

FROM: Gregory Russ, Executive Director / CEO

SUBJECT: Authorization to Submit RAD Conversion Application for the Elliot Twins Apartments

Previous Directives: The Board previously approved *Guiding Principles for Redevelopment and Capital Investments at MPHA* on May 24, 2017 that outlined how MPHA will make real estate investment decisions for each property that reflect MPHA's mission statement as well as commitments to no permanent displacement of residents. On October 25, 2017 the Board approved the 2018 Annual Moving to Work Plan that outlined the potential use of Rental Assistance Demonstration (RAD) as a funding strategy for asset preservation. On May 23, 2018 the Board approved the MPHA Strategic Vision and Capital Plan which outlines rehabilitation of the Elliot Twins to energy-efficient standards and applying for RAD for the property.

Resident Council Review/Recommendation: An update on the RAD application was provided to the Resident Advisory Board (RAB) on August 13, 2018.

Budget Impact: None

Affirmative Action Compliance: Not Applicable.

RECOMMENDATION: It is recommended that the Board of Commissioners approve the attached Resolution approving the RAD conversion application for the Elliot Twins, authorizing the Executive Director or his designee to execute and submit all required documents relating to this application, including the attached RAD Application Form, questions, comments and answers from the Residents Meetings on August 8 and 9, 2018, and any certifications.

The Elliot Twins (MN00200006-8A, MN002000006-8B), built in 1961, are some the Minneapolis Public Housing Authority's oldest high-rises. The Elliot Twins consist of two buildings, MN00200006-8A at 1212 9th Street South and MN002000006-8B at 1225 8th Street South) on a single lot of approximately 2.19 acres in size. Together, the Elliot Twins have 174 housing units, equally divided between the two buildings. Each building contains 43 efficiency units, 43 one-bedroom units, and one ADA compliant one-bedroom unit.

On May 23, 2018 the MPHA Board of Commissioners approved the MPHA Strategic Vision and Capital Plan which outlines rehabilitation of the Elliot Twins to energy efficient standards. The scope of work for the rehabilitation of the Elliot Twins may include updated systems such as electrical, plumbing, fire and mechanical (heating and air conditioning). It may include energy-efficiency measures as well as new windows, roofs, and building exteriors. Apartment renovations may include kitchens, bathrooms, finishes, and storage. It also may include enhanced indoor and outdoor community spaces and improved building security.

Anticipated funding sources for the project may include existing Minneapolis Public Housing Authority funds, state and local loans and grants, philanthropic donations, low-income housing tax credits, bond-financing, and traditional bank financing through a mortgage.

The work will proceed like any other rehabilitation work MPHA performs on our properties. Residents may need to move temporarily, preferably on-site, while MPHA works on the apartment, but no one will lose their housing. The RAD program forbids permanent, involuntary displacement. Any resident who moves temporarily for purposes of construction is guaranteed the right-to-return to the property along with other relocation protections under RAD. (MPHA will develop and provide a Relocation Rights Contract to all current Elliot families; the contract will spell out specific resident rights under RAD and other protections that MPHA will provide. The Contract will cover all aspects of any construction related moves from the building and the return to the building.)

Rental Assistance Demonstration (RAD)

Congress approved a Rental Assistance Demonstration (RAD) program that enables public housing agencies to convert a public housing property's HUD funding to Section 8-funded project-based vouchers (PBV) or project-based rental assistance (PBRA) with long-term funding contracts. Until recently, the number of units that could be converted under the program was capped. However, Congress recently allowed HUD to raise the cap to 225,000 units, allowing MPHA and others to apply for the program as a means of preserving the homes we provide.

For many years the Congressional appropriations for both the Operating Fund and the Capital Fund have been insufficient to fully fund reasonable and necessary expenses to administer public housing. MPHA estimates its 2018 Capital needs are \$140 million and Capital Funding in 2018 from HUD is \$14 million. Without adequate funding for major renovations and upgrades, MPHA estimates needing more than \$500 million by 2037.

RAD combines the operating and capital funding from HUD into one, more reliable, funding stream. RAD also replaces the Declaration of Trust on the property with a renewable long-term use restriction that commits the property to a project-based housing voucher. This allows for MPHA to obtain funding for the proposed rehabilitation from new sources including borrowing money from a bank in the form of a mortgage or from private investors, as well as utilizing Low Income Housing Tax Credits.

RAD Process & Milestones to Date

- *Letter of Interest:* On April 24, 2017 MPHA submitted a Letter of Interest to HUD to secure a place on the RAD application waiting list for the Elliot Twins.
- *PIH Notice:* On July 3, 2018 HUD issued a Federal Register Notice formally announcing that MPHA has 60 calendar days to submit a complete RAD Application for the project identified in the Letter of Interest. Failure to submit the RAD Application forfeits MPHA's position on the waiting list and MPHA would have to resubmit a Letter of Interest.
- *Resident Information Notice (RIN):* In compliance with HUD rules regarding RAD, all residents of the Elliot Twins received MPHA's RAD Resident Information Notice (RIN). The RIN was mailed on July 30, 2018, approximately one week in advance of two scheduled resident meetings. Notices were personally addressed to each household; each envelope contained a translation of the notice into Somali. Each notice also contained MPHA's standard "language block" stating in multiple languages that the information was important and listed a phone number for requests for language assistance, alternative formatting, or reasonable accommodation.

A sample copy of MPHA's RIN is included in the attachments to this report.

- *Resident Meetings:* On August 8th and 9th, 2018 MPHA hosted two informational meetings on RAD for the residents of the Elliot Twins. To accommodate the potential attendance, MPHA held the RAD information meetings at a church across the street from the property. One meeting was held in the evening and the other in the afternoon on the following day. MPHA provided professional, simultaneous interpretation (through headsets): Somali, Oromo, American Sign Language, and (for one meeting, where we had received a specific request) in Arabic. Given public interest in the process, MPHA allowed non-building-residents to attend. However, the agency prioritized questions from Elliot Twins residents and provided priority seating to assure building residents could easily see and hear the presentation. MPHA made available additional copies of the RIN, copies of the presentation, and HUD's RAD Resident Fact Sheets #1 - #9. MPHA committed to extending the meetings past their scheduled end-times (and did so) to fully answer any questions from residents of the buildings, and

staff remained afterward to address any other resident concerns. MPHA provided comment cards that residents could use in lieu of a spoken comment and publicized a deadline four days after the final meeting for residents to continue to submit any comments via building management.

A copy of the presentation provided at the meetings and summary of MPHA's answers to the questions and comments received during the two meetings as well as those received in writing by August 13, 2018 are included as attachments to this report.

- *RAD Application (HUD Form 5260)*: Pending the approval by MPHA Board of Commissioners, staff will submit the required RAD Application materials to HUD on or before September 4, 2018 (60 days from July 3, 2018). The application materials include:
 - RAD Application Spreadsheet (attached)
 - MPHA Board of Commissioners' approval and resolution authorizing the Executive Director/CEO or his designee to execute Board Approval Form (RAD Application Spreadsheet, Section 5: Certification and Board Approval).
 - Summary of Residents Comments and MPHA Responses (attached)
 - Evidence of MPHA to administer PBV Contracts (attached)

Future RAD Process & Milestones

- *HUD Response to MPHA Elliot Twins RAD Application*: HUD must approve or deny MPHA's RAD application for the Elliot Twins within 60 days after receiving it.
- *CHAP: Commitment to Enter into a Housing Assistance Payment Contract (CHAP)*. If HUD approves the RAD application, it issues a CHAP to MPHA.
- *Financing Plan*: MPHA has six months after receiving the CHAP to submit a Financing Plan. The financing plan includes, but is not limited to:
 - A physical conditions assessment
 - Plans for the rehabilitation
 - Environmental review
 - A development and operating budget with funding sources and commitments
- *RCC*: After approving the Financing Plan, HUD issues a RAD Conversion Commitment (RCC). MPHA has 60 days to execute the RAD Conversion Agreement.
- *Closing for RAD*: Signed Housing Assistance Payment (HAP) Contract and RAD Use Agreement. MPHA has 60 days after the RCC to complete this.

Until executing the RCC, MPHA can decide at anytime not to move forward with the RAD conversion of the Elliot Twins.

As outlined in *Guiding Principles for Redevelopment and Capital Investments at MPHA*, adopted by the MPHA Board of Commissioners on May 24, 2017, MPHA has a commitment to resident engagement in this process. As such, MPHA will convene two design committees. Working with the residents of the Elliot Twins Apartments, the Elliot's design committee will focus on the scope of rehabilitation work at the Elliot Twins. The Minneapolis Highrise Representative Council (MHRC) design committee will have a larger goal to help MPHA establish a set of livability and accessibility standards for all senior buildings.

Updates on these and other future RAD milestones will be provided on an ongoing basis to the MPHA Board of Commissioners, these design committees, and the residents of the Elliot Twins Apartments.

The milestones above do not outline a process to solicit and enter into a contract for construction related to the rehabilitation project at the Elliot Twins. This will likely take place after the RCC. Any future construction work on the site would likely not occur for at least a year from now.

This Report was prepared by Brian Schaffer, Assistant Director of Real Estate Development. For further information, please contact Brian at (612) 342-1430 or bschaffer@mplspha.org.

Attachments

1. RAD Application (HUD Form 5260)
2. Resident Information Notice (RIN)
3. Presentation from the August 8 and 9, 2018 Resident Information Meetings
4. Summary of Resident Comments and MPHA Responses
5. Statement of MPHA Capacity to Administer a PBV Project
6. MPHA Board of Commissioners Resolution No. 18-181

Rental Assistance Demonstration (RAD) Public Housing Program Application

U.S. Department of HUD, Form HUD-5260

Office of Public Housing, Office of Multifamily Housing

Revision 2.0 5/15/18

OMB Approval Number 2577-0278 (Issue date 04/04/16) (Expires 04/30/19)

There are several explanation boxes that extend the full width of this form. Increase or decrease the height of the box as needed (click to the left on the horizontal line below the row number, then drag the line up or down as needed).

Section 1: PIC Development Number and Name

Enter the PIC Development Number and Name.

MN002000006

CEDAR

Development Number

Name of Development

PHA in and for the City of Minneapolis

Elliot Twins

Public Housing Agency (PHA) Name

Project name for tracking purposes

Enter the requested contact information that HUD will use for any questions about the application

Laura Dykema

Director of Planning & Dev

612-342-1428

ldykema@mplspha.org

PHA Contact Name

Title

Telephone Number

Email

Section 2: Background Information on the PHA and the Project

Was this project developed with a HOPE VI grant in the past 10 years?

No

Has this property been approved for Section 18 Demolition or Disposition?

No

Is the property subject to a Capital Fund Financing Program (CFFP), Energy Performance Contract (EPC), or repayment agreement?

☐ CFFP

☒ EPC

☐ Other:

Initial Conversion Plans

Identify which of these items are expected to occur as part of the conversion (check all applicable):

☐ New Construction

☒ Rehabilitation

☐ Transfer of Assistance (TOA)

☐ No Rehabilitation

Type of Conversion (PBV or PBRA)

PBV (Project Based Vouchers)

If PBRA, is this conversion seeking a good cause Choice Mobility exemption?

For all conversion, a PHA must provide a RAD Information Notice to all residents prior to the resident meetings to inform residents of projects proposed for conversion of their rights in connection with a proposed conversion.

Date of RIN issuance:

7/30/2018

A PHA must provide any resident that may be displaced as a result of acquisition, rehabilitation, or demolition with a General Information Notice (GIN) detailing potential rights under the Uniform Relocation Act. The GIN may be issued simultaneous with the RIN, but no later than 30 days following the issuance of a CHAP.

Date of General Information Notice (GIN) issuance (if applicable)?

N/A

Proposed Unit Bedroom Distribution Post RAD Conversion: Identify the bedroom distribution of units to be included in your CHAP; entire should reflect the post-conversion property. (Applicants must attach a screen shot from PIC of the AMPs' Development Profile and Summary Information as evidence that the PHA currently has this number of units under ACC).

Units Converting	BEDROOM SIZE							Total Units
	0-BR	1-BR	2-BR	3-BR	4-BR	5-BR	6-BR	
	86	88						
								174

**If units are converting from multiple PIC Development #s, complete the "Many-to-One" worksheet*

Current Utility Allowances. Enter the utility allowances currently in effect at the public housing project or project(s). These amounts will be included in your CHAP award if your Application is approved. If there are multiple sites covered by this application with different utility allowances, input a weighted average for the purposes of the application (but note that the RAD Conversion Commitment and subsequent PBV or PBRA HAP contract can accommodate different utility allowances for the same bedroom configuration):

Current Public Housing Utility Allowances	0-BR	1-BR	2-BR	3-BR	4-BR		
	\$0	\$0					

☐ Check this box if the Utility Allowances shown above are weighted averages

Overview of Proposed Conversion. Provide a general description of the proposed conversion, including a description of the existing site(s), the general scope of work (new construction, moderate rehab, minimal rehab), whether units will be replaced on-site or off-site, major anticipated financing sources, and any other information that will help HUD to understand the conversion plan (i.e., anticipated use of FHA-insurance, 4% or 9% LITHC, etc.). Additionally, if not all of the units at the AMP are included in the conversion provide a description of plans for the remaining units in the AMP. It is acceptable and anticipated that conversion plans will change from what is presented in this application.

The Elliot Twins (MN00200006-8A, MN00200006-8B), built in 1961, are some the Minneapolis Public Housing Authority's oldest high-rises. The Elliot Twins consist of two buildings, MN00200006-8A 1212 9th Street South and MN00200006-8B 1225 8th Street South) on a single lot of approximately 2.19 acres in size. Together, the Elliot Twins have 174 housing units, equally divided between the two buildings. Each building contains 43 efficiency units, 43 one-bedroom units, and one ADA compliant one-bedroom unit. Each building also a meeting room, community room, kitchen, and management offices on the ground floor and a laundry room on the second floor. The scope of work for the rehabilitation of the Elliot Twins may include updated systems such as electrical, plumbing, fire and mechanical (heating and air conditioning). It may include efficiency measures as well as new windows, roofs, and building exteriors. Apartment renovations may include kitchens, bathrooms, finishes, and storage. It also may include enhanced indoor and outdoor community spaces and improved building security. Anticipated funding sources for the project may include existing Minneapolis Public Housing Authority funds, state and local loans and grants, philanthropic donations, low-income housing tax credits, bond-financing, and traditional bank financing through mortgage. The Elliot Twins represent two of the seven buildings in the AMP. The remaining buildings (MN00200006-6A, MN00200006-30A, MN00200006-6B, MN00200006-6C, MN00200006-16A) are currently not part of this application for RAD conversion.

Section 3: Application Features and/or Priority Categories

No	Is this the first Application of a Multiphase Application?	#
No	Is this Application part of a Portfolio Award request?	#
No	Is this Application a "many-to-one" request involving units from multiple AMPs?	#
No	Is this Application part of an existing (awarded) Portfolio award?	
No	Is this Application part of an existing (awarded) Multiphase award?	
No	Was the public housing project developed through public housing mixed-finance?	#

Complete the next section to identify whether the application qualifies for priority selection

Priority Categories

Applications are provided priority selection if they meet certain criteria for "high investment." Identify if the application meets any of the criteria below. Select only one.

- | | |
|----|---|
| No | a. Applications or Multi-phase Applications that will redevelop physically or functionally obsolete housing as evidenced by proposals involving: <ul style="list-style-type: none"> i. Full or partial demolition of the existing project, with new construction that includes tax credit only units |
|----|---|

- and/or market rate units;
- ii. Full or partial demolition of the existing project, with new construction;
- iii. Choice Neighborhoods Implementation grant that HUD has awarded to the subject property; or
- iv. Projects where a majority of the units have been approved for demolition or disposition under Section

No

b. Applications that are part of a comprehensive neighborhood revitalization plan such as:

- i. Choice Neighborhoods Planning grant;
- ii. Promise Zones; or
- iii. Locally recognized neighborhood revitalization plan, as evidenced by a letter of support from the City or County government describing the commitment and backed by significant state or local financial investments (existing or committed) in the community.

No

c. Applications that the PHA believes to be in imminent danger of losing financing if they are not provided a CHAP (e.g. as evidenced by a 9% tax credit award)

Section 4: Required Attachments

The Following Must Be Attached as Part of Your Electronic Application:

Yes	Excel-based "Application Form"
Yes	Board Approval (Signed PDF of Application Form. See below)
Yes	Summary of Resident Comments and PHA Responses
Yes	PIC Development Profile and Summary Screen Shot
No	Evidence of eligibility for HOPE VI project
Yes	Evidence of PHA to Administer PBV Contracts (on PHA letterhead)
No	Evidence of Priority Category Eligibility
No	Mixed-finance Affidavit
No	Multiphase Worksheet
No	Portfolio Application (available at www.hud.gov/radapplication-materials)
No	Many-to-One Worksheet

The 5 attachments indicated 'Yes' above must be included in your electronic application package.

Section 5: Certification and Board Approval

Complete the fields below for the signature, print this form, sign on the line provided below under the certification, and submit a PDF along with the Excel-based Application

Print Name of Authorized Signator:

Print Title of authorized signator:

Date:

I hereby certify to the following: (1) that I have the requisite authority to execute this application on behalf of the PHA; (2) that HUD can rely upon this certification in evaluating the Application, (3) that I acknowledge that I have read and understand Notice PIH-2012-32 (HA) H-2017-03, REV-3 (the "Notice"), which describes the Rental Assistance Demonstration (RAD) (the "Program"), and agree to comply with all requirements of the Program or Notice; (4) that all materials submitted in association with the application are accurate, complete and not misleading; (5) that, if selected for award, the owner will comply with the fair housing and civil rights requirements at 24 CFR 5.105(a) (general requirements) and will affirmatively further fair housing; (6) that there are no debarments, suspensions, or Limited Denials of Participation in Federal programs lodged against the applicant, PHA Executive Director, Board members, or affiliates; and (7) that this Board Approval Form has been approved by the Board of Commissioners on the date noted below

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties (18 USC Sections 1001, 1010, 1012; 31 USC Sections 3729, 3802)



RENTAL ASSISTANCE DEMONSTRATION PROGRAM (RAD)
RESIDENT INFORMATION NOTICE (RIN)

[RESIDENT NAME]

[ADDRESS LINE 1]

[ADDRESS LINE 2]

Minneapolis, MN 55404

[Date]

Dear [RESIDENT NAME]:

Please join us for a resident meeting to talk about MPHA's plans to complete major building improvements for the Elliot Twins and convert federal funding for buildings under the Rental Assistance Demonstration (RAD) program.

Meeting Choice 1: Wednesday, August 8; 5:00-6:30 pm (arrive by 4:30 to sign-in)

Meeting Choice 2: Thursday, August 9; 2:00-3:30 pm (arrive by 1:30 to sign-in)

Location: Bethlehem Baptist Church
720 13th Ave S., Minneapolis (one block from the Elliot Twins)

MPHA will provide Somali interpretation.

If you need language assistance or reasonable accommodation due to a disability, contact MPHA's assistance hotline at 612-342-1200

English

This information is important. If you do not understand it, please call your MPHA representative for free language assistance.

Hmong

Yog koj tsi to taub txog cov nqi lust seem ceeb no, thov hu mus rau ntawm tsev luam qhov chaw ua hauj lwj MPHA peb yuav pab ntxhais rau nej.

Somali

Halkan waxaa ku qoran war ama akhbaar aad u muhim ah, haddii aad fahmi kari weydo, fadlan ula tag wakiilka hay'adda MPHA, si aad tarjumaad bilaash ah uga hesho.

Oromo

Beeksifni kun hedduu barbaachisaa dha. Yaadni isaa hoo isiniif hin galle ta'e, bakka bu'aa "MPHA" (Bulchiinsa Mana Mootummaa Magaalaa Minneapolis) akka afaan isiniif hiikamu gargaarsa tolaa gaafadhaa.

Amharic (Ethiopian)

ይህ መረጃ በጣም አስፈላጊ ነው። ምን እንደሚል የማይገባዎ ከሆነ ከ MPHA (የሚንያፖሊስ የመንግስት የመኖሪያ ቤቶች ባለስልጣን) መከፈ ጋር ተገናኝተው በእኛ የሚሰጥ የቋንቋ[ማስተርጓሚ] እርዳታ እንዲሰጥዎ ይጠይቁ።

Laotian

ຖ້າຫາກວ່າທ່ານບໍ່ເຂົ້າໃຈໃນຂໍ້ຄວາມສໍາຄັນນີ້, ທ່ານຕ້ອງໄຫຼ່ໄປຫາພັງ ຫ້ອງການເຮືອນຫລວງ MPHA ພວກເຮົາຈະຊ່ວຍອະທິບາຍໃຫ້ທ່ານ.

Spanish

Esta información es importante, si usted no lo entiende, por favor póngase en contacto con MPHA para asistencia lingüística gratuita.

This notice describes your rights under RAD and explains how a RAD conversion might affect you.

Your housing assistance is safe!
You do not need to move from the Elliot Twins.

Why is MPHA applying for RAD?

RAD is a voluntary program run by the U.S. Department of Housing and Urban Development (HUD). Under RAD, HUD will change the way it provides rental assistance to the property from public housing to a long-term Section 8 assistance contract. A RAD “conversion” makes it possible for MPHA to access money to repair and improve the property, either now or in the future.

Why the Elliot Twins?

The Elliot Twins are some of MPHA’s oldest highrises, built in 1961. They face a substantial need for updates and repairs. The Elliot Twins also offer outstanding potential to create enhanced livability for residents and new community amenities. MPHA values the deeply affordable housing at the Elliot Twins. We will use RAD to preserve these homes for the same people who live there today.

What work will be performed?

We do not expect the number or configuration of units to change. The objective of the RAD conversion is to perform major rehabilitation in order to preserve your highrise units for the long-term. Likely improvements include:

- Apartment renovations (kitchens, bathrooms, finishes, storage, etc.)
- Updated electrical, plumbing, fire, and mechanical systems
- Energy efficiency measures
- New windows, roofs, and building exteriors
- Enhanced indoor and outdoor community spaces
- Building security improvements

RAD would mean major improvements to apartments and common areas, protecting your housing for the long-term.

We look forward to meeting with residents to learn how to best design the apartments and common spaces, and what amenities you would like us to explore for the common areas and green spaces.

Will I need to move?

The RAD program forbids permanent, involuntary displacement. No one will lose their housing at the Elliot Twins. This work will proceed just like any other rehabilitation work MPHA performs on our properties. You may need to move temporarily while we work on your apartment. If MPHA's RAD application is accepted by HUD, work is not likely to begin for many months, or even a year or more.

If you do need to move temporarily, you are entitled to certain relocation protections under the RAD rules, including advance written notice and detailed information about the move. You will also be entitled to advisory services, moving assistance fully paid by MPHA, and other payments.

Under RAD, you have a guaranteed right-to-return to the property, and there is no new eligibility screening.

A RAD conversion, and any relocation associated with it, must be implemented consistent with fair housing and civil rights requirements, and we will provide contact information to process reasonable accommodation requests for residents with disabilities. During this process, if you think your rights aren't being protected, you may contact Matthew Jenson at the Minneapolis HUD field office at 612-370-3040.

Will my rent go up?

For nearly everybody in the Elliot Twins, the answer is "no." Rents will continue to be set at 30 percent of income. The only households who *might* see a modest increase in rent are those who pay flat rent (what HUD calls "ceiling" rent). If this increase is more than 10% (and more than \$25), it will be phased in over time.

Under RAD, rent is calculated the same:
30 percent of income.

What partners will MPHA work with?

MPHA will be the property developer for this work and MPHA will continue to manage the Elliot Twins. We will work with partners in the community to secure the funding to undertake the work. Funding may include loans, bonds, grants, city and/or county funding, Low-Income Housing Tax Credit (LIHTC) investments, and potential energy savings arising from the renovation. We will also work with architect and construction partners.

Do I get to keep my resident rights under the lease?

Yes. When the property converts, you will sign a new lease. This lease keeps the existing resident rights under your current lease, including the ability to request a grievance hearing and the timelines for termination notification. You also have the same right to organize, and resident organizations will continue to receive up to \$25 per occupied unit, per year.

RAD does not change your essential resident rights,
including a grievance process
and a resident council.

Is the RAD conversion certain to happen?

No. MPHA's application must be approved by HUD, and then we must work to assemble a financing plan to invest in the building repairs. Whether we participate in RAD or not, your rental assistance is safe. In the event that a RAD conversion does not materialize for the Elliot Twins, we will continue to maintain and support the properties and look for other opportunities to assure their long-term viability as low-income housing.

* * *

MPHA's plans may change as we gather more research, including your opinions and further analysis of our capital needs and financing options. We are holding resident meetings to share our current ideas and will keep you informed about major changes to these ideas as they develop. Since you know the property best, you should also share with us any information you have on repairs that need to be made.

If you decide to move prior to the RAD conversion: You are always welcome to move based on your household's needs and personal goals. However, if you choose to move from the property on your own *without waiting for instructions from us*, you may lose your eligibility for relocation payments and assistance under RAD. If you are thinking of moving, please confer with your property manager to receive the latest update on the RAD process.

For more information on RAD, visit the RAD website!

RAD Fact Sheets for Residents

<https://www.hud.gov/RAD/residents>

Case studies showing what RAD has accomplished in other cities:

<https://www.hud.gov/RAD/news/case-studies>

Read the HUD Notice that defines the RAD process and resident protections:

<https://is.gd/RADNotice>



Rental Assistance Demonstration (RAD)

Information Meeting for Residents of the Elliot Twins
August 8th and 9th, 2018

WHY ... apply for HUD's RAD program?

The federal government does not provide enough funding to make the improvements that residents of public housing deserve.

MPHA Capital Needs
(2018, est.)

\$140 Million

**Capital
Funding
(2018)**

\$14 million



WHY... apply for HUD's RAD program?

RAD is a HUD program that allows MPHA to:

- **Fund major building improvements.**
- **Stabilize federal funding for the future.**

WITH...

- **No Resident Displacement**
- **No Loss of Housing Benefits**
- **No Change in Rent Calculation (30% of income)**
- **No Change in Management**



WHY... apply for RAD *at the Elliot Twins?*

- Some of MPHA's oldest highrises (1961)
- Major need for plumbing, electrical, heating, insulation, roofing...
- Amazing potential for better apartments, better common areas, and better outdoor amenities.



WHAT... will MPHA do?

Scope-of-work may include:

- **Apartment renovations** (kitchens, bathrooms, finishes, storage)
- **Updated systems:** electrical, plumbing, fire, and mechanical (heating, A/C)
- **Energy efficiency** measures
- **New windows, roofs and building exteriors**
- **Enhanced indoor & outdoor community spaces**
- **Improved building security**

We will work with YOU to design the improvements!



WHAT... will MPHA do?

- **Same** number of apartments
- **Same** configuration (studios & 1BR)
- **Phased construction** to minimize moves





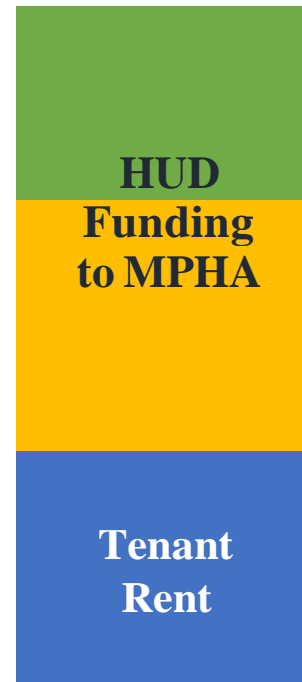
WHAT...are my rights as a resident?

Source: HUD Notice 2017-03 Rev. 3, Appendix 1B1

- **Guaranteed right-to-return**
- **No re-screening**
- **Full relocation assistance** if you need to move *temporarily* during construction
- **Resident rent based on 30% of adjusted income.**
- **Resident councils**

HOW...
does RAD
work?
(The details!)

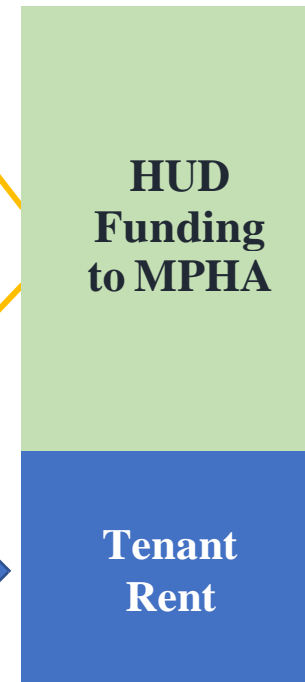
**Current Funding
(per unit)**



Pre-RAD

RAD converts the funding **from one type of federal subsidy to another.**

**RAD Funding
(per unit)**



Post-RAD

After RAD, the subsidy comes to MPHA **in one block** (through the Section 8 program).

HOW...
**does RAD
work?**
(The details!)

RAD allows MPHA (and its MPHA-owned, non-profit subsidiary) to work with partners who want to invest in building improvements.

We may:

- Borrow from a bank
- Issue bonds through the city or state
- Fundraise from foundations
- Work with others

**Improved housing for residents.
Same management.**

WHEN...would this happen?

August 8 &
9

Initial resident meetings.

August 22

MPHA Board meets to approve RAD application.

September

MPHA submits RAD application to HUD.

4

1 - 3 months
(?)

HUD approves application.

...

After additional HUD approvals, 1 -
2 years

MPHA will work
with **residents** to
design
improvements.

Time for your questions and comments!

- **All Elliot Twins residents first.**
- **You may still sign up.**
- **Keep comments brief.**
- **Please respect other residents and don't interrupt them.**
- **Meeting will end on time.**
- **Leave additional comments on comment cards.**





THANK YOU!

More info: <http://MPHAOnline.org/RAD>

ELLIOT TWINS APARTMENTS
RAD Meeting Notes: Resident Comments and MPHA Responses
August 8, 2018 – 5:00 p.m.

Bethlehem Baptist Church
720 – 13th Avenue South
Minneapolis, Minnesota

PHA Staff Present: Tracey Scott, Deputy Executive Director; Lisa Griebel, General Counsel; Mary Boler, Director of Low-Income Public Housing; Laura Dykema, Director of Planning and Development; Jeff Horwich, Director of Policy and External Affairs; additional MPHA staff from Planning & Development, Research & Analytics, Property Management, and Policy & External Affairs.

Presenter: Tracey Scott
Emcee: Jeff Horwich
Recorder: Mary Abrahamson

Interpreters provided: Somali, Oromo, Arabic, and ASL (ASL unneeded for this meeting)

Attendance: Approximately 30

Meeting began at 5:08 p.m.

Ended at 6:24 p.m. when there were no more questions remaining.

Questions and Comments:

1. Q: I have attended many community meetings and have never seen these people protesting. (Addressing protesters) Public housing is trying to help you. But you don't give them a chance to work with you. We have to find a way to work together.
A: Thank you.
2. Q: Do residents have a right to vote on this? It sounds like MPHA has already decided.
A: The housing authority and the Board of Commissioners decide to submit an application. There is no vote by residents, but resident comments and concerns are considered.
3. Q: Will my rent go up or stay the same?
A: Your rent will continue to be 30% of your income. The same as now. MPHA will not raise your rent and your rent calculation will not change. The only exception would be for those paying flat rent.

4. Q. What if we don't want to move into a different apartment during construction? Do you have a remodeled building for us to live in temporarily? If we do have to move, is assistance fully paid? How much is it and does MPHA hire movers or do residents find their own mover. Will we move back to same apartment?
A. In 2006, when the PHA remodeled here, units were vacated in stacks and MPHA moved people before the units were remodeled. We are approximately two years away from beginning that process, so units can be vacated by attrition and the vacant units will be remodeled prior to moving residents into them. Everyone is entitled to relocation benefits. MPHA can hire the movers or you can receive a check for \$725 for two rooms or \$525 for one room—these are the amounts as of today.
5. Q. If we take a Section 8 voucher – the waiting list is full and it's hard to find a place to live. Will you provide a list of places for us?
A: If a resident wants to move and states that they want a voucher, MPHA would provide a voucher and the resident would go to the top of the list. However, a voucher is not a part of this process, unless you don't want to continue to live in a public housing unit. No one will be required at any point to take a housing voucher.
6. Q: When MPHA fixed our units before, we did not have to move. Why do we need to move this time? Why is this different than before?
A: This will be more comprehensive work to the units and will be disruptive to tenants. This is why MPHA will need to temporarily relocate residents.
7. Q: Will a new company take over our building and increase the rent?
A: This is very important – MPHA will still operate the building. There will be no change. Our mission is to continue to provide housing for residents of the Elliots.
8. Q: We are willing to wait if you fix others first.
A: This is a complex decision – the Elliots are some of MPHA's oldest buildings. There is amazing potential for better apartments, better common areas, and better outdoor amenities.
9. Q: All the anxiety of this makes it worse.
A: This is a good thing, improving the Elliots. You may have to move temporarily, but with this program, you have the right to come back, the right to the same rent calculation. MPHA will make every effort to keep you on the Elliots site during construction.
10. Q: What are the sources of funding and what happens if we do not get enough money?
A: We do not have all the answers right now. We are beginning by submitting the application. MPHA will be looking for city, county, state, private investors, etc. for funding. We welcome any suggestions.

11. Q. Although I do not have the capacity to read and speak English, I appreciate this meeting and the information you are giving us to understand what is happening. As long as you keep your promises – I appreciate what you are trying to do.
A: Thank you.
12. Q. Do you have an absolute guarantee that I can come back? Do you have proof?
A: The Rental Assistance Demonstration Program is a HUD Program. It requires that residents have the right to come back. MPHA will sign a contract with you that states that this is what will happen. MPHA has no choice in this. We will be happy to show you the section of the RAD rules that documents all of the resident rights we have discussed here today.
13. Q: People have a fear that taking them out temporarily, they will lose their homes again. It feeds fear that they will lose their homes like before they came here.
A: MPHA would like to work with residents to help with accurate information, which should help to relieve those fears. We want to work together on this.
14. Q: They think that you are lying.
A: MPHA will be held accountable by HUD and the contract. We want to continue to have the conversation, so everyone will know what's going on. You will get a copy of the Resident's Rights Contract.
15. Q: Keep the RAD objectives – houses will be improved – keep your promise.
A: Thank you.

ELLIOT TWINS APARTMENTS
RAD Meeting Notes: Resident Comments and MPHA Responses
August 9, 2018 – 2:00 p.m.

Bethlehem Baptist Church
720 – 13th Avenue South
Minneapolis, Minnesota

PHA Staff Present: Tracey Scott, Deputy Executive Director; Lisa Griebel, General Counsel; Laura Dykema, Director of Planning and Development; Mary Boler, Director of Operations; Jeff Horwich, Director of Policy and External Affairs; additional MPHA staff from Planning & Development, Research & Analytics, Property Management, and Policy & External Affairs.

Presenter: Tracey Scott
Emcee: Jeff Horwich
Recorder: Mary Abrahamson

Interpreters provided: Somali, Oromo, ASL

Attendance: Approximately 40

Meeting began at 2:18 p.m. (to accommodate a late-arriving group)
Ended at 3:53 p.m. when no building resident questions remained.

Questions and Comments:

1. Q: If there is a guarantee that we can return to our units, why are we being given Section 8 vouchers?
A: You are not being given Section 8 vouchers. You may have an option to receive a Section 8 voucher only if you decide you want to move from your building and from public housing. No one will be required to take a Section 8 voucher during the RAD process.
2. Q: There has been a roach problem in our building, but now we have no more roaches. Once construction begins and they open walls, will there be a problem again? Will I be transferred to a unit with roaches?
A: Before we move anyone, we will make sure there are no roaches. Also, during major renovations, MPHA typically seals penetrations between the units so pests cannot travel from unit to unit.
3. Q: Is MPHA going to build new buildings or will you keep the same buildings?

A: The Elliots application is to renovate the two towers. The MPHA Board of Commissioners is looking at a 10 to 15-year plan to preserve all the buildings we own. If we can find additional money, MPHA will add new public housing units to the portfolio.

4. Q: The Elliots buildings are very old and there are lots of systems problems. It's often cold in the winter. I appreciate and support what you are trying to achieve.

A: MPHA will be making the buildings more energy efficient. There will be no holes where the air conditioner is now, so it won't be cold in winter. The buildings will be more comfortable and energy efficient.

5. Q: I appreciate these meetings. MPHA has made things very clear. I have no questions, they have all been answered.

A: Thank you.

6. Q: I am grateful to the government and those who have helped me get housing. I am grateful for those who stand for the poor, the elders and the weak. Is the information others gave me true or not? I am getting contradiction. I hear MPHA will kick out residents or give them a Section 8 voucher. You say something different. Residents are vulnerable. They have come here to escape war, and this is now their home. Last time the units were fixed, things improved. I hope you will think about the many vulnerable elders in the buildings.

A: MPHA is committed to have everyone stay if they want to stay. Previously when MPHA remodeled, units were vacated in stacks, mostly through attrition and MPHA moved residents into other units during construction. MPHA would remodel the vacant units prior to moving a resident into them. Residents are entitled to relocation benefits. We assure you that the information we are sharing is true.

7. Q: I came here and it was difficult to find an apartment. If we move, I am worried that I may miss important mail, especially from immigration, if my address changes. We love our buildings. I am grateful for my home. We trust you and would like to stay here.

A: MPHA has encountered this issues on other projects. If you need to move to another unit, MPHA will work with you and others to make sure you do not miss important mail.

8. Q: I came as a refugee from war. We have doubt that if we move out we won't be able to get back. We wonder if you will kick us out and bring others in. I would like to know the truth. This is the only home that I know. I am grateful for the home that I have and cannot move anywhere – I am not strong enough. We want the truth.

A: MPHA is here for you and to make sure you have a place to live for today and for tomorrow. If you need to move, it will not be anywhere unfamiliar to you. You will likely be in one of the Elliots. MPHA will take care of your move. We will work with you to improve your units and buildings. We commit to continue to work with you.

9. Q: I believe what you said, and I hope everyone will believe it. There are lots of rumors. In my building we are divided. Others do not give clear and accurate information. I am

worried because there is conflicting information. I would like something in writing what day we will move and what day we will return from HUD or MPHA.

A: This is only the second meeting to communicate with residents. Any information from us will have MPHA's logo or HUD's logo on it. If you see other information, ask your property manager. No one will be evicted. We are improving your homes. We are just beginning the conversation now and will continue. There will be a signed contract with you that states that you will return and your rent will not increase due to the RAD conversion. This will be on paper. We encourage you to ask any questions or concerns that you may have. The timeline for any construction is at least one to two years away.

10. Q: I almost did not attend this meeting because there was no logo on the envelope.

You say that you will take care of us, but how do we believe you?

A: We appreciate your comment and we will make sure all correspondence has our logo on it in the future. [MPHA's notices did contain the agency's name and return address.] We will have a continued conversation with residents regarding the renovations. You will have a signed contract that you will return and your rent will not increase due to the RAD conversion.

11. Q: I am grateful for my apartment – it is my home. Now I hear that I have to move. I like where I live. I don't have transportation and it is convenient for me here. I pray for everyone and MPHA who promises we will not lose our housing.

A: You will be able to stay in these buildings. Many of the improvements MPHA hopes to make should make the building and the apartments work even better for the many elders who live here.

12. Q: The government provides us housing – we want to stay. I keep hearing that MPHA is going to kick us out. Someone told us we will have to move out.

A: You will have a home and will not be kicked out. We will work with you to move temporarily within the buildings during construction.

13. Q: There is lots of confusion. I have heard all these comments before. I appreciate all the times things have been fixed. There are lots of smells in the apartment from other apartments, will this be fixed? There are a lot of rumors and it is confusing. I hope we can work through this today. What is going to be approved on August 22, 2018?

A: During construction, all penetrations from apartment to apartment will be sealed. With the renovation there will be more ventilation in the buildings, which should help with odors between apartments. The MPHA Board of Commissioners will meet on August 22, 2018. They need to approve the application for the RAD program, so we can submit the application to HUD and get approval for finding more money to improve the buildings.

14. Q: Who are the people with the boards (at this meeting)? They are disturbing us and not representing us. They are confusing us.

A: We cannot speak for them. We encourage you to get information from MPHA and talk with your neighbors.

15. Q: Thank you for this opportunity. I need to speak about what I see. We are worried and confused. This meeting is helpful. I would like to have more meetings for you to share your plan with us. Everyone wants a good home. We believe you and not others. Some believe that other companies will take over.

A: Thank you for your comments. MPHA will continue to operate the buildings. We encourage you to ask more questions and make more comments. After September 4th we will have more meetings to hear your ideas about how to make your buildings better.

ELLIOT TWINS APARTMENTS
RAD-RELATED COMMENTS RECEIVED AFTER THE RESIDENT MEETINGS

1. What is in it for “RAD?” What are they getting for their investment? Why is RAD doing this?
A: RAD is the name of a HUD program. It is not the name of a company or an organization. The RAD program was established to help public housing authorities preserve and invest in their public housing. You may be asking about Low-Income Housing Tax Credit (LIHTC) investors, who could become involved with investing money in a property in the course of a RAD conversion. If such an investor decides to give money to a public housing building to help fund repairs, they receive a credit on their taxes. By giving this credit, the federal government creates an incentive for banks and other companies to contribute money to low-income housing that they otherwise might not be interested in funding. Such investors benefit from the tax credit, and do not gain control of the properties.

2. Q: We like our apartment. We would like to keep it. We would like the improvement, as long as we get our apartment back.
A: The improvement will be substantial, and we believe it will make a large, positive difference in the lives of residents. You have a guaranteed right to return to the Elliot Twins if you do move out temporarily for renovations. As with any building rehabilitation, we cannot assure everyone will return to their same unit. However, if you feel strongly about this, you are welcome to make the request when the time comes, and MPHA will see if it is possible. Please note that any change would likely be at least 18 to 24 months away.

3. Q: You did not meet with residents when you submitted a Letter of Interest. Why did MPHA not tell residents earlier about RAD, and you are only meeting with them now?
A: MPHA is glad to talk about RAD with residents and the public. We have been discussing the details of the RAD program with highrise resident leaders and others in the community for more than a year as we assembled our Strategic Vision. It is the housing authority that decides to apply for RAD, and for which properties. When a housing authority decides to apply, RAD requires two meetings with residents of the property prior to submitting the application, which MPHA held on August 8 and 9.

4. Q: We have heard that residents will be given Section 8 vouchers. You have also said that some people will be able to move within the buildings, but this will not be possible if you are creating market-rate apartments in the buildings, which will be larger because you are joining apartments together. Will people be displaced?
A: No one will be required or asked to take a Section 8 voucher as part of the RAD process. For residents who request a Section 8 voucher, this may be an option. In that case, they will not be placed on a waitlist and there would be no waiting; we must assure that everyone who lives in the Elliot Twins has a place to live temporarily during work on the apartments. MPHA is not creating any market-rate apartments in the

buildings, nor are we combining units or shrinking the number of units. After RAD, we anticipate there will be 174 units with the same configuration (studio and one-bedroom) that the Elliot Twins have today. All residents in the buildings at the time will have the right to return. We expect that by conducting renovations in vertical stacks—and by completing both buildings at different times—it will be possible for elderly residents and any others who wish to remain on the property to do so throughout construction.

5. Q: There was a General Accounting Office (GAO) report on RAD that was critical in some ways. What did it say and why haven't you talked about it?

A: The GAO report from February 2018 is titled "Rental Assistance Demonstration: HUD Needs to Take Action to Improve Metrics and Ongoing Oversight." We are happy to talk about it and support any studies or feedback that help the RAD program better achieve its objectives. We encourage anyone to read the report for themselves at <https://is.gd/GAORADReport>. It is most important to note that—as the title suggests—the report's findings and recommendations are entirely directed at HUD, and how it tracks data related to RAD. Specifically, the report recommends improved "procedures in place to evaluate and monitor the impact of conversion of public housing properties" under RAD. Notably, the report is not critical of housing authorities that have used RAD, of the outcomes for residents under RAD, or of the RAD concept. It includes valuable feedback from residents and public housing authorities on how to improve the RAD process. HUD agreed with all of the recommendations and has moved forward in multiple ways to better track how the program is meeting the goals of the RAD program, which are stated unambiguously at multiple points in the report: "the long-term preservation of affordable units and protection of residents." To-date, housing authorities have used RAD to preserve more than 91,000 units of public housing. Find descriptions of RAD conversions in other cities: <https://www.hud.gov/RAD/news/case-studies>.



August 22, 2018

The Honorable Dr. Ben Carson, Secretary
U.S. Department of Housing and Urban Development
451 7th Street S.W.
Washington DC 20410

RE: Minneapolis Public Housing Authority, MN002
Evidence of Ability to Administer the Project-Based Voucher Program

Dear Secretary Carson:

Please accept this letter as evidence of the Minneapolis Public Housing Authority's ability to administer Project-Based Voucher (PBV) contracts.

MPHA currently has an existing Housing Choice Voucher (HCV) program with 4,509 authorized vouchers, of which 712 units are under contract and administered as PBV units. We currently have experienced, certified staff and management in place who are skilled in all aspects of administering PBV contracts. We do anticipate that MPHA would not need any additional staff to adequately administer the 174 RAD-PBV vouchers requested under the proposed Elliot Twins RAD conversion.

If you need any additional information, please contact me at 612-342-1380, gruss@mplspha.org or Kyle Hanson, MPHA's Director of Housing Choice Vouchers at 612-342-1420, khanson@mplspha.org.

Sincerely,

Greg Russ
Executive Director/CEO

RESOLUTION NO. 18-181

WHEREAS, the Minneapolis Public Housing Authority (“MPHA”) administers Low Income Public Housing (LIPH) programs with a total of 6,246 units, serving 10,500 residents, which relies on federal funding in the form of annual appropriations by Congress for both the Operating Fund and the Capital Fund, as dispersed to MPHA by the U.S. Department of Housing & Urban Development (HUD); and

WHEREAS, MPHA estimates its 2018 Capital needs are \$140 million and Capital Funding in 2018 from HUD is \$14 million, without adequate funding for major renovations and upgrades, MPHA estimates needing more than \$500 million by 2037; and

WHEREAS, for many years the Congressional appropriations for both the Operating Fund and the Capital Fund have been insufficient to fully fund reasonable and necessary expenses to administer and make capital improvements to public housing, and

WHEREAS, Congress approved a Rental Assistance Demonstration (RAD) program that enables public housing agencies to convert a public housing property’s HUD funding to Section 8-funded project-based vouchers (PBV) or project-based rental assistance (PBRA) with long-term funding contracts, and

WHEREAS, the Elliot Twins consist of two twelve-story buildings, MN00200006-8A 1212 9th Street South and MN00200006-8B 1225 8th Street South, on a single lot of approximately 2.19 acres in size located in downtown Minneapolis containing 174 housing units, equally divided between the two buildings; and

WHEREAS, MPHA submitted a letter of interest to HUD to secure a place on the RAD application waiting list for the Elliot Twins on April 24, 2017; and

WHEREAS, HUD notified MPHA on July 3, 2018 that it should proceed with a RAD application within 60 days; and

WHEREAS, on July 30, 2018 MPHA invited the residents of the Elliot Twins to attend informational meetings about RAD; and

WHEREAS, on August 8 and 9, 2018 MPHA held resident informational meetings across the street from the Elliot Twins at Bethlehem Baptist Church about RAD to answer questions about RAD and hear comments; and

WHEREAS, the summary of the questions, comments, and responses was provided to the MPHA Board of Commissioners on August 17, 2018 as part of the MPHA Board Report; and

WHEREAS, the MPHA Board of Commissioners finds that the proposed conversion of the Elliot Twins Apartments to RAD is necessary and appropriate to provide greater financial

stability for the public housing units and to best serve the needs of MPHA's Elliot Twins residents;

NOW THEREFORE BE IT RESOLVED by the MPHA Board of Commissioners as follows:

- (i) The RAD Conversion application for this project, MN00200006 is approved;
- (ii) The Executive Director/CEO or his designee is authorized to execute and submit all required documents relating to this application, including the attached Application Form and attachments, questions, comments and answers from the Resident Information Meetings on August 8 and 9, 2018 and any certifications;