

RESOLUTION NO. 19-185

WHEREAS, the Minneapolis Public Housing Authority (“MPHA”) owns and operates 736 units of scattered site housing in 648 properties; and

WHEREAS, Of the 648 properties, 573 are single family homes, 70 are duplexes, three are four-plexes, one is a five-unit row-house, one is a six-unit building and, one property contains eight buildings comprised of three duplexes and two single family homes; and

WHEREAS, the scattered site housing units comprise the majority of MPHA’s deeply affordable housing for families in Minneapolis, offering a unique opportunity for families in public housing to integrate seamlessly into their surrounding neighborhoods; and

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

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

WHEREAS, MPHA estimates \$28 million in unmet capital needs for its 736 scattered site housing units in 2018 with another \$16 million in estimated capital needs over the next five years; and

WHEREAS, the 736 scattered site units are spread across 58.2 square miles of Minneapolis and the distance needed to travel between units leads to lost employee time and 65 percent of the scattered sites are four or more miles from the property management office as the crow flies; and

WHEREAS, the lack of uniformity in the systems across the scattered site properties makes them challenging to operate with unique capital needs that differ from property to property, making it costly to reach economies of scale for repair and maintenance; and

WHEREAS, HUD created the opportunity for scattered site properties to be eligible for disposition under the Best Interest and Consistency criterion which states that disposition would be in the best interest of the residents and public housing authority due to the unsustainability to operate and/or maintain the units as public housing; and

WHEREAS, the Tenant Protection Vouchers will provide a significant increase in annual subsidy to MPHA which will support reinvestments in the portfolio and the replacement of the Declaration of Trust (DOT) with a use agreement will allow MPHA to utilize loans or other

sources to support reinvestment in the portfolio to preserve this deeply affordable housing; and

WHEREAS, the 736 scattered site housing units in 648 properties will be transferred for \$1 per property to a non-profit that MPHA wholly owns and operates called Community Housing Resources, Inc (CHR); and

WHEREAS, the Declaration of Trust on the scattered site properties will be replaced with a use agreement that will ensure the properties continue to be used for affordable housing for a minimum of 30 years; and

WHEREAS, there will be no displacement of residents as a result of the Section 18 Disposition, residents will not have to move, resident will not lose their housing benefits, and residents' rent calculations will remain at 30 percent of their adjusted income; and

WHEREAS, MPHA has consulted with representatives from the City of Minneapolis and received a letter of support signed by the Mayor and the City Council President of Minneapolis; and

WHEREAS, on January 23, 2019 and February 27, 2019, MPHA consulted with the Resident Advisory Board on the Section 18 Disposition; and

WHEREAS, on February 2, 2019, February 7, 2019 and February 12, 2019 MPHA consulted with the residents of the scattered sites regarding the scattered site Section 18 Disposition; and

WHEREAS, on February 7, 2019 the U.S. Department of Housing and Urban Development (HUD) found the MPHA scattered site Section 18 Disposition activity categorically exempt from environmental review per Section 58.34(a)(12); and

WHEREAS, the MPHA Board of Commissioners finds that the proposed Section 18 Disposition of the 736 scattered sites is necessary and appropriate to provide greater financial stability, to preserve the housing, and to best serve the needs of MPHA's scattered site residents.

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

- (i) The Section 18 Disposition application for this project, MN00200002 is approved;
- (ii) The Executive Director/CEO or his designee is authorized to execute and submit all required documents necessary for a complete application, including the attached Inventory Removal Application (HUD Form 52860) and Demolition and Disposition Addendum (HUD Form 52860-A).