



SPECIAL BOARD MEETING **NOTICE AND AGENDA**

April 22, 2020

A SPECIAL MEETING OF THE MINNEAPOLIS PUBLIC HOUSING AUTHORITY IN AND FOR THE CITY OF MINNEAPOLIS WILL BE HELD REMOTELY AT 1:30 P.M. VIA TELECONFERENCE. PLEASE DIAL-IN:

**Toll: 1 (435) 777-2200 or
Toll Free: 1 (800) 309-2350
Conference ID: 496-8315#**

The Resident Advisory Board will meet via conference call

Commissioners: **Sharmarke Issa, Chair**
 Andrea Brennan, Vice-Chair
 Mikkel Beckmen, Secretary
 Abdullahi Isse, Commissioner
 Cara Letofsky, Commissioner
 Tamir Mohamud, Commissioner
 Hon. James Rosenbaum, Commissioner
 Tessa Wetjen, Commissioner
 Faith Xiong, Commissioner

GENERAL:

- Roll Call
- Approval of Agenda
- Minutes of Regular Meeting of February 26, 2020

RESIDENT ADVISORY BOARD – RAB Chairperson Comments

EXECUTIVE DIRECTOR’S UPDATE

DISCUSSION:

1. Approval of Financial Institution for Deposits (Tim Durose, CFO)
2. Hiawatha Towers Security Improvements (Laura Dykema, Director of Planning & Development)



RESOLUTION:

3. RAD Amendment to MPHA's Moving to Work Agreement (Jeff Horwich, Director - Policy & External Affairs)

RECEIVE AND FILE:

- Monthly Performance Report for February 2020 (Abdi Warsame, Executive Director / CEO)
- Monthly Performance Report for March 2020 (Abdi Warsame, Executive Director / CEO)
- 2019 Financial Results (Tim Durose, CFO)
- MPHA News Clippings (Jeff Horwich, Director – Policy & External Affairs)

Next Regular Meeting:

**Wednesday, May 27, 2020 - 1:30p.m.
1001 Washington Avenue North
Minneapolis, MN 55401**

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



**MINUTES OF A REGULAR MEETING OF THE
MINNEAPOLIS PUBLIC HOUSING AUTHORITY
IN AND FOR THE CITY OF MINNEAPOLIS
February 26, 2020**

The Minneapolis Public Housing Authority in and for the City of Minneapolis met in a regularly scheduled meeting at 1:30 P.M. on February 26, 2020, at 1001 Washington Avenue North, Minneapolis, Minnesota, the date, time, and place established for the holding of such meeting.

Roll Call:

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

Sharmarke Issa	Chair
Andrea Brennan	Vice Chair
Abdullahi Isse	Commissioner
Cara Letofsky	Commissioner
Tamir Mohamud	Commissioner
Faith Xiong	Commissioner

The following members of the Board were absent:

Mikkel Beckmen	Secretary
Hon. James Rosenbaum	Commissioner
Tessa Wetjen	Commissioner

The following others were also present:

Tracey Scott	Interim Executive Director / CEO
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The Chair declared the presence of a quorum.

Approval of Agenda:

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

Approval of Minutes:

The Minutes of the Regular Meeting of January 22, 2020, were presented for approval.



Commissioner Mohamud moved the minutes be accepted as presented. The motion was seconded by Commissioner Brennan. Upon a voice vote, the Chair declared the motion carried.

Approval of Minutes:

The Minutes of the Special Meeting of January 29, 2020, were presented for approval. Commissioner Letofsky moved the minutes be accepted as presented. The motion was seconded by Commissioner Isse. Upon a voice vote, the Chair declared the motion carried.

Resident Advisory Board (RAB):

RAB Chair Lisa Anderson reported a quorum and all agenda items were unanimously approved.

Executive Director's Update:

In an effort to keep MPHA Commissioners, staff and the public informed regarding significant activities being addressed by the Agency, Interim Executive Director Scott spoke briefly on the topics shown below, upon which the Board took no official action:

Federal budget

- President Trump's administration submitted its first budget estimates and as they have for the last three years, the administration zeroed out the capital budget. However, thanks to Congress, for the last two years MPHA received \$14.5 million for capital improvements compared to previous years in which MPHA received on average \$10 million. Also, the administration is proposing to create a separate MTW account. MPHA is an MTW agency and with that designation has "single fund flexibility" which allows public housing authorities to mix their voucher, operating and capital funds into one fund to use as needed. If the administration proposes the single account at the federal level prior to MPHA receiving funds that could create some issues. The industry associations are reviewing for a response on what can be done not to create that separate account.

State Budget

- The state capitol is in the midst of the legislative session. MPHA's General Counsel and Director of Policy and External Affairs have met with state elected representatives around issues concerning public housing. The key issues MPHA is concerned about are bond funding for public housing, in addition to nonprofits for building affordable housing and the Homes for all Coalition. MPHA is supportive of all three recommendations going forward to the Legislators.



January Performance Report Highlights

- MPHA is working with Dr. Britney Lewis on a project called “Building Capacity with Black Women’s Project” through the University of Minnesota, CURA department. Dr. Lewis and MPHA have interviewed and worked with MPHA’s voucher holders on why they move frequently and what supports they need to stay housed. MPHA will keep the Board informed as results begin coming out.
- MPHA has continued to explore reasons why its residents get evicted for nonpayment of rent and what might be preventing them from paying their rent and staying housed. A Ph.D. student from the University of Minnesota, Humphrey School of Public Affairs, approached MPHA about conducting a study using what is called behavioral science intervention. The idea is to find different ways to “nudge” people towards different behavior. MPHA has already started to implement some of the suggestions as the study moves along. MPHA will keep the Board informed on its outcomes.

Item No. 1: Window Replacement & Masonry Repairs

After a brief presentation by staff and discussion, Commissioner Brennan moved approval of the recommendation set forth in the Report. Commissioner Letofsky seconded the motion. Upon a voice vote, the Chair declared the motion carried. [See Document No. 2020-07]

Item No. 2: Authorization to execute a purchase for the sale of scattered site units and the completion of the Section 18 conversion approved by HUD in disposition DDA00091465

After a presentation by staff and discussion, Commissioner Letofsky moved approval of the recommendation set forth in the Report along with the corresponding Resolution attached thereto. Commissioner Brennan seconded the motion. Upon a roll call vote, six Commissioners voted “aye” (Commissioners Brennan, Isse, Letofsky, Mohamud, Xiong, and Chair Issa) and no Commissioner voted “nay”. The Chair declared the motion carried. [See Document No. 2020-08] [See Resolution No. 20-196]

Receive and File Items:

The following items were received and filed by the Board:

- The Monthly Performance Report for January 2020. [See Document No. 2020-08]



Adjournment:

There being no further business to come before the meeting, and upon a motion duly made and seconded, the meeting was adjourned at 1:53 p.m.

Secretary of the Board of Commissioners

Date These Minutes Approved



April 22, 2020

Agenda Item 1

REPORT TO THE COMMISSIONERS

FROM: Abdi Warsame, Executive Director/ CEO

SUBJECT: Approval of Financial Institution for Deposits

Previous Directives: The Board authorized the Executive Director, or designee, to execute all documents necessary to provide general banking and safekeeping services with US Bank National Association on August 24, 2005. The Board also authorized Wells Fargo Bank as the bank to hold deposits for lockbox collections on August 26, 2015.

Resident Association Notification: The Report will be discussed with the Resident Advisory Board (RAB) immediately prior to the Board's April 22, 2020 meeting.

Budget Impact: The funding for banking activities is included in the Central Office Budget.

Affirmative Action Compliance: US Bank has submitted an Affirmative Action Policy and complied with MPHA's affirmative action requirements.

Procurement Review: This Report has been reviewed and approved by an MPHA Contracting Officer.

RECOMMENDATION: It is recommended that the Board of Commissioners authorize the Executive Director, or designee, to enter into contracts, and execute all other documents necessary for US Bank National Association to continue as a depository bank for MPHA.

On September 11, 2019, MPHA issued a Request for Proposals (RFP) for Banking Services and received bids from financial institutions for four service groups: general banking, lockbox, security safekeeping and custody, and HRA/VEBA Trust services. Evaluations were completed by MPHA Finance Department staff, and US Bank National Association was selected for all four service groups. Other proposals were received from Wells Fargo Bank, Bremer Bank, Flagship Bank, and US Bank National Association.

MPHA bylaws require the MPHA to deposit all monies it receives in accounts with institutions approved by the board, and allow the Executive Director or designee, and Deputy Executive Director, to be authorized signers on the MPHA bank accounts. Therefore, this report asks the Board of Commissioners to:

1. Approve US Bank to continue as a depository bank for MPHA.
2. Authorize the Executive Director, or designee, to execute all documents, and initiate any new banking activities necessary with US Bank.

Wells Fargo will continue to serve as a depository for lockbox services for rent collections until administratively appropriate to implement a conversion to US Bank. This Report was prepared by Tim Durose, Chief Financial Officer. If you have any questions or require further information regarding this report, please contact Mr. Durose at 612-342-1410 or tdurose@mplspha.org.



April 22, 2020

Agenda Item 2

REPORT TO THE COMMISSIONERS

FROM: Abdi Warsame, Executive Director / CEO

SUBJECT: Hiawatha Towers Security Improvements

Previous Directives: The Board has previously approved Capital Fund Program (CFP) Plan for FY 2019 as part of the Agency's 2019 Moving to Work (MTW) Annual Plan.

Resident Council Review/Recommendation: This Report will be discussed with the Resident Advisory Board (RAB) immediately prior to the Board's April 22, 2020 meeting.

Budget Impact: These expenditures will be charged to the Capital Fund Program.

Affirmative Action Compliance: The contractor has signed an Equal Employment Opportunity / Affirmative Action Policy statement. Additionally, the contractor is a certified MBE firm and intends to utilize other certified W/MBE subcontractors for portions of the work. MPHA will monitor compliance.

Procurement Review: This Report has been reviewed and approved by the Agency's Contracting Officer.

RECOMMENDATION: It is recommended that the Board of Commissioners authorize the Executive Director or his designee to execute a contract in the amount of \$635,130 with JPMI Construction for site security upgrades at MPHA's Hiawatha Towers campus.

The three highrise buildings that make up the Hiawatha Towers campus are located at 2016 & 2121 16th Avenue South and 1700 East 22nd Street. This large, nearly two-acre campus with 281 residential units is located in the high-density, mixed use Hiawatha neighborhood that has significant pedestrian activity around the clock. The location of the campus is such that surrounding destinations invite constant pedestrian and vehicle trespass through the campus

in all directions. These destinations include the Franklin Avenue Light Rail Station, found a few blocks Northeast of the campus. There are also multiple restaurants, churches, parks and community/social services centers in close proximity and the campus is heavily used as a short cut to these destinations. MPHA continues to experience criminal activity at this site which has threatened and disrupted the lives of our staff and the vulnerable resident population that is comprised primarily of elderly and disabled individuals. The goal of these improvements is to transform a completely porous site to one that remains neighbor friendly but limits and controls pedestrian traffic. Additional surveillance cameras and controlled access points along with decorative fencing and other site improvements will increase security in three ways:

- It encourages public traffic to utilize public sidewalks, thereby minimizing pedestrian traffic through the private campus site.
- By limiting access points to the campus, it becomes possible to control who has access to the site which in turn reduces who has access to the buildings within the campus.
- It provides a more secure outdoor courtyard area for our residents.

On March 20, 2020, an invitation for bids was publicly advertised with a bid due date of April 9, 2020. The following bids were received:

JPMI Construction	\$635,130
Atlas Real Estate	\$759,000
Vinco, Inc.	\$787,400
Iyawe & Associates	\$794,000
Blackstone Contractors	\$947,718

The successful bidder, JPMI Construction, has experience completing similar work and staff is confident they will perform well for MPHA on this project. Work is intended to commence in June and complete in September 2020.

This Report was prepared by Laura Dykema, Director of Planning & Development. For further information, please contact Ms. Dykema at (612) 342-1428 or ldykema@mplspha.org.



April 22, 2020

Agenda Item 3

REPORT TO THE COMMISSIONERS

FROM: Abdi Warsame, Executive Director/CEO

SUBJECT: Rental Assistance Demonstration (RAD) Amendment to MPHA's Moving to Work Agreement

Previous Directives: In September 2019, MPHA's Board of Commissioners approved a RAD amendment to MPHA's 2019 MTW Annual Plan, for the conversion of the Elliot Twins. This followed the May 2018 approval of MPHA's Strategic Vision and Capital Plan and MPHA's application for RAD conversion at the Elliot Twins in August 2018 (approved by HUD in December 2018).

Resident Notification: Not applicable. The amendment is considered by HUD to be a technical amendment on a matter previously subject to public comment and discussion.

Impact on Budget: None. This amendment codifies the mechanism for conversion of federal subsidy under RAD. The budget implications of the conversion itself remain unchanged from prior board actions.

Recommendation: MPHA staff recommends approval of this Fourth Amendment to MPHA's MTW Agreement, assuring continued receipt of federal housing subsidy for the Elliot Twins, and for RAD conversions generally.

In August 2018, the MPHA Board of Commissioners approved an application under the Elliot Twin Towers for HUD's Rental Assistance Demonstration (RAD) program, subsequently approved by HUD in December 2018. RAD allows housing authorities to preserve public housing units, stabilize operating and capital subsidy to these units, and seek substantial new capital investment by converting the underlying federal funding stream from Section 9 Public Housing to Section 8 Project-Based Voucher (PBV) subsidy. Since HUD approval, MPHA staff have remained on-track to convert the subsidy and begin a major renovation of the Elliot Twins in mid-2019.

MPHA is a Moving to Work (MTW) housing authority. This designation is governed by an MTW Agreement between the agency and HUD (the "Amended and Restated Moving to Work Agreement") which may be amended as needed by mutual agreement. MPHA also submits each year an MTW Annual Plan to HUD.

In September 2018, the MPHA Board previously approved a standard amendment to MPHA's 2019 MTW Annual Plan, codifying resident rights and other important elements of the RAD conversion of the Elliot Twins.

Today's resolution involves one additional MTW-related step, which is considered technical in nature by HUD, of amending the MTW Agreement itself to cover the change of subsidy that occurs under this or any other RAD conversion. This is standard amendment text used by all MTW agencies that use RAD, and was provided by HUD. The amendment is signed by the Executive Director, following approval by the Board of Commissioners. It is necessary to have in place prior to closing on a RAD transaction.

The amendment states that upon conversion, the housing authority receives project-based vouchers that are essentially held (for \$1) for the remainder of the calendar year (as public housing operating subsidy has already been determined and disbursed for those units for the current year). At the start of the following year, the prior public housing funding is replaced by project-based voucher funding at the amount determined by a predetermined formula.

The amendment further states that this formula amount increases yearly based upon standard inflation and proration factors, and that these vouchers will be awarded administrative fee funding at the standard, non-MTW rate. The amendment text fully conforms with MPHA's prior financial projections and staff's understanding of funding following a RAD conversion.

Copies of any recommended Board Resolutions are attached to this report, along with a copy of the amendment to be approved. This report was prepared by Jeff Horwich, jhorwich@mplspha.org.



Agenda Item3

April 22, 2020

RESOLUTION No. 20-197

WHEREAS, the Minneapolis Public Housing Authority (MPHA) has been approved for its first conversion of federal subsidy under the Rental Assistance Demonstration (RAD) program of the U.S. Department of Housing and Urban Development (HUD); and

WHEREAS, use of the RAD program will allow MPHA to preserve and modernize the property, updating all building systems, increasing energy efficiency, adding amenities and units, with no displacement of residents; and

WHEREAS, the mechanics of converting federal subsidy for these units to project-based vouchers under RAD require a technical amendment to MPHA's Amended and Restated Moving to Work Agreement with HUD;

NOW THEREFORE, BE IT RESOLVED by the Board of Commissioners of MPHA that we approve this Fourth Amendment to the Amended and Restated Moving to Work Agreement between HUD and MPHA, and authorizes the Interim Executive Director to execute this document by signing and returning to HUD as required.

FOURTH AMENDMENT
TO
AMENDED AND RESTATED MOVING TO WORK AGREEMENT AMENDING
ATTACHMENT A (CALCULATION OF SUBSIDIES) FOR THE
RENTAL ASSISTANCE DEMONSTRATION (RAD)
BETWEEN
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
AND
THE MINNEAPOLIS PUBLIC HOUSING AUTHORITY

This Fourth Amendment to the Moving to Work (“MTW”) Agreement (“Agreement”) is entered into by and between the United States of America through the U.S. Department of Housing and Urban Development (“HUD”) and the Minneapolis Public Housing Authority (“Agency”) and is effective on the date of execution by HUD. Unless otherwise defined herein, all capitalized terms used herein shall have the same meanings ascribed to them in the Agreement.

As a result of the Agency’s participation in the RAD demonstration, Attachment A is amended as follows:

1. The following subparagraphs.D.i. and D.ii. are hereby added under paragraph.D in Section 3 of Attachment A:

- i. If the Agency receives PBV vouchers as part of a RAD Component 1 conversion, HUD will add new Rental Assistance Demonstration (RAD) Component 1 PBV vouchers to Agency’s Annual Contributions Contract (ACC) via funding of \$1 for the remainder of the calendar year (CY) in which the project converts and the vouchers are awarded. HUD will provide renewal funding for the first full calendar year (CY) following a RAD conversion based on the RAD Operating Fund and Capital Fund calculated rent per unit costs (PUC).

These vouchers will be renewed in the first full CY after the RAD conversion and in the following CYs based on the original per unit funding of the increment award (the PH and CFP calculated PUC), adjusted by the renewal inflation factor and the applicable proration factor, in accordance with the adjustment process described in paragraph.D of this section. Beginning with the first full CY after the RAD conversion, MTW PHAs will report all RAD Component 1 vouchers’ leasing and HAP expenses in the Voucher Management System (VMS) in the respective RAD PBV fields, per the VMS instructions.

- ii. Administrative fees for RAD vouchers will be earned per each year’s posted administrative fee rates each month. Fees for RAD vouchers will be prorated at the same level that applies to all non-MTW agencies.

IN WITNESS WHEREOF, the parties have caused this Amendment to Attachment A to be executed by their duly authorized representatives.

MINNEAPOLIS PUBLIC HOUSING AUTHORITY

By: _____

Name: Abdi Warsame

Its: Executive Director/CEO

Date: _____

UNITED STATES DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

By: _____

Name: R. Hunter Kurtz

Its: Assistant Secretary, Public and Indian Housing

Date: _____



Monthly Performance Report

Minneapolis Public Housing Authority

Board of Commissioners

For the month ending February 29, 2020

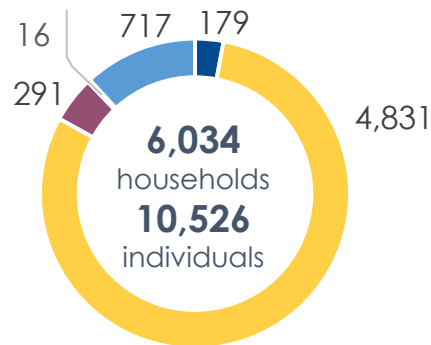
Contents

1. Performance of Operations
 - Public Housing Programs
 - Housing Choice Voucher Programs
2. Building Improvement and Development Projects
 - Update on Elliot Twins RAD Conversion and Scattered Sites Section 18 Process
3. Inquiry Response and Social Media
4. Attachments

Public Housing Programs



Occupied Units*

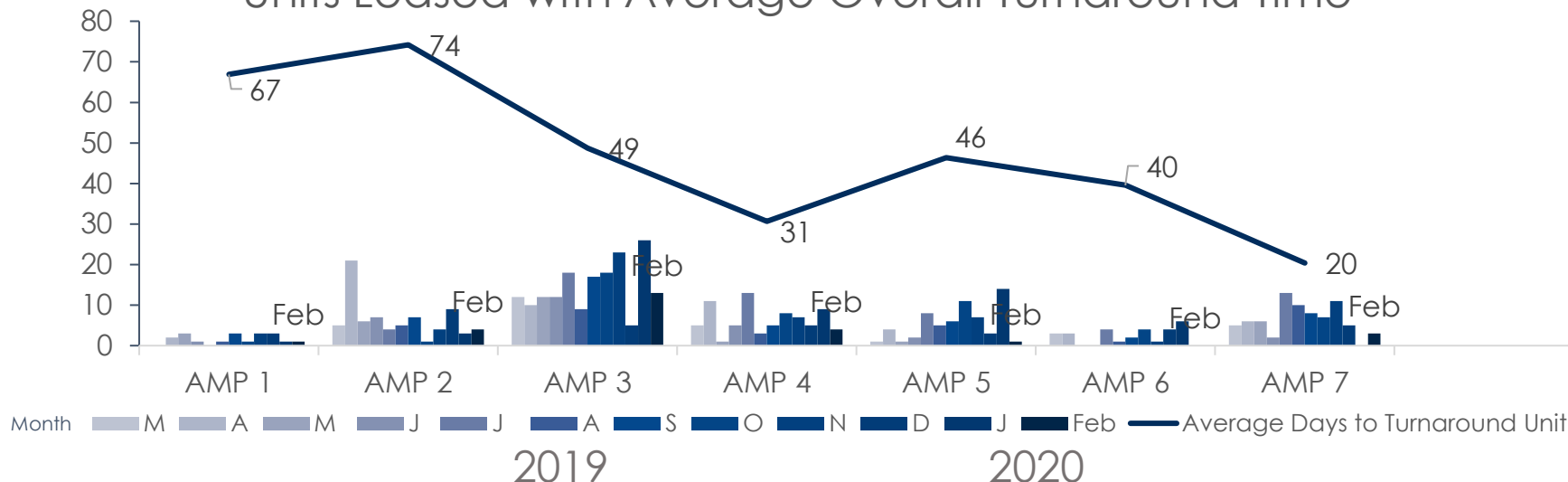


- Glendale
- MHOP**
- Scattered Sites
- Highrise
- Minnehaha Townhomes

26
new units leased
during month

98.6%
occupancy

Units Leased with Average Overall Turnaround Time***



*At any given time, units may be vacant due to normal unit turnaround or because they are undergoing renovations.

**Metropolitan Housing Opportunities Program (Hollman consent decree units owned and operated by third-parties)

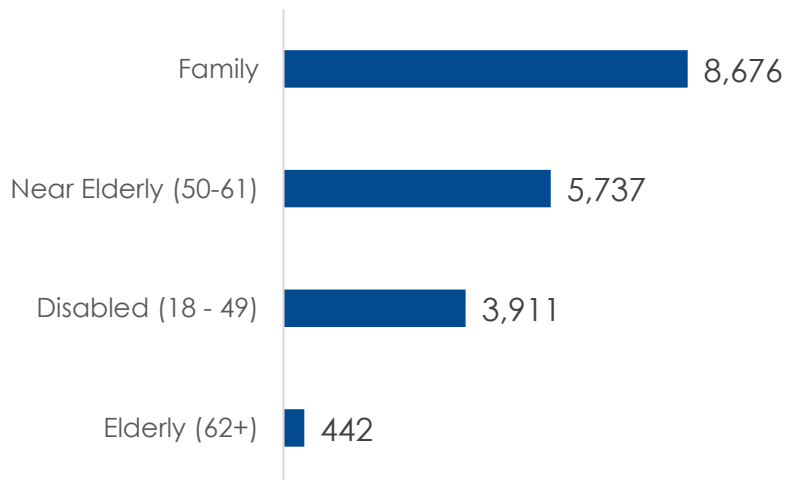
***Excluding unit transfers

Public Housing Programs

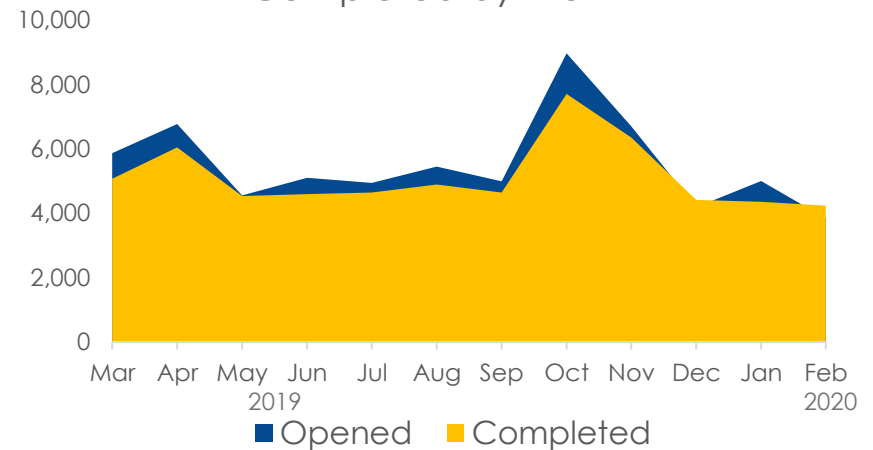


Reason for Vacating Unit	Count
Death	10
Evicted - Non Payment	3
Moving in with or closer to Family	3
Evicted - Criminal Acts	3
Mutual Agreement	2
Skip	2
Eviction - Refused Transfer	1
Evicted - Drugs	1
Received S8 Voucher	1
To Nursing Home	1

Applicants on Waiting List



Work Orders Opened and Completed by Month

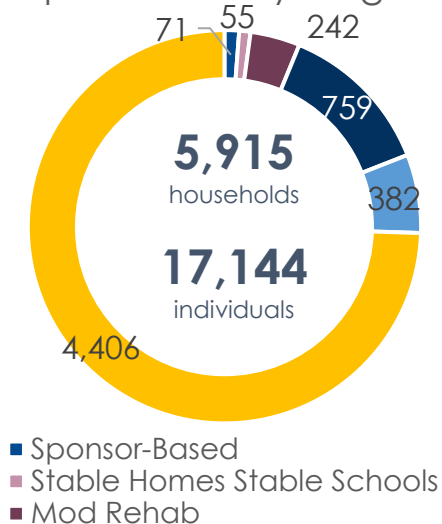


Goal	Total Completed	% Completed within Goal	Average Days Open
Emergency: 24 Hours	109	98%	0
Urgent: 1 Day	747	86%	4
After Hours Non-Emergency: 2 Days	27	93%	14
Important: 3 Days	867	74%	10
Routine: 10 Days	1,497	55%	54
Non-Routine: 20 Days	39	41%	130
Pest Control	1076	100%	32

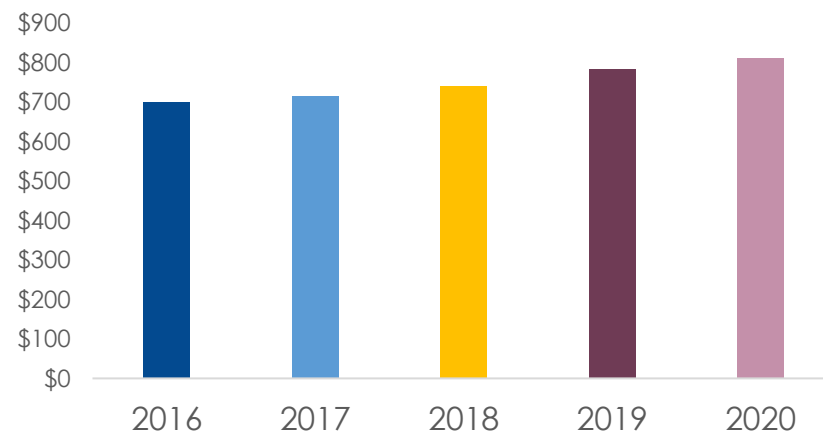
Housing Choice Voucher Programs



People Served by Program*



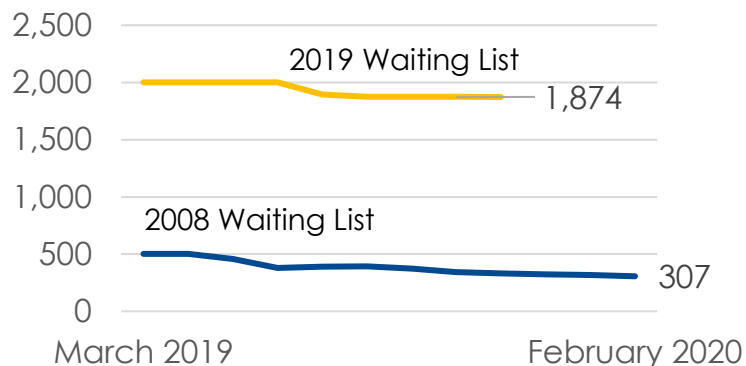
Average Housing Assistance Payment per Unit, Year to Date



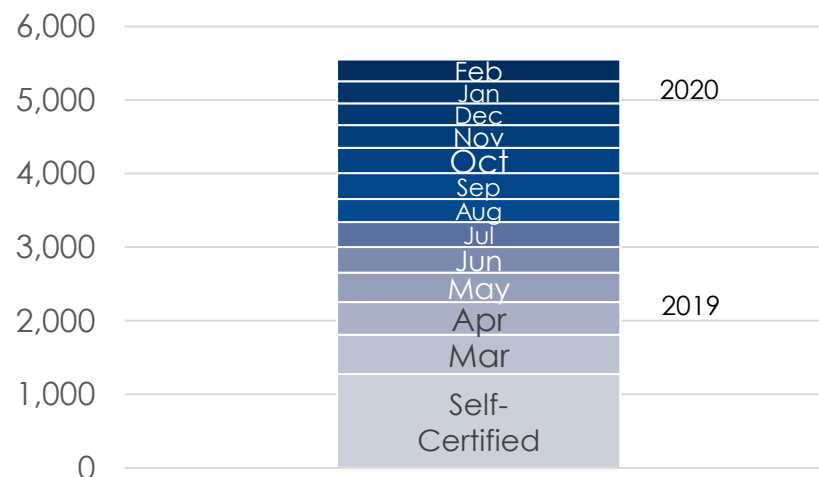
Family Unification Program and Veterans Affairs Supportive Housing

*Including port-ins and port-outs

Applicants on Waiting List



Annual Inspections Conducted



Building Improvement Projects - Planning



ADDRESS	DESCRIPTION OF WORK	STATUS
Minnehaha Townhomes	Surveillance system installation	Planning
315 Lowry Avenue North	Site security upgrades	Planning
1314 44 th Avenue North	Roof replacement	Planning
350 Van White Memorial Blvd	Corridor flooring replacement	Planning
Hiawatha Towers	HCPD accessible unit upgrades, common area improvements	Planning
High-rises – Various sites	HVAC systems replacement	Planning
1707 3 rd Ave S	Generator & main electrical switch gear replacement	Planning
Elliot Twins	Comprehensive building modernization	Planning
2415 N 3rd St	Security pilot	Planning
Scattered Sites – Various sites	2019 improvements: roof replacement, comprehensive modernization, structural repairs	Planning/Bidding
Hiawatha Towers	Site security upgrades	Re-bidding
Cora McCorvey Center	HVAC system upgrades	Planning
1707 3 rd Ave S/1611 S 6 th St/2728 Franklin/Snellings	Elevator modernization	Planning

Development Projects - Planning

ADDRESS	DESCRIPTION OF WORK	STATUS
Scattered Site	Energy pilot project: single-family new construction	Bidding
Scattered Site	Energy pilot project: duplex new construction	Bidding
Scattered Site	Energy pilot project: rowhome new construction	Bidding

Building Improvement Projects - Active

ADDRESS	DESCRIPTION OF WORK	STATUS
Glendale	Site lighting upgrades	In progress
Horn Towers & 1627 S 6th St	Elevator modernization	In progress
600 18 th Avenue North	Window replacement, masonry repairs & HVAC systems replacement	Awarding contract
2121 Minnehaha, 2728 E Franklin & 311 University	Main electrical switch gear & generator replacement	Substantially complete
Scattered Sites – Various sites	2019 improvements: roof replacement, comprehensive modernization, structural repairs	In progress
1611 S 6th St	Plumbing & fire alarm system replacement, sprinkler system retrofit, apartment improvements including creation of 6 ADA units; HVAC upgrades	In progress

Building Improvement & Development Projects - Complete

Elliot Twins RAD Conversion & Building Renovation



- **RAD financing plan submitted**
- **Lender/investor due diligence underway**
- **Invitation for construction bids issued**
- **Drafting agreement documents**
- Address deferred maintenance, **plus** unit improvements, community link addition, envelope enhancement, new HVAC system, addition of 10 fully accessible units
- Projected 30% reduction in utilities
- Hard costs: ~\$25M
- Ongoing resident engagement; all tenants will be offered on-site relocation

Timeline (subject to change)



Scattered Site Section 18 Process

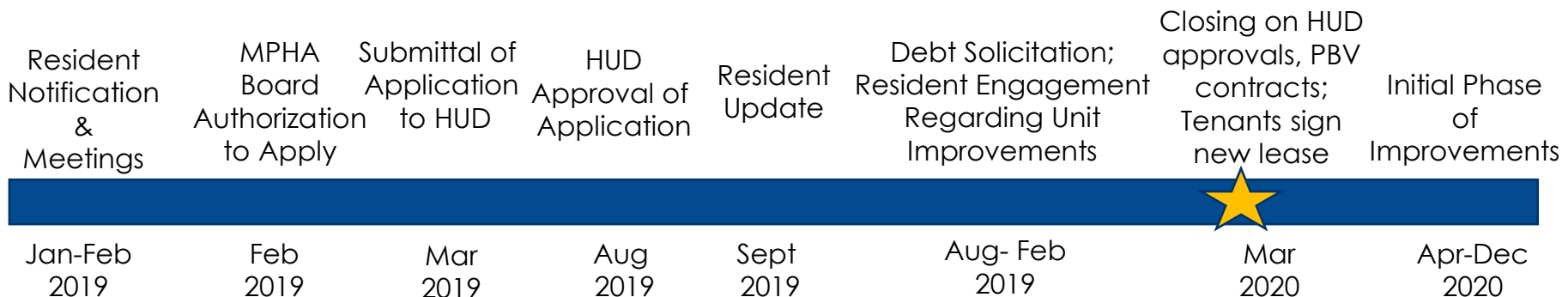


Section 18 with debt financing



- Exploring lending options to best support investments in portfolio
- Debt will support investments in deferred maintenance and ongoing unit needs as well as potential replacement/addition of units
- Resident lease amendment signing underway

Timeline (subject to change based on timing of HUD approvals)



Inquiry Response and Social Media



MPHA on Facebook

Top Performing Post (8,110 views)

Feb. 2020

73

Formal inquiries received and addressed
(Channels include media, social media, and website contact forms)

The Minnesota Reformer takes a good look at the tool we are using to bring in another \$3M+ annually in federal subsidy to repair our family homes across Minneapolis. Congress has drastically underfunded public housing for decades. But by making smart use of the tools available to us today, we can preserve these essential properties and do it with zero displacement!



MINNESOTAREFORMER.COM

Why Minneapolis' housing authority is selling 717 homes to itself - Minnesota Reformer

[Learn More](#)



MPHA on Twitter

Top Performing Post (3,362 views)

Minneapolis Public Housing Authority @MPLSPubHousing · Feb 14
Outstanding experience so far w/ @MayorFrey, @CityMinneapolis, @MPS_News, @YMCA Twin Cities, the Pohlad Found., and dozens of property owners who have stepped forward to provide homes to families of children experiencing homelessness. 500 kids... and growing!

Jacob Frey @Jacob_Frey · Feb 13

Exciting news — our Stable Homes Stable Schools program has now helped more than 500 kids facing homelessness find or keep housing.

Let's keep the momentum going!



6 19



10

Posts for the Month

4,736 Followers



13

Tweets for the Month

584 Followers



Monthly Performance Report

Minneapolis Public Housing Authority
Board of Commissioners
For the month ending March 31, 2020

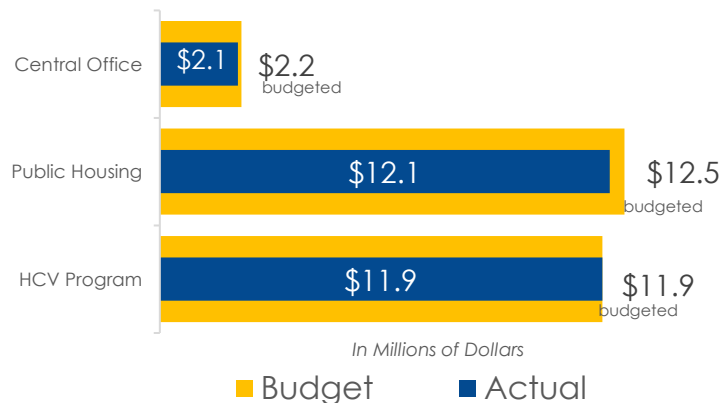
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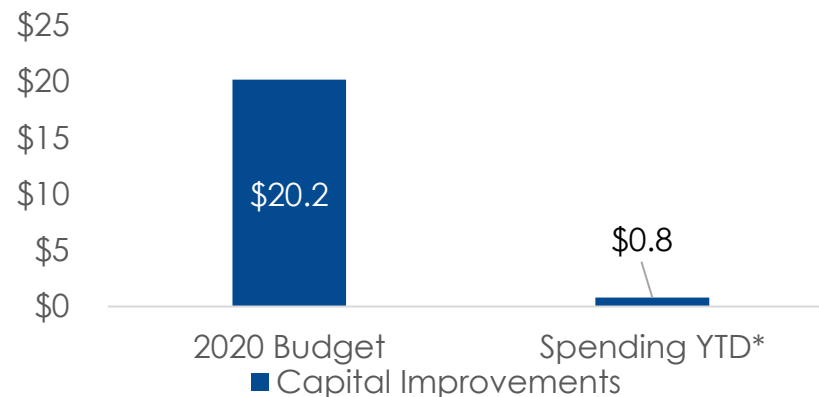
Operating Sources and Uses MTW Public Housing and Housing Choice Voucher (HCV) Program

Sources	YTD Budget	YTD Actual	Favorable (Unfavorable) Variance	Variance %
Tenant Revenue -Rents & Other	\$ 5,529,603	\$ 5,861,330	\$ 331,727	6%
Public Housing Operating Subsidy	\$ 5,440,074	\$ 5,305,660	\$ (134,414)	-2%
HCV HAP Subsidy & Admin Fees	\$ 11,512,263	\$ 11,420,064	\$ (92,199)	-1%
Other Revenues, Fees, & Grants	\$ 809,876	\$ 467,516	\$ (342,360)	-42%
Transfers-In	\$ 67,000	\$ 67,000	\$ -	0%
Total Sources	\$ 23,358,816	\$ 23,121,570	\$ (237,246)	-1%
Uses				
Public Housing Operations	\$ 12,541,876	\$ 12,110,217	\$ 431,659	3%
Housing Choice Vouchers	\$ 11,851,113	\$ 11,863,211	\$ (12,098)	0%
MTW Initiatives	\$ 25,718	\$ 10,054	\$ 15,664	61%
Human Services	\$ 127,300	\$ 61,755	\$ 65,545	51%
Total Uses	\$ 24,546,007	\$ 24,045,237	\$ 500,770	2%
Net Sources/(Uses)	\$ (1,187,191)	\$ (923,667)	\$ 263,524	22%

Year to Date (YTD) Expenses



MTW Capital Fund Program

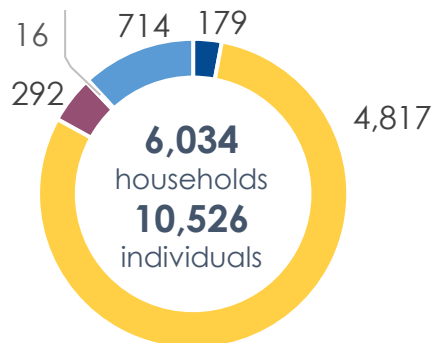


*An additional \$4.7 million is under obligation for capital projects YTD

Public Housing Programs



Occupied Units*

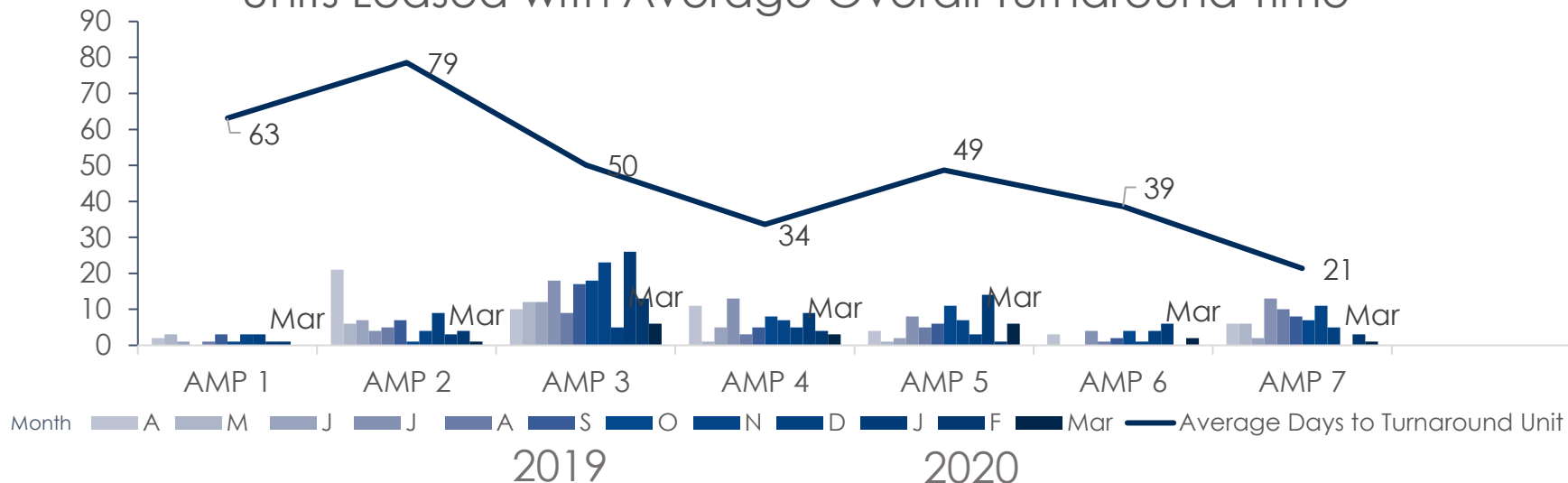


- Glendale
- MHOP
- Scattered Sites
- Highrise
- Minnehaha Towhomes

19
new units leased
during month

98.4%
occupancy

Units Leased with Average Overall Turnaround Time***



*At any given time, units may be vacant due to normal unit turnaround or because they are undergoing renovations.

**Metropolitan Housing Opportunities Program (Hollman consent decree units owned and operated by third-parties)

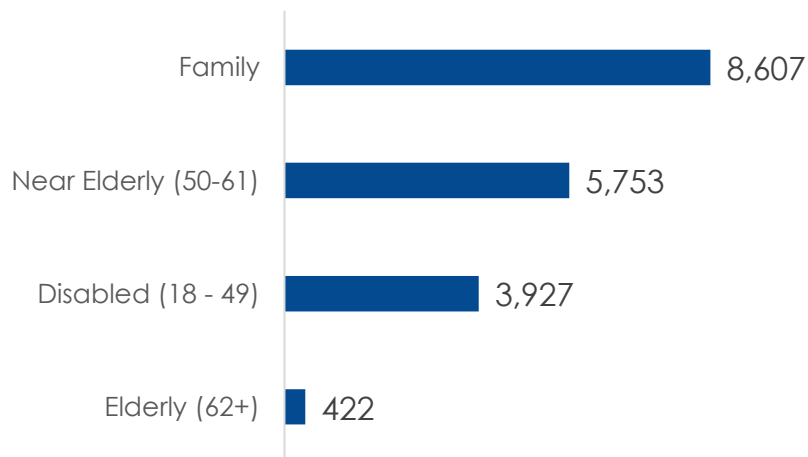
***Excluding unit transfers

Public Housing Programs

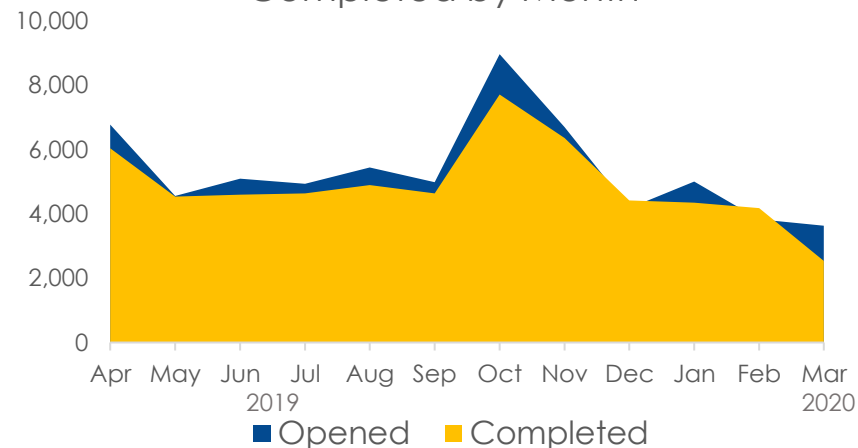


Reason for Vacating Unit	Count
Moving Out of Town	3
Evicted - Non Payment	3
Eviction - Refused Transfer	2
Moving in with or closer to Family	2
Mutual Agreement	2
Illness	2
Death	1
Evicted - Housekeeping	1
Received S8 Voucher	1

Applicants on Waiting List



Work Orders Opened and Completed by Month

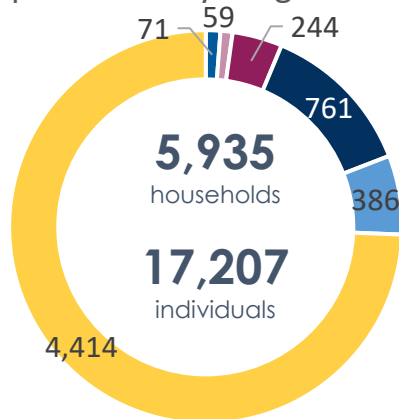


Goal	Total Completed	% Completed within Goal	Average Days Open
Emergency: 24 Hours	39	100%	0
Urgent: 1 Day	451	92%	3
After Hours Non-Emergency: 2 Days	3	67%	9
Important: 3 Days	435	75%	10
Routine: 10 Days	1,077	51%	53
Non-Routine: 20 Days	20	75%	23
Pest Control	517	100%	11

Housing Choice Voucher Programs



People Served by Program*



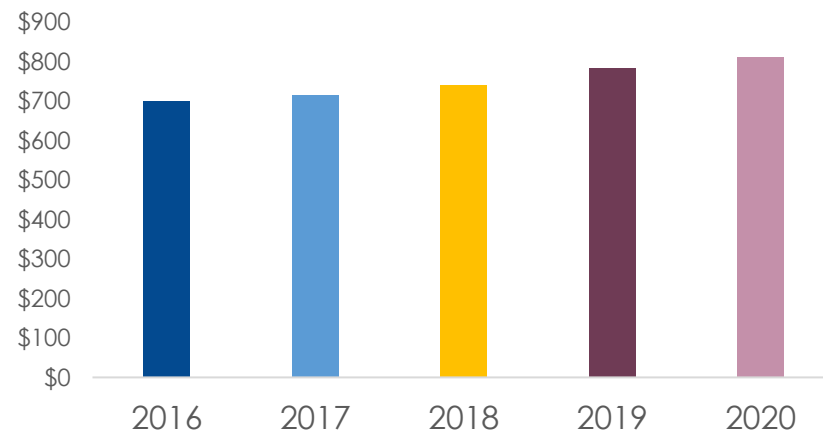
- Sponsor-Based
- Mod Rehab
- FUP and VASH

- Stable Homes Stable Schools
- Project-Based
- Tenant-Based

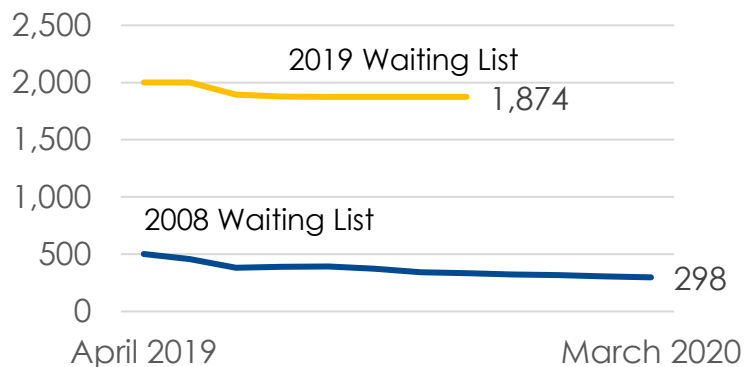
Family Unification Program and Veterans Affairs Supportive Housing

*Including port-ins and port-outs

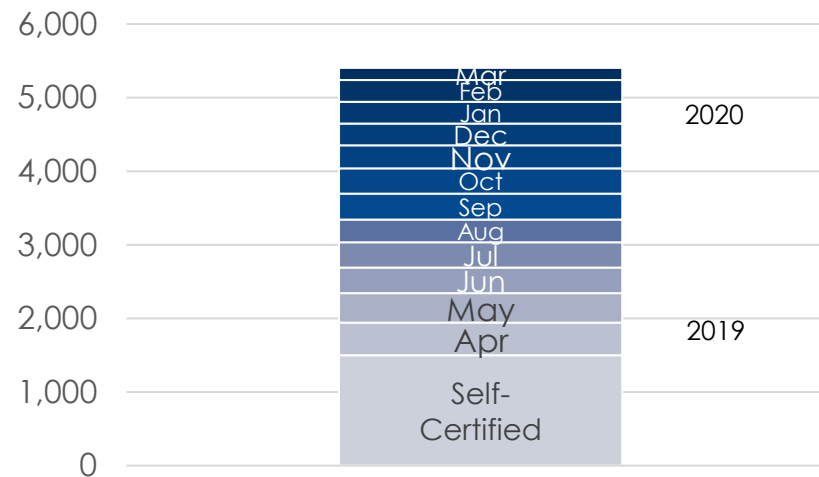
Average Housing Assistance Payment per Unit, Year to Date



Applicants on Waiting List



Annual Inspections Conducted



Building Improvement Projects - Planning



ADDRESS	DESCRIPTION OF WORK	STATUS
Minnehaha Townhomes	Surveillance system installation	Planning
315 Lowry Avenue North	Site security upgrades	Planning
1314 44 th Avenue North	Roof replacement	Planning
350 Van White Memorial Blvd	Corridor flooring replacement	Awarding Contract
Hiawatha Towers	HCPD accessible unit upgrades, common area improvements	Planning
High-rises – Various sites	HVAC systems replacement	Planning
1707 3 rd Ave S	Generator & main electrical switch gear replacement	Planning
Elliot Twins	Comprehensive building modernization	Planning
2415 N 3rd St	Security pilot	Planning
Scattered Sites – Various sites	2020 improvements: roof replacement, comprehensive modernization, structural repairs	Planning/Bidding
Hiawatha Towers	Site security upgrades	Awarding Contract
Cora McCorvey Center	HVAC system upgrades	Planning
1707 3 rd Ave S/1611 S 6 th St/2728 Franklin/Snellings	Elevator modernization	Planning

Development Projects - Planning

ADDRESS	DESCRIPTION OF WORK	STATUS
Scattered Site	Energy pilot project: single-family new construction	Re-Bidding
Scattered Site	Energy pilot project: duplex new construction	On Hold
Scattered Site	Energy pilot project: rowhome new construction	On Hold

Building Improvement Projects - Active

ADDRESS	DESCRIPTION OF WORK	STATUS
Glendale	Site lighting upgrades	In progress
Horn Towers & 1627 S 6th St	Elevator modernization	In progress
600 18 th Avenue North	Window replacement, masonry repairs & HVAC systems replacement	Mobilizing
Scattered Sites – Various sites	2019 improvements: roof replacement, comprehensive modernization, structural repairs	Substantially complete
1611 S 6th St	Plumbing & fire alarm system replacement, sprinkler system retrofit, apartment improvements including creation of 6 ADA units; HVAC upgrades	In progress

Building Improvement & Development Projects - Complete

ADDRESS	DESCRIPTION OF WORK	STATUS
2121 Minnehaha, 2728 E Franklin & 311 University	Main electrical switch gear & generator replacement	Complete

Elliot Twins RAD Conversion & Building Renovation



- **RAD Conversion Commitment received**
- **City loan/bond approvals received**
- **Final construction bids received**
- **Agreement documents under review**
- Address deferred maintenance, **plus** unit improvements, community link addition, envelope enhancement, new HVAC system, addition of 10 fully accessible units
- Projected 30% reduction in utilities
- Hard costs: ~\$25M
- Ongoing resident engagement; all tenants will be offered on-site relocation

Timeline (subject to change)

HUD
Resident
Notice

Form
Resident
Committees

Determine
Design
Direction

Design Development
Resident Engagement
Develop Financing Strategy

Secure Financing
Finalize Relocation
Construction Bidding

Closing
& Begin
Construction

Jan 2019

Feb-Mar
2019

Mar-Jun
2019

Jun-Dec
2019

Jan-Jun
2020

Jun 2020



Scattered Site Section 18 Process

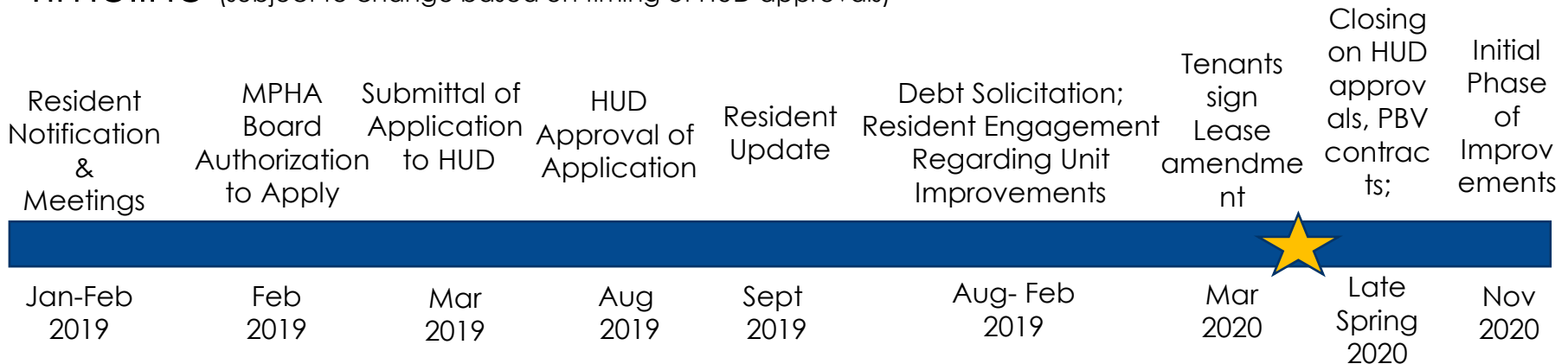


Section 18 with debt financing



- Exploring lending options to best support investments in portfolio
- Debt will support investments in deferred maintenance and ongoing unit needs as well as potential replacement/addition of units
- Resident lease amendment signing underway
- Closing on HUD approvals delayed due to COVID-19

Timeline (subject to change based on timing of HUD approvals)



Inquiry Response and Social Media



MPHA on Facebook

Top Performing Post (6,365 views)

March 2020

82

Formal inquiries received and addressed
(Channels include media, social media, and website contact forms)

Alongside our page of operational updates (<https://MPHAOnline.org/Covid19>), we have launched this post of guidance and resources (food, mental health, and more) useful for MPHA and other Minneapolis families affected by the pandemic. We will update this with new resources as we learn of them!



MPHAONLINE.ORG

Resources and Guidance for MPHA Households Affected by the Coronavirus

[Learn More](#)



13

Posts for the Month
4,862 Followers



MPHA on Twitter

Top Performing Post (872 views)



Minneapolis Public Housing Authority
@MPLSPubHousing

A quick glance from [@NextCityOrg](#) about the Stable Homes, Stable Schools assistance program, which offers support to families with elementary school-aged children experiencing homelessness. Special thanks to our partners [@MayorFrey](#), [@MPS_News](#), and [@YMCA TwinCities](#)!



Next City @NextCityOrg · Mar 6

Minnesota's Twin Cities are both experimenting with assistance programs for families with elementary-school-aged children.

[nextcity.org/daily/entry/to...](#)

1:52 PM · Mar 6, 2020 · [Twitter Web App](#)

[View Tweet activity](#)

2 Retweets 9 Likes



16

Tweets for the Month
595 Followers



April 22, 2020

MEMORANDUM TO: MPHA Board of Commissioners

FROM: Abdi Warsame, Executive Director/CEO

SUBJECT: 2019 Financial Results

The attached report presents the financial results from fiscal year 2019. Traditionally this report is presented to the board as a slide presentation but since the board meeting will be conducted remotely, the results are being presented in a written narrative format and provided to the board as a report and file agenda item.

Please contact Tim Durose at 612-306-2124, or tdurose@mplspha.org, with any questions on this report.

2019 Fiscal Year End Finance Performance Results

This document summarizes the unaudited financial results for the Minneapolis Public Housing Authority for the fiscal year ending December 31, 2019. These following schedules are intended to demonstrate that the financial results were within the budget authority granted by the board, explain the most significant budget variances, present where spending flexibility was used, and present the financial position as of the end of 2019.

Budget to Actual Results

Housing Choice Vouchers

(\$ millions)	BUDGET		ACTUAL		VARIANCE
REVENUES					
ADMIN FEES	\$	2.3	\$	2.4	\$ 0.1
HAP SUBSIDY	\$	47.2	\$	44.3	\$ (2.9)
OTHER INCOME	\$	0.6	\$	0.7	\$ 0.1
TOTAL REVENUES	\$	50.1	\$	47.4	\$ (2.7)
EXPENSES					
PROGRAM ADMINISTRATION	\$	4.6	\$	4.2	\$ 0.4
HAP EXPENSES	\$	41.1	\$	40.6	\$ 0.5
TOTAL EXPENSES	\$	45.7	\$	44.8	\$ 0.9
NET OPERATING INCOME (LOSS)	\$	4.4	\$	2.6	\$ (1.8)
MTW TRANSFERS TO OTHER PROGRAMS	\$	4.4	\$	2.8	\$ 1.6
TRANSFER IN	\$	-	\$	0.3	\$ 0.3
NET INCOME (LOSS)	\$	(0.0)	\$	0.1	\$ 0.1

The revenues in the Housing Choice Voucher (HCV) program were \$2.9 million less than budget. The program earns funds almost entirely through a cost reimbursement method. The lower revenues were a direct result of lower expenses in the program and less transfers out to other programs.

In 2019 MPHA planned to implement new agency wide software to move to a single platform. This project was started later in the year than planned, leading to \$400,000 of budget savings in HCV Program Administration. HCV housing assistance payments (HAP) were less than budget by \$500,000. This was mainly caused by lower actual utilization than budgeted, with an average of 4,308 vouchers utilized per month, compared to the budget of 4,420 vouchers per month. The MTW transfers to other

programs were \$1.6 million less than budgeted, due to the other programs not needing the full budgeted transfer. Details on the MTW transfers are provided later in this document. Finally, the HCV Program received an unbudgeted transfer-in of \$300,000 from the Stable Homes Stable Schools City of Minneapolis funds for program administration expenses.

Public Housing Operations

(\$ millions)	Budget	Actual	Variance
REVENUES			
DWELLING RENT	\$ 21.4	\$ 21.0	\$ (0.4)
SUBSIDY	\$ 20.6	\$ 21.7	\$ 1.1
OTHER	\$ 2.1	\$ 3.2	\$ 1.1
TOTAL REVENUES	\$ 44.1	\$ 45.9	\$ 1.8
EXPENSES			
PROPERTY OPERATIONS & MAINTENANCE	\$ 25.3	\$ 25.3	\$ -
UTILITIES	\$ 8.5	\$ 8.3	\$ 0.2
TENANT SERVICES	\$ 0.9	\$ 1.0	\$ (0.1)
INSURANCE, DEBT SERVICE & OTHER	\$ 6.5	\$ 6.3	\$ 0.2
CAPITAL EQUIPMENT & EXTRA. MAINT.	\$ 1.2	\$ 1.0	\$ 0.2
MANAGEMENT FEES	\$ 5.6	\$ 5.7	\$ (0.1)
TOTAL EXPENSES	\$ 48.0	\$ 47.6	\$ 0.4
NET OPERATING INCOME (LOSS)	\$ (3.9)	\$ (1.7)	\$ 2.2
TRANSFERS FROM HCV PROGRAM	\$ 3.4	\$ 1.2	\$ (2.2)
OTHER TRANSFERS IN	\$ 0.5	\$ 0.5	\$ -
NET INCOME (LOSS)	0.0	0.0	(0.0)

The appropriations for the Public Housing Operating Program were better than budgeted in 2019. The actual appropriations provided almost 98% of the operating subsidy eligibility formula, in comparison to the 94% proration that was budgeted. This resulted in \$1.1 million more subsidy than budgeted. In addition, MPHA obtained a refund of \$423,000 of sales tax previously paid on capital improvements projects. The expenses in the program followed the budget closely with the largest variances being in utilities, insurance, and capital equipment. MPHA received over \$200,000 in federal tax credits on electric invoices in 2019, leading to the utility savings. Insurance expenses were lower than planned because there was unused budget for deductibles. Finally, the savings in the capital equipment budget, similar to the Housing Choice Voucher program, was due to the single platform software implementation that started later in the year than planned. Due to the lower expenses in this program, and the higher than anticipated revenues, \$2.2 million less was needed from the HCV program than originally planned to balance the program's budget.

Capital Fund Program

(\$ millions)	BUDGET	ACTUAL	VARIANCE
REVENUES			
CAPITAL FUND GRANT	\$ 22.0	\$ 20.3	\$ (1.7)
MTW TRANSFER FROM HCV	\$ -	\$ 1.3	\$ 1.3
TOTAL REVENUES	\$ 22.0	\$ 21.6	\$ (0.4)
EXPENSES			
PROGRAM ADMINISTRATION	\$ 1.5	\$ 1.5	\$ -
QUALITY MAINTENANCE PROGRAM	\$ 1.0	\$ 0.8	\$ 0.2
CAPITAL IMPROVEMENT PROJECTS	\$ 19.5	\$ 19.3	\$ 0.2
TOTAL EXPENDITURES	\$ 22.0	\$ 21.6	\$ 0.4
NET INCOME (LOSS)	\$ -	\$ -	\$ -

Spending in the Capital Fund program very closely followed the budget with only 2% less spending in total. Some of the projects with the largest spending in 2019 were 1611 6th St South (\$2.1M), 1515 Park Ave S (\$4.2M), and 2121 Minnehaha Ave (\$3.1M). The largest variance in this program was in the sources used to cover the expenditures. \$1.3 million of MTW funds from the HCV program were transferred into the Capital Fund program. This led to less spending of Capital Fund grants, leaving those grant funds to be spent in the coming years.

Transfers

(\$ millions)	BUDGET	ACTUAL	VARIANCE
MTW TRANSFERS OUT			
HCV TRANSFERS TO OTHER PROGRAM	\$ 4.4	\$ 2.8	\$ 1.6
TOTAL TRANSFERS OUT	\$ 4.4	\$ 2.8	\$ 1.6
MTW TRANSFERS IN			
PUBLIC HOUSING OPERATIONS	\$ 3.4	\$ 1.2	\$ (2.2)
PUBLIC HOUSING CAPITAL IMP.	\$ -	\$ 1.3	\$ 1.3
OTHER SECTION 8 PROGRAMS	\$ 0.5	\$ 0.1	\$ (0.4)
MTW LOCAL INITIATIVES	\$ 0.2	\$ 0.1	\$ (0.1)
HUMAN SERVICES	\$ 0.3	\$ 0.1	\$ (0.2)
TOTAL TRANSFERS IN	\$ 4.4	\$ 2.8	\$ (1.6)

The MTW agreement grants MPHA the authority to move HUD funding appropriated for one program to another in order to meet the housing needs that are most appropriate for the PHA. MPHA utilized its spending flexibility in 2019 by transferring funds from the HCV Program to fund the needs in Public Housing Operations, Capital, Other Section 8 Programs, MTW initiatives, and Human Services. Most

notably, there were large variances to the budget in the Public Housing Operating Program which needed \$2.2 million less than planned, permitting \$1.3 million to be transferred to fund Capital Improvements that wasn't initially planned.

Central Office

(\$ millions)	BUDGET	ACTUAL	VARIANCE
REVENUES			
MGMT & BOOKEEPING FEES	\$ 8.3	\$ 8.5	\$ 0.2
OTHER INCOME	\$ 0.1	\$ 0.3	\$ 0.2
TOTAL REVENUES	\$ 8.4	\$ 8.8	\$ 0.4
EXPENSES			
GENERAL ADMINISTRATION	\$ 7.7	\$ 7.8	\$ (0.1)
OTHER EXPENSES	\$ 1.2	\$ 0.6	\$ 0.6
TOTAL EXPENSES	\$ 8.9	\$ 8.4	\$ 0.5
TRANSFER IN	\$ 0.1	\$ -	\$ (0.1)
TRANSFER OUT	\$ 0.4	\$ 0.8	\$ (0.4)
NET INCOME (LOSS)	\$ (0.8)	\$ (0.4)	\$ 0.4

MPHA charges the programs fees for administration, and that fee funds the Central Office for general administration. In 2019 the HUD allowable fee rates increased, leading to slightly more revenues in the Central Office. Interest income was also higher than anticipated, leading to additional other income.

The large variance in Other Expenses is due to the implementation of the single platform software starting later than anticipated. This program was budgeted to cover \$500,000 of software and infrastructure costs for this project. The transfer-out exceeded the planned amount because the central office transferred funds to cover unbilled excess utilities charges in the family projects.

The loss of \$400,000 was within the board approved use of reserves.

Sources and Uses of Funds

FOR THE YEAR ENDING DECEMBER 31, 2019 (\$ millions)			
ANNUAL PROGRAMS	SOURCES	USES	NET SOURCES (USES) ¹
PUBLIC HOUSING OPERATIONS	45.9	47.6	(1.7)
CAPITAL FUND PROGRAM	20.3	21.6	(1.3)
MTW HOUSING CHOICE VOUCHERS	47.4	44.8	2.6
MTW LOCAL INITIATIVES	-	0.1	(0.1)
HUMAN SERVICES	-	0.1	(0.1)
TOTAL MTW PROGRAMS	113.6	114.2	(0.6)
OTHER SECTION 8	5.9	5.9	0.0
CENTRAL OFFICE	8.8	8.4	0.4
OTHER PROGRAM AREAS	14.7	14.3	0.4

¹ Before inter-program transfers

The schedule above summarizes the sources and uses of funds by each program.

In 2019 the majority of the sources and uses were in MPHA's Moving to Work (MTW) Programs. In total, the MTW programs' uses exceeded sources by \$600,000 before other inter-program transfers from programs outside of MTW. The Public Housing Operations program is the day-to-day operation of the public housing program. In 2019, the uses in the Public Housing Operations Program exceeded the program sources by \$1.7 million. The Capital Fund program is intended to include major repairs and replacements in the public housing properties. Uses on capital improvement projects exceeded Capital Fund Grant revenues by \$1.3 million. Housing Choice Voucher program sources exceeded program uses by \$2.6 million.

Other Section 8 programs include Veterans Assistance Supportive Housing (VASH), Family Unification Program (FUP), Section 8 Moderate Rehabilitation (Mod), 5 year Mainstream, and the Special Needs Assistance Program (SNAP). In 2019, in total, the Other Section 8 programs' uses were equal to sources. In the Central Office Cost Center, which is the overhead administration of MPHA, the sources exceeded uses in 2019 by \$400,000 before other inter-program transfers.

Grants and Set Aside Funds

AS OF YEAR ENDING DECEMBER 31, 2019 (\$ millions)			
SPECIAL FUNDS	BEG. BAL.	NET CHANGES	END. BAL.
WORKING CAPITAL	1.1	(1.1)	-
SETTLEMENT FUNDS	1.5	-	1.5
PROCEEDS FROM REAL ESTATE SALES	1.0	0.1	1.1
POHLAD FOUNDATION	0.3	-	0.3
FAMILY HOUSING FUND	0.2	-	0.2
TOTAL SPECIAL PROGRAMS	4.1	(1.0)	3.1

AS OF YEAR ENDING DECEMBER 31, 2019			
INTERNAL SERVICE FUND	BEG. BAL.	NET CHANGES	END. BAL.
GENERAL LIABILITY INSURANCE	3.3	0.5	3.8

In 2019 the Working Capital fund, made up of McKnight Grant funds and Central Office Cost Center reserve contribution, for the use of evaluation and pre-development activities related to the preservation of Public Housing, was fully spent. The Pohlad Foundation Grant is funding available for emergency housing stability assistance for the Stable Homes Stable Schools program. In 2019 there was no net change in the fund because there was a second installment of the grant received late in the year that offset the expenditures incurred throughout the year. There was little or no activity in the other special program funds except for the interest earned on those fund balances. The increase in the General Liability Insurance fund was due to an adjustment to the previously accrued estimated liabilities to be paid by that fund. This decreased liability increased the ending balance in this fund to \$3.8 million.

Reserves by Program

AS OF YEAR ENDING DECEMBER 31, 2019 (\$ millions)			
UNRESTRICTED RESERVES	BEG. BAL.	NET CHANGES	END. BAL.
MOVING TO WORK	13.8 ¹	0.1	13.9
CENTRAL OFFICE	5.9	(0.4)	5.5
OTHER	2.0 ²	0.6	2.6
TOTAL ANNUAL PROGRAMS	21.7	0.3	22.0

¹ FYE 2019 Restricted Reserve Balance - \$1.1 million Sales Proceeds shown below

² FYE 2019 Restricted Reserve Balance - \$600k 5 year Mainstream program

AS OF YEAR ENDING DECEMBER 31, 2019 (\$ millions)			
SPECIAL FUNDS	BEG. BAL.	NET CHANGES	END. BAL.
WORKING CAPITAL	1.1	(1.1)	-
SETTLEMENT FUNDS	1.5	-	1.5
PROCEEDS FROM REAL ESTATE SALES	1.0	0.1	1.1
POHLAD FOUNDATION	0.3	-	0.3
BREMER FOUNDATION GRANT	0.0	-	0.0
FAMILY HOUSING FUND	0.2	-	0.2
TOTAL SPECIAL PROGRAMS	4.1	(1.0)	3.1

AS OF YEAR ENDING DECEMBER 31, 2019			
INTERNAL SERVICE FUND	BEG. BAL.	NET CHANGES	END. BAL.
GENERAL LIABILITY INSURANCE	3.3	0.5	3.8

As of December 31, 2019 MPHA's reserves totaled \$29.6 million. Of that, \$22 million was unrestricted reserves in annual programs. Moving To Work unrestricted reserves totaled \$13.9 million, which is the equivalent of about 3.5 months of public housing operating expenses. The Central Office unrestricted reserves, the majority of MPHA's de-federalized reserves, decreased by \$400,000, to leave a remaining balance of \$5.5 million. Other unrestricted reserves increased by \$600,000, mainly due to proceeds from the sale of a Publicly Owned Transition Housing (POTH) property. Grants and special set aside funds ended the year with reserve balances totaling \$3.1 million, and the insurance fund with a balance of \$3.8 million. Overall the reserve balances ended slightly better than planned.

The financial results presented are unaudited. The Minnesota State Auditor will conduct the annual compliance and financial audit and provide audited financial statements to the board. Typically the audited statements are provided in early Fall but due to the pandemic, additional time has been granted by the federal government's Office of Management and Budget to complete and submit the audit. MPHA's audited statements may be completed later than normal this year.

Why Minneapolis' housing authority is selling 717 homes to itself

[minnesotareformer.com/2020/02/27/why-minneapolis-housing-authority-is-selling-717-homes-to-itself](https://www.minnpost.com/minnesotareformer.com/2020/02/27/why-minneapolis-housing-authority-is-selling-717-homes-to-itself)

Max Nesterak

February 27,
2020



Photo courtesy of Minneapolis Public Housing Authority.

The Minneapolis Public Housing Authority will sell 717 of its housing units to a non-profit organization it created and runs called Community Housing Resources — one of the largest transactions of its kind in the country.

MPHA's Board of Commissioners approved the sale — at \$1 per property — at its meeting Wednesday. And then the same people, who make up the nonprofit's board of directors, approved the purchase.

The board is selling these units to itself for essentially no money.

People who live in these units won't be displaced and they won't see their monthly costs go up, according to the MPHA, but the board estimates this bit of bureaucratic gimmickry will bring in an additional \$3 million in federal funding annually.

"It's going to allow us over the next five years to do a comprehensive rehabilitation of these houses all across the city," said Jeff Horwich, a spokesman for the agency.

How?

The federal government offers higher rental subsidies to private landlords than it does its own public housing agencies, so by transferring properties to a nonprofit, the MPHA will get more federal money to manage the same units.

Make sense?

“It doesn’t make sense, but that’s just how it is,” said Jim Grow, an expert on public housing and attorney with the National Housing Law Project.

For the past 30 years or so, the U.S. Congress has shown an antipathy toward public housing, illustrated by meager appropriations that have failed to cover basic maintenance costs. The national repair backlog has steadily ballooned to an estimated \$50 billion. That’s even after the federal government shed some 200,000 units during this period — down to 1.2 million units — mostly by demolishing homes beyond saving.

As public housing has fallen out of favor with lawmakers, they’ve looked to replace it with Section 8 vouchers and other rental subsidies for the private market. Still, Congress has never appropriated enough money to meet the need: Just a quarter of people who are eligible for vouchers actually get them.

The MPHA estimates it has \$150 million in deferred maintenance across its 6,000 units.* An outsized portion — \$30 million — is needed to fix up the 717 homes it just approved selling to its nonprofit. That’s because this group of homes are mostly single-family houses, which cost more to maintain than apartment buildings.

Without enough money for repairs, the roofs leak, furnaces falter and windows stay broken.

“(The Congress) starves public housing authorities of the resources that are needed to operate,” Grow said. “So housing authorities are definitely in this pickle when it comes to continuing to provide the quality of housing that residents deserve and the law demands.”

The Department of Housing and Urban Development allows public housing authorities to sell homes deemed “beyond repair.”

When that happens, the people living in those units get a special voucher so that they don’t lose their housing assistance.

Under a typical scenario, a person would take that voucher and find a private landlord willing to accept it, which is extremely hard to do in a tight rental market like the Twin Cities.

And so the transition from public housing to voucher-based support chugs along.

But the MPHA has the option, with the agreement of the tenant, of applying that special voucher to a home rather than to a person. MPHA will apply a voucher to every home that it’s transferring to the non-profit, so anyone living there for the foreseeable future would

only pay 30 percent of their household income.

When these 717 homes transition from MPHA to its non-profit, rents for tenants will be kept low through these project based vouchers while federal subsidies for MPHA will go up.

In doing so, MPHA is disrupting the public housing-to-private market transition Congress is trying to encourage.

“Which is a good thing in terms of keeping public control over affordable housing,” Grow said. “I don’t think Congress intentionally created these other avenues but housing authorities have to be creative to get the resources to do their jobs.”

Across the country, other housing authorities have made similar moves, although few, if any, at this scale.

“If we can go through those hoops and get more money, but continue our oversight and our mission and not have to displace a single family, we’re going to do it,” Horwich said.

**This has story has been updated to include the correct number of housing units owned by the MPHA.*

Affordable Housing in the Twin Cities: Explained

 mspmag.com/arts-and-culture/affordable-housing-in-the-twin-cities-explained

Natalie Hall, Natalie
Hall

February 16,
2020



A Dream Home—we all have one. Maybe it's a small rambler with a white picket fence in St. Louis Park, or a sprawling stone mansion on Summit. For some families in the Twin Cities, their dream home is any home at all.

"There are challenges at various levels of affordability in the Twin Cities, but there is a particular challenge for people who make the lowest incomes," says Jeff Horwich, director of policy and external affairs at the Minneapolis Public Housing Authority. "For every 10 families who are below 30 percent of AMI [area median income] who are looking for a place to live in the Twin Cities, there are only three homes that even theoretically would be available or affordable to them."

Below 30 percent of the area median income is the national standard of extremely low income. In the Twin Cities, that means making \$30,000 or less per year to support a family of four, or less than \$21,000 a year as an individual.

Back in January, Minneapolis' 5th district representative, Ilhan Omar, and six other Democratic lawmakers launched the People's Housing Platform in an effort to address the national housing crisis. The first of its kind, the coalition considers housing a fundamental human right and strives to reform current federal housing policies. Through congressional legislation, the founding representatives hope to address major issues facing the national housing market, like the declining availability of public housing, the limited availability of affordable housing, extremely high rents, and the large homeless population. This is the second major step in what local experts say will be a very long journey to alleviating housing issues.

Minneapolis' Omar took a bold stand last November when she proposed a Homes for All Act that would provide \$1 trillion to housing authorities across the nation to construct 12 million new units over the next 10 years. This breaks down into \$800 billion for constructing 8.5 million new public housing units, and \$200 billion toward the Housing Trust Fund to build 3.5 million new private, affordable rental units.

Rep. Omar's proposal is big. It would be the first adjustment to federal public housing funds in almost 30 years. The sticker shock is also significant.

"Every American deserves access to a safe and stable place to live, but unfortunately, our current free-market housing system is not meeting the needs of working families," Omar said in a press release about the bill. "On a single night, over 10,000 people in Minnesota were homeless last year—the highest number ever recorded. 6,000 of them were youth—which means children are showing up at school without a place to go home to. And this does not include the thousands more who are behind on rent or are looking for a permanent home after an eviction. And that's just Minnesota."

We asked local experts how the bill would affect public housing, and if that would solve the problem. The answer is complicated.

The Minneapolis Public Housing Authority (MPHA) has 11,000 subsidized housing provisions, split almost evenly between public housing units and housing choice vouchers. The MPHA public housing apartments are 50 years old on average, while townhomes and single-family homes in the MPHA system are closer to 70 and 100 years old.

"The model is basically: the federal government built it, the federal government regulates it, the federal government funds it. That model, as we've found over the years, is deeply flawed when the federal government doesn't take care of [funding MPHA and its projects]," says Horwich of MPHA.

For maintaining and updating existing public housing, the government funds housing authorities like MPHA about 10 percent of the actual project cost. In other words: not enough.

The public housing units in Minneapolis are all currently occupied, and about 17,000 people sit on the waiting list. Those 17,000 people signed up in the span of 6 days last year when MPHA opened its waiting list in a coordinated effort with other Twin Cities housing authorities. Once the waiting list reaches a feasible cap, the housing authority closes the list and places people in housing over time, waiting until the list gets down to around 500 people to open it up again. This was the first time since 2008 that local waiting lists were opened.

“For the people at the end of that list, it will be—well, as we just found, it could be a decade before they would have access to a voucher,” says Horwich. “To eliminate our current public housing waiting list [...] we would have to quadruple our number of public housing units in Minneapolis.”

That’s why Rep. Omar’s bill is so important to housing authorities. Yes, the bill would fund the construction of new public housing, so people in need might not have to spend a decade on a waiting list. But, Horwich points out, “it’s extremely, extremely important to note that the bill would preserve all the public housing that currently exists and renew that housing so that it lasts for many decades to come for the families that it serves.” This additional funding could provide vital updates to bring old buildings up to code. As we saw in November, these safety measures could prevent disasters like the fire in the Cedar High Apartments in the Cedar-Riverside neighborhood of Minneapolis, which did not have a sprinkler system on the upper floors of the complex.

Later this year, MPHA will begin remodeling a pair of apartment buildings in its system, the Elliot Twins, to update them and add accessible units for differently-abled people, which Horwich says is a prominent need in the public housing system. The Elliot Twins remodel will cost \$25 million. “That’s not money that the housing authority just has sitting around,” he says.

The money from the Homes for All Act would make a big difference in improving the condition of current public housing and providing more housing for those families still waiting.

“We can be excited here in Minneapolis that we have a representative who is thinking big and talking boldly about public housing,” says Horwich.

Minneapolis has the 20th largest public housing authority in the country—and, mind you, there are 149 housing authorities just in Minnesota, so Minneapolis ranks in the top 20 out of thousands.

About 26,000 people of the 422,331 in Minneapolis use the MPHA system. For the most part, you must be a resident of Minneapolis to qualify, which means that about 6 percent of the population of Minneapolis uses public housing. If you include the 17,000 people on the

waiting list, it's still only about 10 percent of the population.

If only 6 to 10 percent of the population is using public housing in Minneapolis, what are the majority of people doing? Buying and renting unsubsidized, market-rate housing.

Minnesota has an exceptional housing shortage on the market-rate side too, which only compounds the public housing problem. "If there were more affordable market-rate housing, certainly it would decrease the need for public housing," says Horwich. "Unfortunately, the private market does not seem to be going in that direction."

Not only is the price tag on a house expensive, rental property prices are also through the proverbial high-rise roof. There was a glimmer of hope when the Minneapolis City Council approved an inclusionary zoning ordinance in December that requires a portion of any new housing development in the city to include a specific proportion of affordably priced units.

"The simple answer is that yes, the rents would simply be lower for a certain proportion of units," says Horwich. But there's a catch: "In those situations, people would need to income-qualify for an affordable unit."

While those solutions work well for the low-income population, the rest—some 90 percent—cannot or does not use housing subsidy.

"Most people are involved in some form of housing that is not under the traditional definition of affordable housing but are seeking housing that is affordable—but it's market-rate housing, meaning there's no subsidy involved," says David Siegel, the executive director of Housing First Minnesota, an organization that works with builders and market-rate housing.

Siegel and Housing First Minnesota look at the local housing crisis in terms of housing affordability (market-rate housing that is priced affordably, as opposed to affordable housing, which is subsidized or provided).

"What we're trying to say is: yes, there's a place and a need for what Representative Omar is putting forward, which is a plan for subsidies, but there is simply not enough money," says Siegel. "You can't subsidize your way out of this housing crisis."

Instead, Siegel says the root of the problem is the lack of reasonably priced homes in Minnesota. New houses being built are more expensive—somewhere in the neighborhood north of \$350,000, and people who can't afford or don't desire a house that expensive, are staying in their smaller, more affordably priced homes (think \$150,000 to \$350,000). This leaves renters without an affordable option to buy, which artificially drives up the cost of rent. Housing First Minnesota studied market-rate housing prices compared to other states and found that the same house is more expensive in Minnesota than in other Midwestern states and cities with similar economies.

The same house in the Twin Cities compared to Columbus, Ohio, can cost \$100,000 more. In Indianapolis, another similar market, it can be \$125,000 less than buying a newly-built home in Minnesota. Even crossing state lines into Hudson, Wisconsin lowers the price by \$50,000, Housing First Minnesota found.

“What we think the fundamental problem with the housing market is not that there’s too little subsidy in the market, but that there’s too much regulation and barriers to construction that makes it very difficult to build a market-rate, affordable product,” says Siegel.

The cost of labor is slightly higher in Minnesota, but not enough to cause a five- or six-figure gap in housing prices between similar markets in different states. While materials could also influence cost, national builders build houses in each of the studied cities and source their materials from national suppliers for the same cost.

“What’s left is: What are the requirements that state government and city governments put on builders to construct a development? And therein lies the difference between the municipalities—between our state and other states,” says Siegel.

Cities throughout Minnesota mandate building laws such as storm shelters, larger lots, and specific materials like finished siding, which artificially increase building costs, making it more expensive to build a house here compared to other similar-market states where these regulations are not in place. Land constraints also play a factor, says Siegel, by restricting the amount of buildable property available. While this reduces urban sprawl and creates a more organized city structure, it also inflates the price of land by restricting the supply despite an increase in demand.

Increased building cost is a recent problem in Minnesota. In the last decade, about 70 percent of new homes built by local builders who were members of Housing First Minnesota (formerly the Builder’s Association of the Twin Cities) were under \$300,000. “In 10 years, we’ve just flipped,” Siegel says. Today, 70 percent of new builds in Minnesota are over \$300,000.

While subsidy and public housing is an important component and needs assistance, Siegel says, “the bigger part of the housing equation is that typical Minnesotan who is trying to maybe start a family or wants to get out on their own and wants to buy their first house, and there’s nothing for them to buy.”

If you are an average Gen Z-er and hoping to buy a house, that cost flip means you may take longer to build a down payment, and when you can finally put that money down, it will be for a bigger house instead of that little starter home.

“It’s an entire ecosystem,” he says. “Today’s new house becomes next year or the future’s used house, and that resale product will be less expensive than the new product in the market. It’s like a used car.”

But because of local government ordinances and building regulations, new houses are more expensive, and less people are moving up into them, leaving fewer smaller homes open for newer or younger homebuyers who just want a basic house.

Think of it like a car. “The car-makers are allowed to build a Corolla. It’s not as elegant and beautiful a car as a Lexus or a BMW, but it’s adequate for people. And for people who just need good, solid transportation, a Toyota Corolla is a brilliant car,” Siegel said “We need that same kind of approach in housing, to say: there’s a base level of safety that has to be met that’s adequate.”

In hopes of achieving more Corolla-level housing, Housing First Minnesota is working with cities around the state to modify building codes and regulations to address the artificial cost increases. But, working with the 200-some cities in Minnesota is a bit like herding cats. Last year, they also started collaborating at the state level with the Senate Select Committee on Home Ownership Affordability and Availability and the Legislative Commission on Housing Affordability, which are working toward similar goals of market-rate housing affordability statewide.

While it may be years before everybody can have access to a home, efforts to change the status quo make a difference in the right direction.

“We didn’t get here overnight, and we’re not gonna fix it overnight,” says Siegel.

To Keep Kids In School, Minneapolis and St. Paul Focus on Stable Housing

nextcity.org/daily/entry/to-keep-kids-in-school-minneapolis-and-st.-paul-focus-on-stable-housing



(Photo by [Rob Briscoe](#) / CC BY 2.0)

After the building Desiree Dolbec was living in with her fiancé and five children was sold last year, the family found themselves without a place to stay. Dolbec and her fiancé split the kids and went to stay with friends in the suburbs. The move was difficult on the duo, but even harder on their children who had school to keep up with as well. Staff at Pillsbury Elementary in Dolbec's old neighborhood saw that she was struggling, commuting by bus every day to get the kids to school from the suburbs, and recommended Minneapolis' [Stable Homes, Stable Schools](#) assistance program, which offers support to families with elementary school-aged children on the verge of, or experiencing, homelessness. "When they told me about it I was on my last straw. Literally I was ready to give up," she says.

Last year, [1,508,265 students enrolled in public schools were homeless](#), a 15 percent increase from the 2015-2016 school year. Across Minnesota, just [under 17,000 students](#) were homeless last year. The Twin Cities of Minneapolis and St. Paul have each launched

pilot programs to reduce child homelessness, with the idea that a stable home can help students succeed in school.

Minneapolis was first to the punch, launching its three-year program funded by \$3.5 million annually from the city alongside \$1.4 million from the Minneapolis Public Housing Authority (MPHA), and a \$500,000 grant from the local Pohlman Family Foundation in May 2019. In conjunction with MPHA, the program works with 15 public schools across the city to provide direct rental assistance to families with elementary school children that are experiencing homelessness. Another facet of the program provides emergency assistance to families with elementary-school children that are at risk of becoming homeless.

Despite a lack of information about the program that was, at the time, brand new, Dolbec describes the process as easy. “I did a baseline phone screening. They told me I qualified and then they explained how the program worked, what the expectations were, and told me I could look for a place to live,” she says. “I’ve never had to ask for help besides this time. I’ve always figured it out on my own, but the program has made such a difference because I did need help when I entered it. I’m so much more stress free now. I can move into the next step with my family because I’m not struggling to make ends meet.” Dolbec is currently in the process of enrolling in school and is marrying her fiancé later this month, both of which she credits, in part, to the assistance she received from Stable Homes, Stable Schools.

The emergency fund provides a one-time cash infusion of up to \$1,500 while the rental assistance program lasts for the duration of the pilot program, with participants paying 30 percent of their income towards rent and the program covering the rest. “Housing and specifically homelessness and desegregation has always been my first passion. It was perhaps the main reason why I ran for city council and mayor — it’s the driving force behind my public service,” says Minneapolis Mayor Jacob Frey.

“This program more than anything else is a source of pride. It’s not just empty rhetoric. It’s a plan that’s now attached to both dollars and families that are being helped. Right now we have 534 kids in a matter of months who have been stably housed or prevented from being homeless due to this program. It’s literally life changing when you get to meet [program participants] and see how it’s impacted their trajectory in life,” he adds.

Following not far behind Minneapolis is St. Paul, which launched Families First earlier this year. The five-year pilot is a partnership with the school district to provide up to \$300 a month for 250 families from \$3 million from the city’s Housing Trust Fund over the life of the program. Families with children in third grade or younger can enroll in the program and use the money to help pay rent and ultimately stay in their homes in order to reduce the disruption relocation brings to kids’ education.

“There have been studies that have shown that every time a student changes schools, they lose between four and six months of academic progress,” explains Anne McInerney, the program director for Families First. When students change school districts, in most instances the new class is either ahead or behind where that student was and, chances are, they’re using different material, too. “It can be difficult to figure out how to catch up. But another big piece is building relationships and knowing your classroom teacher, principal, and support staff,” McInerney says. “When you change schools, you have to get to know all these people again.”

McInerney also notes that while \$300 a month might not seem like a life-changing sum, it can make a substantial difference in the lives of people on the brink of homelessness. “We see a lot of families that are choosing between buying food or paying rent or fixing the car or paying medical or gas bills,” she says. “There’s a lot of choices made on a daily basis that if families are able to have access to \$300 extra, those choices are [not] quite as difficult. You can get more food for the month and that impacts the whole family.”

While it’s too soon to see concrete results from either of the programs, officials are hoping that the benefits they create will be the catalyst each city needs to sustain Stable Homes, Stable Schools and Families First beyond the pilots and well into the future. “We all hope that [Families First] will continue. There’s going to be an evaluation and the goal is to look at things we can document with data around how it was impactful on children and attendance,” McInerney says.