



NOTICE AND AGENDA

December 15, 2021

A SPECIAL MEETING OF THE MINNEAPOLIS PUBLIC HOUSING AUTHORITY IN AND FOR THE CITY OF MINNEAPOLIS WILL BE HELD AT 1:30 P.M. AT THE CORA McCORVEY HEALTH AND WELLNESS CENTER, 1015 NORTH 4TH AVENUE, MINNEAPOLIS, MINNESOTA

The Resident Advisory Board will meet at 12:00 Noon, same date and place

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 a Special Meeting of November 17, 2021

RESIDENT ADVISORY BOARD – RAB Chairperson Comments

EXECUTIVE DIRECTOR’S UPDATE

DISCUSSION:

1. Write-Off of Delinquent Accounts for Former Public Housing Tenants (Betsy Grossman, Assistant General Counsel)

RESOLUTION:

2. Approval of the 2022 MPHA and 2022 Elliotts, LP Budget (Tim Durose, CFO)



RECEIVE AND FILE:

- Monthly Performance Report for November 2021 (Abdi Warsame, Executive Director/CEO)
- Newsletter and News Clippings (Jennifer Keogh, Deputy Executive Director)

Next Regular Meeting:

**Wednesday, January 26, 2022 - 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 SPECIAL MEETING OF THE
MINNEAPOLIS PUBLIC HOUSING AUTHORITY
IN AND FOR THE CITY OF MINNEAPOLIS
November 17, 2021**

The Minneapolis Public Housing Authority in and for the City of Minneapolis met in a special meeting at 1:30 P.M. on November 17, 2021 at the Cora McCorvey Health & Wellness Center, 1015 – 4th 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
Tamir Mohamud	Commissioner
Hon. James Rosenbaum	Commissioner
Tessa Wetjen	Commissioner

The following members of the Board were absent:

Mikkel Beckmen	Secretary
Cara Letofsky	Commissioner
Faith Xiong	Commissioner

The following others were also present:

Jennifer Keogh	Deputy Executive Director
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The Chair declared the presence of a quorum.

Approval of Agenda:

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

Approval of Minutes:

The Minutes of a Special Meeting of September 22, 2021 were presented for approval. Commissioner Isse moved the minutes be accepted as presented. The motion was seconded by Commissioner Brennan. Upon a voice vote, the Chair declared the motion carried.



Resident Advisory Board (RAB):

The Resident Advisory Board (RAB) Chair Lisa Anderson stated there were no agenda items to discuss or approve. Mary Boler, Director of Operations, presented and discussed the 2022 Draft Changes to Public Housing Statement of Policies. The RAB had a discussion concerning Minnesota's high Covid infection rate and the need for better signage/postings throughout MPHA buildings reminding everyone they must wear a mask.

Executive Director's Update:

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

1. OSHA's Vaccine and Testing Mandate
2. Covid-19 Update
3. New Leadership
4. Housing Stability
5. Scattered Sites New Construction
6. Family Housing Waiting List
7. HCV Lunch and Learn Series

(The Executive Director's written report is attached to these minutes)

Receive and File Items:

The following items were received and filed by the Board:

- The Monthly Performance Report for September 2021 [See Document No. 2021-41]
- The Monthly Performance Report for October 2021 [See Document No. 2021-42]
 - Elliot Twins are 100% occupied
 - Public Housing Occupancy rate is 98%
 - HCV continues to house families and reduced the length of the waiting list
- The Community Update Newsletter [See Document No. 2021-43]

Informational/Discussion:

- Mary Boler, Director of Operations, presented a PowerPoint on the 2022 Draft Changes to Public Housing Statement of Policies (SOP). The SOPs will be brought forward for approval at the December meeting. [See Document No. 2021-44]
- Jennifer Keogh, Deputy Executive Director, and Lisa Griebel, General Counsel, presented a PowerPoint on Legislative Briefing. [See Document No. 2021-45]
- Juan Torres, Development Manager, presented a PowerPoint on Scattered Site Update. [See Document No. 2021-46]



Adjournment:

There being no further business to come before the meeting, and upon a motion duly made and seconded, the meeting was adjourned at 3:12 p.m.

Secretary of the Board of Commissioners

Date These Minutes Approved



December 15, 2021

Agenda Item 1

REPORT TO THE COMMISSIONERS

FROM: Abdi Warsame, Executive Director / CEO

SUBJECT: Write-Off of Delinquent Accounts for Former Public Housing Tenants

Previous Directives: General accounting practices require that MPHA write off the delinquent accounts of former public housing tenants. The Board of Commissioners approved the last write-off on December 16, 2020.

Resident Council Review / Recommendations: This matter will be discussed with the Resident Advisory Board (RAB) immediately prior to the Board's December 15, 2021 meeting.

Budget Impact: Conforms to the 2021 budget.

Affirmative Action Compliance: Not Applicable.

Procurement Review: Not Applicable.

RECOMMENDATION: It is recommended that the Board of Commissioners authorize the Executive Director or his designee to declare the amounts specified in this Report uncollectible and to write off the uncollected amounts as a loss.

Every year, MPHA writes off uncollectible amounts from former tenants' accounts. This write-off is permitted by federal regulation and is a generally accepted accounting practice. This year's write-off totals \$181,887.83 and may be lower after a final review of accounts and additional payment postings. As HUD requires, rent for the current fiscal year 2021 is not included in the write-off.

This write-off amount includes \$139,329.85 in dwelling rent and utilities for 2020 tenants who vacated mainly in 2020 and represents about one percent of the dwelling rent charged. It also includes \$18,034.96 in sales and service charges and \$5,155.73 in eviction-related costs. It includes retroactive rents in the amount of \$19,367.29.

The MPHA takes action to collect monthly rent, retroactive rent, sales and service charges and court and service fees incurred in prosecuting eviction actions for cause and non-payment of rent. The MPHA uses the Minnesota Department of Revenue's Recapture Program to collect amounts written off. The MPHA also submits retroactive rents greater than \$10,000 to the HUD Office of the Inspector General for investigation if fraud is suspected.

This Report was prepared by Betsy K. Grossman, Assistant General Counsel. For further information, please contact Ms. Grossman at (612) 398-1387 or egrossman@mplspha.org.



December 15, 2021

Agenda Item 2

REPORT TO THE COMMISSIONERS

FROM: Abdi Warsame, Executive Director/ CEO

SUBJECT: Approval of the 2022 MPHA and 2022 Elliots LP Budget

Previous Directives: The Board approved the 2022 Moving to Work (MTW) Annual Plan on September 22, 2021.

Resident Association Notification: MPHA provided the Public Housing Operating Budget summaries to Resident Councils for comment on November 5, 2021. Staff presented this Public Housing Operating Budget to the residents at the Minneapolis High-rise Representative Council (MHRC) Board Meeting on November 18, 2021.

The Budget is scheduled to be discussed with the Resident Advisory Board (RAB) immediately prior to the Board of Commissioners December 15, 2021 meeting.

Budget Impact: This 2022 Budget authorizes and allocates resources for 2022 expenditures.

Affirmative Action Compliance: Not applicable.

Procurement Review: Not applicable.

RECOMMENDATION: It is recommended that the Board of Commissioners:

- 1. Approve the 2022 MPHA Budget and adopt the attached resolution specifically approving the 2022 Public Housing Operating Budget.**
- 2. Approve the 2022 Elliots, LP Budget.**

Staff requests the Board of Commissioners to approve the Minneapolis Public Housing Authority (MPHA) Fiscal Year 2022 (FY22) Budget. The Budget allocates resources to carry out the management, maintenance, and security functions in operating MPHA's public housing program, the administration and housing assistance for the Housing Choice Voucher and other Section 8 Programs, the operation of the central office, and other programs as identified in the attached 2022 Budget.

The Board of Commissioners, through the approval of the 2022 Moving to Work Annual Plan (MTW Plan), approved the 2022 Moving to Work (MTW) Budget and other program-specific budgets. Because the U.S. Department of Housing and Urban Development (HUD) requires MPHA to present an MTW Budget as part of the draft MTW Plan and make the draft MTW Plan available in June, the budgets included in the MTW Plan are considered estimates based on the best available information at the time. This Budget provides updated and more precise funding forecasts and updated program-specific sub-budgets; identifies budgetary controls and spending policy; and details budgets for each asset management project (AMP), as required by HUD.

MPHA staff provided the Board an in-depth review of the 2022 Budget on November 1st and November 2nd at the 2022 Budget Workshop sessions.

MPHA provided the budget summaries for the AMPs to the Resident Councils on November 5, 2021 and presented those Budgets to the Minneapolis Highrise Resident Council on November 18th. Residents were informed to submit any written comments by December 10, 2021. Any comments received prior to the December Board of Commissioner's meetings will be provided to the Board.

This Report was prepared by Tim Durose, Deputy Executive Director / CFO. If you have any questions or require further information regarding this Report, please contact Mr. Durose at tdurose@mplspha.org.

PHA Board Resolution
Approving Operating Budget

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing -
Real Estate Assessment Center (PIH-REAC)

OMB No. 2577-0026
(exp. 06/30/2022)

Public reporting burden for this collection of information is estimated to average **10 minutes per response**, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

This information is required by Section 6(c)(4) of the U.S. Housing Act of 1937. The information is the operating budget for the low-income public housing program and provides a summary of the proposed/budgeted receipts and expenditures, approval of budgeted receipts and expenditures, and justification of certain specified amounts. HUD reviews the information to determine if the operating plan adopted by the public housing agency (PHA) and the amounts are reasonable, and that the PHA is in compliance with procedures prescribed by HUD. Responses are required to obtain benefits. This information does not lend itself to confidentiality.

PHA Name: *****PHA Code:

PHA Fiscal Year Beginning: *****Board Resolution Number:

Acting on behalf of the Board of Commissioners of the above-named PHA as its Chairperson, I make the following certifications and agreement to the Department of Housing and Urban Development (HUD) regarding the Board's approval of (check one or more as applicable):

DATE

- ☐ Operating Budget approved by Board resolution on:
- ☐ Operating Budget submitted to HUD, if applicable, on:
- ☐ Operating Budget revision approved by Board resolution on:
- ☐ Operating Budget revision submitted to HUD, if applicable, on:

I certify on behalf of the above-named PHA that:

1. All statutory and regulatory requirements have been met;
2. The PHA has sufficient operating reserves to meet the working capital needs of its developments;
3. Proposed budget expenditure are necessary in the efficient and economical operation of the housing for the purpose of serving low-income residents;
4. The budget indicates a source of funds adequate to cover all proposed expenditures;
5. The PHA will comply with the wage rate requirement under 24 CFR 968.110(c) and (f); and
6. The PHA will comply with the requirements for access to records and audits under 24 CFR 968.110(i).

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

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012.31, U.S.C. 3729 and 3802)

Print Board Chairperson's Name:	Signature:	Date:
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2022 MPHA BUDGET

The Board of Commissioners, through the approval of the 2022 Moving to Work Annual Plan (MTW Plan), approved the 2022 Moving to Work (MTW) Budget and other program-specific budgets. Because the U.S. Department of Housing and Urban Development (HUD) requires MPHA to present an MTW Budget as part of the draft MTW Annual Plan and make the draft available in June, the budgets included in the MTW Annual Plan are developed with less precision than desirable. This document provides updated funding estimates and program budgets, restates current budgetary controls and spending policy, and details budgets for each asset management project (AMP) as required by HUD.

Funding Assumptions

Congress is funding MPHA programs through a short-term funding bill (a Continuing Resolution) that expires on February 18, 2022. This short-term appropriation provides funding at 2021 levels and the funding amounts for the rest of the 2022 federal fiscal year (October-September 2020) are unknown in the development of this budget. The MPHA's 2022 Budget assumes program funding at approximately to the levels currently being provided by HUD in 2021.

MPHA's 2022 Budget assumes HUD will provide 96% of the public housing operating subsidy formula; approximately \$948,500 less than the amount of subsidy eligibility for which MPHA is eligible. The Housing Choice Voucher Program housing assistance payment (HAP) subsidy is anticipated to be funded at 100% of the formula amount and the program administrative fees funded at only 82% of the formula amount; nearly a \$610,000 loss. These funding levels create greater stress on the resources MPHA has available to meet program needs. The Budget also assumes that the public housing Capital Fund award will be near the amount awarded in 2021 or approximately \$16.4 million. Funding anticipated from the City of Minneapolis is based upon the 2022 Mayor's Recommended Budget. The City Council is expected to adopt the 2022 City Budget on December 8, 2021.

Considering these assumptions MPHA estimates nearly \$1.6 million less of available federal subsidy due to insufficient Congressional appropriations for 2022. The breakdown by appropriation account is presented in the following schedule.

Program	Subsidy Formula Eligibility	2022 Budget	
		(Prorated Subsidy)	Subsidy Loss
Public Housing Operating Subsidy	23,712,700	22,764,200	948,500
MTW HCV HAP Subsidy	57,290,700	57,290,700	-
MTW HCV Admin Subsidy	3,381,100	2,772,500	608,600
Total Subsidy Loss due to Proration			1,557,100

Agency-wide Budget

The schedule to the right presents the total Minneapolis Public Housing Authority (MPHA) budget for 2022. Total Sources of funds are expected to be \$177.2 million, mainly driven by an anticipated increase in Federal Capital Fund Program grant revenues, payment for development services for Elliotts LP, and an increase in local government contributions. Federal subsidies and grants comprise \$133.9 million, or 75% of all sources. Total uses of funds are \$177.8 million. The most significant ordinary use of funds (39%), at \$69.7 million, is for housing assistance payments to landlords. Labor and employee benefit costs are expected to be \$33.2 million (19%) of total ordinary uses of funds. Capital expenditures make up 25% of planned uses.

The 2022 Budget reflects the prioritization of resources in alignment with MPHA's emphasis on resident safety and security and housing preservation and production. The Budget funds protective services at nearly \$3.6 million and the Capital Improvements & Equipment line item includes over \$500,000 in security cameras and a pilot project for an expected portfolio-wide entry guard system replacement. Although the protective service spending is down 13% from the 2021 budget when CARES Act funds were available to support spending related to building access control during the pandemic, security guard services budgeted in 2022 is still up 68% since 2017. Capital spending emphasizes resident safety with \$14.5 million in funds for fire suppression system installations. Capital spending also includes a \$5 million contribution that is expected to be combined with local government funds, tax credit equity and debt, for the construction of 84 new deeply affordable townhome units.

A \$343,200 use of unrestricted reserves is also necessary. Total budgeted unrestricted reserves are expected to be \$27.1 million at the end of 2022.

MPHA relies heavily on federal housing subsidies and grants, anticipating \$133.9 million in 2022

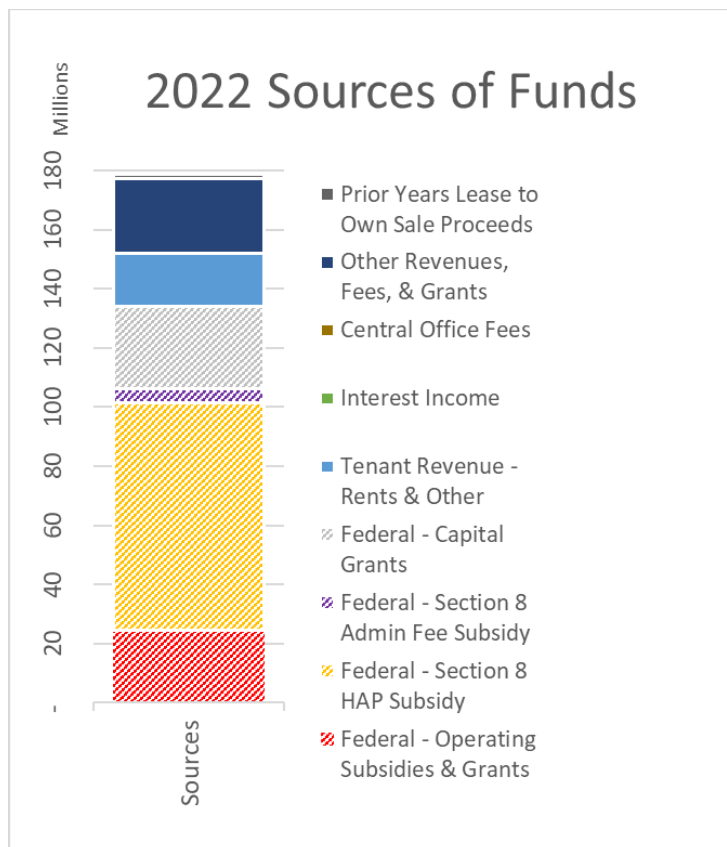
2022 MPHA Budget

		Total MPHA
Sources		
Tenant Revenue -Rents & Other	17,887,600	
Federal - Operating Subsidies & Grants	21,348,800	
Federal - Operating Subsidies & Grants (ARF)	3,061,800	
Federal - Section 8 Admin Fee Subsidy	4,766,800	
Federal - Section 8 HAP Subsidy	76,955,400	
Federal - Capital Grants	27,786,700	
City Contribution	5,277,400	
Interest Income	91,600	
Central Office Fee Revenue	260,900	
Managed Services Group Revenue	11,490,625	
Other Revenues, Fees, & Grants	8,316,400	
Total Sources	177,244,025	
Uses		
Property Management and Program Admin	17,081,175	
Administration	10,004,800	
Development Administration	1,035,900	
Tenant Services	1,247,425	
Utilities	7,818,600	
Maintenance	15,984,625	
Protective Services	3,598,700	
Insurance & Casualty Loss	2,356,500	
Other General	3,582,000	
Debt Service	1,808,500	
Housing Assistance Payments	69,690,300	
Capital Improvements & Equipment	43,639,500	
Total Uses	177,848,025	
Net Operating Sources/(Uses)	(604,000)	
Repayment of Loan from Affiliates	(1,200,000)	
Prior Years Lease to Own Sale Proceeds	1,460,800	
Net Sources/(Uses)	(343,200)	

(depicted in the chart below as hatched) and when combined with tenant and space rent from the operation of federal public housing, 85% of MPHA sources of funds come from the operation of federal housing programs.

The Agency-wide budget consists of several sub-fund budgets. Each sub-fund's budget is discretely presented at the end of this report to provide program level detail. Each MPHA program area has spending eligibility restrictions that affect how funds are being used and, when allowable, the amounts transferred among program areas.

In October 2020, the MPHA sold 707 scattered site units to MPHA's wholly-owned affiliate, CHR and in June 2020 the Elliot Twins Tower were leased to Elliot's Limited Partnership. Historically, the operation of these properties have been covered under MPHA's public housing operating budget. With the sale/lease, the financial activities for these properties are no longer within MPHA's budget but rather within each of those entities' budgets. However, because MPHA continues to provide property management and maintenance services for these units, MPHA's budget does include the revenues and cost associated with the property management agreement between MPHA and the other entities.



Budgetary Controls

Although MPHA presents budgetary data at a lower level on the accompanying schedules, MPHA's MTW Agreement eliminates any restriction to transfer funds among MTW program areas, among asset management projects, and between line items. The approval of the Budget provides the Executive Director authorization to carry out business operations using no more than the net uses of funds identified in the Agency-wide Budget with full expenditure flexibility throughout all agency funds subject to all spending limitations imposed by the sources of the funds.

The Executive Director is further authorized to increase the net use of funds up to an additional 3% of routine operating program budgeted reserves (comprised of the MTW, Central Office, and Other Voucher Programs budgeted year-end reserve amounts) without further approval from the Board. The calculation of the additional net use approval is as follows.

	Additional Net Uses Authorization
MTW Budgeted Reserve Level	13,796,800
Other Vouchers	1,693,300
Central Office Budgeted Reserve Level	4,622,200
Combined FYE 2022 Budgeted Reserve	20,112,300
Additional Use of Reserves Authorization w/o Further Board Approval	603,400

Moving To Work Programs Budget

The MTW Budget presented for 2022 allocates resources to: (1) carry out the daily management and maintenance operations; (2) within the funds available, provide for selected major building rehabilitation activities for MPHA's public housing stock; (3) provide for the administration and housing assistance payments for the HCV Program; and (4) set aside the funds needed for innovative, locally-designed strategies to meet the mission of MPHA.

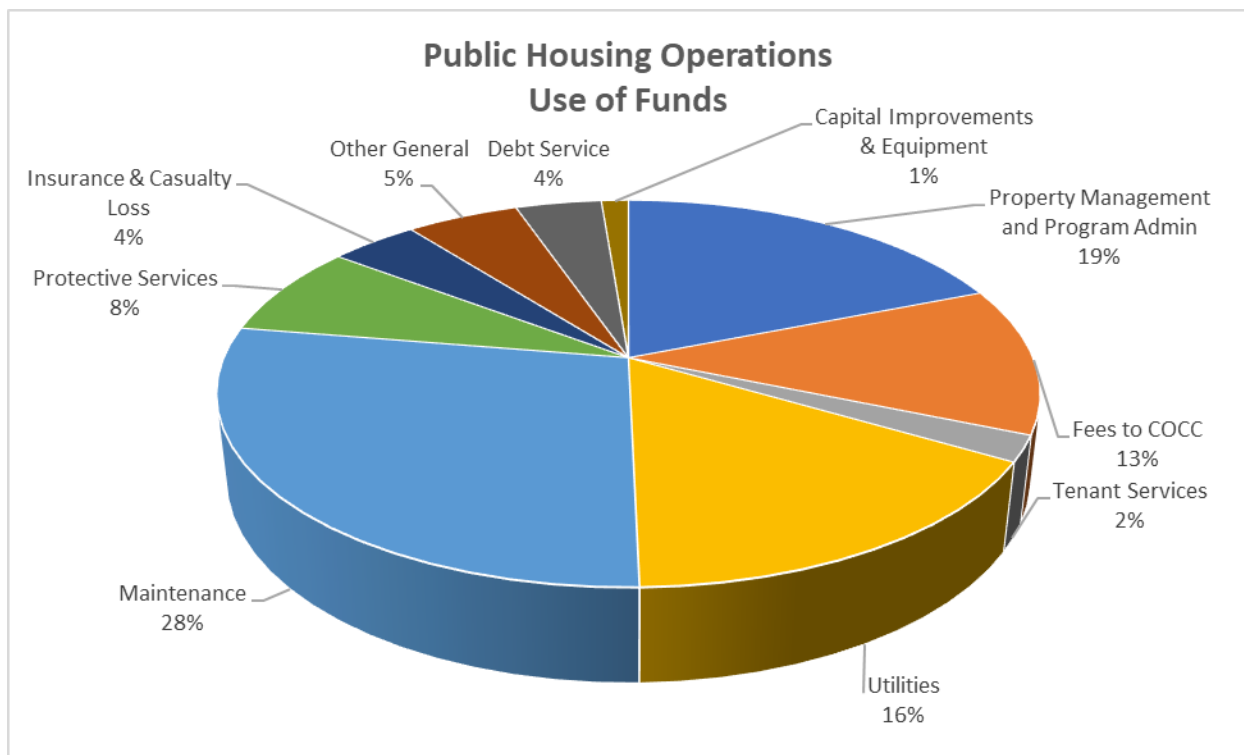
	2022 MTW Single Fund				Total MTW Programs
	Public Housing Operations	MTW Housing Choice Vouchers	Capital Fund Program	MTW Initiatives	
Sources					
Tenant Revenue -Rents & Other	17,887,600	-	-	-	17,887,600
Federal - Operating Subsidies & Grants	19,702,400	-	1,646,400	-	21,348,800
Federal - Operating Subsidies & Grants (ARF)	3,061,800	-	-	-	3,061,800
Federal - Section 8 Admin Fee Subsidy	-	2,772,500	-	-	2,772,500
Federal - Section 8 HAP Subsidy	-	57,290,700	-	-	57,290,700
Federal - Capital Grants	-	-	27,669,200	-	27,669,200
City Contribution	375,500	1,255,000	2,150,000	-	3,780,500
Interest Income	48,600	3,600	-	-	52,200
Other Revenues, Fees, & Grants	732,000	687,400	2,500,000	-	3,919,400
Total Sources	41,807,900	62,009,200	33,965,600	-	137,782,700
Uses					
Property Management and Program Admin	8,456,650	3,672,600	10,000	273,500	12,412,750
Fees to COCC	5,501,600	1,485,700	1,636,400	-	8,623,700
Tenant Services	959,800	-	-	5,000	964,800
Utilities	7,220,400	-	-	-	7,220,400
Maintenance	12,470,400	5,600	-	-	12,476,000
Protective Services	3,426,350	-	-	-	3,426,350
Insurance & Casualty Loss	1,845,600	34,700	-	-	1,880,300
Other General	2,353,000	-	-	-	2,353,000
Debt Service	1,793,500	-	-	-	1,793,500
Housing Assistance Payments	-	49,866,900	-	-	49,866,900
Capital Improvements & Equipment	567,100	-	38,057,800	-	38,624,900
Total Uses	44,594,400	55,065,500	39,704,200	278,500	139,642,600
Net Operating Sources/(Uses)	(2,786,500)	6,943,700	(5,738,600)	(278,500)	(1,859,900)
Transfer in/(Out) for MTW Single Fund	2,637,400	(7,193,700)	4,277,800	278,500	-
Transfer in/(Out) for Collection Losses	149,100	-	-	-	149,100
Transfer in/(Out) for Stable Homes Stable Schools	-	250,000	-	-	250,000
Net Operating Sources/(Uses) after Transfers	-	-	(1,460,800)	-	(1,460,800)
Prior Years Lease to Own Sale Proceeds	-	-	1,460,800	-	1,460,800
Net Sources/(Uses)	-	-	-	-	-

The total 2022 MTW Budget is a balanced budget with the planned use of \$1.46 million in sale proceeds from the prior year's sales of public housing units to former public housing tenants as part of MPHA's Lease To Own Program (Section 32 Homeownership Program). Because HUD restricts the use of the sale proceeds, these funds are presented as restricted reserves on MPHA's financial reports. However, using these restricted reserves for capital improvements in MPHA's housing stock is a HUD permitted use.

The budget anticipates \$137.8 million in operating sources of funds and plans for \$139.6 million in uses of funds plus net transfers into the MTW Budget of \$1.46 million. The MTW Program reserve is budgeted to remain at \$13.8 million or 3.7 months of public housing routine operating costs and debt service.

Public Housing Operations

Over \$44.5 million is planned to be spent on the day-to-day operation of the public housing program, a 2.5% overall increase from 2021. The largest budgeted expense is in maintenance expenses, which is 28% of the program's expenses. The maintenance budget is up 2% from 2021 which was increased by 13% from 2019. MPHA pays the utility costs in all of the public housing properties and that cost is expected to be \$7.2 million. The budget assumes a modest increase in the heating costs but not at the 30% to 50% increases recently reported as a potential increase in the media. The annual debt service payments to satisfy borrowing in 2010 for the installation of energy saving measures totals \$1.8 million in 2022. Additionally, MPHA continues to place significant resources in protective services and funds \$3.4 million in this line item for 2022. In particular, the 2022 security guard budget is 68% higher than it was in 2017. The program is primarily funded by HUD operating subsidy (\$19.7 million) and tenant rent (\$17.9 million). The budget includes \$3 million in asset repositioning fees related to the sale of scattered site units to MPHA's wholly-owned affiliate entity, CHR. The additional fees are provided to assist housing authorities in removing the units from the public housing program.



Because HUD is expected to only fund the public housing program operating subsidy at 96% of the subsidy formula amount and because of the need for a significant amount spending to cover resident security needs, MPHA plans to cover these public housing operating costs with \$2.6 million of Housing Choice Voucher (HCV) subsidy. The public housing program also receives transfers in from the Central Office for covering losses for uncollectible rents (\$149,100).

The total public housing operations budget is subdivided into Asset Management Projects (AMPs). Each AMP is a cluster of high-rise buildings or properties which are grouped to promote efficient and effective management. MPHA's AMPs are based on the geographical proximity of the properties, housing type (family, high-rise), and program. MPHA has an organizational structure and management reporting system that allows for project-based management, accounting, and budgeting that meets HUD's asset management requirements. Below, the total public housing operating program budget is subdivided into each AMP.

2022 Recommended Public Housing Operations Budget by Asset Management Project (AMP)										
	Glendale	Scattered Sites	North	Northeast	Hiawatha	Cedars	Horn	Heritage Park	Suburban MHOP	Total PH Operations
Sources										
Tenant Revenue - Rents & Other	971,200	341,500	4,777,700	3,515,400	2,822,700	2,324,900	3,134,200	-	-	17,887,600
Federal - Operating Subsidies & Grants	884,800	511,900	4,475,200	3,123,400	3,460,400	2,678,000	3,394,900	901,700	272,100	19,702,400
Federal - Operating Subsidies & Grants (ARF)	-	3,061,800	-	-	-	-	-	-	-	3,061,800
City Funds	13,000	4,600	104,700	68,100	70,400	49,200	65,500	-	-	375,500
Interest Income	2,000	5,300	6,800	9,900	8,600	8,700	7,300	-	-	48,600
Other Revenues, Fees, & Grants	7,500	1,600	324,800	146,800	95,000	39,500	116,800	-	-	732,000
Total Sources	1,878,500	3,926,700	9,689,200	6,863,600	6,457,100	5,100,300	6,718,700	901,700	272,100	41,807,900
Uses										
Property Management	381,600	152,500	2,325,700	1,458,700	1,578,750	1,122,100	1,437,300	-	-	8,456,650
Fees	190,200	284,000	1,393,000	993,400	893,800	758,200	989,000	-	-	5,501,600
Tenant Services	83,900	26,300	225,700	175,100	164,000	120,000	164,800	-	-	959,800
Utilities	565,400	168,700	1,996,200	1,183,800	1,219,500	947,400	1,139,400	-	-	7,220,400
Maintenance	738,600	221,600	3,310,750	2,256,650	2,147,150	1,751,100	2,044,550	-	-	12,470,400
Protective Services	67,100	-	1,018,500	425,900	882,750	462,000	570,100	-	-	3,426,350
Insurance & Casualty Loss	103,500	33,900	466,100	321,700	325,600	279,100	315,700	-	-	1,845,600
Other General	37,700	47,700	327,300	296,000	171,200	114,900	184,400	901,700	272,100	2,353,000
Debt Service	11,300	500	477,500	498,600	328,500	138,700	338,400	-	-	1,793,500
Capital Improvements & Equipment	38,500	46,000	163,700	33,000	133,300	76,400	76,200	-	-	567,100
Total Uses	2,217,800	981,200	11,704,450	7,642,850	7,844,550	5,769,900	7,259,850	901,700	272,100	44,594,400
Net Operating Sources/(Uses)	(339,300)	2,945,500	(2,015,250)	(779,250)	(1,387,450)	(669,600)	(541,150)	-	-	(2,786,500)
Transfer in/(Out) between AMPs	333,800	(2,946,200)	1,058,850	401,500	627,050	300,000	225,000	-	-	-
Transfer in/(Out) for MTW Single Fund	-	-	895,700	312,550	753,900	363,800	311,450	-	-	2,637,400
Transfer in/(Out) for Collection Losses	5,500	700	60,700	65,200	6,500	5,800	4,700	-	-	149,100
Net Operating Sources/(Uses) after Transfers	-	-	-	-	-	-	-	-	-	-
Budgeted Reserves as of Dec. 2022										12,815,800

MTW Housing Choice Voucher Program

The MTW budget funds an average of 4,521 participants each month with MTW Housing Choice Vouchers (HCV) and continues MPHA's rent reform initiative. The budgeted utilization is planned at 100% of the MTW baseline. The HCV budget holds MPHA's payment standards at the levels established for 2021. The 2022 HCV Program anticipates \$49.8 million will be needed for housing assistance payments (HAP).

The Budget estimates that HUD will provide \$57.3 million in HCV HAP Subsidy and the City of Minneapolis will provide \$1.3 million for HAP costs needed for its Stable Homes, Stable Schools Initiative. Since the program sources of funds are greater than the planned need for HAP and program administrative costs, it is expected that \$7.2 million of net sources will be available for MTW Single Fund transfers.

Capital Fund Program

MPHA's existing physical needs data indicates it has a current unmet need of \$164 million that will grow to over \$500 million over the next 20 years. These figures do not take into account applied capital funding, as it is difficult to predict future funding levels and availability. This estimate of unmet need represents building components that have reached or exceeded their estimated useful life. When formulating its annual capital plan, MPHA is forced to make difficult decisions between competing needs due to continual insufficient funding. To aid in capital planning with limited resources MPHA considers several factors including:

1. The type of need:
 - Building Systems/Infrastructure (e.g. mechanical systems, plumbing and electrical systems, security systems, fire protection systems, roofs/façades, windows, elevators, etc.) – Components that are required to keep the building functioning and safe.
 - Building Site Work, Interiors & Equipment/Furnishings (apartment kitchen and bath rehab, landscaping/site improvements, community room furnishings, building amenities, etc.) –Components that address livability and resident quality of life.
2. The remaining useful life of the building component, which generally ranges between 0 – 20 years.
3. The urgency of action relative to other competing capital needs:
 - a. Low: This action is not currently impeding building functionality or safety and may be deferred. Quality of life may be impacted by deferment.
 - b. Medium: This action is not currently impeding building functionality or safety, but should be done with in the next 2-5 years. Quality of life may already be impacted and manageable component failure may occur by deferment.
 - c. High: This action is of high urgency and necessary to address building functionality and livability and should be done within the next 1-2 years. Quality of life is likely impacted and component failures will become more frequent by deferment.

- d. Urgent: This action should not be deferred and must be done as soon as possible. Building functionality or safety is currently compromised.

A large portion of MPHA's immediate capital needs are infrastructure/building systems. Aging systems and infrastructure at many of our buildings have exceeded their life expectancy and have started to fail. MPHA deems a portion of these items as high or urgent needs that could become life/safety needs if left unaddressed. Additionally, as building codes have evolved, we need to address increased safety requirements such as retrofitting our high-rise buildings with sprinkler systems. Consistent with the *Strategic Vision and Capital Plan* adopted by the Board in 2018, MPHA has prioritized infrastructure/building systems and will target these types of improvements with its limited Capital Fund resources until major reinvestment opportunities materialize.

In addition to the costs for the day-to-day public housing operation, \$39.7 million is planned for implementing major building rehabilitation projects including the following:

- \$14.5 million for fire suppression systems
- \$5.8 million for comprehensive rehab at 1314 44th Avenue North
- \$1.4 million in electrical switch gear replacements
- \$4.1 million in Cedars Lowrises façade and window replacements
- \$1.5 million at 1707 Third Avenue façade and windows
- \$225K in security cameras (1515 Park Avenue, 828 Spring Street, 5th Avenue Highrise) and \$240K in entry guard systems (2415 North 3rd Street)
- \$5 million for new construction of 84 townhomes
- \$3.6 million for predevelopment for CHR rehab

A portion of anticipated 2022 HUD Capital Grant awarded funds and carry over capital funds from prior years' grant awards combined with \$1.5 million in sale proceeds from prior year's sales of public housing units and \$4.65 million of HCV funds are planned to be used to carry out \$39.7 million for the work items listed on the following schedule.

2022 Planned Capital Projects

Sources		
2020 Capital Fund Grant ¹		6,029,300
2021 Capital Fund Grant		16,363,800
2022 Capital Fund Grant ²		6,922,500
HCV HAP Funds		4,277,800
Prior Year Lease to Own sale proceeds ³		1,460,800
City Contribution		1,000,000
CDBG Funds		1,150,000
POHP Loans		2,500,000
Total Sources		39,704,200
Uses		
600 18th Avenue North	Fire suppression system installation	2,450,000
1206 2nd Street NE	Fire suppression system installation	500,000
1717 Washington Street NE	Fire suppression system installation	1,300,000
630 Cedar Avenue South	Fire suppression system installation	1,585,000
2728 East Franklin Avenue	Fire suppression system installation	1,000,000
Horn Towers	Fire suppression system installation	3,000,000
2121 Minnehaha Avenue	Fire suppression system installation	870,000
314 Hennepin Avenue	Fire suppression system installation	2,000,000
Hiawatha Towers	Fire suppression system installation	1,000,000
1627 South 6th Street	Fire suppression system installation	850,000
Cedars Lowrises	Structural repairs	450,000
Multiple highrises	Priority camera installations	225,000
Various	Entry guard systems replacement	240,000
1707 3rd Avenue South	Apartment entry door replacement	200,000
Hiawathas	Railing for roofs	90,000
1515 Park Avenue South	Main electrical switch gear & generator replacement	525,000
1920 4th Avenue South	Main electrical switch gear & generator replacement	525,000
1710 Plymouth Avenue	Main electrical switch gear replacement	180,000
710 2nd Street NE	Main electrical switch gear replacement	180,000
Varies - CHR Homes	Contribution toward construction of 84 PBV homes ⁴	5,000,000
2415 North 3rd Street	Façade and balcony repairs	120,000
1707 3rd Avenue South	Façade repairs & window replacement	1,500,000
1314 44th Avenue North	Façade restoration	775,000
Cedars Lowrises (620 Cedar)	Façade restoration & window replacement (phase I of III)	1,700,000
Cedars Lowrises (1611 S 6th)	Façade restoration & window replacement (phase II of III)	2,000,000
Various	Façade/window repairs	200,000
Glendale Townhomes	Replacement of flat roofs & soffits	200,000
1515 Park & 630 Cedar	Partial roof replacement & roof repairs	35,000
Glendale	Plumbing replacement at turns - 15/year	107,800
1314 44th Avenue North	Plumbing, bath upgrades, fire suppression, flooring, appliances, kitchens	5,000,000
Multiple highrises	Priority concrete/sidewalk repairs	75,000
Multiple highrises	Trash dumpster replacement	50,000
Various	Area-wide systems upgrades	225,000
N/A	Pre-development	3,600,000
N/A	Contingency	300,000
N/A	Administration	1,636,400
N/A	Audit fee	10,000
Total Uses		39,704,200
Net Sources/(Uses)		-
¹ Estimated 2020 Capital Fund Grant award remaining as of 1/1/22		
² Estimated spending from the 2022 Capital Fund Grant - not the entire estimated grant award amount		
³ These funds were originally planned in 2021 but are estimated to remain as of 1/1/22		
⁴ Another \$4.6 million has been awarded from the City contingent upon closing on the construction of 84 new units		

MTW Single Fund Flexibility

The MTW Agreement provides MPHA financial flexibility to expend HUD public housing operating and capital resources and Housing Choice Voucher (HCV) Program resources interchangeably among these programs rather than limited within the program “silos” from which the funds were derived. The combination of the three programs create an MTW Block Grant with an expanded allowable use of funds beyond what traditional PHA’s are permitted. The term used in the MTW Agreement for this ability is “Single Fund Flexibility”. The expanded use of funds provides MPHA the opportunity to design and test innovative, locally-designed strategies that use Federal dollars more efficiently and provide opportunities for program creativity and innovation. The 2022 use of Single Fund Flexibility is presented on the MTW Single Fund Flexibility Transfer Schedule. The financial flexibility utilizes \$7.2 million of HCV Program resources to fund increased public housing operating costs related to property security and appropriations shortfall. The financial flexibility also utilizes \$278,500 for MTW administration and outside legal counsel on MTW matters.

MTW Single Fund Flexibility Transfer Schedule	
Transfer (Out) for MTW Single Fund Details:	
HCV Net Income	6,943,700
Transfer in of City funds for Stable Homes Stable Schools	250,000
Total MTW Single Fund Transfers (Out)	(7,193,700)
Transfer In for MTW Single Fund Details:	
Fund Public Housing Ops @100%	948,508
Public Housing Security supplemental funding	1,688,892
Operating Fund Program	2,637,400
MTW Admin Support and Legal	278,500
Capital Fund Improvements	4,277,800
Total MTW Single Fund Transfers In	7,193,700
Total Net Transfers In/(Out)	-

Lastly, \$4.3 million is being used from MTW Single Fund Flexibility for capital improvement spending. The ability to redirect these resources in 2022 permits the MPHA to increase funding for capital improvement work including the installation of fire suppression systems. Please refer to the 2022 Planned Capital Projects schedule on page 10 for a complete listing of capital spending.

Central Office Cost Center

Consistent with HUD's asset management requirements, overhead costs that benefit one or more HUD programs are budgeted for within the Central Office Cost Center (Central Office). The Central Office holds the general administrative overhead for MPHA and accounts for 6% of the overall ordinary uses of funds.

The Central Office budgeted costs are supported by fees charged to each program and are limited by HUD regulations. MPHA plans to charge up to the HUD permitted fees, including fees permitted by MPHA's local asset management plan. These fees are non-program income, de-federalized, and subject only to local government restrictions. Maximizing this fee revenue offers MPHA the greatest discretion in supporting all programs, funds to leverage other grants, and for development activities and loan commitments.

The 2022 Central Office budget is balanced. It includes \$11 million in routine uses and \$149,100 to cover public housing rent collection losses. The uses are supported by \$11 million in fees charged to other HUD programs and managed services properties combined with \$37,900 in other income.

Central Office	
Sources	
Interest Income	29,000
Central Office Fee Revenue	11,091,700
Other Revenues, Fees, & Grants	8,900
Total Sources	11,129,600
Uses	
Administration	10,004,800
Utilities	142,000
Maintenance	223,800
Protective Services	69,900
Insurance & Casualty Loss	121,000
Other General	101,300
Capital Improvements & Equipment	317,700
Total Uses	10,980,500
Net Operating Sources/(Uses)	149,100
Transfer in/(Out) for Collection Losses	(149,100)
Net Operating Sources/(Uses) after Transfers	-

Development Administration

MPHA staff and consulting services performing functions related to administering MPHA's development services are accounted for within the Development Administration budget. The intent of separating out development administrative services from other MPHA administration is to insure that developer fees and other contractor fees, when self-performing construction, are sufficient to support the costs needed to execute the development work. Development work planned in 2022 includes the completion of the Elliotts Twins RAD conversion and scattered site new unit construction.

The Development Administration budget requires \$1.3 million in uses of funds and also includes the repayment of a \$1.2 million bridge loan provided by CHR for 2021 development administration expenses.

Development Administration	
Sources	
Other Revenues, Fees, & Grants	2,494,900
Total Sources	2,494,900
Uses	
Fees to Central Office	259,000
Development Administration	1,035,900
Capital Improvements & Equipment	-
Total Uses	1,294,900
Net Ordinary Sources/(Uses)	1,200,000
Loan from Affiliates	(1,200,000)
Net Operating Sources/(Uses)	-

Other Program Budgets

Other Vouchers

In addition to MTW funds, MPHA receives funds for other federal housing voucher programs (Other Vouchers). These HUD programs include Section 8 moderate rehabilitation and single room occupancy housing vouchers, Veterans Affairs Supportive Housing (VASH), Family Unification Program (FUP), Mainstream Vouchers, Emergency Housing Vouchers, and vouchers dedicated to CHR and Elliotts LP former public housing units.

The Section 8 moderate rehabilitation program and Section 8 single room occupancy program provides project-based rental assistance to cover rent plus property rehabilitation costs to private owners that rent to low-income families. The HUD-funded VASH program provides rental assistance for homeless veterans. The FUP program provides rental assistance to families where inadequate housing is a primary factor preventing the placement of a child or the return of a child from out-of-home care. Mainstream vouchers provide housing assistance to non-elderly persons with disabilities. The Emergency Housing Voucher (EHV) program is available through the American Rescue Plan Act (ARPA) and provides housing vouchers and other resources to assist individuals and families who are homeless, at-risk of homelessness, fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking, or were recently homeless or have a high risk of housing instability.

In total, these programs are planned to provide housing assistance to 1,849 families per month. To fund increased utilization in the VASH program, the Other Voucher budget calls for the use of \$208,600 in reserves.

	Other Vouchers	Insurance Fund	Managed Services Group	Other Non- Federal Funds
Sources				
Federal - Section 8 Admin Fee Subsidy	1,994,300	-	-	-
Federal - Section 8 HAP Subsidy	19,664,700	-	-	-
City Contribution	-	-	-	1,496,900
Interest Income	-	8,000	-	2,400
Managed Services Group Revenue	-	-	10,802,700	687,925
Other Revenues, Fees, & Grants	-	-	1,390,300	502,900
Total Sources	21,659,000	8,000	12,193,000	2,690,125
Uses				
Property Management and Program Admin	1,394,200	-	2,348,200	926,025
Administration	-	-	-	-
Fees to COCC	433,500	-	1,390,300	124,300
Tenant Services	200,000	-	55,200	27,425
Utilities	-	-	424,100	32,100
Maintenance	2,400	-	3,080,100	202,325
Protective Services	-	-	400	102,050
Insurance & Casualty Loss	14,100	-	315,100	26,000
Other General	-	50,000	1,500	1,076,200
Housing Assistance Payments	19,823,400	-	-	-
Capital Improvements & Equipment	-	-	4,578,100	1,300
Total Uses	21,867,600	50,000	12,193,000	2,517,725
Net Operating Sources/(Uses)	(208,600)	(42,000)	-	172,400
Transfer in/(Out) for Stable Homes Stable Schools	-	-	-	(250,000)
Net Operating Sources/(Uses) after Transfers	(208,600)	(42,000)	-	(77,600)

Insurance Fund

MPHA has traditionally been self-insured for general liability (tort) claims and other claims not covered by purchased insurance for property, auto, workers compensation, crime, and cyber exposures. The Insurance Fund was created to cover this liability. Self-insurance for this exposure was used for the public housing program at the City of Minneapolis and continued upon MPHA's separation from the City. In 2019 MPHA purchased insurance to cover comprehensive general liability, directors and officers omissions and errors, and employment practices liability insurance. However, to cover potential claim liability prior to the purchase of insurance, claims

that fall outside the insurance coverage, or administration and counsel to MPHA on defending claims the budget is calling for \$42,000 from reserves.

Managed Services Group

The Managed Services Group (MSG) is a relatively new fund created to account for contracted services the MPHA will provide to its affiliated entities for property management and maintenance. MSG is expecting to receive sufficient revenues for the services provided so that the operation will breakeven.

Other Non-Federal Funds

The Other Non-federal funds includes City of Minneapolis and Pohlad Foundation contributions for the non-housing costs for the Stable Homes, Stable Schools initiative and associated program costs. In 2022 it includes funds passed through MPHA under the Emergency Rental Assistance Program for the payment of rents to Section 8 landlords whose tenants have fallen behind due to COVID-19. It also includes funds awarded as a settlement from HUD regarding the offset of 2012 operating subsidy.

Reserve Accounts

Prudent fiscal management and HUD oversight dictate that MPHA maintain adequate reserves. MPHA manages multiple reserve accounts under various guidelines and restrictions. All agency reserves must be spent on public purposes, and some are further limited by the grant award (for example, \$1.3 million of the reserves is limited to non-MTW Section 8 expenses and other housing purposes permitted by the federal appropriation line item). Unless otherwise described as restricted, the reserves referred to in this report are referencing unrestricted reserves. Restricted reserves are those that the funder places restrictions on their use beyond the overall program's activities.

Typical affordable housing underwriting standards require six months of operating and debt service costs in reserves. HUD also evaluates the adequacy of a public housing project's reserves by comparing the reserve balance to the number of months of operating expenses it could cover. To receive the highest evaluation score, a public housing project must have at least four months of operating costs in its reserves. The MTW reserves are budgeted for fiscal year end 2022 at \$13.8 million; the equivalent of 3.7 months of routine public housing operating and debt service costs.

Program	2021 Estimated Reserve Amount	2022 Budgeted Reserve Amount
Moving To Work	\$ 13.8 million	\$ 13.8 million
Central Office Cost Center	\$ 4.6 million	\$ 4.6 million
Other Vouchers	\$ 1.9 million	\$ 1.7 million
General Liability Self Insurance	\$ 3.8 million	\$ 3.7 million
Other	\$ 3.4 million	\$ 3.3 million
Overall	\$ 27.4 million	\$ 27.1 million

The Central Office reserve is projected to end 2022 at \$4.6 million. This reserve has the least amount of program restrictions and can be used as needed across all MPHA programs.

MPHA's Insurance Fund and Other Non-Federal Funds are budgeted to have \$3.7 million and \$3.3 million respectively in reserves at year-end. In total, MPHA reserves are budgeted at \$27.1 million. Because MPHA is the guarantor for financing for the redevelopment of Elliot Twins, MPHA must maintain \$5 million of uncommitted reserves until the guarantee obligations have been met.

As MPHA implements its long-term *Strategic Vision and Capital Plan*, transactions that involve third-party financing will often require reserve commitments, and MPHA reserves will be needed for these commitments. Furthermore, financing requirements may likely require the commitments to come from non-federal reserves. Currently, CHR, MPHA's wholly-owned affiliate, is preparing to finance capital improvements for scattered site properties and will also be required to commit a portion of reserves for loan guaranties. Because of the uncertainty on the amount and the nature of commitments that might be required, the 2022 MPHA budget does not include a use of reserves for these commitments but they should be considered in evaluating the MPHA reserve level. Also, although MPHA carries property and liability insurance, the fire at 630 Cedar Avenue South may require expenses not covered by insurance and may call for an additional use of reserves beyond the 2022 budgeted use of funds.

Elliot's Limited Partnership

As the Contract Administrator of the RAD HAP contract with Elliot's LP, HUD requires that the MPHA Board of Commissioners must confirm that the Elliot's LP budget is making deposits into the Reserve for Replacement account in accordance with the RAD Conversion Commitment. The RAD Conversion Commitment requires monthly deposits of \$4,600 into the Reserve for Replacement commencing at substantial completion of the project. Substantial completion is planned for no later than March 1, 2022. As such, the budget calls for \$55,200 in replacement reserve deposits to be made in 2022. The equity partner, RBC-Elliot Twins LLC, has been provided this budget for their approval.

Elliot's LP	
Sources	
Tenant Revenue -Rents & Other	1,981,100
Developer Fees	-
Total Sources	1,981,100
Uses	
Property Management and Program Admin	276,225
Development Administration	-
Fees	143,300
Tenant Services	27,425
Utilities	219,100
Maintenance	277,900
Protective Services	99,250
Insurance & Casualty Loss	100,450
Other General	27,100
Debt Service	317,800
Capital Improvements & Equipment	1,300
Total Uses	1,489,850
Net Ordinary Sources/(Uses)	491,250
Replacement Reserve Deposits	55,200
Net Operating Sources/(Uses)	436,050
Loan to MPHA	-
Net Sources/(Uses)	436,050

2022 Sub-Fund Budget Summary

The total MPHA Budget by sub-fund is presented below.

Sources	MTW Single Fund					Total MTW Programs	Other Vouchers	Safety and Security Grant	Insurance Fund	Development Services	Central Office	Managed Services Division	Other Non-Federal Funds	Inter-Program Eliminations	Total MPHA
	Public Housing Operations	MTW Housing Choice Vouchers	Capital Fund Program	MTW Initiatives											
Tenant Revenue - Rents & Other	17,887,600	-	-	-	17,887,600	-	-	-	-	-	-	-	-	-	17,887,600
Federal - Operating Subsidies & Grants	19,702,400	-	1,646,400	-	21,348,800	-	-	-	-	-	-	-	-	-	21,348,800
Federal - Operating Subsidies & Grants (ARF)	3,061,800	-	-	-	3,061,800	-	-	-	-	-	-	-	-	-	3,061,800
Federal - Section 8 Admin Fee Subsidy	-	2,772,500	-	-	2,772,500	-	-	-	-	-	-	-	-	-	4,766,800
Federal - Section 8 HAP Subsidy	-	57,290,700	-	-	57,290,700	-	-	-	-	-	-	-	-	-	76,955,400
Federal - Capital Grants	-	-	27,669,200	-	27,669,200	-	-	-	-	-	-	-	-	-	27,786,700
City Contribution	375,500	1,255,000	2,150,000	-	3,780,500	-	-	-	-	-	-	-	-	-	5,277,400
Interest Income	48,600	3,600	-	-	52,200	-	-	-	8,000	-	29,000	-	1,496,900	-	91,600
Central Office Fee Revenue	-	-	-	-	-	-	-	-	-	-	11,091,700	-	2,400	-	260,500
Property Management Services Revenue	-	-	-	-	-	-	-	-	-	-	-	11,490,625	-	-	11,490,625
Other Revenues, Fees, & Grants	732,000	687,400	2,500,000	-	3,919,400	-	-	-	-	2,494,900	8,900	1,514,600	378,600	-	8,316,400
Total Sources	41,807,900	62,009,200	33,965,600	-	137,782,700	21,659,000	117,500	8,000	2,494,900	11,129,600	13,005,225	1,877,900	(10,830,800)	-	177,244,425
Uses															
Property Management and Program Admin	8,456,650	3,672,600	10,000	273,500	12,412,750	1,394,200	-	-	-	-	2,642,425	-	631,800	-	17,081,175
Administration	-	-	-	-	-	-	-	-	-	1,035,900	10,004,800	-	-	-	10,004,800
Development Administration	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,035,900
Fees to COCC	5,501,600	1,485,700	1,636,400	-	8,623,700	433,500	-	-	-	259,000	-	1,514,600	-	(10,830,800)	-
Tenant Services	959,800	-	-	5,000	964,800	200,000	-	-	-	-	82,625	-	-	-	1,247,425
Utilities	7,220,400	-	-	-	7,220,400	-	-	-	-	-	142,000	456,200	-	-	7,818,600
Maintenance	12,470,400	5,600	-	-	12,476,000	2,400	-	-	-	-	223,800	3,282,425	-	-	15,984,625
Protective Services	3,426,350	-	-	-	3,426,350	-	-	-	-	-	69,900	102,450	-	-	3,598,700
Insurance & Casualty Loss	1,845,600	34,700	-	-	1,880,300	14,100	-	-	-	-	121,000	341,100	-	-	2,356,500
Other General	2,353,000	-	-	-	2,353,000	-	-	-	50,000	-	101,300	4,000	1,073,700	-	3,582,000
Debt Service	1,793,500	-	-	-	1,793,500	-	-	-	-	-	-	-	15,000	-	1,808,500
Housing Assistance Payments	-	49,866,900	-	-	49,866,900	19,823,400	-	-	-	-	317,700	4,579,400	-	-	69,690,500
Capital Improvements & Equipment	567,100	-	38,057,800	-	38,624,900	-	-	117,500	-	-	-	-	-	-	43,639,500
Total Uses	44,594,400	55,065,500	39,704,200	278,500	139,642,600	21,867,600	117,500	50,000	1,294,900	10,980,500	13,005,225	1,720,500	(10,830,800)	-	177,846,425
Net Operating Sources/(Uses)															
	(2,786,500)	6,943,700	(5,738,600)	(278,500)	(1,859,900)	(208,600)	-	(42,000)	1,200,000	149,100	-	-	157,400	-	(604,000)
Transfer in/(Out) for MTW Single Fund	2,637,400	(7,193,700)	4,277,800	278,500	-	-	-	-	-	-	-	-	-	-	-
Transfer in/(Out) for Collection Losses	149,100	-	-	-	149,100	-	-	-	-	-	(149,100)	-	-	-	-
Transfer in/(Out) for Stable Homes Stable Schools	-	250,000	-	-	250,000	-	-	-	-	-	-	-	(250,000)	-	-
Net Operating Sources/(Uses) after Transfers															
	-	-	(1,460,800)	-	(1,460,800)	(208,600)	-	(42,000)	1,200,000	-	-	-	(92,600)	-	(604,000)
Repayment of loan from Affiliates	-	-	-	-	-	-	-	-	-	(1,200,000)	-	-	-	-	(1,200,000)
Prior Years Lease to Own Sale Proceeds ²	-	-	1,460,800	-	1,460,800	-	-	-	-	-	-	-	-	-	1,460,800
Net Sources/(Uses)															
	-	-	-	-	-	(208,600)	-	(42,000)	-	-	-	-	(92,600)	-	(343,200)
Budgeted Reserves¹ as of Dec. 2021															
	12,815,800	981,000	-	-	13,796,800	1,901,900	3,764,400	(42,000)	-	4,622,200	1,000,000	2,352,900	(92,600)	-	27,438,200
Budgeted Changes in Reserves															
	-	-	-	-	-	(208,600)	-	-	3,722,400	-	4,622,200	1,000,000	2,260,300	-	(343,200)
Budgeted Reserves¹ as of Dec. 2022															
	12,815,800	981,000	-	-	13,796,800	1,693,300	-	-	-	-	-	-	-	-	27,095,000

¹ Reserves are defined as Unrestricted Net Position

² Prior Years Lease to Own Sale Proceeds are currently held as Restricted Net Position

MPHA Affiliate Organizations

The bylaws for Community Housing Resources (CHR) and MPHA Dev. Co. makes the Executive Director responsible for the fiscal affairs and the budgets of these organizations. The MPHA Board of Commissioners is provided the Executive Director's 2022 budget for CHR and MPHA Dev. Co. below.

	CHR	MPHA Dev Co
Sources		
Tenant Revenue -Rents & Other	14,612,784	-
Developer Fees	-	3,018,866
Total Sources	14,612,784	3,018,866
Uses		
Property Management and Program Admin	1,679,100	-
Development Administration	-	2,494,900
Fees	1,651,200	-
Tenant Services	55,200	-
Utilities	2,639,200	-
Maintenance	4,134,700	-
Protective Services	-	-
Insurance & Casualty Loss	568,100	-
Other General	177,700	-
Debt Service	-	-
Capital Improvements & Equipment	4,578,100	-
Total Uses	15,483,300	2,494,900
Net Ordinary Sources/(Uses)	(870,516)	523,966
Replacement Reserve Deposits	-	-
Net Operating Sources/(Uses)	(870,516)	523,966
Loan to MPHA	1,200,000	-
Net Sources/(Uses)	329,484	523,966
Budgeted Reserves¹ as of Dec. 2021	1,738,400	249,800
Budgeted Changes in Reserves	329,484	523,966
Budgeted Reserves¹ as of Dec. 2022	2,067,884	773,766

Acronyms

Adm. or Admin = Administration
ARF = Asset Repositioning Fee
CHR = Community Housing Resources
CMHWC = Cora McCorvey Health & Wellness Center
COCC = Central Office Cost Center
Dec. = December
EPC = Energy Performance Contract
Exp = Expense
FHF = Family Housing Fund
FUP = Family Unification Program
GL = General Liability
HAP = Housing Assistance Payment
HCV = Housing Choice Voucher
HVAC = Heating, Ventilation, and Air Conditioning
HUD = Department of Housing and Urban Development
J-PAL = J-Poverty Action Lab Grant
LP = Limited Partnership
MHOP = Metropolitan Housing Opportunities Program
MHRC = Minneapolis Highrise Representative Council
MPHA = Minneapolis Public Housing Authority
MSG = Managed Service Group
MTW = Moving To Work
N/A = Not applicable
Ops = Public Housing Operations
QMP = Quality Maintenance Program
RAD = Rental Assistance Demonstration Program
RBC = Royal Bank of Canada (equity partner in Elliots LP)
RCC = RAD Conversion Commitment
SS = Scattered Sites
TBD = To be determined
TPV = Tenant Protection Voucher
VASH = Veteran Affairs Supportive Housing
VOA = Volunteers of America



Monthly Performance Report

Minneapolis Public Housing Authority
Board of Commissioners
For the month ending November 30, 2021

Contents

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

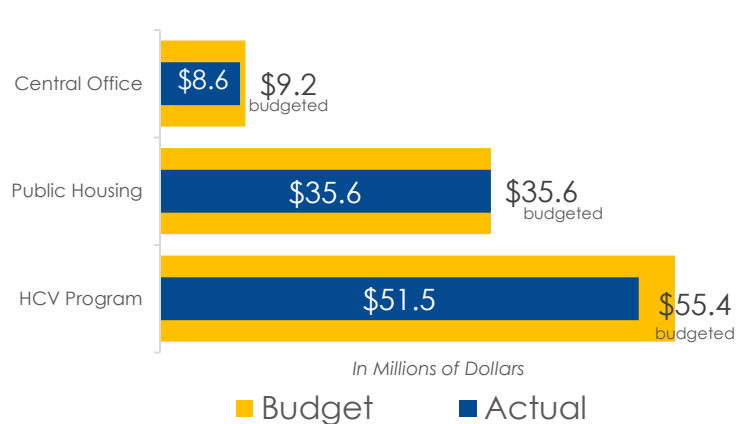
****This financial report below is as of October because the General Ledger is not yet closed for November as of the distribution date of this report.****



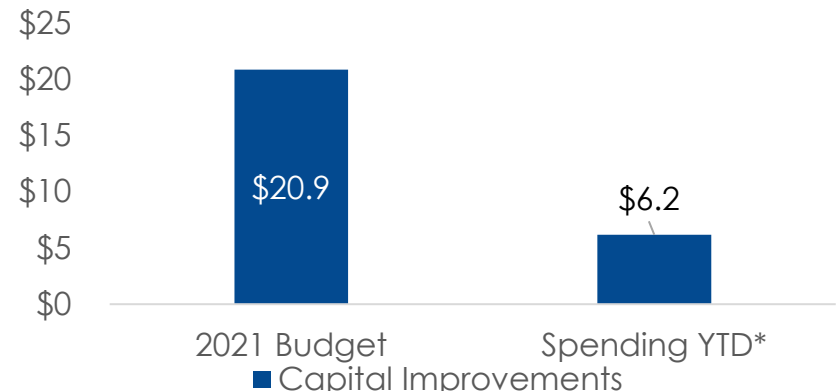
Operating Sources and Uses MTW Public Housing and Housing Choice Voucher (HCV) Program

Sources	YTD Budget	YTD Actual	Favorable (Unfavorable) Variance	Variance %
Tenant Revenue -Rents & Other	\$ 13,991,500	\$ 14,320,338	\$ 328,838	2%
Public Housing Operating Subsidy	\$ 18,098,980	\$ 20,677,959	\$ 2,578,979	14%
HCV HAP Subsidy & Admin Fees	\$ 53,944,272	\$ 49,876,862	\$ (4,067,410)	-8%
Other Revenues, Fees, & Grants	\$ 2,409,030	\$ 2,830,739	\$ 421,709	18%
Transfers-In	\$ 208,333	\$ 281,108	\$ 72,775	35%
Total Sources	\$ 88,652,115	\$ 87,987,006	\$ (665,109)	-1%
Uses				
Public Housing Operations	\$ 35,563,583	\$ 35,553,010	\$ 10,573	0%
Housing Choice Vouchers	\$ 55,430,645	\$ 51,524,272	\$ 3,906,373	7%
MTW Initiatives and Other Services	\$ 318,870	\$ 73,676	\$ 245,194	77%
Total Uses	\$ 91,313,098	\$ 87,150,958	\$ 4,162,140	5%
Net Sources/(Uses)	\$ (2,660,983)	\$ 836,048	\$ 3,497,031	131%

Year to Date (YTD) Expenses



MTW Capital Fund Program

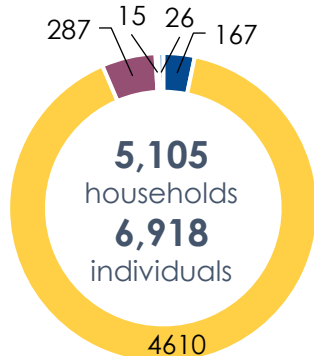


*An additional \$11.3 million is under obligation for capital projects YTD

Public Housing Programs



Occupied Units*



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

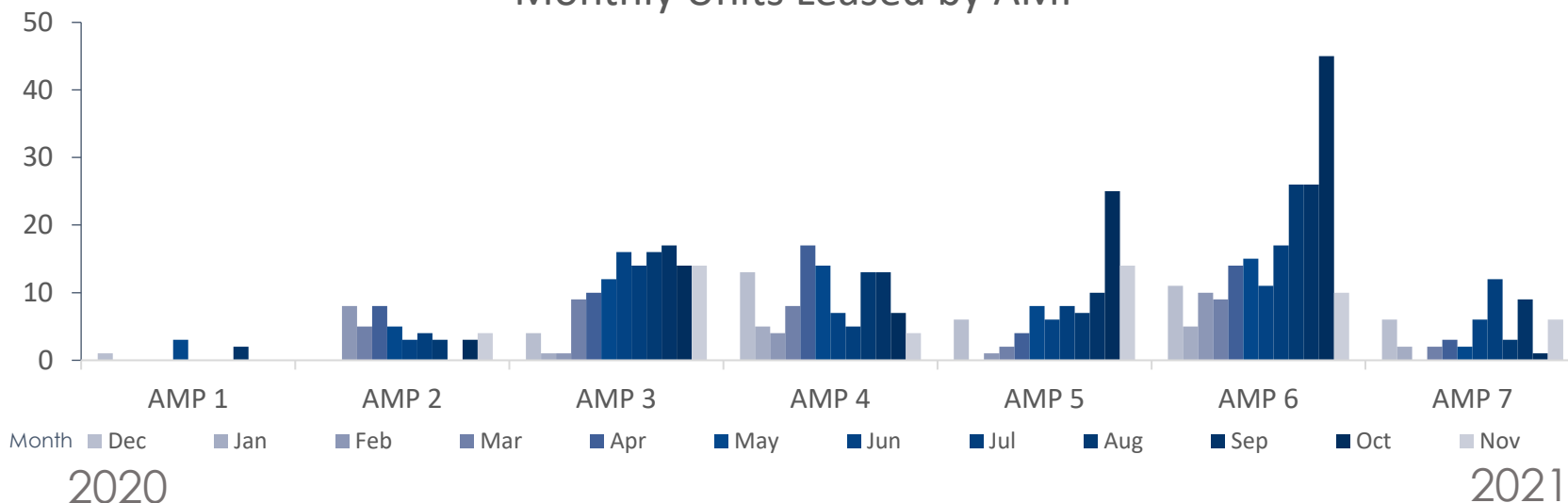
52

new units leased
during month

98.0%

occupancy

Monthly Units Leased by AMP



*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)

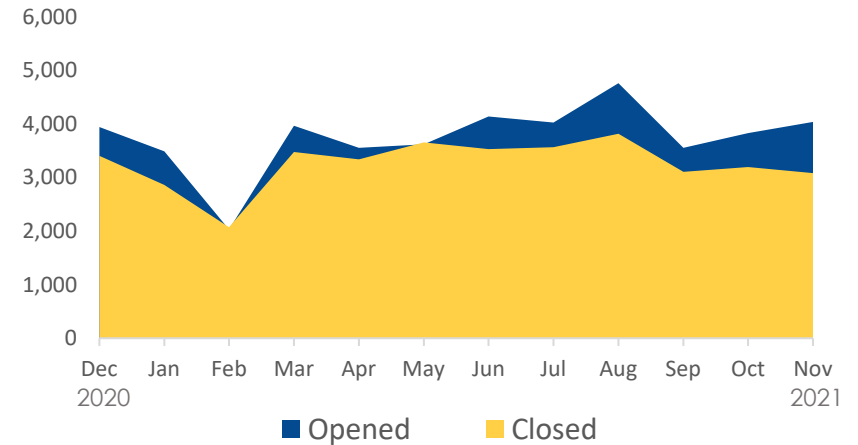
***Update to this metric pending software conversion reconciliation

Public Housing Programs

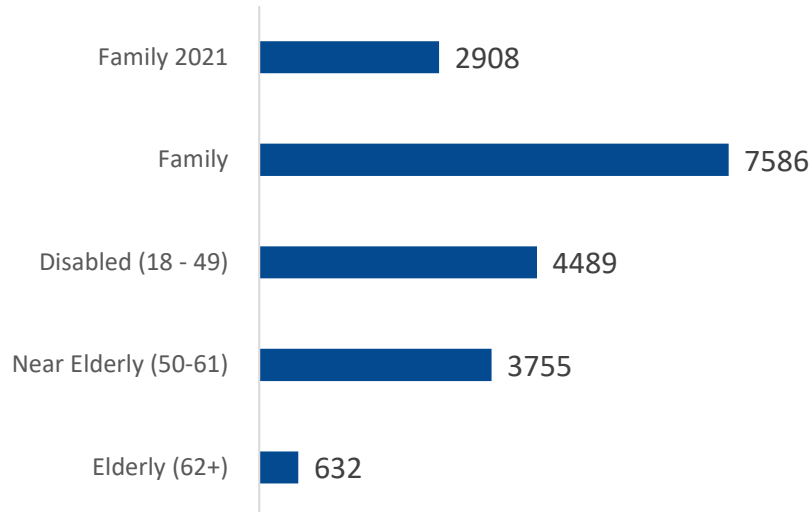


Reason for Vacating Unit	Count
Death	12
Moving Out of Town	6
Illness	5
Moving in with or closer to Family	4
To Nursing Home	4
Other	3
Dislike Unit	2
Change in Family Composition	2
Found Alternative Housing	2
Evicted - Criminal Acts	1
Mutual Agreement	1

Work Orders Opened and Completed by Month



Applicants on Waiting List

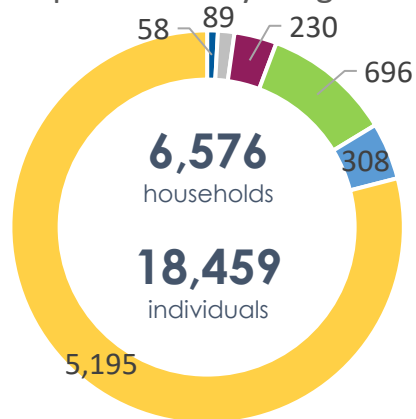


Goal	Total Completed	% Completed within Goal	Average Days Open
Emergency: 24 Hours	81	100%	0
Urgent: 1 Day	772	88%	0
After Hours Non-Emergency: 2 Days	2	100%	0
Important: 3 Days	647	77%	2
Routine: 10 Days	687	89%	3
Non-Routine: 20 Days	31	94%	5
Pest Control	140	100%	7

Housing Choice Voucher Programs



People Served by Program*



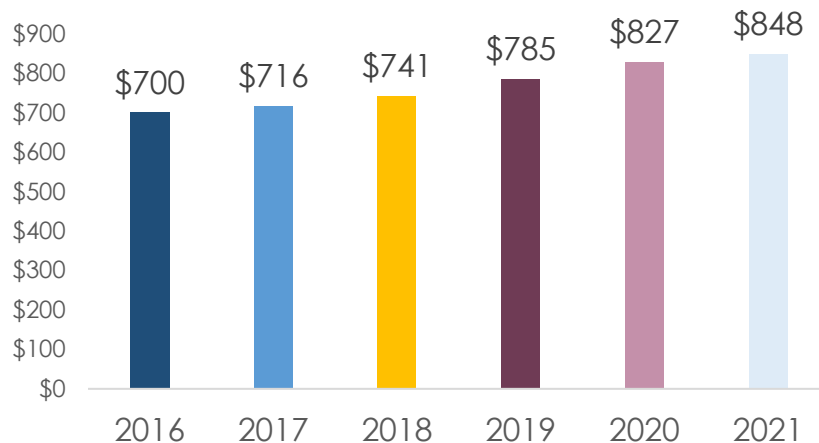
■ Sponsor-Based
■ Mod Rehab
■ FUP and VASH

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

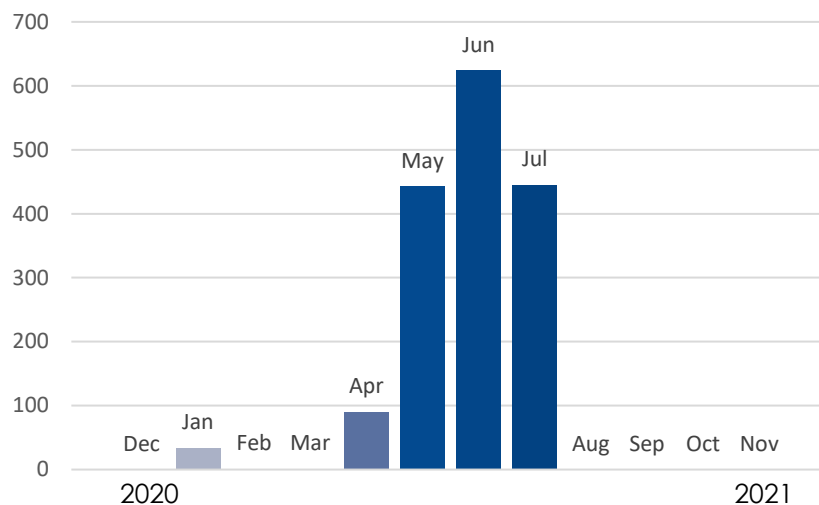
Family Unification Program and Veterans Affairs Supportive Housing

*Including port-ins and port-outs

Average Housing Assistance Payment per Unit, Year to Date

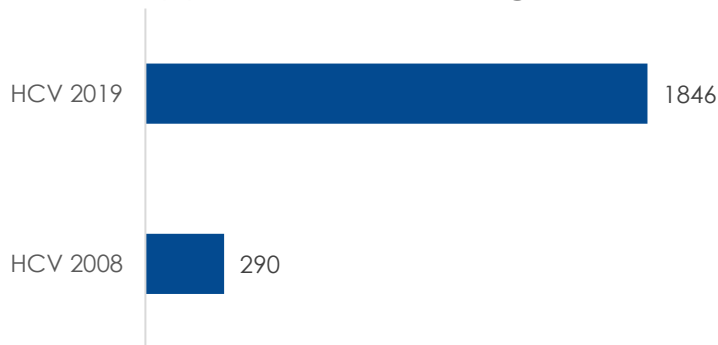


Annual Inspections Conducted*



*Inspections were subjected to interruption by COVID-19 Safety Procedures

Applicants on Waiting List



Building Improvement Projects - Planning



ADDRESS	DESCRIPTION OF WORK	STATUS
1314 44 th Avenue North	Plumbing replacement, fire sprinkler system installation, unit bath modernization/new finishes	Re-bidding
Multiple highrises	Security surveillance system upgrades funded via HUD's Safety & Security Grant	Re-bidding

Development Projects - Planning

ADDRESS	DESCRIPTION OF WORK	STATUS
CHR scattered site units	Major modernization	Planning
Scattered sites new construction	Development of new family housing	Planning

Building Improvement Projects - Active

ADDRESS	DESCRIPTION OF WORK	STATUS
CHR units – various scattered sites	2021 improvements: roof & siding replacement, unit modernization, structural repairs	Ongoing
Cora McCorvey Center	HVAC system upgrades	Substantially complete
Hiawatha Towers	HCPD accessible unit upgrades, common area improvements	In progress
1707 3 rd Ave S/1611 S 6 th St/2728 Franklin/Snellings	Elevator modernization	Substantially complete
314 Hennepin Avenue	Roof & skylight replacement	In progress
1707 3 rd Avenue South	Unit entry door replacement	In progress
Cedars highrises	Window replacement and exterior façade repairs	In progress; multi-year project
Multiple highrises & Glendale townhomes	Security surveillance system upgrades	Substantially complete
Multiple highrises	Fire sprinkler system installation	Contracts awarded; determining start dates

Development Projects - Active

ADDRESS	DESCRIPTION OF WORK	STATUS
Elliot Twins	Comprehensive building modernization	Substantially complete
Scattered Site	Energy efficient single-family construction	In progress

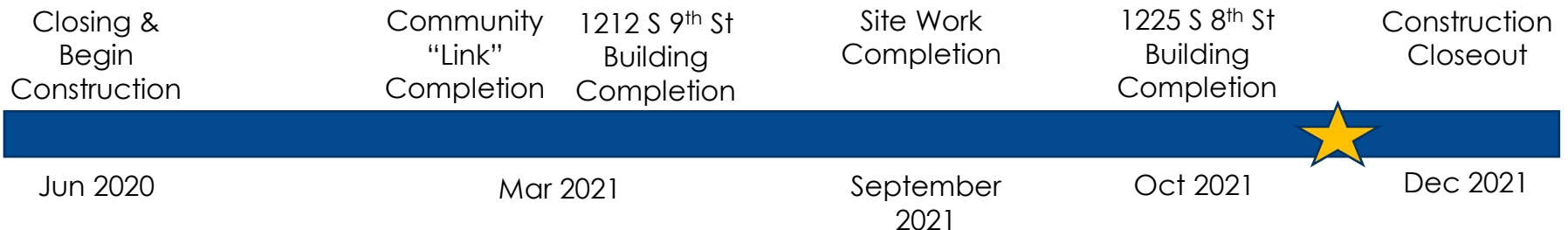
Elliot Twins RAD Conversion & Building Renovation



- All work substantially complete
- Certificate of Occupancy received
- Units 100% occupied
- Punchlist & construction closeout underway
- Addressed 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: ~\$27M

Construction Timeline

(subject to change)



November 2021

Scattered Site Rehab Process

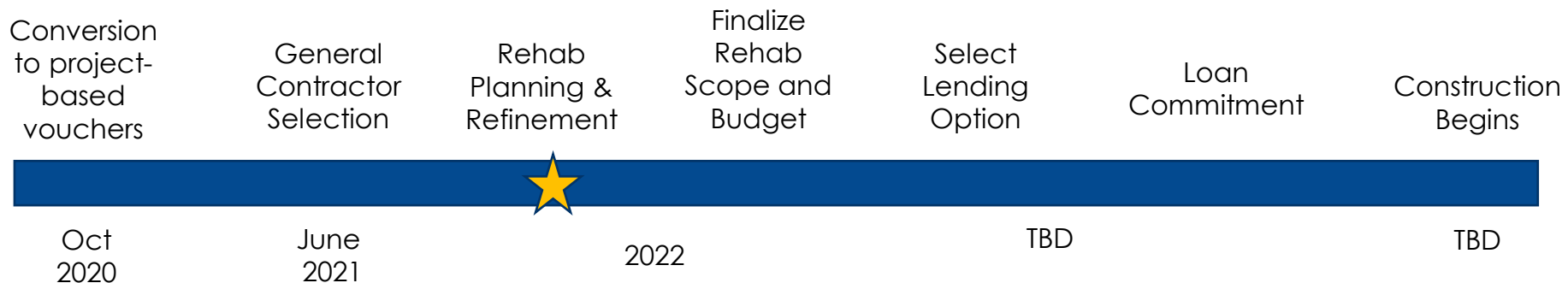


Financed through Section 18 with debt financing



- Conversion to project-based vouchers occurred on October 1st
- Exploring lending options to best support investments in portfolio
- Debt will support investments in deferred maintenance and ongoing unit needs
- Scope refinement and planning for construction & resident accommodations ongoing

Timeline (subject to change)



Scattered Site New Construction



84-unit new scattered site construction



- 84 new deeply affordable family units in 16 small apartment buildings throughout the City
- Financing includes project-based vouchers, 4% bonds and Low- Income Housing Tax Credits, Soft Sources, and Debt
- Resident engagement & relocation discussions ongoing; neighborhood engagement ongoing
- City entitlement process underway
- Debt/equity solicitation issued

Timeline (subject to change)



Inquiry Response and Social Media



MPHA on Facebook

Top Performing Post (18,500 views)



MPHA on Twitter

Top Performing Post (601 views)

November 2021



7

Posts for the Month

6,653 Followers



1

Tweets for the Month

873 Followers

LOCAL

Minneapolis aims to build 84 housing units across the city

With 8,000 families on the waiting list for public housing, the city's Public Housing Authority said it's a step toward meeting a dire need.

By Faiza Mahamud (<https://www.startribune.com/faiza-mahamud/6370527/>) Star Tribune |

DECEMBER 2, 2021 — 1:18PM

The Minneapolis Public Housing Authority plans to demolish more than a dozen houses it owns and replace them with 84 units in four- and six-plexes across the city.

The roughly \$34 million project is expected to begin in the summer of 2022 and calls for replacing aging "scattered site" public housing (<https://www.startribune.com/minneapolis-looking-to-move-hundreds-of-public-housing-properties-under-nonprofit/508216022/>). Authority officials said only one of the 16 parcels designated for new housing is vacant.

"Our goal here with this project is to build as much affordable housing as we can in areas where it typically doesn't exist, but also to continue investing in areas where it is present and it does exist," said Juan Torres, project lead and the housing authority's development manager. "This is kind of a direct response to that, to create additional family housing within our scattered sites."

Because of the high cost of maintaining those properties, the agency last year transferred ownership of its 700 properties to a nonprofit it controls. The agency, which has long been saddled with a maintenance backlog, said the move will give it access to other funds to renovate and replace these properties.

Minneapolis has earmarked \$4.6 million of its federal pandemic relief aid to help the Public Housing Authority (MPHA) with repairs, renovation and the addition of the new units at the scattered sites. The city is also supporting the project by selling land for two of the sites to the authority at a low interest rate. Other potential funders include the Metropolitan Council and the state.



MIGUEL OTAROLA, NULL

This duplex in north Minneapolis is one of more than 650 small properties owned by the public housing authority.

Public housing to expand across the city

The MPHA plans to build at 16 sites to help address the affordable housing shortage.

 Approx. location of proposed affordable housing sites

C.J. Sinner, Eddie Thomas, Star Tribune • Source: Minneapolis Public Housing Authority

The city's 2040 plan loosened restrictions on dense housing citywide, but the zoning changes have not yet been implemented pending an ongoing study. So the housing authority had to seek permission to build multi-unit housing. In mid-November, city staff recommended approval of eight of the proposed sites, and the council moved them forward this week. The authority has declined to give the Star Tribune the addresses of the scattered sites, but addresses shared by city staff during a council meeting showed that the approved sites are in the Seward, East Phillips, Standish, Willard-Hay, Morris Park, Lynnhurst and Windom Park neighborhoods.

The next six sites will go to the city's planning commission next week for rezoning review, senior city planner Andrew Frenz said. The remaining two will be sent to the commission in January.

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The plan, meanwhile, has garnered mixed reaction. Neighbors for More Neighbors, an advocacy group that mobilized to help pass the city's 2040 plan, which eliminated single-family zoning citywide, supports the project.

"There's a strong desire for more public housing in the city because that provides housing for people at the lowest income level," said Anton Schieffer, the group's leader.

But Defend Glendale and Public Housing Coalition, a group that has long been critical of the agency's renovation plans, has called on MPHA leaders to halt the project until there is "legal guarantee" that no residents — a majority of whom are people of color and low income — would be displaced and that the agency provides proof that the properties will still be classified as public housing.

Agency leaders said the units cap rents at 30% of residents' annual income and will be owned and operated by the MPHA. They said the 13 households displaced by the project have the option to return when construction ends in 2023, with the exception of one family, which found a permanent home with the authority's help. The others will continue to receive housing assistance and the housing authority will cover relocation costs, MPHA officials said.

With 8,000 families on the public housing authority's waitlist, agency leaders say there is a sense of urgency to add more housing. The 84 units could serve about 420 families over three decades, focusing construction of the new homes in neighborhoods where there's the greatest need, they said. Meanwhile, 17 units will be set aside for families who are in Hennepin County shelters.

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"It's the responsible thing to do when we have the resources we need and need to make those investments," said Brian Schaffer, MPHA's assistant director of planning and development. "Adding 84 [homes] may seem like a small number ... but it's a huge impact for those families."

Correction: Previous versions of this story misstated the number of families on the authority's waiting list and the status of certain funding sources for the project.

Faiza Mahamud covers Minneapolis for the Star Tribune. She has previously covered education, immigrant communities, city government and neighborhoods.

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Faiza_Mahamud

News **Metro**

Minneapolis Public Housing Authority looks to embark on largest new construction project in nearly 20 years

The agency is planning to build 84 units at 16 separate sites spread across the city starting next year.

By [Solomon Gustavo](#) | Staff Writer



Brian Schaffer, assistant director of planning and development, says: “We have not added this many units since the early-2000s around work we did for Heritage Park [above].”

Minneapolis Public Housing Authority

Nov. 24, 2021 Minneapolis will soon see one of the largest public housing construction projects in nearly 20 years, with the Minneapolis Public Housing Authority planning to build 84 units at 16 separate sites spread across the city starting next year.

In all, MPHA currently has a little more than 900 housing units. The new projects would increase that total by roughly 10 percent while also adding 17 units designated for people now staying in Hennepin County homeless shelters.

“This kind of undertaking ... is a big deal for MPHA,” said Brian Schaffer, assistant director of planning and development. “We have not added this many units since the early-2000s around work we did for Heritage Park.” That project, which has over 400 units, was constructed in 2003.

In recent years, MPHA has tried to add new housing units in response to Minneapolis’ growing need for affordable housing. The agency’s waitlist for family housing — public housing for adults with dependents — now has more than 8,000 applicants on it. In early November, MPHA briefly reopened the waitlist for family housing, and saw another 2,900 applications come in.

“The staggering statistic was that a little over 30 percent identified as being homeless or displaced,” MPHA deputy executive director Jennifer Keogh said of the new applicants. “You see the tents driving around. It’s staggering to know that these are kids, these are families.”

The new buildings, which include two and three-bedroom units, will “provide housing and opportunity and stability” for families, including upwards of 400 children, said Keogh.

The 16 buildings will be spread across the city in what MPHA calls “scattered sites,” a strategy that fulfills two goals, said MPHA development manager and project lead Juan Torres. “It provides an increase in the amount of affordable housing in areas where it’s typically not present, and, in addition to that, continues to invest in areas where we do have affordable housing.”

The project is currently estimated to cost around \$34 million, which includes all development, land and construction costs. A chunk of

funding was provided by Minneapolis, which in July allocated \$4.6 million of federal pandemic relief money from the American Rescue Plan for the project. To come up with the rest of the money, MPHA will use [low income housing tax credits](#) and bonds. It has also applied for additional funding from the Met Council, the Federal Home Loan Bank's Affordable Housing Program and Minneapolis' Community Planning & Economic Development.

MPHA currently owns 14 of the 16 lots where the buildings will be located, sites that currently have single-family homes and duplexes. For the last two sites, the City of Minneapolis owns part of the land on one, and all the land on the other. In the meantime, in anticipation of MPHA and the city being able to finalize a deal for the land next year, the city has given MPHA permission to do site due diligence.

Of the 16 sites, five are in north Minneapolis; two are in northeast Minneapolis; one is in southwest Minneapolis; and eight are in south and southeast Minneapolis; the Minneapolis Planning Commission approved eight of the buildings in November; it also signed off on rezoning requests for the sites.

“All of these are properties that would be rezoned in the next year or so anyway, as part of the implementation of Minneapolis 2040,” said senior city planner Andrew Frenz.

Each of the 16 properties will be in districts that currently allow for a maximum of three units per building. The zoning changes, which still have to be finalized by the City Council, would allow for more than three units per building.

The proposal currently comes with two building types: three-story buildings with six units, and two-story buildings with four units.

When available, eligible families, who will be drawn from MPHA's housing waitlist, will pay 30 percent of their adjusted income in rent.

For the 17 homelessness units, MPHA will pick among candidates referred to them by Hennepin County's homeless assistance program.



Solomon Gustavo

Solomon Gustavo covers local and regional government for MinnPost. Email him at sgustavo@minnpost.com.

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