



NOTICE AND AGENDA

June 26, 2024

Regular meeting of the Minneapolis Public Housing Authority in and for the city of Minneapolis will be held at 1:30 PM at 1001 Washington Avenue North, Minneapolis, Minnesota.

The Executive Committee of the MPHA Board of Commissioners will meet at 12:00 noon at the same date and place. The Resident Advisory Board will meet at 12:00 noon at the same date and place.

COMMISSIONERS:

- | | |
|---------------------|--------------|
| • Tom Hoch | Chair |
| • Elfric Porte | Vice Chair |
| • Alyssa Erickson | Secretary |
| • Medaria Arradondo | Commissioner |
| • Gloria Freeman | Commissioner |
| • Abdullahi Isse | Commissioner |
| • Tom Nordyke | Commissioner |
| • Tamir Mohamud | Commissioner |
| • Danielle Werder | Commissioner |

GENERAL:

- Roll Call
- Approval of Agenda
- Minutes of Regular Meeting of May 22, 2024

NEW STAFF INTRODUCTIONS/PROMOTIONS.

MPHA SUCCESS STORY.

CHAIR'S UPDATE.

RESIDENT ADVISORY BOARD – CHAIRPERSON'S COMMENTS.



DISCUSSION/ PROPOSED RESOLUTIONS:

ITEM NO. 1 ***MPHA Board Resolution: 5M Tax Levy Authorization***
[Laura Dykema, Director of Planning & Development]

RECEIVE AND FILE:

- Executive Director's Update
- Monthly Performance Report for May, 2024
- Community Updates and News Clippings

NEXT REGULAR MEETING:

Wednesday, July 24, 2024 at 1:30 PM
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 THE REGULAR MEETING OF THE MINNEAPOLIS
PUBLIC HOUSING AUTHORITY IN AND FOR THE CITY OF
MINNEAPOLIS**

May 22, 2024

The Minneapolis Public Housing Authority in and for the City of Minneapolis met in a regularly scheduled meeting at 1:30 PM on May 22, 2024, 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:

- Tom Hoch Chair
- Elfric Porte Vice Chair
- Alyssa Erickson Secretary
- Medaria Arradondo Commissioner
- Gloria Freeman Commissioner
- Abdullahi Isse Commissioner
- Tamir Mohamud Commissioner
- Tom Nordyke Commissioner

The following members of the Board were absent:

- Danielle Werder Commissioner

The following others were also present:

- Abdi Warsame Executive Director/CEO
- Dominic Mitchell Deputy Executive Director

The chair declared the presence of a quorum.

APPROVAL OF AGENDA:

Commissioner Mohamud 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 MEETING MINUTES:

The Minutes of the Regular Meeting of April 24, 2024, were presented for approval. Commissioner Arradondo moved the minutes be accepted as presented. The motion was seconded by Commissioner Freeman. Upon a voice vote, the chair declared the motion carried.

NEW/PROMOTED STAFF INTRODUCTIONS.

MPHA General Counsel, Lisa Griebel, introduced the legal department to the Board of Commissioners.

Mary Boler, Director of Operations, shared newly promoted property managers with the Board of Commissioners.

MPHA SUCCESS STORY.

Kim Hamilton shared the recent successes of the Family Housing Expansion Project. The Family Housing Expansion Project now has 100% occupancy rate and received the 2024 Award of Excellence.

CHAIR’S UPDATE:

The chair reported that the Executive Committee met at 12:00 PM, prior to the board meeting.

RESIDENT ADVISORY BOARD (RAB) UPDATE:

Interim RAB chair, Mary McGovern, reported there was a quorum at the Resident Advisory Board meeting, held at 12:00 PM.

Presentation Item No. 1, *MTW plan for FY 2025* was presented by Rachel Almburg, Assistant Director of Policy & Strategic Initiatives.

PRESENTATION:

ITEM NO. 1

MTW Plan for FY 2025 Pre-Review

[Rachel Almburg, Assistant Director of Policy & Strategic Initiatives]

Rachel Almburg, Director of Policy & Strategic Initiatives, presented the MTW Plan for FY 2025 as prepared for the Board of Commissioners. The presentation outlined key dates for community engagement, informational sessions, public hearings, and approval timelines. [See Document No. 2024 – 41]



RECEIVE AND FILE ITEMS:

The following were approved to be received and filed by the board:

- *Executive Director's Update* [See Document No. 2024 - 42]
- *Monthly Performance Report for April 2024* [See Document No. 2024 - 43]
- *Community Updates and News Clippings* [See Document No. 2024 - 44]

ADJOURNMENT:

There being no further business to come before the meeting and upon a motion duly made and seconded, the meeting was adjourned at 2:08 PM.

ALYSSA ERICKSON, SECRETARY OF THE BOARD OF COMMISSIONERS

JUNE 26, 2024

DATE THESE MINUTES WERE APPROVED



June 26, 2024

REPORT TO THE COMMISSIONERS

FROM: Abdi Warsame, Executive Director / CEO

SUBJECT: Consent to Request 2025 MPHA Property Tax Levy & Proposed Budget

Previous Directives: The Board of Commissioners previously adopted a resolution authorizing MPHA to request consent of Minneapolis City Council and the Minneapolis Board of Estimate and Taxation to authorize MPHA to exercise its maximum levy authority in 2024 at its May 24, 2023 meeting, and subsequently adopted the MPHA property tax levy budget for 2024 on June 28, 2023.

Resident Council Review/Recommendation: This Report will be discussed with the Resident Advisory Board (RAB) immediately prior to the Board's June 26, 2024 meeting.

Budget Impact: Provides funding for preservation and production of public and deeply affordable housing and for any activities that are within the jurisdiction of the Authority as defined in accordance with state and local law.

Affirmative Action Compliance: N/A

Procurement Review: N/A

RECOMMENDATION: It is recommended that the Board of Commissioners adopt the attached resolution authorizing MPHA to request consent of Minneapolis City Council, as governing body for the City of Minneapolis, to levy a tax upon all taxable property within the taxing district, to support the proposed 2025 tax levy budget.

MPHA seeks adoption of the attached Resolution whereby the Board of Commissioners approves MPHA's request of the Minneapolis Board of Estimate and Taxation to authorize MPHA to exercise its levy authority in 2025 to an amount equal to \$5 million, in alignment with a funding agreement reached last year with the elected leadership of the City of Minneapolis.

The 2025 levy budget and five-year plan were formulated with MPHA's 2023-27 Strategic Plan in mind, and will help the agency achieve these four specific goals:

- Provide and preserve deeply affordable, high-quality housing for high-rise residents.
- Build new and expand partnerships with federal, state, and local governments, in addition to philanthropic entities to support MPHA residents and those who are on our waitlist.
- Provide and preserve deeply affordable, high-quality family housing.
- Increase supply of deeply affordable housing by at least 150 units per year.



Executive Summary

The proposed levy annual plan and five-year budget target both preservation and new unit production, as well as health, safety, code compliance, and quality of life capital improvements. This plan provides the opportunity to address over \$65M in current and upcoming capital needs, paves the way to long-term preservation for five sites with over 450 units, creates 45 new units (with opportunities for more), and includes capital work that answers top resident priorities. Our proposed development projects leverage other resources – both public and private – to allow us to do more with these dollars, and positions those properties for long-term sustainability. This plan touches the lives of thousands of residents and will positively impact our community in numerous ways.

Below is the levy five-year budget summary with more detailed project descriptions, which reflects the agency’s current intentions with this valuable resource. The proposed projects and accompanying budgets are subject to change annually based on the City’s continued annual levy approval, external factors related to cost and environment, and the agency’s continued re-evaluation of priorities.

PROJECT	2025	2026	2027	2028	2029
DEVELOPMENT/REDEVELOPMENT INITIATIVES					
MPHA DEV01	\$3,500,000				
MPHA DEV02		\$2,000,000			
MPHA DEV03		\$1,000,000	\$1,000,000		
MPHA DEV04		\$500,000	\$2,000,000	\$4,000,000	\$4,000,000
CAPITAL INVESTMENTS					
MPHA CAP01	\$1,500,000		\$1,500,000		
MPHA CAP02		\$500,000		\$500,000	\$500,000
MPHA CAP03		\$1,000,000	\$500,000	\$500,000	\$500,000
TOTAL	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000

Development/Redevelopment Initiatives

MPHA DEV01 – Highrise Preservation & New Unit Production

Comprehensive rehab/preservation of two high-rises (809 & 828 Spring Street NE) that house over 220 residents. Scope of work anticipated to address over \$35M of capital needs and property enhancements including building systems updates (plumbing, electrical, HVAC), kitchen/bath rehab, appliances and new unit finishes, window/roof replacement, and updates to and the expansion of common/community areas; includes the addition of up to 15 new, fully accessible units; leveraged with HUD conversion tools (RAD Blend), PBVs & 4% bonds/LIHTC, debt, soft sources and MTW resources. Will serve as the agency's pilot project for HUD's Faircloth to RAD program. Target closing: 2025 (**\$3,500,000**)



MPHA DEV02 – Scattered Site Infill Project

Five-site, 30-unit scattered site infill/redevelopment project in non-ACP50 areas. Redevelops seven units that have a current need of over \$200K. Leveraged with PBV support and 9% bonds/LIHTC, debt and MTW resources. Target closing: 2026-2027. **(\$2,000,000)**

MPHA DEV03 – Highrise Preservation

Comprehensive rehab/preservation of two high-rises that houses over 60 residents. Scope of work anticipated to address over \$12M of current/upcoming needs including building systems updates (plumbing, electrical, HVAC), kitchen/bath rehab and new unit finishes, increased accessibility, and common area updates, with an emphasis on livability improvements, enhanced resident amenities, and addressing specific population needs; leveraged with HUD conversion tools (RAD Blend) and MTW resources. Target closing: 2027-2028. **(\$2,000,000 over 2026-27)**

MPHA DEV04 – Glendale

Predevelopment activities including but not limited to extensive resident, community, and other stakeholder engagement to shape project goals and objectives. MPHA anticipates preserving the existing number of units (184) and will explore options for new unit creation. Opportunity to address \$30+M of current and future needs and add units in an area of opportunity. Initial funding to support grant funds for engagement and planning; portion of earmarked funding will ultimately support construction costs. Anticipated closing on first of multi-phase project: 2028. **(\$10,500,000 over 2026-2029)**

Capital Investments

MPHA CAP01 – Highrise Window Replacement

Replacement of high-rise windows of 1980's vintage with energy efficient and code compliant assemblies that include fall protection safety features. Costs may include project management and administration not to exceed 10% of direct project costs as permitted by federal capital fund grant regulations. **(\$3,000,000 over 2025/2027)**

MPHA CAP02 – Highrise Elevator Modernization

Comprehensive elevator modernization at multiple high-rises. The scope of improvements includes new controls, machines, and traveling cables, as well as addressing ADA compliance and code-required door lock monitoring, which is a safety measure that prevents elevators from moving if there are circuitry problems or doors that do not properly close. These upgrades ensure reliable and safe vertical transportation for our high-rise residents and staff. Costs may include project management and administration not to exceed 10% of direct project costs as permitted by federal capital fund grant regulations. **(\$1,500,000 over 2026, 2028-29)**

MPHA CAP03 – Highrise Boiler Plant Replacement

Replacement of boiler plants at multiple high-rises. The scope of work includes replacement of the existing heating plant with new, energy-efficient condensing boilers and ancillary equipment. Costs may include



project management and administration not to exceed 10% of direct project costs as permitted by federal capital fund grant regulations. (**\$2,500,000 over 2026-2029**)

This Report was prepared by Laura Dykema, Director of Planning & Development. For further information, please contact Ms. Dykema at (612) 702-5669 or ldykema@mplspha.org.

RESOLUTION NO. 24-_____

WHEREAS, Minneapolis Public Housing Authority in and for the City of Minneapolis (MPHA) may exercise its levy authority as authorized and in accordance with Minneapolis Code of Ordinances, Chapter 420.100 and Minnesota Statutes 469.033, Subd. 6;

WHEREAS, in accordance with the above cited state and local law, MPHA must receive consent by the governing body of the City of Minneapolis before MPHA may exercise its right under the aforementioned laws of Minnesota to issue said tax levy for purposes of funding its programs and operations;

WHEREAS, in 2023, MPHA leaders reached a long-term funding agreement with the elected leadership of the City of Minneapolis to reinstate MPHA's housing tax levy at an annual amount of \$5 million for the purpose of furthering the preservation and production of public and deeply affordable housing;

WHEREAS, in 2023, the Minneapolis City Council, as governing body for the City of Minneapolis, approved MPHA's 2024 tax levy upon all taxable property within the taxing district for the amount of \$5 million;

WHEREAS, MPHA has developed an updated five-year capital deployment plan (2025-2029) to spend anticipated tax levy revenues in line with the agreed upon long-term funding agreement;

NOW THEREFORE BE IT HEREBY RESOLVED, that the Minneapolis Public Housing Authority in and for the City of Minneapolis hereby does request that the Board of Estimate and Taxation establish a maximum 2025 MPHA tax levy to an amount equal to \$5 million;

BE IT FURTHER RESOLVED, that the Executive Director/CEO of the Minneapolis Public Housing Authority in and for the City of Minneapolis or their designee is directed to transmit this resolution requesting MPHA's 2025 tax levy being set to an amount equal to \$5 million to the Minneapolis Mayor, City Council, and to the Minneapolis Board of Estimate and Taxation, if and as state and local law so provides.



JUNE 26, 2024

MEMORANDUM TO: MPHA Board of Commissioners
FROM: Abdi Warsame, Executive Director/CEO
SUBJECT: Executive Director's Report, June 2024 Board Meeting

As summer construction season starts in Minnesota, so too is MPHA kicking off its own \$10 million-dollar effort to improve its portfolio of more than 700 CHR homes. One of the largest-ever repair efforts to MPHA's family housing portfolio comes as a direct result of the agency securing new state and local funding last year to help address the capital backlog for the agency's most sought-after type of housing. We estimate that nearly 125 family homes will be repaired or upgraded as a part of this effort.

With most homes being at least 70 years old, extensive rehabilitation is required at some sites to ensure continued livability. Major work includes exterior enveloping like replacing leaky roofs, drafty windows, damaged foundations, or outdated siding. Additionally, the new state and local funding will allow for the agency to perform more extensive "deep turns," which is work done following family move-outs and before the next family moves in. This work includes kitchen and bath renovations, furnace and water heater replacements, and electrical, plumbing, and mechanical repair work. More cosmetic repairs like floor refinishing or replacement, replacing doors and trim, and painting walls is also done at this time to ensure the homes are maintained to serve future generations of MPHA families.

Beyond MPHA's owned and operated units, the agency has also joined or will be joining numerous ground breakings and grand openings this month and throughout the summer for new affordable housing units using MPHA project-based vouchers (PBVs). That includes the 187-unit Ernestine Apartments in the Harrison neighborhood, with 40 two- and three-bedroom units being supported by MPHA PBVs. Agency vouchers are also supporting Agate's new Housing and Shelter project in the Longfellow neighborhood, with 22 PBVs supporting studio and one-bedroom apartments in a project aimed at helping unsheltered single adults and people in emergency shelters access housing coupled with on-site case management. Twelve MPHA PBVs are supporting PPL's 110-unit Opportunity Crossing building in the Lyndale neighborhood, and 24 MPHA PBVs are supporting the new 39-unit Wadaag Commons in the Seward neighborhood. All told, MPHA is celebrating nearly 100 new PBV units either coming online or readying construction this month.

These projects are a prime example of how MPHA partners with local housing providers to support deeply affordable housing production in Minneapolis beyond its own ~6,000 units. Since 2019, MPHA

PBVs have accounted for more than half of all deeply affordable housing built in Minneapolis. And, through the agency's five-year strategic plan, MPHA is committed to this important work, with the goal of helping produce at least 150 new deeply affordable homes in Minneapolis a year.



Finally, in the spirit of partnership, MPHA has continued to embrace and commit to Mayor Frey's *Public Housing Preservation and Expansion Convening*. The convening met earlier this month, where stakeholders provided updates on legislative activity at the state capitol and city staff presented a high-level overview of work being done to reconnect Nicollet Avenue. As a part of that presentation, city staff provided high-level examples of different considerations for housing to be built on the 10-acre site.



Monthly Performance Report

Minneapolis Public Housing Authority
Board of Commissioners
For the month ending May 31, 2024

Contents

1. Financials
2. Performance of Operations
 - Public Housing Programs
 - Housing Choice Voucher Programs
3. Building Improvement and Development Projects
4. Inquiry Response and Social Media

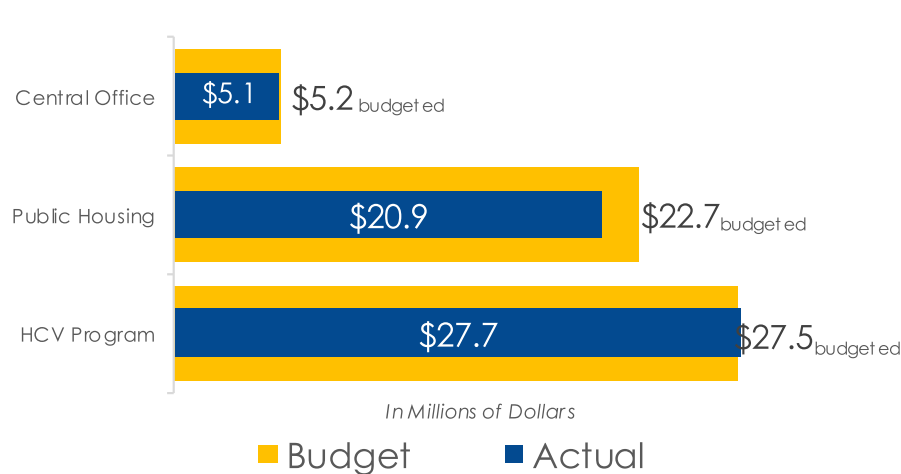


Operating Sources and Uses

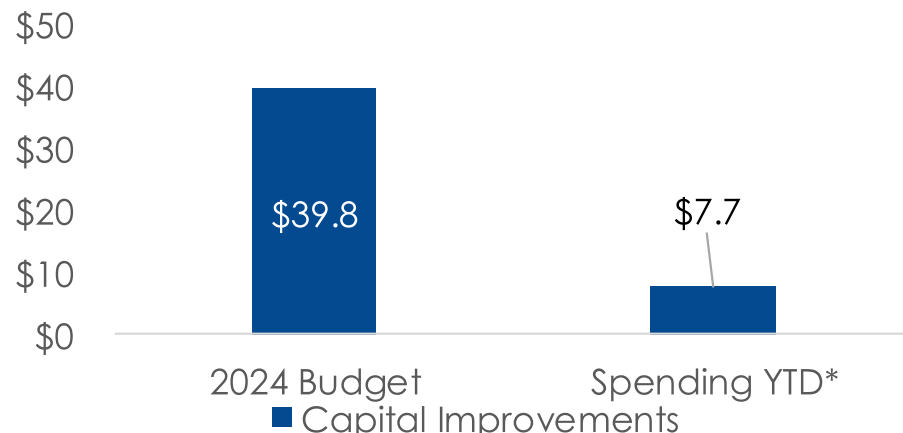
MTW Public Housing and Housing Choice Voucher (HCV) Program

Sources	YTD Budget	YTD Actual	Favorable (Unfavorable) Variance	Variance %
Tenant Revenue -Rents & Other	\$ 8,064,115	\$ 8,261,212	\$ 197,097	2%
Public Housing Operating Subsidy	\$ 9,366,868	\$ 8,864,188	\$ (502,680)	-5%
HCV HAP Subsidy & Admin Fees	\$ 26,777,317	\$ 26,988,949	\$ 211,632	1%
Other Revenues, Fees, & Grants	\$ 1,224,230	\$ 1,077,219	\$ (147,011)	-12%
Transfers-In	\$ -	\$ 31,371	\$ 31,371	n/a
Total Sources	\$ 45,432,530	\$ 45,222,939	\$ (209,591)	0%
Uses				
Public Housing Operations	\$ 22,727,782	\$ 20,853,824	\$ 1,873,958	8%
Housing Choice Vouchers	\$ 24,118,002	\$ 24,355,814	\$ (237,812)	-1%
MTW Initiatives and Other Services	\$ 117,040	\$ 31,078	\$ 85,962	73%
Total Uses	\$ 46,962,824	\$ 45,240,716	\$ 1,722,108	4%
Net Sources/(Uses)	\$ (1,530,294)	\$ (17,777)	\$ 1,512,517	99%

Year to Date (YTD) Expenses



MTW Capital Fund Program

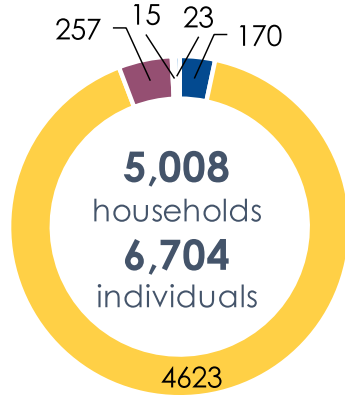


*An additional \$21.1 million is under obligation for capital projects YTD

Public Housing Programs



Occupied Units*

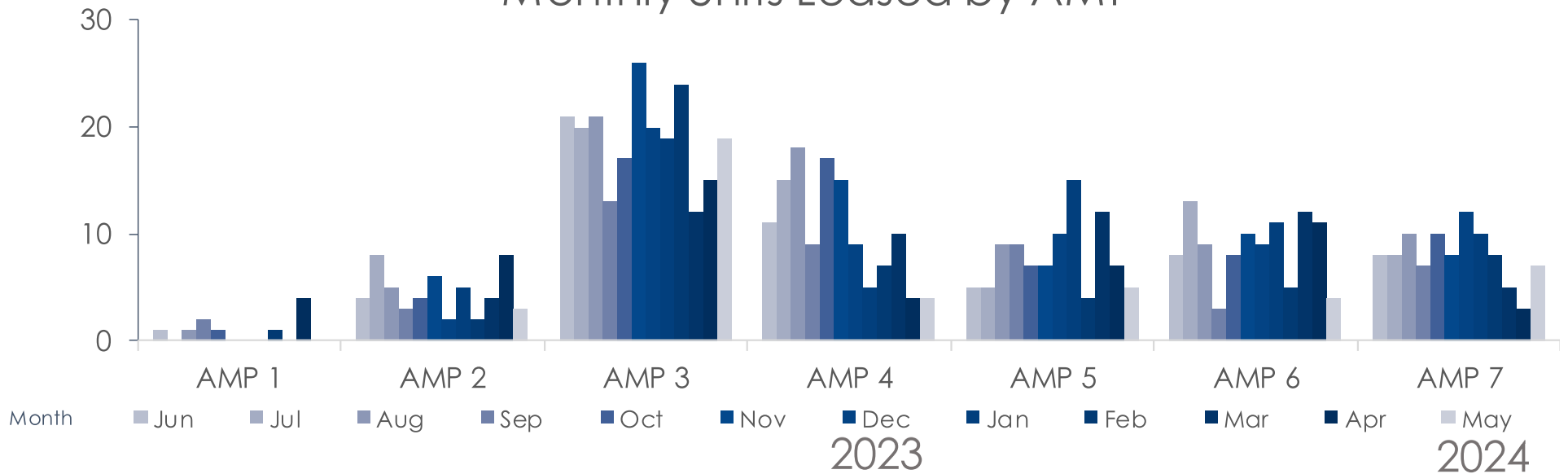


42
new units leased during month

98%
occupancy

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

Monthly Units Leased by AMP



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

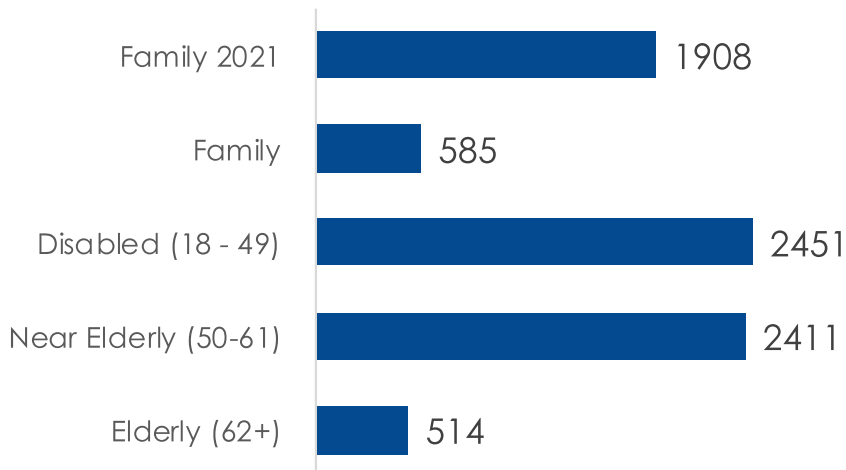
**Metropolitan Housing Opportunities Program (Hollman consent decree units owned and operated by third-parties)

Public Housing Programs

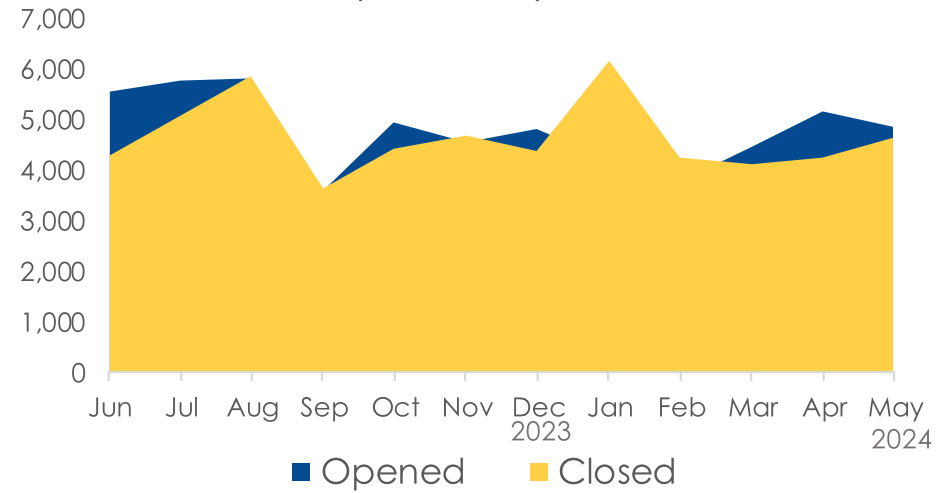


Reason for Vacating Unit	Count
Found Alternative Housing	14
Death	11
To Nursing Home	4
Moving in with or closer to Family	3
Evicted - Non Payment	3
Evicted - Damage to Unit	2
Evicted - Drugs	1
Dislike Unit	1
Change in Family Composition	1
Left Country	1
Moving Out of Town	1

Applicants on Waiting List



Work Orders Opened and Completed by Month

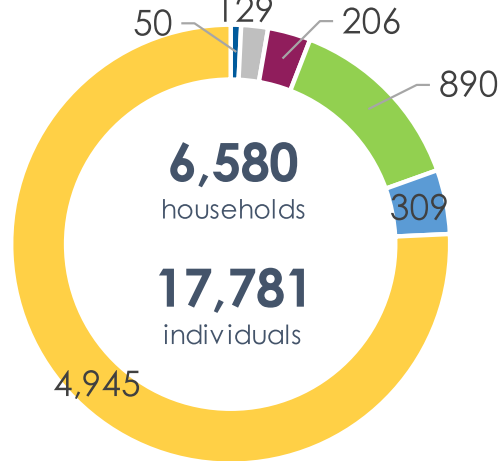


Goal	Total Completed	% Completed within Goal	Average Days Open
Emergency: 24 Hours	48	83%	1
Urgent: 1 Day	850	85%	1
After Hours Non-Emergency: 2 Days	3	100%	0
Important: 3 Days	1105	70%	3
Routine: 10 Days	571	79%	6
Non-Routine: 20 Days	191	76%	6
Pest Control	687	100%	8

Housing Choice Voucher Programs



People Served by Program*

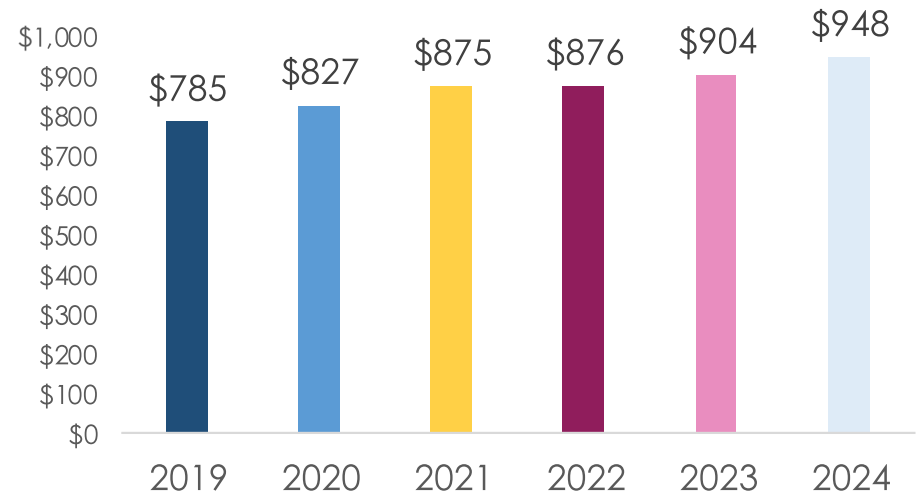


- Sponsor-Based
- Mod Rehab
- FUP and VASH
- Stable Homes Stable Schools
- Project-Based
- Tenant-Based

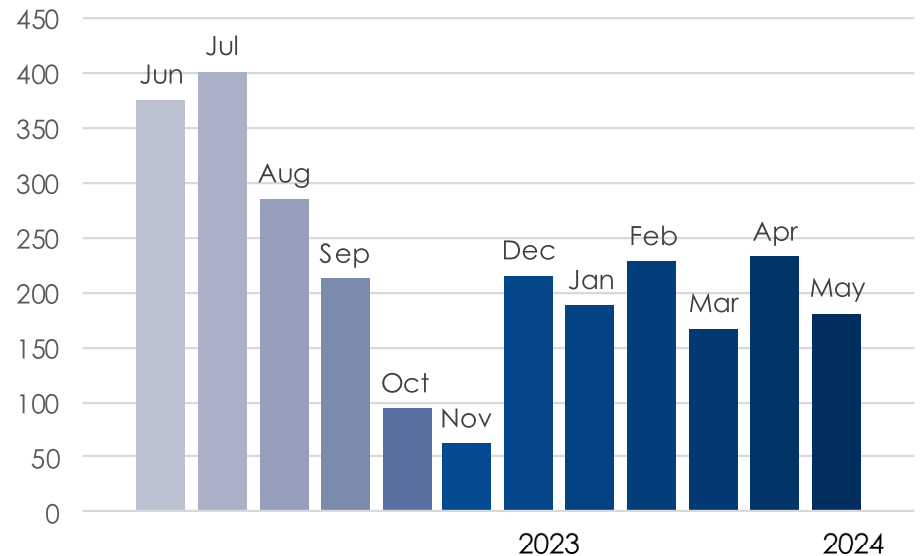
Family Unification Program and Veterans Affairs Supportive Housing

**Including port-ins and port-outs*

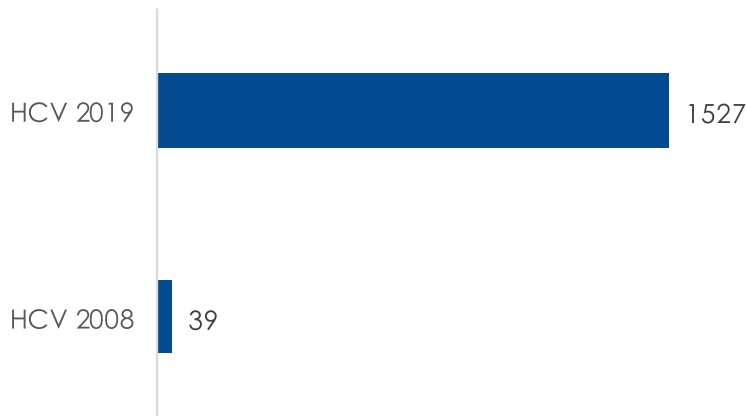
Average Housing Assistance Payment per Unit, Year to Date



Annual Inspections Conducted



Applicants on Waiting List



Building Improvement Projects - Planning

ADDRESS	DESCRIPTION OF WORK	STATUS
CHR scattered site units	State-funded improvements	Planning
1710 Plymouth & 1900 3 rd Street NE	Elevator modernization	Bidding
350 Van White Blvd	Façade/balcony repairs, parking lot replacement	Planning/Bidding
Hiawatha Towers	Façade repairs	Bidding
Multiple highrises	Main electrical switch gear & generator replacement	Planning
Multiple highrises	2024 priority camera installations & replacements	Bidding
Cedars & Elliot Twins	Site security fencing	Planning

Development Projects - Planning

ADDRESS	DESCRIPTION OF WORK	STATUS
Scattered Sites	Redevelopment/densification of two sites	Planning
Spring Manors – 828 & 809 Spring St NE	Conversion, preservation & new unit production	Planning/due diligence

Building Improvement Projects - Active

ADDRESS	DESCRIPTION OF WORK	STATUS
CHR units – various scattered sites	2024 improvements: unit modernization at turn	Ongoing
CHR scattered site units	City-funded interior & exterior improvements	Underway
Snellings/828 Spring/800 5 th /1415 E 22 nd St	Façade repairs	Substantially complete
Multiple highrises	2023 priority camera installations & replacements	Underway
2415 N 3 rd Street	Entry guard system upgrade - pilot project	Underway
Fifth Avenues	Apartment entry door replacement	Underway
1415 East 22 nd Street; 2728 E Franklin	Roof replacement	Under contract; summer start
1515 Park Avenue South	Fire alarm system replacement	Underway
1314 44 th Avenue N & 600 18 th Avenue N	Elevator modernization	Under contract; summer start
1015 N 4 th Street	Generator upgrades	Underway
1707 3 rd Avenue South	Façade restoration & window replacement	Underway
Multiple highrises	Fire sprinkler system installation	Underway
1515 Park/1920 4 th /1710 Plymouth/710 2 nd	Main electrical switch gear & generator replacement	Underway
314 Hennepin & Hiawatha Towers	Main electrical switch gear & generator replacement	Under contract
Glendale Townhomes	Soffit/fascia/gutters, partial roofing replacement	Underway
Multiple sites	Sidewalk/parking lot replacements	Underway
800 Fifth/2121 Minnehaha	Window replacement	Under contract; fall start
314 Hennepin Avenue	Façade repairs	Underway
Multiple highrises	HVAC equipment replacements	Underway
630 Cedar Avenue	Boiler replacement	Underway

Development Projects - Active

ADDRESS	DESCRIPTION OF WORK	STATUS
Family Housing Expansion Project	Development of 84 new family housing units	Substantially complete; preparing for perm loan conversion

Fire Suppression Installations



Building	Units	Budget	Funding Source(s)	Status	Construction
1206 2 nd St NE	57	\$620,000	MPHA Capital	Complete	Jan-Apr 2022
1717 Washington St NE	182	\$1,570,000	MPHA Capital	Complete	Apr-Nov 2022
2728 E Franklin St	151	\$1,200,000	MPHA Capital	Complete	Sept '22-Jan '23
Horn Towers	491	\$3,445,000	MPHA Capital	Complete	Jan '22-Jun '23
630 Cedar Ave S	190	\$1,592,000	MPHA Capital/City/State	Complete	May '22-Jan '23
2121 Minnehaha Ave	110	\$888,000	MPHA Capital/City/State	Complete	July-Dec 2022
1627 S 6 th St	116	\$868,000	MPHA Capital/City/State	Complete	Dec '22-Sept '23
600 18 th Ave N	239	\$2,450,000	MPHA Capital/City/State	Complete	Nov '22-Oct '23
1314 44 th Ave N	220	\$10,000,000*	MPHA Capital	Complete	Apr '22-May'23
Hiawatha Towers	281	\$2,100,000	MPHA Capital	Complete	Dec '22-Oct '23
314 Hennepin Ave	299	\$2,425,000	MPHA Capital/City	Complete	Dec '22-Oct '23
2415 N 3 rd St	62	\$505,000	MPHA Capital/EDI Grant	Substantially Complete	Nov '23-Apr'24
1710 Plymouth Ave N	84	\$740,000	MPHA Capital/EDI Grant	Substantially Complete	Jan '24-Apr'24
3116 Oliver Ave N	31	\$370,000	MPHA Capital/EDI Grant	Complete	Oct '23-Jan'24
710 2 nd St NE	35	\$370,000	MPHA Capital/EDI Grant	Underway	May '24-July'24
616 Washington St NE	35	\$395,000	MPHA Capital/EDI Grant	Underway	May '24-July'24
809 Spring St NE	32	\$375,000	MPHA Capital/City	Complete	Oct '23-Dec '23
1900 3 rd St NE	32	\$410,000	MPHA Capital/City	Complete	Dec '23-Feb '24
3205 E 37 th St	28	\$355,000	MPHA Capital/City	Complete	Dec '23-Feb '24
3755 Snelling Ave S	28	\$355,000	MPHA Capital/City	Complete	Oct '23-Dec '23

*Budget reflects costs of comprehensive building modernization project of which fire suppression is included

Scattered Site Rehab



- Conversion to project-based vouchers occurred on October 1st
- Will support investments in deferred maintenance and ongoing unit needs
- \$1.3M SHORP grant: work underway February 2024
- \$3.65M City of Minneapolis funds: work underway Mid-May
- \$5M State POHP grant: grant agreement executed 5/31

Timeline (subject to change)

Conversion to project-based vouchers

Exploring/Pursuing Funding Options

2023 City-Funded Construction Begins

State-Funded Construction Begins

Oct 2020

Ongoing 2022-24

Spring 2024

TBD

Family Housing Expansion Project

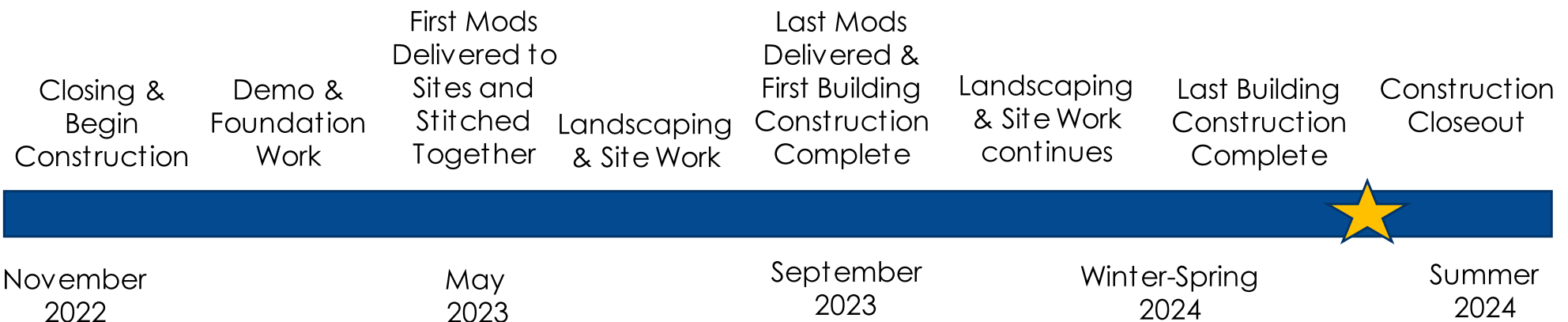


84-unit new scattered site construction



- 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
- **Final construction items including solar installation complete in summer 2024**
- **All buildings fully occupied**
- **Construction closeout underway; preparing for perm loan conversion**

Construction Timeline (subject to change)

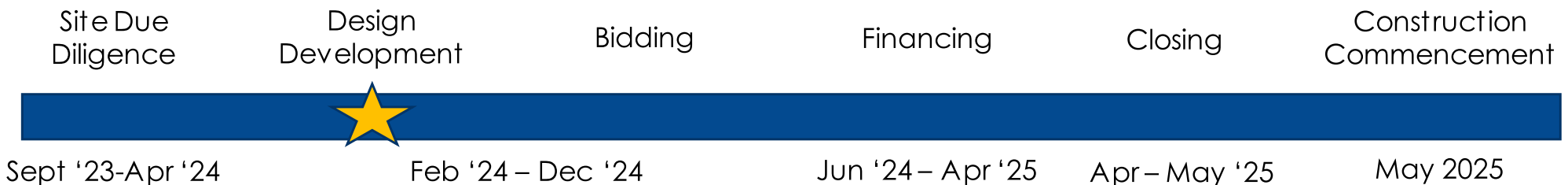


809/828 Spring Conversion, Preservation & Expansion



- MPHA's next comprehensive renovation utilizing HUD's RAD conversion program; will serve as agency's Faircloth to RAD pilot
- Will address short- and long-term capital needs for both buildings; other potential improvements includes but is not limited to enhanced resident amenities, energy improvements, and adding new units
- **RAD application submitted; awaiting CHAP**
- **Site due diligence & design development underway**

Timeline (subject to change)



RAD & Faircloth to RAD Program Requirements →

Public Housing Tax Levy – 2024



Project	Description	Levy Budget	Funds Expended
Highrise Preservation & New Unit Production – 809/828 Spring St NE	Comprehensive rehab/preservation of two highrises that house over 220 residents. Scope of work will address short- and long-term capital needs for both buildings; other potential improvements includes but is not limited to energy improvements and enhanced resident amenities and community spaces; anticipates new unit production with up to 15 new units. Estimated closing – spring 2025.	\$2,500,000	\$0
Three-Unit Scattered Sites Infill Demonstration Project	Replacing a long-term vacant, high needs 1920's era single family scattered site home with a three-unit development with at least one fully accessible unit, in an Opportunity Area (SW). Spring 2025 construction.	\$750,000	\$0
Two-Unit Scattered Sites Infill Demonstration Project	Replacing a single-family scattered site home recently lost to a fire with a two-unit development featuring at least one fully accessible unit in a non-ACP50 area. Spring 2025 construction.	\$500,000	\$0
Highrise Elevator Modernization – 600 18 th Avenue North	Comprehensive elevator modernization at an elderly-designated building housing over 200 residents. Summer 2024 construction.	\$700,000	\$0
Highrise Elevator Modernization – 1314 44 th Avenue North	Comprehensive elevator modernization at an elderly-designated building housing over 200 residents. Summer 2024 construction.	\$550,000	\$0

Receipt of levy proceeds expected in two installments – mid-year and year-end 2024.

Inquiry Response and Social Media



May 2024

MPHA on Facebook

Top Performing Post (2,016 views)

MPHA's Family Housing Expansion Project (FHEP) has been named a 2024 Urban Land Institute Americas Award of Excellence finalist! This is one of the most notable awards in the urban development space, and winners of this award will be entered as finalists for the ULI Global Awards for Excellence, competing against projects from the Europe and Asia Pacific regions: bit.ly/ULIFinalists2024

As the largest new-unit project development in more than two decades, MPHA staff are elat... See more



5

Posts for the Month

25

New Followers



MPHA on Twitter

Top Tweet (646 views)

After amassing a \$229M capital backlog following decades of disinvestment from the federal gov't, MPHA is rallying a coalition of local and state supporters to deliver new funding to create innovative, nation-leading solutions to the city's housing crisis.

R Racket @RacketMN · Apr 30

"We don't have enough units," says Minneapolis Public Housing Authority CEO Abdi Warsame. Yet his agency is still plugging away, having just completed its largest construction project in decades. racketmn.com/minneapolis-pu...



7

Tweets for the Month

14

New Followers

Researchers Study Onsite Educational Services for Public Housing Residents

Last month, residents of Glendale and Minnehaha Townhomes joined MPHA staff in a U.S. Department of Housing and Urban Development (HUD) study evaluating the impact of access to childcare and educational services among public housing families. This research may help inform future, more in-depth research on the importance and efficacy of onsite educational services among public housing developments and could encourage funding for such programming at the national level.



MPHA Begins Deploying \$10 Million for Repairs to Family Housing Portfolio

As summer construction season starts in Minnesota, so too is MPHA kicking off its own \$10 million-dollar effort to improve its portfolio of more than 700 deeply affordable family homes. One of the largest-ever repair efforts to MPHA's family housing portfolio comes as a direct result of the agency securing new state and local funding last year to help address the capital backlog for the agency's most sought-after type of housing – a top agency priority.

The agency estimates that nearly 125 family homes will be repaired or upgraded as a part of this effort, ensuring these homes are able to serve families for generations to come

Urban Land Institute Visit FHEP for Awards for Excellence Competition



Earlier this month, MPHA hosted an in-person site visit as a part of the agency's Family Housing Expansion Project (FHEP) being considered for the 2024 Urban Land Institute Americas Awards for Excellence. As a finalist for the award, two ULI jurors toured three FHEP sites for an on-the-ground evaluation of the project along with meeting staff from MPHA, DJR Architecture, Rise Modular, and Frerichs Construction (all partners in FHEP). MPHA staff are thrilled to see the project as a finalist in the one of the most prestigious awards programs in the real estate industry.



MPHA News Clips – June Board of Commissioners Meeting

18 developments make the cut as 2024 ULI Americas Awards for Excellence finalists (Archinect)

By Josh Niland

May 20, 2024

The Urban Land Institute (ULI) has announced 18 finalists for the 2024 ULI Americas Awards for Excellence. The program, which was established in 1979, is considered among the highest achievements in the real estate development industry and honors completed projects that are exemplary of its mission of promoting best practices in development.

“This year’s submissions represented a broad portfolio of work, showcasing a diverse range of projects driven by creativity and ambition,” Doug Voigt, SOM Partner and the 2024 Chair of the ULI Americas Awards for Excellence jury, said about the finalists. “Innovation in housing design was a recurrent theme and one that directly addresses the current affordable housing crisis. The projects honored this year resonate with the ULI’s core mission to exemplify the transformative potential of design and development in building more sustainable communities.”

As always, projects from some of the world's leading architecture firms made the cut ahead of the final selection that is expected to be announced later this summer. The winner will then compete against projects from the Europe and Asia Pacific regions for the ULI Global Awards for Excellence.

49 South Van Ness & 1550 Mission, San Francisco, CA

Skidmore, Owings & Merrill; HKS Architects; TS Studio; FKA Lighting Design; DCI Engineers; CB Engineers for Related California

550 Madison, New York, NY

Snøhetta; Gensler; Rockwell Group for The Olayan Group

Austin Housing Conservancy, Austin, TX

Former Mayor Steve Adler and staff; David Steinwedell; ULI Terwilliger Center; Housing Authority of the City of Austin; NeighborWork; HousingWorks; ULI Austin; Kirk Rudy – Endeavor; Steve LeBlanc – CapRidge; ARA Newmark; Texas Treasury Safekeeping Trust Company; Employee Retirement System of Texas; Kathy Tyler

Avivo Village, Minneapolis, MN

AWH Architects for Avivo

Bottleworks District, Indianapolis, IN

RATIO Design and EUA for Hendricks Commercial Properties



Canary Landing – Maple House, Toronto, ON

COBE, architects-Alliance, CCxA, and DesignAgency for Dream Asset Management; Kilmer Group; Tricon Residential

CIBC SQUARE, Toronto, ON

WilkinsonEyre and Adamson Associates for Ivanhoé and Cambridge and Hines

Cleveland Foundation Headquarters, Cleveland, OH

S9 Architecture; Vocon; Arlene Watson; Nolan Beck Rivera; Communication Exhibits Inc. Merritt Chase; DERU Landscape Architecture; Osborn; Karpinski; Better Together Solar; and StructureCraft for The Cleveland Foundation

District of Columbia Public Schools (DCPS), Raymond Elementary School, Washington, DC

STUDIOS Architecture for Department of General Services – DC

East Campus Modernization Project, Redmond, WA

ZGF; LMN; NBBJ; Berger; CoughlinPorter, Lundeen; B+H Architects; Affiliated Engineers, Inc.; and AECOM for Microsoft

Family Housing Expansion Project, Minneapolis, MN

DJR Architects from Minneapolis Public Housing Authority

Gotham Point, Queens, NY

Handel Architects and BHDM for the Gotham Organization and RiseBoro Community Partnership

Lincoln Common, Chicago, IL

Skidmore, Owings & Merrill in association with Antunovich Associates for McCaffery and Hines

Mill Creek Valley – Pillars of the Valley, St. Louis, MO

Lamar Johnson Collaborative (Lead); Damon Davis (Artist); David Mason & Associates (Civil Engineering); Introba (Electrical Engineering); Reed Burkett Lighting Design (Lighting) for St. Louis City SC and Great Rivers Greenway

Omaha RiverFront Revitalization, Omaha, NE

OJB Landscape Architecture; HDR; Gensler; Atelier Ten and Safdie Rabines Architects for City of Omaha (owner); The Metropolitan Entertainment & Convention Authority (MECA) (operator)

Temple, Lansing, MI

Integrated Architecture for Michigan Community Capital



The Assembly, Pittsburgh, PA

ZGF Architects for Wexford Science+Technology

The St. Regis Chicago, Chicago, IL

Studio Gang; bKL Architecture; Hirsch Bedner Associate (HBA); Gensler; and KTG Y Simeone Deary Design Group for Magellan Development Group

HONORABLE MENTIONS

Dismas House, Nashville, TN

EOA Architects for Dismas House

Seattle Convention Center Summit Building, Seattle, WA

LMN Architects; Graham Baba Architects; Scharrer AD; Rolluda Architects; and Tiscareno Associates for Pine Street Group L.L.C.

###



Spring Manor looks to build 15-unit addition (Finance & Commerce)

By Dan Netter

May 22, 2024

Minneapolis' St. Anthony neighborhood may get some new neighbors as the Minneapolis Public Housing Authority looks to create an addition to the existing Spring Manor apartment building.

The four-story addition would have 15 units, according to a staff report created for the Planning Commission.

City staff recommends approval of the addition in its project report, and while it was on the Planning Commission's agenda for its May 20 meeting, the item will now be considered at the June 10 meeting.

Spring Manor is at 828 Spring St. NE and is, on its own, a 21-story, 189-unit development that is a part of the Public Housing Authority's portfolio of residential properties. The high-rise was built in 1969 on about 1.5 acres of land.

According to public documents, the addition to Spring Manor will include a new community space with a kitchen, an internet lounge, office space, a fitness room and bike storage. It will also include four enclosed parking spaces on the first floor. The second through fourth floor will have five units each.

Alongside the addition, the MPHA is also proposing to rehabilitate the rest of Spring Manor to receive "finish upgrades" along with new windows, updated HVAC, electrical and plumbing systems.

###



Process and Construction Innovations Expand Affordable Multifamily Housing in Minneapolis (P&D Edge)

By P&D Edge Staff

May 28, 2024

In Minneapolis, Minnesota, modular construction is helping the city's public housing agency upgrade and expand its portfolio of affordable family housing, almost all of which consists of single-family and duplex structures scattered throughout the city. The Family Housing Expansion Project (FHEP) consists of 84 new units distributed across 16 sites. Each of the two- and three-story buildings at the sites has four to six units, gently adding density to each host residential neighborhood. In addition to demonstrating the cost- and time-saving advantages of modular construction, FHEP is notable for the innovative request for proposals (RFP) process that brought together the development team: general contractor Frerichs Construction, modular manufacturer Rise Modular (as a subcontractor to Frerichs), and DJR Architecture, all led by the Minneapolis Public Housing Authority (MPHA), which acts as the developer, owner, and property manager of the FHEP sites.

Project Details

All 84 FHEP units accommodate families; 26 units have two bedrooms and 58 units have three. Sixteen units are accessible to residents living with disabilities, and 17 are prioritized for households experiencing homelessness. Residents of the latter units have access to services funded through Hennepin County's Coordinated Entry System. All units rent to households earning no more than 30 percent of the area median income (AMI). The FHEP units represent a significant addition to MPHA's portfolio of more than 700 affordable family-sized homes.

FHEP's total cost was \$49 million. Funding sources included 4 percent low-income housing tax credits, which generated \$19.7 million in equity. HUD's Section 18 disposition process enabled the conversion of the public housing sites to tax credit affordable housing properties. Additional funding sources included \$1.4 million from the Metropolitan Council's Local Housing Incentives Account (the Metropolitan Council is a regional planning agency, service provider, and policy body in the Twin Cities area), \$4.6 million in funding from the American Rescue Plan Act of 2021, \$1.2 million from the city's Affordable Housing Trust Fund, and \$500,000 from Hennepin County's Affordable Housing Incentive Fund. In addition, the 16 buildings are partially powered by rooftop solar panels that provide approximately 30 percent of the project's electricity. The solar panels were supported by \$500,000 in equity generated from solar tax credits.

Advancing City Goals

FHEP, the largest new-unit project that MPHA has developed in more than 20 years, is helping the city achieve the affordable housing goals articulated in the Minneapolis 2040 Comprehensive Plan, adopted in 2019. MPHA's strategic vision builds on this plan, calling for increasing density at the agency's scattered-site properties to meet the city's urgent need for affordable housing. Over the previous decade, the city had lost affordable housing units at a rate exceeding the rate of new unit production. In addition,



housing that is affordable for Minneapolis' lowest-income residents has become increasingly scarce; renter incomes in the city have declined 14 percent since 2000 while the median rent increased by 11 percent during the same period. As a result, Minneapolis decided to prioritize the creation of affordable housing for families earning no more than 30 to 50 percent of AMI as well as units with three or more bedrooms to house larger families.

Scattered-Site Advantages

"In Minneapolis, nearly all of the housing authority's portfolio of family-sized public housing units are scattered site. This can be a beneficial model for families," says Brian Schaffer, assistant director of real estate development at MPHA. "In part, this is because it offers residents access to established neighborhoods of opportunity throughout the city." Most of the sites selected for FHEP are close to transit, green space, and the city's scenic trail system and were identified as needing upgrades. MPHA already owned 14 of the FHEP sites and purchased the remaining two sites specifically for the expansion project.

Modular Construction

The use of modular construction helped the development team overcome the challenges posed by undertaking FHEP's scattered, small-scale developments simultaneously. Modular construction allowed the developers to simplify the design process and respond to each building's neighborhood context, focusing on four-plex and six-plex variations of four core designs. Adopting a modular approach also meant that the FHEP approach cost 13 to 21 percent less than conventional construction. Because the FHEP buildings took less time to construct and required fewer deliveries of materials, the 96 households abutting the 16 sites and their nearby neighbors experienced much less disruption; Schaffer pointed out that FHEP was completed in approximately 14 months, fully wrapping up in December 2023, compared with the 18 months of construction time that a comparably sized tax-credit project built with conventional methods would have taken. Reducing project delivery times also reduces the accumulated interest on construction loans, further enhancing modular construction's cost advantage, particularly in the current environment of elevated interest rates. Schaffer estimated that the project saved hundreds of thousands of dollars thanks to this accelerated timeframe.

Process Innovation

Despite the advantages of using modular construction, the number of sites nevertheless posed a logistical challenge that prospective developers would need to address at the project's outset. This need led to an unusual but effective RFP process. According to Schaffer, in the typical process, the major team members on a project — in this case, the architect, general contractor, and modular builder — would be evaluated and brought together independently under three separate RFPs. For FHEP, MPHA instead issued a single RFP stipulating that applicants must already have assembled a development team and planned how they would collaborate to complete work on the project's 16 sites. After the initial round, during which MPHA selected the three strongest bids, each of the teams were offered a \$7,500 design stipend to develop their proposals. Design support grants, which typically are not available at this stage, allowed bidders to achieve the needed level of detail to ensure a smooth construction process, said Schaffer.



Schaffer noted that MPHA gained significant knowledge through this project and stressed the role of FHEP in catalyzing and sustaining affordable modular housing development in Minneapolis. Some smaller-scale projects similar in nature to FHEP currently are being explored, Schaffer reported. The FHEP model will allow MPHA to redevelop the roughly 600 additional scattered-site duplex and single-family units in its portfolio at significant cost and time savings.

###



[On the Road to the 2024 Innovative Housing Showcase \(P&D Edge\)](#)

By P&D Edge Staff

May 28, 2024

The 2024 Innovative Housing Showcase is almost here! From June 6 to June 9, 2024, leaders in the building materials and construction industry, technologists, researchers, entrepreneurs, and policymakers nationwide will convene in Washington, DC, to showcase their innovative approaches to making the nation's housing more abundant, affordable, and sustainable. The showcase is HUD's largest annual public event, where visitors can explore cutting-edge models and methods of building housing to meet our nation's current and future needs. Although this year's showcase continues the themes and builds on lessons learned from our three previous events, we are excited to announce new partners — including a record four co-presenters — and priorities that we believe will make the 2024 Innovative Housing Showcase the best yet.

As in past years, the exhibits on the National Mall will demonstrate a range of construction techniques and their applications to various housing types, including single-family manufactured homes, accessory dwelling units, and tiny homes. This year, however, we are building on what we've learned in previous showcases and expanding our offerings. For example, we will feature a duplex manufactured home assembled on the Mall, a first for the showcase. This year's educational programming continues the key themes from past showcases: boosting supply, lowering construction costs, strengthening climate resiliency, increasing energy efficiency, and reducing housing-related expenses for residents. This year, however, in addition to being hosted in a new venue — the District Architecture Center in the city's Penn Quarter neighborhood — our educational programming will spotlight both the federal government's role in facilitating cross-sector collaboration and the local implementers who have delivered housing innovations in their communities.

To source contributions from local innovators, we introduced a new aspect of preparation and planning for this year's showcase: the Road to Innovation Tour. Over the past few months, leaders from HUD and the Office of Policy Development and Research toured several affordable housing projects throughout the country, each demonstrating innovative approaches to construction, energy efficiency, financing, and resident services. Most of these projects received support through HUD funds and programs; others benefited from HUD's past investments in the research and development of innovative building technologies. HUD's history of investing in innovation dates back to Operation Breakthrough in the early 1970s, which contributed to the development of the first national building code, the HUD Code for Manufactured Housing, and, with it, the growing importance of manufactured housing in bolstering our nation's affordable housing supply. The Road to Innovation Tour was inspired by HUD's interest not only in understanding how the nation's affordable housing providers are revolutionizing their building materials, building technologies, financing, service delivery, and energy efficiency but also in identifying additional actions HUD can take to spur and accelerate housing innovation.

The Road to Innovation Tour began in the Midwest, with visits to 3D-printed and modular homes in



Detroit, Michigan and Minneapolis, Minnesota, before continuing to the Pacific Northwest to tour net-zero and Passive House developments in Seattle, Washington, and Portland, Oregon. We concluded the first leg of the Road to Innovation Tour in the Northeast, with visits to energy-efficient developments in Yonkers, New York, and Jersey City, New Jersey; the latter development, Summit Plaza, is an original Operation Breakthrough site that recently was redeveloped. Read on for key insights from our first four tour stops.

Leveraging innovation for impact requires collaboration across sectors and scales.

Every project we toured demonstrated the power of strong partnerships, particularly in navigating the increasingly challenging landscape of affordable housing development. For example, in 2019, the Michigan State Housing Development Authority (MSHDA) launched the MSHDA Mod pilot program, the state's first modular housing development program, to build public support for modular housing and help meet the state's growing demand for starter homes. Under this now-permanent program, MSHDA partners with local governments, developers, and financial institutions to jump-start modular construction across the state. Although MSHDA identified modular construction early on as a promising strategy to drive down housing development costs, it recognized that a lack of available construction financing and limited comparable properties in the market were deterring developers from adopting it. To jump-start modular construction in the state, MSHDA Mod provides catalytic capital for placing manufacturing deposits and transporting materials, costs that were more difficult for developers to cover with traditional financing. The MSHDA Mod program also focuses on seeding construction in lower-income neighborhoods where new construction is less common. In Detroit, MSHDA partnered with the Detroit Land Bank Authority (DLBA), the city's land bank, to develop a parcel near Michigan Central Station and the newly minted Innovation District. MSHDA's flexible financing, structured as a repayable grant, allowed DLBA to assume the risk that accompanied the use of a newer construction technique, and DLBA's local expertise in site preparation and responding to site conditions ensured that the single-family design was suited to the neighborhood's architectural fabric. The project's total development costs were approximately 30 percent lower than those of comparable properties in the area, and DLBA plans to pursue additional modular construction projects.

For the Family Housing Expansion Project (FHEP), the Minneapolis Public Housing Authority (MPHA) turned to modular construction methods to convert 16 scattered sites that were previously zoned for single-family homes into 84 units of deeply affordable housing. The city of Minneapolis was instrumental to the project's success by both contributing funds and articulating a vision through the Minneapolis 2040 Comprehensive Plan. The Minneapolis 2040 Comprehensive Plan eliminated single-family zoning citywide, which allowed higher-density development on the sites that would address the city's acute need for more family-sized units. In addition to the fruitful collaboration between MPHA and the city, completing the project would not have been possible without a combined request for proposals (RFP) that required the successful bidder to preassemble a development team consisting of a general contractor, architect, and modular builder at the project's outset. (You can read more about this process innovation here.) This approach gave the development team a substantial head start in addressing the significant



logistical challenges associated with developing 16 sites simultaneously. FHEP also was made possible by the MPHA's status as a HUD Moving to Work (MTW) agency, which grants public housing agencies such as MPHA increased flexibility to use project-based vouchers to finance development projects and ensure their long-term affordability.

The best housing innovations today are powered by the communities served and grounded in their history.

For the Belfry Apartments in Minneapolis, the Yesler Terrace redevelopment project in Seattle, and the Albina Vision Trust projects in Portland, significant community engagement during the predevelopment phase resulted in innovative projects that acknowledge and honor each site's history. Belfry Apartments is a new development providing 41 units of deeply affordable housing on the site of the Cavalry Lutheran Church, which had been struggling to maintain its congregation while continuing to operate its food assistance program, the Calvary Food Shelf, from its basement. The project's developer, Trellis, recognized the importance of maintaining the food shelf and community gathering spaces that the church had previously provided. In recognition of this previous use, Belfry's resident community spaces are sited in the church's sanctuary and are leased back to Cavalry for twice-weekly worship services. Trellis also enhanced the space for the food shelf, which remains in operation in the basement of the residential space. This innovative project was financed using federal Low-Income Housing Tax Credits, the Minneapolis Affordable Housing Trust Fund, and HUD project-based Section 8 housing vouchers administered by the Minneapolis Public Housing Authority.

With support from HUD's Choice Neighborhoods Program, the Seattle Housing Authority began its redevelopment of Yesler Terrace in 2013. Yesler Terrace was the country's first racially integrated public housing development and was home to Seattle's poorest families for nearly 70 years. The redevelopment process was informed by several years of robust community engagement and a community-led visioning effort, including the formation of a Citizen Review Committee. Insights gained through the process have informed various aspects of the development; chief among these are granting previous residents the right to return and phasing in new building developments to avoid displacing all existing residents simultaneously. The community also informed the siting of affordable units within the mixed-income developments to ensure that even the lowest-income residents could maintain the views of Puget Sound that they previously enjoyed. Original Yesler Terrace residences each had their own yards, which many residents used to grow food and for entrepreneurial ventures such as home-based daycare services. Although the Seattle Housing Authority could not preserve these individual green spaces in the new, more densely developed Yesler Terrace, the redevelopment plan included an expanded community garden and residential units licensable for home-based daycare services. While honoring these past uses, the Yesler redevelopment project also has increased the development's housing supply by a factor of 10. Some of the buildings within the Yesler Terrace development, such as Sawara, also feature cutting-edge upgrades to improve energy efficiency, which will significantly reduce residents' utility costs.

The Albina Vision Trust (AVT) is still in the early stages of its plan to redevelop the Albina



neighborhood in northern Portland, which historically housed most of the city’s Black population before massive urban renewal projects displaced nearly all residents and housing units, but community engagement and honoring the past are key elements of the project team’s vision for its success. AVT already has created a Community Investment Plan that unites the Black community’s vision for the neighborhood with concrete financial investments that prioritize Black business incubation and enrichment opportunities for Black youth. The master plan project, which is the nation’s largest restorative redevelopment project, also includes reimagining the I-5 highway corridor, which caused significant community dislocation in its development, with a highway cover created in partnership with the Oregon Department of Transportation. To bring this plan to fruition, AVT recently was awarded a \$485 million grant from the U.S. Department of Transportation’s Reconnecting Communities Fund, the largest such grant from this federal program. Reconnecting Communities is a first-of-its-kind initiative designed to reconnect communities that are cut off from opportunity and burdened by past transportation infrastructure decisions. According to the department’s Acting Undersecretary, Christopher Coes, AVT’s plans to reclaim Portland’s historically Black neighborhood is “the perfect example of not just connecting a neighborhood, but creating something new.”

Continuous learning inspires continued innovation

Another commonality that emerged among the projects we visited on the Road to Innovation Tour was the idea that continuous learning is key to fostering housing innovation. For the team developing the Orchards at Orenco project just outside of Portland, continuous learning meant adapting the project’s design specifications as the development team became more comfortable with Passive House standards to further drive down costs. Changing the massing of the development’s second building from an L-shape to a bar design allowed the developers to maintain the number of units but spend considerably less on insulation for the building’s envelope, thus delivering a second Passive House-compliant building with a 5 percent reduction in costs. The project represents the largest multifamily project built to Passive House standards in North America and was financed in part using federal tax credits and HUD project-based vouchers.

Although the 16 FHEP sites in Minneapolis were developed simultaneously, MPHA cites numerous lessons about how to maximize MTW flexibilities to make future modular scattered sites pencil. In fact, MPHA plans to develop hundreds of additional units using the FHEP model to dramatically increase the density of the city’s public housing stock.

We are thrilled to support continued learning for housing practitioners at the Innovative Housing Showcase, which will feature dynamic discussions among housing leaders representing the public, private, and government sectors on a diverse set of pressing topics in housing innovation, including offsite construction, building codes, manufactured housing, decarbonization, zoning, public and multifamily housing, resilient design, and finance. The programming is free and open to the public and will also be livestreamed. We hope you enjoy this sneak preview of the 2024 Innovative Housing Showcase and look forward to seeing you from June 6 to June 9 in Washington, DC!



[How an American Dream of Housing Became a Reality in Sweden \(The New York Times\)](#)

By Francesca Mari

June 8, 2024

As an architect, Ivan Rupnik thinks the solution to America's affordable housing shortage is obvious: Build more houses. Start today. But the way homes are built in the United States makes speed impossible.

Years ago, Rupnik's Croatian grandmother, an architect herself, pointed him to an intriguing answer to this conundrum: modular housing projects built in Europe in the 1950s and '60s. Rupnik was awed. Sure, prefab complexes, and especially Soviet bloc housing, could be ugly and too homogenous, but the process created millions of housing units in a flash.

Hooked, Rupnik started researching modular housing for his doctoral dissertation. In the archives of the Harvard Graduate School of Design, he stumbled upon a reference in an old journal article that took him by surprise: an industrialized housing initiative called Operation Breakthrough that built nearly 3,000 units between 1971 and 1973 — in the United States. How had he never heard about it?

It turned out few people had. Unable to find much more information, Rupnik turned to the Department of Housing and Urban Development, which created the program. In 1969, when Operation Breakthrough was announced, HUD was less than four years old and affordable housing was still a bipartisan issue. The plan's visionary, HUD Secretary George Romney, a former Republican governor and Nixon appointee (and, yes, Mitt's father) pitched it as Economics 101: If you quickly increase the supply of housing, you drive down the price for all.

Romney said the country needed to build 26 million houses in 10 years, almost three times as many as had been built in the previous 10. Industrializing construction, he argued, was the only way to do it.

While nearly every other industry has become more productive since 1968, productivity in home-building — the amount of work done by one worker in one hour, essentially — has declined by half. The country is barely building enough to maintain the status quo, which is some four million units short of need, according to Freddie Mac. In the coming years, with population growth, climate change and the natural deterioration of housing stock, we'll only need more.

Housing shortages were already a problem in 1969. Romney understood that companies wouldn't invest in the machinery and overhead needed to industrialize because varied local building and zoning codes made it impossible to scale up. Operation Breakthrough proposed using the vast purchasing power of the federal government to guarantee a large market, and in the process, document and change the regulatory barriers to industrialization.

Operation Breakthrough selected nine sites around the country. Among its factory-built experiments was housing for the elderly in Kalamazoo, Mich., and owner-occupied co-ops on a lake in Macon, Ga. The



program created public housing in Memphis and 58 townhouses in downtown Seattle for renters with housing vouchers. But in 1976, Congress decided that the program was too costly and that HUD shouldn't be doing demonstration projects. Less than a decade after it was announced, Operation Breakthrough was dead.

But as Rupnik pored over the record, he was struck by what the program had accomplished. It had led to a national code that regulated and greatly expanded the previously lawless trailer home sector, which now accounts for 10 percent of single-family homes. To Rupnik, the experiment demonstrated something powerful: When a uniform national building code was implemented, industry would respond. The barriers to building housing fast, in other words, weren't technological, but institutional.

While Operation Breakthrough made little impact in the United States, it radically influenced other countries. Japan sent a delegation to tour the Operation Breakthrough construction sites and to study its reports: Nearly all construction in Japan now is industrialized and 15 percent of homes are prefabricated in steel. In Sweden, 45 percent of construction is industrialized. Builders there also erect tall structures with wood, the preferred housing material in the United States, and the one that's most climate friendly.

After he got his doctorate, Rupnik co-founded a firm called MOD X that focuses on advancing industrialized construction. He couldn't shake the absurdity that in the United States, where Operation Breakthrough was tested, industrialized housing makes up just a 3 percent market share. So he and his MOD X co-directors got the Department of Housing and Urban Development to let them re-evaluate Operation Breakthrough with the goal of figuring out how to produce efficient industrialized housing in the United States.

In June 2023, I joined one of the firm's research trips. The team wanted to see what housing in the United States might be like if Congress hadn't canceled Operation Breakthrough. We flew to Sweden to find out.

How to Build a House Like a Volvo

The premise of Operation Breakthrough was essentially: What if we could build houses in the same way the automotive industry produces cars? Lindbäcks, a family-owned construction company in Sweden, just shy of the Arctic Circle, took that question literally. Before opening a housing factory in 2017, its management visited the factories of Toyota and Volvo as well as nearby pulp and paper plants, borrowing their best ideas.

The Lindbäcks factory now spans 10 acres, an aircraft hangar for the most earthbound of structures. On a foggy June day, Stefan Lindbäck, the fourth-generation chief executive of the company, gave a tour to our delegation. We put on safety boots before being led onto a metal walkway overlooking the vast factory floor. Humans moved around machines, like people on the track of a music box.

Everything in the factory was oriented around one main line — a slow-moving conveyor belt on which



finished components were assembled into fully formed modules. The main line was the spine. More time-consuming subassemblies — shorter lines with machines building floors, walls, ceilings and so-called logistics, like countertops and cabinets — fed into the spine like ribs. One boxy unit was completed every 30 minutes. The units could be connected to create apartments of different sizes and floor plans.

On one rib, an interior wall traveled onto a rack where it stood vertical for painting. This trick struck Mary Tingerthal, former commissioner of Minnesota Housing and now a special adviser to a modular company called RISE, as almost revolutionary. The little industrialized construction that happens in the United States tends to proceed down a single assembly line. Wet construction, like painting and staining, generally happens within a closed box and slows the progress. In this factory, she marveled, “It’s constantly out in the air!”

But the most remarkable difference between the United States and Sweden is regulatory. Building codes in the U.S. try to make buildings safe by prescribing exactly what materials must be used and how (a prescriptive code). In Sweden, the government does this by setting goals and letting builders come up with a way to achieve them (a performance code).

So, for instance, U.S. building codes dictate the thickness of drywall that must be used for fire resistance, how many layers are needed and how many nails are required to attach it. In Sweden, the code requires that a wall must resist burning for two hours, say, and lets engineers and manufacturers figure out how to accomplish that. The regulator’s job is to check the engineer’s work.

The result of both is fire resistance and structural safety, but in the United States, each residential building needs to be granted a permit. During construction, work often halts for inspectors to make periodic visual inspections. That contributes to a stop-and-go pace that frustrates pretty much everybody except lenders, who get interest on financing. Sweden’s codes require more work on the front end when builders have to demonstrate that their methods are up to snuff, but factory processes that comply with the performance code can be certified. This encourages innovative solutions and results in less waste.

Building quality homes, whether on-site or off-site, will never be cheap. You don’t want to scrimp on materials or labor, and the savings of factory-built homes might not be obvious at the start, Lindbäck told our group. A conventional builder might bid lower than Lindbäck’s, but then there are the costs of supervising the construction on-site and paying for delays in interest charges. And conventional builders profit from changes late in the process.

With factory-built houses, modifications are minimized because customers generally select from a standardized framework and changes are allowed only up to a certain point. The factory builder’s advantage is quality control and speed. Real profit, long-term profit, comes from streamlining the building system for predictable outcomes and fast delivery.

“It’s not about the cheapest product,” Lindbäck said. “We want the cheapest solution.”



An Alchemy of Design and Wood

As we rode on a bus about an hour and a half south of the Lindbäcks factory, sun flickered for miles through thin bars of pine and spruce outside the windows. Then the boreal forest parted onto a small city where one building towered above the rest: Sara Kulturhus, a cultural center topped by a hotel, a 20-story mass timber building, constructed with factory-made units. The hotel tower contains 205 identical rooms sheathed in double-pane windows, like cubbies sealed in glass.

Before Sweden adopted its performance-based code in 1995, wood buildings had been limited to two stories; almost overnight, wooden buildings could be as tall as engineers could prove safe.

Construction accounts for 40 percent of global carbon emissions, but in Sweden it's 20 percent because so much is built with the country's plentiful wood. Carbon is captured in the trees harvested and in the trees planted to replace them. While wood costs more than some other materials, building with it requires less energy and allows for faster construction. That means developers can both pay off construction loans and rent units sooner.

A wooden key card clicked me into a spruce hotel room with a floor-to-ceiling window. The boxiness felt more a function of minimalist Scandinavian design than volumetric modular construction. It was well past midnight, but at the end of June, the sun merely dipped below the horizon for a few hours, casting a dim glow, like a lamp from a room around the corner. More even than the light at this magical, crepuscular hour, the critical element of the room's alchemy of architecture and interior design was the soft, soothing wood.

Oskar Norelius, a partner at the firm White Arkitekter, which designed Sara Kulturhus and the hotel, told me that quality timber was expensive, so he economized by designing for industrial production. Hotels are perfect for this, as are dorms, offices and hospitals. "One module," he said, referring to the hotel room itself, "is large enough that you can fit everything into it: the bathroom, all the finishes, and it will still be quite easy to transport."

The volumetric modular units were assembled at Derome, a factory not dissimilar from Lindbäcks. They were then driven, 95 percent complete, to the site, where they were stacked by crane, as quickly as one 16-unit floor per week, depending on the wind. When units were bolted together, gaskets around their perimeters suctioned together, airtight. Hotel modules could be assembled off-site at the same time that the cultural center, the base of the hotel, was being built on-site. This parallel construction saved a year, according to the contractor.

Norelius walked us through the cultural center, which contains a public library, two art galleries and six theaters. As we passed through the monumental lobby into an open gallery space, Rupnik excitedly identified the standardized timber modules that had been designed for this project. The main entrance opened onto a staircase with seating for community readings and events. Above, a kinetic wooden



chandelier opened and closed its wooden petals to reflect whether the building and its solar panels were adding or subtracting energy from the grid.

To Rupnik and others on the trip, the advantages of modular housing were obvious. But efforts to build this way in the U.S. have had difficulty flourishing.

The most famous U.S. off-site housing manufacturer is actually infamous: Kattera, founded in 2015, was the start-up that everyone believed would make the leap. It had oodles of money — SoftBank invested \$2.4 billion — but it tried to do everything, everywhere, all at once. “They went on a very rapid growth acquisition,” said Todd Beyreuther, the former senior director of advanced building materials at Kattera, who had come on the Sweden trip. A year into the pandemic, having splurged on state-of-the-art factories and acquisitions, the company imploded and filed for bankruptcy.

But Rupnik is excited about other initiatives across the country. A company in Philadelphia bought Kattera’s factory in Tracy, Calif., and has completed more than 6,000 modules. In Vallejo, Calif., Factory OS has made housing for clients like Alphabet, Google’s parent company, and Oakland developers. In Minneapolis, the Public Housing Authority commissioned RISE Modular to build 16 buildings around the city.

What may ultimately force the adoption of industrialized housing in the United States is a skilled labor shortage. This has already affected one area of home-building: roof trusses, the structural timber frameworks that support a roof. Trusses require precisely cutting angles, a skill few workers possess, and so the structures are now mostly made in factories.

Worker shortages are bound to get worse. The median age of a construction worker is 42, according to the Bureau of Labor Statistics. Traditional construction means working unpredictable hours in unpredictable elements and requires physical strength to climb and hoist materials on a job site. In a factory, those constraints don’t necessarily apply. One data point: women make up less than 15 percent of U.S. construction workers; at Lindbäcks, more than 30 percent of the work force is female.

The controlled environment isn’t just good for workers; it’s also good for the product. Rupnik recalled watching a stack of timber sit on a job site in Boston all winter. It snowed, the snow melted into sooty slush, and the lumber soaked in a dirty puddle for weeks, compromising the construction quality.

The Need for Speed

No one seems to know exactly how many of the 3,000 units built by Operation Breakthrough still stand. Bryant Manor, the complex of 58 townhouses in downtown Seattle, is being torn down in stages without fanfare. In its place will be a building with 250 apartments, 58 of which will remain affordable.

On a recent Sunday, I dropped by. I approached one resident, Fatuma Hussein, as she was leaving the



complex. Now a student at the University of Washington, she had grown up in Bryant Manor. “It’s gated and the kids can play outdoors — water balloon fights, soccer, everything you can think of,” she said. “The elders walk the green space in the morning. I know every family.”

She asked if I wanted a tour and led me inside. A toddler pressed her cheeks against a window with a doughy smile. As Hussein waved hello, two more smiling children appeared at the glass to greet us.

I followed Hussein into the townhouse where she lives with her mother and two sisters. We took off our shoes before entering. Hussein’s corner unit was one of the smaller ones, and yet it was adequate for a family.

Hussein’s mother, Asha Mohamed, a Somali refugee, stood in the galley kitchen, stirring a delicious Ethiopian lamb stew, a recipe she learned from neighbors at a community center event. She was cooking for a former neighbor who had lived in one of the units that had been razed. The former neighbor was lonely since relocating temporarily and her Bryant Manor friends were surprising her with a potluck.

The unit was old, and there was a water stain on the kitchen ceiling. The bedrooms were small. But there were two full bathrooms. I could not tell that the home was factory-built. What I could tell was that it was loved and well-cared-for by its occupants. And most important, Mohamed, who worked at a nearby day care, could afford the place on a housing voucher.

Whenever I talked to Rupnik, he was more interested in the productivity part of the industrialized housing equation than the affordability part. This had confused me. But after spending time in Sweden talking to modular manufacturers, architects, government officials and leaders in the timber industry, I started to see the connection. Productivity means more permanent homes for more people, faster. Speed secures perhaps the greatest long-term savings — preventing the trauma of homelessness and offering security, community, continuous enrollment at the same school. It had been lulling to see the beautiful Swedish modular housing, but America is where I saw the real potential of even imperfectly designed modular housing.

Speed is how industrialization achieves affordability. Even when the labor and material cost savings are modest, the introduction of many more units in a relatively short period of time has the effect of lowering the market price of all units. That was Operation Breakthrough’s objective and MOD X’s main takeaway.

Rupnik is finishing his report for the Department of Housing and Urban Development and preparing for the next phase of MOD X’s HUD research, which involves dissecting the regulatory barriers to off-site construction in six pilot regions. He has been struck by how well the theories underpinning Operation Breakthrough have held up. It also frustrates him. Had attention been paid 50 years ago, housing in the United States might look very different today. Maybe architects would be designing more beautiful factory-built housing. Maybe prescriptive codes that stifle innovation would have been ameliorated.



Maybe, Rupnik says, affordable housing would not be so hard to come by. House-building as it's done now limits the range of what builders are willing to produce: Lower-priced housing isn't as profitable and so, lower-income people suffer.

The only way to move forward, Rupnik believes, is to return to the ambition of Operation Breakthrough and unleash the power of industrialization. As he told me: "We really have run out of alternatives."

###