



2024 Levy Deployment Update & Five-Year Tax Levy Capital Plan

Prepared for Minneapolis Board of Estimate and Taxation (August 2024)

Overview

MPHA Capital Backlog

2023 Agency Accomplishments

Housing Levy Capital Plan

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MPHA Mission Statement

“The mission of the Minneapolis Public Housing Authority (MPHA) is to promote and deliver quality, well-managed homes to a diverse low-income population and, with partners, contribute to the well-being of the individuals, families and community we serve.”

26,000+

people served by
MPHA every day



5,000+

public housing units

6,500+

public housing residents



700+

deeply affordable
family homes

3,100+

deeply affordable family
housing residents



7,200

Housing Choice
Vouchers administered

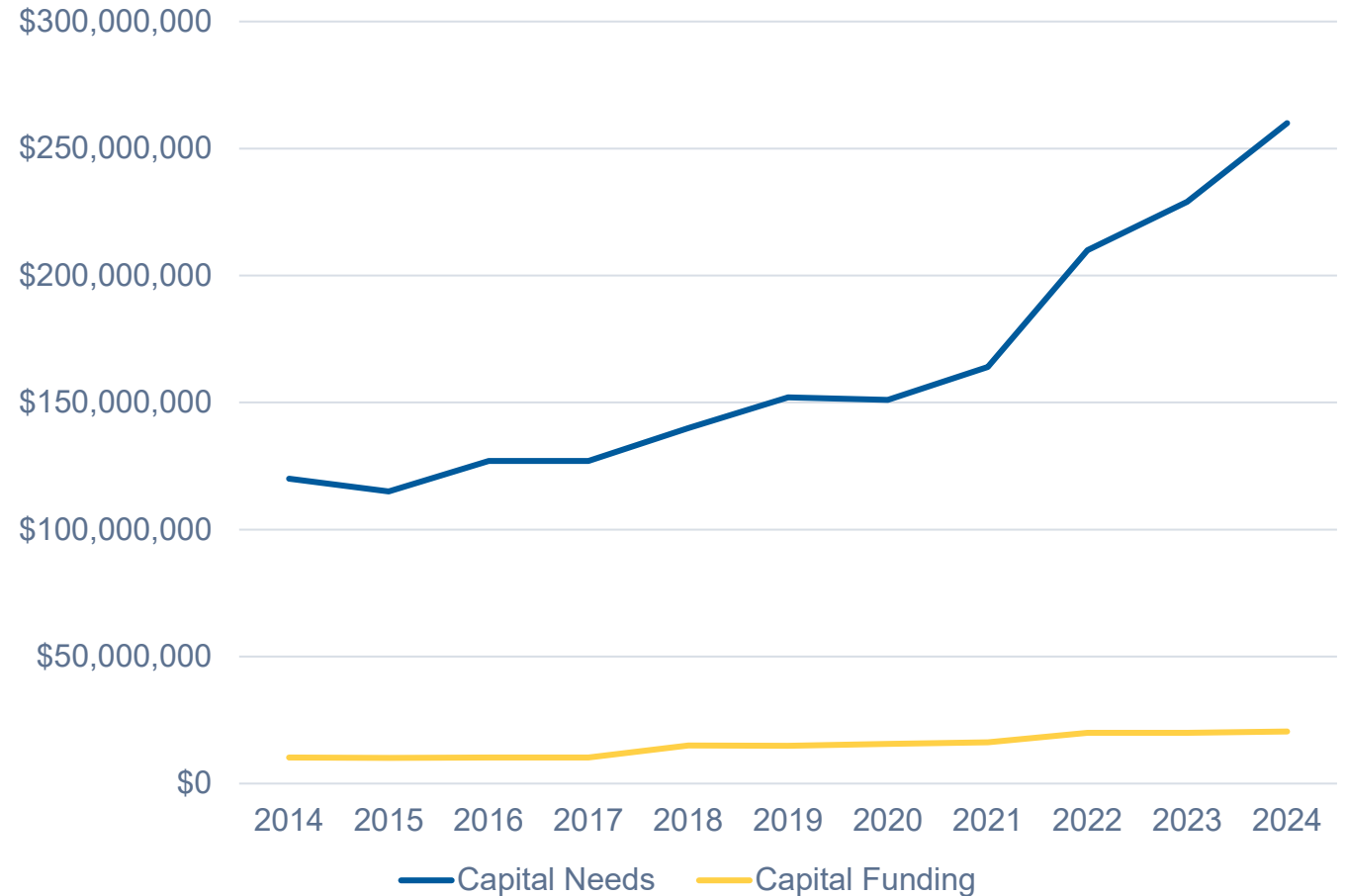
18,500+

residents benefiting from
MPHA vouchers

MPHA Capital Backlog

- MPHA's housing stock is comprised of nearly 6,000 units located in 42 high-rise buildings, 736 scattered site homes, 184 rowhouse units, and a 16-unit townhome development.
- Forty of MPHA's 42 high-rise buildings were built in the 1960s and early 1970s.
- The age range of MPHA's single-family homes is 10 – 100+ years old, and our 184-townhouse development (Glendale) is more than 70 years old.
- MPHA projects its current unmet needs for these properties at approximately \$260M. On average, capital needs grow by ~\$25M/year, not accounting for inflation or other factors.
- Historically, HUD has only provided funding for 10% or less of the actual need.
- Recent, historic inflation rates and a volatile construction market has made addressing capital needs more costly and challenging.

Recent Capital Needs vs Capital Funding



**As of August 2024, Following Annual Portfolio Assessment, Capital Backlog sits at ~\$260M*

2023 Agency Accomplishments

- \$5M Capital Grant from Legislature to Repair MPHA's Deeply Affordable Family Homes
- Scored a 98.5% Physical Inspection in HUD's Annual Public Housing Assessment System (An Agency All-Time High)
- \$4M in New Funding from City of Minneapolis and Hennepin County to Expand Stable Homes Stable Schools
- \$1.3M from MN Housing's SHORP to Repair MPHA's Deeply Affordable Family Homes
- \$5M/Year Through the City Of Minneapolis' Housing Levy to Support the Agency's Preservation and Production Activities
- Celebrated Grand Opening of 84 New 2- & 3-Bedroom Deeply Affordable Family Homes
- Helped ~450 MPHA Families Receive >\$800k in Rent Relief Through Hennepin County's Emergency Assistance Funds



2024 Levy Budget

- MPHA's properties have extensive capital needs (~\$260M). MPHA is using the \$5M-a-year housing tax levy to address preservation and new-unit production activities.
- The 2024 budget is part of the agency's five-year capital plan to maximize levy resources.
 - These plans were developed through the lens of the agency's strategic plan and prepared with careful consideration of MPHA resident feedback.
 - Additionally, these plans make health, safety, code compliance, and quality of life improvements.

Public Housing Tax Levy – 2024

Project	Description	Levy Budget
Highrise Preservation & New Unit Production – 809/828 Spring St NE	Comprehensive rehab/preservation of two high-rises 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
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). Estimated closing – spring 2025.	\$750,000
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. Estimated closing – spring 2025.	\$500,000
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
Highrise Elevator Modernization – 1314 44 th Avenue North	Comprehensive elevator modernization at an elderly-designated building housing over 200 residents. Fall 2024 construction.	\$550,000

2024 Levy Spending

- The agency received its first levy proceeds on July 5 (\$2.48M).
 - Levy proceeds are delivered from Hennepin County in two installments: mid-year and year-end.
- The agency has done significant pre-work to quickly deploy the recently received funding, as noted in table.
- For the 809/828 Springs and two scattered site infill projects, 2024 levy funding will not be deployed until project closings, currently estimated for Q2 & Q3 2025.
 - Substantial redevelopment projects that stack public and private financing like these require identifiable and committed funds to close, even though the expenditure of the funds won't occur until later.
 - Additionally, the scattered site infill projects have only recently resumed planning work. The projects are enabled by the 2040 Plan and were paused with the prior legal uncertainty.
 - This means for 2024 and some part of 2025 it will appear as if MPHA has not used a sizable portion of its prior-year levy funding.
 - This will be a direct result of the deals' closing timelines and does not reflect MPHA lacking capacity to deploy allocated funding.

Public Housing Tax Levy – 2024

Project	Pre-Deployment Work Completed YTD*	Levy Budget
Highrise Preservation & New Unit Production – 809/828 Spring St NE	<ul style="list-style-type: none"> • Design development 50% complete; received City of Minneapolis Planning Commission approval • HUD Rental Assistance Demonstration (RAD) application submitted; received Commitment for Housing Assistance Payment (CHAP) • Multiple resident meetings since mid-2023; ongoing engagement including monthly resident design group meetings • Preparing financing Request For Proposals (RFP) 	\$2,500,000
Three-Unit Scattered Sites Infill Demonstration Project	<ul style="list-style-type: none"> • Site fit test complete; early schematic design work 	\$750,000
Two-Unit Scattered Sites Infill Demonstration Project	<ul style="list-style-type: none"> • Site fit test complete; early schematic design work 	\$500,000
Highrise Elevator Modernization – 600 18 th Avenue North	<ul style="list-style-type: none"> • Pre-development work complete fall 2023 • Construction contract awarded winter 2023 • Construction underway June 2024 	\$700,000
Highrise Elevator Modernization – 1314 44 th Avenue North	<ul style="list-style-type: none"> • Pre-development work complete fall 2023 • Construction contract awarded winter 2023 • Construction anticipated to start early fall 2024 	\$550,000

*As of July 31, 2024

Add'l Funding Deployment Snapshot

- \$3.7M from Minneapolis for CHR Repairs
 - Grant agreement executed April 2024. To date, nearly \$800K in resources have been deployed.
 - Scope of work includes:
 - Extensive rehab of four, long-term vacant family homes in South, including a 2-, 3-, 4-, and 5-bedroom home.
 - One will be made fully accessible.
 - Exterior envelope replacements (roof, windows, siding, etc.) at 19 homes across the city.
 - Redeveloping high capital needs single-family home to triplex in Windom neighborhood. (Enabled by 2040 Plan)
- \$5M from MN Legislature for CHR Repairs
 - Grant agreement executed May 2024. Construction bidding this summer.
 - Funds will be directed almost exclusively to exterior envelope replacements at ~50 homes across the city.
- \$1.3M from MN Housing for CHR Repairs
 - Grant agreement executed in February 2024. To date, more than \$800K in resources have been deployed.
 - Funds are being used on “deep turns.” Work includes interior renovations (kitchen, bath, etc) and electrical, plumbing, and mechanical repairs.

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 (Comp Rehab)	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 3rd St	62	\$505,000	MPHA Capital/EDI Grant	Complete	Nov '23-May '24
1710 Plymouth Ave N	84	\$740,000	MPHA Capital/EDI Grant	Complete	Jan '24-May '24
3116 Oliver Ave N	31	\$370,000	MPHA Capital/EDI Grant	Complete	Oct '23-Jan '24
710 2nd St NE	35	\$370,000	MPHA Capital/EDI Grant	Complete	Apr '24-Aug '24
616 Washington St NE	35	\$395,000	MPHA Capital/EDI Grant	Complete	Apr '24-Aug '24
809 Spring St NE	32	\$375,000	MPHA Capital/City	Complete	Oct '23-Dec '23
1900 3rd St NE	32	\$410,000	MPHA Capital/City	Complete	Dec '23-Feb '24
3205 E 37th 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

Five-Year Levy Budget

- MPHA has developed the following five-year capital plan ('25-'29). Plan highlights include:
 - Additional resources to support RAD redevelopment at four high-rises. Also includes creating 15 new deeply affordable units.
 - A scattered site family housing upzoning project. Tentatively, upzoning five sites to sixplexes (30 new family units).
 - Major capital improvements at numerous high-rises. Work will include windows, boiler systems, and elevators.
 - Beginning resident engagement in 2026 to co-create a plan to preserve, redevelop, and/or add to the Glendale community.
 - Currently, MPHA is planning to deploy significant resources in the out-years to fund work at Glendale.
- There is an asterisk on the work at Glendale.
 - Glendale has been nominated for historic preservation. Short-term, this nomination creates uncertainty for anticipated work.
 - Glendale is the single largest opportunity in MPHA's portfolio to add family units, the agency's most sought-after housing type.
 - As many as 7,500 people have recently been on MPHA's family housing waitlist.
 - MPHA could build at least 180 new family units here.
 - If Glendale receives a historic designation, it will likely eliminate the opportunity to add units and would greatly restrict what physical changes residents can consider in future rehab projects.
 - Further, whether a major redevelopment or a large-scale preservation project, HUD repositioning tools like RAD will almost certainly be needed to secure necessary resources.
 - Glendale has a large capital backlog, currently ~\$21M.

MPHA ANNUAL LEVY BUDGET & FIVE-YEAR PLAN – 2025-2029

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

2025

- **High-rise Preservation & New Unit Production** (*MPHA DEV01*)

- 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)**

- **High-rise Window Replacement** (*MPHA CAP01*)

- Replacement of high-rise windows of 1980's vintage with energy efficient and code compliant assemblies that include fall protection safety features. **(\$1,500,000)**

2026

- **Scattered Sites Infill Project** (*MPHA DEV02*)

- 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)**

- **High-rise Preservation** (*MPHA DEV03*)

- 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. **(\$1,000,000)**

- **Glendale** (*MPHA DEV04*)

- Initial commitment to support grant funds for predevelopment expenses. Work ramps up to first phase of construction in 2028. **(\$500,000)**

- **High-rise Elevator Modernization** (*MPHA CAP02*)

- Comprehensive elevator modernization at multiple high-rises. The scope of the 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 do not properly close. These upgrades ensure reliable and safe vertical transportation for MPHA high-rise residents and staff. **(\$500,000)**

- **High-rise Boiler Plant Replacement** (*MPHA CAP03*)

- 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. **(\$1,000,000)**

2027

- **High-rise Preservation** (*MPHA DEV03*)

- 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. **(\$1,000,000)**

- **Glendale** (*MPHA DEV04*)

- 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. Portion of earmarked funding will ultimately support construction costs. Anticipated closing on first of multi-phase project: 2028. **(\$2,000,000)**

- **High-rise Window Replacement** (*MPHA CAP01*)

- Replacement of high-rise windows of 1980's vintage with energy efficient and code compliant assemblies that include fall protection safety features. **(\$1,500,000)**

- **High-rise Boiler Plant Replacement** (*MPHA CAP03*)

- 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. **(\$500,000)**

2028

- **Glendale** (*MPHA DEV04*)
 - Closing on First Phase of Construction in 2028. Predevelopment engagement activities will shape the scope of this phase of work. Full costs are unknown as a result. **(\$4,000,000)**
- **High-rise Elevator Modernization** (*MPHA CAP02*)
 - Comprehensive elevator modernization at multiple high-rises. The scope of the 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 do not properly close. These upgrades ensure reliable and safe vertical transportation for MPHA high-rise residents and staff. **(\$500,000)**
- **High-rise Boiler Plant Replacement** (*MPHA CAP03*)
 - 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. **(\$500,000)**

2029

- **Glendale** (*MPHA DEV04*)
 - Closing on Second Phase of Construction in 2029. Predevelopment engagement activities will shape the scope of this phase of work. Full costs of this phase are unknowns as a result. **(\$4,000,000)**
- **High-rise Elevator Modernization** (*MPHA CAP02*)
 - Comprehensive elevator modernization at multiple high-rises. The scope of the 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 do not properly close. These upgrades ensure reliable and safe vertical transportation for MPHA high-rise residents and staff. **(\$500,000)**
- **High-rise Boiler Plant Replacement** (*MPHA CAP03*)
 - 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. **(\$500,000)**



Questions

