

MINNEAPOLIS PUBLIC HOUSING AUTHORITY

MISSION

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.

BUSINESS LINES

Strategic Plan

MPHA recently completed its 5 year Strategic Plan. The Plan identifies 3 strategic focus areas that will become the cornerstone of MPHA's business planning. The focus areas are:

1. Property and capital management to ensure preservation and growth of MPHA's assets
2. Policy and program formulation to continue to provide safe and affordable housing.
3. Partnerships to contribute to the health and well-being of residents and participants and the livability of Minneapolis neighborhoods

The entire Strategic Plan can be found at

<http://www.mphaonline.org/wp-content/uploads/2012/10/MPHA-Strategic-Plan-10-30-2012.pdf>

Low Income Public Housing Overview

Public housing was established by the federal government to provide decent, safe and affordable rental housing for eligible low-income families, the elderly, and persons with disabilities. The U.S. Department of Housing and Urban Development (HUD) provides operating subsidies for the management of housing for low-income residents at rents they can afford. Eligibility for public housing is determined based on the participating family's annual gross income and meeting other federal and local eligibility thresholds. The program is limited to U.S. citizens and specified categories of non-citizens who have eligible immigration status. In addition to federal aid for the operation of public housing, HUD also provides MPHA with capital grant funds for public housing modernization and new public housing unit development.

Low Income Public Housing Performance

High Performer Status. When MPHA first became an independent agency twenty one years ago, it was at risk of being labeled a "troubled" housing authority. It pursued a strategic vision, and with bold and consistent leadership, was able to transform itself. MPHA achieved HUD's highest performance rating, and for over a decade MPHA has maintained that status. Under the Public Housing Assessment System (PHAS), HUD rates public housing authorities across the nation in various performance categories, including the physical condition of property, financial status, and management practices. Through prudent investments and wise operational practices, MPHA has consistently received grades in excess of 90% in all these areas.

Section 8 Housing Choice Voucher Program Overview

The Section 8 Housing Choice Voucher Program (HCV) assists very low-income families, the elderly, and the disabled in finding decent, affordable, safe, and sanitary housing in the private market. Eligible program participants may rent single-family homes, townhouses, duplexes, and apartments where the owner of the selected property and the property itself has been approved for program participation. The family pays the difference between the actual rent charged by the landlord within the limits established by the federal government and the amount subsidized by the program.

Eligibility for participation in the Section 8 HCV Program is based on income, eligible citizenship status, and the ability to pass a criminal history background check. The amount of the subsidy available to the family is based on the family's income level and the household's composition. In

general, the family's income may not exceed 50 percent of the median income for the county or metropolitan area in which the family chooses to live. By law, MPHA must provide 75 percent of its vouchers to applicants whose incomes do not exceed 30 percent of the area median income. MPHA has over 670 Project Based Vouchers, 100 Family Unification Program (FUP) vouchers and 205 Veterans Affairs Supportive Housing (VASH) vouchers which allow the agency to partner with service providers and other housing organizations to support individuals and families who need services and housing assistance that may not be available through the traditional Section 8 Housing Choice Voucher program.

In 2012 MPHA, through its Moving To Work authority, began conducting a "Rent Reform Impact Study" for its Section 8 Housing Choice Voucher Program. This study is assessing the potential for a new rent policy that will reduce costs in the Housing Choice Voucher Program; provide opportunity to serve more families from the waiting list; and create incentives to facilitate families' successful move from the housing subsidy program into market rate housing or homeownership. MPHA is currently working with a Consultant on the "Rent Reform Impact Study".

Section 8 Housing Choice Voucher Program

High Performer Status. In 2007 and each consecutive year thereafter, HUD awarded MPHA with the valued distinction of High Performer through its Section Eight Management Assessment Program (SEMAP). In 2011 MPHA received a perfect score of 100% from HUD.

Collaboration with the City and the County. MPHA's Section 8 HCV staff continues to work in partnership with City of Minneapolis elected officials and senior staff, along with neighborhood groups, to develop solutions and to resolve issues associated with program participants and the properties leased to them.

In July 2010 MPHA entered into an agreement with the Minneapolis Police Department to assist the Section 8 HCV Program with its program integrity. A Minneapolis Police Sergeant investigates alleged criminal activity, neighborhood complaints, and suspected fraud committed by voucher holders or program owners who participate in the Section 8 HCV Program. The goal is to clearly demonstrate MPHA's commitment to protecting the Program's integrity when there is reason to believe that any criminal or fraudulent activity is taking place in connection with the Section 8 HCV Program.

Capital Improvements Program

MPHA's Facilities and Development Department works closely with the Executive Director to identify, catalog, and prioritize capital needs and develop an action plan that ensures the preservation of MPHA properties. This department also takes the lead in new development initiatives. With its Moving to Work authority, the infusion of American Recovery and Reinvestment Act (ARRA) funds, and its Energy Performance Contract initiative, MPHA has been able to strategically allocate its resources to make substantial improvements in its managed portfolio of capital assets. These improvements position the agency to make significant progress in its capital needs backlog, as well as enhance its ability to address energy conservation needs, thereby reducing MPHA's carbon footprint, while ensuring the long-term preservation of its housing stock.

MPHA entered into a \$33.6 million Energy Performance Contract with Honeywell International, Inc. in 2007 to implement energy conservation measures throughout MPHA's high-rise apartment inventory. The contract, which is primarily financed through a municipal lease from Bank of America, was authorized under a special HUD incentive program that encourages PHAs to borrow private capital to fund energy improvements. The improvements, now completed, include replacing

40-to-50-year-old boilers, installing low flow toilets and shower heads, and replacing existing stoves with energy efficient models. This fully implemented project is now in its “guaranteed savings period”, which yields over \$2 million of combined water, gas, and electricity savings annually. These savings provide the financial backing for satisfying the Bank of America loan which paid for the conservation improvements.

American Recovery and Reinvestment Act (ARRA) Grants. The American Recovery and Reinvestment Act of 2009 was enacted by Congress and signed into law by President Barack Obama on February 17, 2009. The purpose of this legislation was to provide a stimulus to the U.S. economy in the wake of the economic downturn brought about by the subprime mortgage crisis and the resulting credit crunch. In March 2009, MPHA received an ARRA Capital Fund Formula Grant of \$18.2 million and has completed all of the work associated with this grant. In addition, MPHA successfully competed for three ARRA grants totaling over \$31.6 million, which were awarded in September 2009, for the creation of a new state-of-the-art Senior Center, a first in the nation “green” 48-unit public housing Memory Care–Continuum of Care housing development, and an energy efficient Scattered Site “green” initiative. All of the work has now been completed on these grants and the new facilities became operational in the spring of 2012 and are now fully occupied. In August 2012, HUD conducted a comprehensive audit of MPHA’s compliance with the ARRA requirements for the Agency’s grant awards and did not identify any findings.

Funding Sources and Uses

As in previous years, the MPHA is heavily financed from the federal government. In 2011, federal grants and subsidies made up 84 percent of the MPHA’s sources of funds. These funds were provided for general program operation, capital uses for both improvements for existing structures and new public housing development, and Section 8 housing assistance subsidies. The percentage of funding provided from capital grants increased from 13 percent of the sources in 2008 to 21 percent of total sources in 2009 and 2010, and to 25 percent in 2011. The increase in capital grants primarily relates to capital funding from ARRA and the decision to accelerate capital spending given the financial flexibility afforded by the MTW Program.

The majority of uses were for housing assistance payments (HAP) to Section 8 landlords, which made up 37 percent of uses in 2011 compared to 28 percent in 2010.

2013 Federal Funding Outlook

MPHA is predominantly funded by the federal government through federal grants and subsidies. Although federal appropriations have not been determined for 2013, MPHA anticipates that there will be significant reductions in federal assistance. There is great uncertainty in funding for MPHA’s programs in 2013. The Budget Control Act of 2011 would impose an 8.2% automatic cut to 2012 appropriation levels for funding MPHA programs in 2013. The nation’s leaders continue to work on legislation to avoid the so called “fiscal cliff” but currently a resolution has not been accomplished.

FINANCIAL ANALYSIS

Expenditure & Revenue

The City sponsored portion of MPHA’s expense and revenue budgets match at \$196,000.

Mayor’s Recommended Budget

The Mayor recommended a \$200,000 tax levy for MPHA that is estimated to provide \$196,000 in revenue.

Adopted Budget

The Board approved the Mayor’s recommendation.

Total Budget Request	
Sources	
Tax Levy ¹	\$196,000
Uses	
Operations/Security	\$196,000

¹ \$200,000 tax levy with an assumed 98% collection rate .

MPHA

Staffing Information

Division	2010 Budget	2011 Budget	2012 Budget	2013 Budget	% Change	Change
PUBLIC HOUSING	313.86	318.00	292.00	292.00	0.0%	
TOTAL	313.86	318.00	292.00	292.00	0.0%	

Positions 2010-2013

