

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. The initial goal of rent reform was to control costs and eventually achieve savings that would allow MPHA to move families from the waitlist. However, with the advent of sequestration the focus shifted to maintaining assistance for all current families within a severely decreased budget. MPHA will implement its Rent Reform Initiative in 2014.

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. In 2013, MPHA executed amendments to the Energy Performance Contract with Honeywell International, Inc. to implement \$3.36 million of additional energy conservation measures. The additional energy conservation measures to be installed include exterior LED lighting, variable frequency drives on heating pumps, and the replacement of pneumatic controls with DDC controls. The additional measures are financed by the refinancing of the original Bank of America loan.

Funding Sources and Uses

As in previous years, the MPHA is heavily financed from the federal government. In 2013, federal grants and subsidies made up 77 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. In 2011, the percentage of funding provided from capital grants was only 18 percent, and this decreased to only 11 percent in 2012.

The majority of uses were for housing assistance payments (HAP) to Section 8 landlords, which made up 46 percent of uses in 2012 compared to 35 percent in 2011.

2014 Federal Funding Outlook

MPHA is predominantly funded by the federal government through federal grants and subsidies. Although federal appropriations have not been determined for 2014, MPHA anticipates that federal assistance will remain near the same levels received in 2013.

FINANCIAL ANALYSIS

Expenditure & Revenue

The City-sponsored portion of MPHA’s expense and revenue budgets match at \$225,000.

Mayor’s Recommended Budget

The Mayor did not provide a funding recommendation.

Adopted Budget

Each year, MPHA is required to provide a payment in lieu of taxes (PILOT) of 5% of net shelter rent per Minn. Stat. 469.040, Subd. 3. Prior Cooperative Agreements between MPHA and the City incorporated 10% annual payments, which were subsequently reduced to the mandatory 5% reflected in the Statute. MPHA provides payment to Hennepin County which is then distributed to local taxing jurisdictions in the same manner as property taxes. Beginning in 2014, the Council amended the City’s budget to include the refund of the City’s portion of MPHA’s PILOT payment.

Total Budget Request	
Sources	
PILOT Refund ¹	\$225,000
Uses	
Public Housing Costs	\$225,000

¹MPHA and the City have agreed that MPHA will pay PILOT at the reduced amount of 5% of net shelter rent, and the City will refund the portion of the MPHA payment received by the City. MPHA would use the savings to fund public housing costs.

MPHA

Staffing Information

Division	2011 Budget	2012 Budget	2013 Budget	2014 Budget	% Change	Change
PUBLIC HOUSING	318.00	292.00	292.00	284.00	-2.7%	(8.00)
TOTAL	318.00	292.00	292.00	284.00	-2.7%	(8.00)

Positions 2011-2014

