



MPHA Moving to Work Annual Plan Revised

FY 2010

Cora McCorvey, Executive Director



EQUAL EMPLOYMENT OPPORTUNITY

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MPHA FY2010 Moving to Work Annual Plan

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Attachment B: Plan Process Comments and MPHA Responses

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Section I: Introduction/Executive Summary

The MPHA Moving To Work Plan is divided into eight sections. Section I comprises an introduction and an overview of the MTW Plan or an Executive Summary.

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 as a valued partner, contribute to the well-being of the individuals, families and community we serve.

Section II: General Housing Authority Information

This section of the MTW Plan details information about MPHA's operations for its low rent and Section 8 Housing Choice Voucher (HCV) Programs.

Housing Authority Operating Information

MPHA's mission frames the development of its FY 2010 Moving To Work (MTW) Plan. This Section provides an overview of the agency's operations, including information about its housing stock and capital initiatives, as well as details about MPHA's leasing activities and waiting lists for its public housing and Section 8 Housing Choice Voucher programs.

- 6,207 public housing units, including 4,958 highrise units, 753 scattered site units, 184 family units and 312 mixed financed units.
- 4,444 Housing Choice Vouchers under lease including 685 project based vouchers.
- The public housing waiting lists consist of 4,083 highrise and family applicants.
- The Section 8 HCV waiting list currently totals 12,104 applications.
- MPHA capital initiatives for 2010 are expected to cost \$16,000,000.
 - This does not include the expected capital expenditures related to the MPHA EPC Contract or the recent HUD Capital Fund Recovery Competition Awards received by MPHA.

Section III: Non-MTW Related Housing Authority Information

In this Section MPHA describes a number of its significant activities that are not related to MTW, but have an impact on its residents and program participants. This includes its Assisted Living and Housing with Services programs for the frail elderly, ESCO energy savings program, Project Based Section 8 programs, Publically Owned Transitional Housing (POTH) housing with services program, a new Section 8 Inspections protocol with the City of Minneapolis, as well as its resident involvement and participation initiatives.

Section IV: Long Term MTW Plan

This section of the MTW Plan offers MPHA's long term vision for itself as an MTW Agency.

The Long Term Vision for MPHA's MTW program establishes the agency as a consistent high performer providing quality services to its residents and program participants. MPHA believes that it is and must remain a good steward of its properties, preserving them for future generations.

MPHA is also committed to enhancing opportunities for its residents and program participants by using its MTW status to create pathways that lead to self-sufficiency through targeted employment programs and avenues to opportunities for homeownership.

MTW positions the agency to make the most of its Section 8 HCV program to establish programs and create partnerships that serve the most vulnerable and expand opportunities for those seeking to break the cycle of poverty.

Residents, program participants and key community constituencies are at the root of MPHA's long term planning. The agency's rich history of partnerships has created innovations that have served the specific needs of residents, established programs and services such as Head Start for the very young and assisted living for the frail elderly, and creation of a resident self-governance system that fuels dialog and challenges making MPHA more responsive and better positioned to meet its mission.

MPHA's long term vision and its partnerships have resulted in a \$28 million ESCO initiative and over \$31.8 million in funding under HUD's Capital Fund Recovery Competition (CFRC) grant program.

MPHA intends to use the flexibilities under MTW to realize its long term vision and leave a legacy of accomplishment for the next generation.

Section V: Proposed 2010 MTW Initiatives

This section of the MTW Plan identifies the specific activities MPHA wishes to pursue under its MTW authority. In 2010, MPHA is proposing five (5) new initiatives ranging from creating working family incentives to an innovative Rent-To-Own program.

MPHA's 2010 MTW initiatives, goals and objectives:

- A Working Family Incentive for both public housing and Section 8 HCV families.
 - Provide families with an incentive to find and keep employment.
- Phased in Minimum Rent Increases for both Public Housing residents and Section 8 HCV participants.
 - Reduce MPHA costs (federal expenditures) and encourage families to obtain employment and become self-sufficient.
- An Expanded Voluntary Conversion or Disposition program to secure new Section 8 vouchers for its mixed financed developments. This would involve a total of 312 units of which MPHA does not own nor manage.
 - Reduce federal expenditures and expand housing choices.
- A Rent-To-Own initiative where the 20 townhome condominiums purchased by MPHA in Heritage Park would be marketed and eventually sold to selected MPHA residents, Section 8 HCV participants, MPHA staff and City of Minneapolis employees who otherwise are eligible for public housing.
 - Expand housing choices, promote self-sufficiency and stabilize neighborhood.
- Project Base up to 21 Housing Choice Vouchers in partnership with the City's Neighborhood Stabilization Initiative that will purchase and rehab foreclosed apartments and make them available to low-income families seeking affordable housing.
 - Increase housing choices and stabilize neighborhoods.

Section VI: Ongoing MTW Activities and Other MPHA Initiatives, goals and objectives

This section of the MTW plan explains MPHA's ongoing MTW initiatives and identifies how those initiatives will be carried forth in this coming fiscal year.

- **Block Grant and Fungible Use of MPHA Resources**

MPHA proposes to continue to block grant the following funding resources: rent, subsidy, capital funds, Section 8 Housing Choice Voucher (HCV), Housing Assistance Payment (HAP) funds, Section 8 HCV administrative funds, replacement housing factor (RHF) funds and related reserves into a single resource to meet overall agency needs.

- Allocate agency resources to meet MTW initiatives and agency objectives.

- **Recertification of Elderly or Disabled Public Housing Resident Families Once Every Three Years Instead of Annually**

MPHA is certifying families who are elderly or disabled and who are on a fixed income every three years instead of annually. This saves time and effort for these residents and helps MPHA to more effectively target its resources.

- Continue progress that was made in 2009.

- **Convert Mixed-Financed Units to Project Based Section 8**

MPHA is revising this initiative which originally addressed conversion for its 112 suburban mixed-financed developments to include 200 additional Heritage Park mixed-finance public housing units that were also developed as part of the Hollman Consent Decree. MPHA intends to seek additional vouchers for this initiative. This is addressed as a new initiative in Section V as the request to increase the number of units and the application for new Section 8 Vouchers constitutes a significant change.

- Receive additional vouchers from HUD
- Negotiate agreements with mixed-finance owners to project based vouchers at these developments
- Begin lease-up for public housing residents to project based Section 8

- **Combine MPHA's Current Homeownership Programs into a Single MTW Initiative with a Foreclosure Prevention Component**

Under MTW, MPHA's homeownership initiatives, Home Ownership Made Easy (HOME) and Moving Home (Section 8 Homeownership Demonstration Program) has been

revised and combined with a new Foreclosure Prevention Initiative that assists some low-income families in avoiding foreclosure.

- Fifteen families will purchase or prevent foreclosure in 2010

- **Rent Reform: MPHA has Revised its Earned Income Policy to Allow Eligible Public Housing Families a Full Two-Year Income Disregard**

Federal regulations allow certain families a full income disregard for one year and a 50% disregard for the second year. As families move in and out of employment, the disregard is postponed; the monitoring is time consuming and creates administrative hardships that are prone to errors. MPHA has created a full two-year income disregard for eligible families and eliminated the administrative hardship and time consuming monitoring.

- Monitor progress and identify families who have maintained employment in 2010

- **Implement a New Public Housing Family Self-Sufficiency Program**

MPHA has implemented a new public housing Family Self-Sufficiency (FSS) program targeted for families who seek to become home owners. This program is limited to 50 families and has participation requirements to meet MPHA's homeownership program eligibility requirements.

- 25 families will participate in FSS in 2010

- **Section 8 HCV Mobility Voucher Program**

MPHA created a Mobility Voucher program to encourage low-income families to move to non-concentrated areas to find safe, decent and affordable housing in an environment conducive to breaking the cycle of poverty. This initiative responds to HUD's goal of deconcentrating families who live in poverty.

- Issue 20 new mobility vouchers in 2010

- **MPHA MTW Investment Initiative**

Under MTW, MPHA will waive federal restrictions on investment options as long as the investment strategies comply with Minnesota law. Due to the economic crisis this initiative was not implemented in 2009.

- MPHA will evaluate this initiative for Fiscal Year 2010

- **Resident Empowerment Initiative**

MPHA recognizes that good ideas and new opportunities are not always aligned to a planning or funding cycle. MPHA intends to develop a Resident Empowerment Initiative that will allow the agency to consider, fund and implement initiatives that arise between MTW planning cycles without completing the time consuming process required to amend the MTW Plan. This initiative will include resident input and review. Activities under this initiative will contribute to the agency's self-sufficiency efforts and assist families with education, training and other supports related to seeking and keeping employment. MPHA did not implement this initiative in 2009.

- This initiative will be evaluated for implementation in 2010

- **Flexible Development Initiative**

MPHA's Flexible Development Initiative allows the agency to respond to development opportunities in a timely manner. On occasion, properties become available or opportunities arise that have critical windows that require more immediate action than is available under current policies. MPHA's initiative is designed in a manner that allows MPHA to respond to and take advantage of opportunities as they arise. MPHA utilized this initiative to purchase 20 units in 2009.

- MPHA has no definite plans to utilize this initiative in 2010

- **Plymouth Church Initiative**

MPHA has partnered with Plymouth Church Neighborhood Foundation for project-basing six (6) Section 8 HCV Vouchers as part of a 30-unit housing development, 'Creekside Commons'. The project based vouchers support the financing of this development and serve as leverage for tax credits and other funds dedicated to this project resulting in an additional 24 units of affordable housing that would not be otherwise available without the MPHA's contribution. The project based units would allow for five (5) three-bedroom units and one (1) four-bedroom unit including an accessible unit. Construction commencement is planned for spring of 2010.

- MPHA expects to sign contracts and project base six (6) vouchers in 2010

Section VII: Sources and Uses of Funding

MPHA's low rent, capital improvements and Section 8 HCV funds are combined into a block grant and able to be used flexibly to meet MPHA needs. MPHA has provided a narrative and accompanying charts detailing the sources of its MTW funds and how it plans utilize those funds in the coming year. In this section of the MTW plan, MPHA provides detailed information regarding its MTW budget and flexible use of its funds and includes its non-MTW budget. MPHA's combined funds total \$146,070,763 with \$92,604,350 included in its MTW budget.

Section VIII: Administrative

This section of the MTW Plan addresses the administrative requirements associated with the MTW Plan including:

- Board resolutions adopting MTW Plan;
- Documentation of Public Process including at least one public hearing;
- Submissions required for receipt of funds; and
- Any planned or ongoing evaluations

Section II: General Housing Authority Information

A. Housing Stock Information

■ The number of public housing units at the beginning of the year

Minneapolis Public Housing Authority (MPHA) has 6,207 public housing units comprised of 753 scattered site units, 184 family units in its Glendale family development, 4,958 units in its 41 highrise facilities and 312 public housing units that are part of various mixed financed developments throughout the City of Minneapolis and various neighboring metropolitan jurisdictions.

Under the new Asset Management rule these units have been divided into nine Asset Management Projects (AMPs). MPHA owns and manages units in seven of these AMPs, the other two AMPs are owned and managed by various partnerships and management agents for which MPHA holds the Annual Contributions Contract (ACC) on the 312 mixed financed units.

The **Current Housing Units** chart (A-1) below provides a breakdown of these units by development (AMP) and bedroom size.

Current Housing Units								
Asset Management Project	Bedroom Size							TOTAL
	0	1	2	3	4	5	6	
1 – Glendale		26	70	70	18			184
2 – Scattered Site*			149	351	201	43	9	753
3 – North	252	1036	8					1,296
4 – Northeast	190	749	5					944
5 – Hiawathas	398	484	7					886
6 – Cedars	152	736	7					895
7 – Horn	2	929	6					937
8 – Heritage Park			91	76	23	10		200
9 - MHOP			45	42	25			112
TOTAL	674	4,277	388	539	267	53	9	6,207

*This includes the 20 townhome condominiums MPHA acquired in 2009.

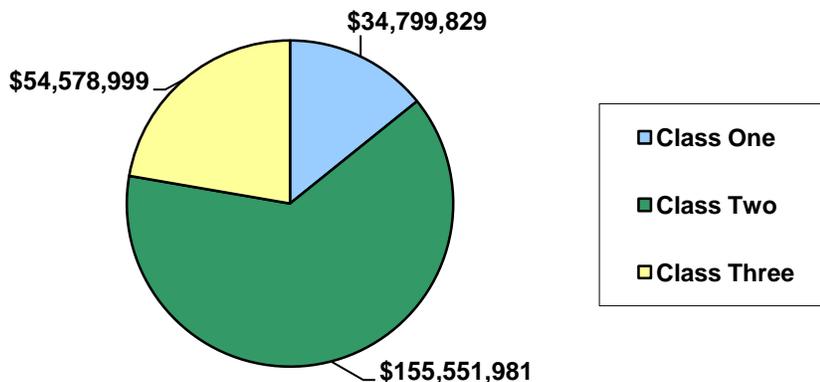
■ **General description of any planned significant capital expenditures by development.**

Minneapolis Public Housing Authority’s (MPHA) housing stock is comprised of 41 highrise buildings, 753 scattered site homes, and 184 rowhouse units. Forty of the forty-one highrise buildings in MPHA’s inventory were built in the 1960’s and early 1970’s; the age range of MPHA’s single-family homes is 2 – 100+ years old, and our single remaining rowhouse development is nearly 60 years old. The most recent comprehensive needs analysis indicates an unmet capital need of approximately \$245 million over the next ten years for these 5,875 public housing units. This represents a \$20 million increase above the previous assessment. MPHA updates its physical needs assessment on an ongoing basis. This ongoing assessment resulted in the identification of the additional \$20 million in capital needs.

To aid in capital planning, MPHA considers two factors in its needs data:

1. The classification of the needs as:
 - Class One: Life, Safety, and Code Compliance (e.g. asbestos abatement, security-related improvements, fire suppression systems)
 - Class Two: Building Systems/Infrastructure (e.g. mechanical systems, plumbing and electrical systems, roofs/façades, windows, elevators, etc.)
 - Class Three: Maintainability/Marketability (apartment kitchen and bath rehab, landscaping/site improvements, building amenities, etc.)
2. The remaining useful life of the need, which can range between 0 – 10 years.

The breakdown by classification of our 10-year \$245 million capital need is illustrated below:



As shown above, a large portion of our capital needs fall into the Class Two classification; due to their age, the infrastructure at many of our buildings is beginning to fail. Further, as building codes have evolved, we need to address increased fire protection requirements such as retrofitting our highrise buildings with sprinkler systems, which comprises approximately \$20 million of the \$37 million identified in Class One. MPHA has made these items a priority and will target these types of improvements over the next ten years.

Another way MPHA assesses the condition and tracks the performance of our properties is by utilizing an industry-accepted tool known as the Facility Condition Index (FCI). The FCI is a measurement that takes into account the “growing” capital renewal needs year over year and measures it against the replacement value of an asset ($FCI = \text{Need}/\text{Asset Value}$). The building FCI is calculated as a percentage and will fall within one of the following four ranges:

Good: 0% - 5%

Resident complaints are low and manageable; facility benefits from scheduled preventive maintenance, planned capital improvements, an increased level of amenities, and a higher level of customer service.

Fair: 6% - 10%

Manageable equipment or component failure may occur; resident complaints will be higher but still manageable; facility’s staff time may, from time to time, be diverted from regular scheduled maintenance. The level of planned capital improvements, as well as customer satisfaction, decreases moderately from the “Good” range.

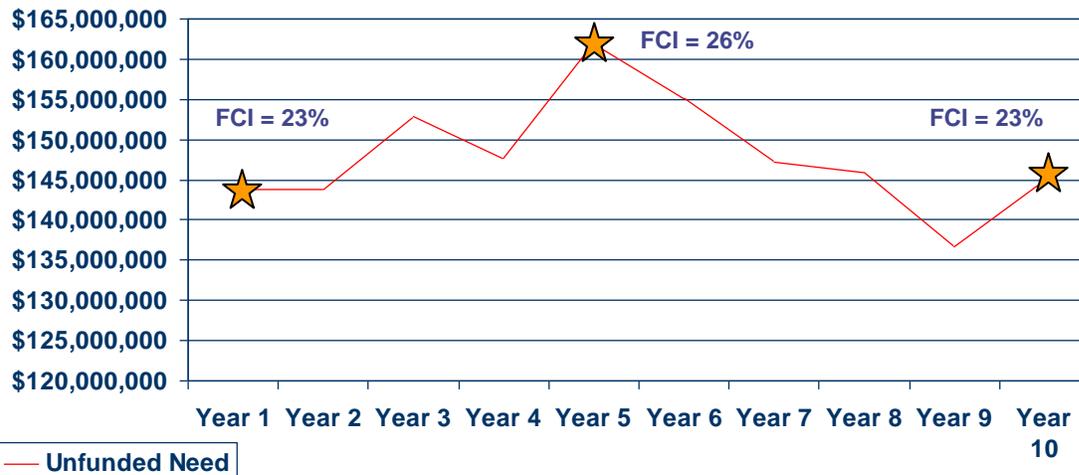
Poor: 11% - 30%

Moderately frequent equipment and infrastructure failures occur, accompanied by possible building system shut downs; resident complaints will be high with increased level of frequency leading to a lower level of customer satisfaction; facility’s staff time will likely be diverted from regular scheduled maintenance and forced into “reactive mode”. Capital improvements planning and implementation will also be reactive and will change frequently as more funds are used to mitigate building systems breakdowns.

Critical: Over 30%

Frequent component, equipment, and infrastructure failures will occur accompanied by likely building system shut downs – management risk is high; resident complaints will be very high with an unmanageable level of frequency; staff will not be able to provide regular scheduled maintenance due to high level of “reactive” calls. Capital fund planning is almost 100% reactive with higher level of needs leading to consideration of disposition of assets.

MPHA uses this information to understand the current state of each property, as well as to forecast the building's future performance based on various funding levels. Based on the growing capital needs of our assets and historic Capital Fund Program (CFP) funding levels, over the next ten years the FCI trend for MPHA's entire portfolio is illustrated on the next page:



Under historically insufficient capital funding, MPHA's facilities have and will continue to languish in the "Poor" (11% and higher) rating of FCI. As our properties age, needs continually surface, and CFP appropriations continue to decline, MPHA is faced with the ongoing and increasingly difficult challenge to preserve its assets and provide dignified housing to the residents we serve. MPHA plans to implement several asset investment strategies that buttress the CFP in order to address the \$245 million capital need.

▶ **MTW Reserves**

This strategy – which is available as a result of the agency's MTW designation – allows for an increase of CFP allocations above HUD's funding level for the CFP via accessing MPHA's reserves. MPHA's budget recommendation for the next five years provides for an increase to the CFP from approximately 10 million to 17.5 million each year.

▶ **EPC**

MPHA procured in early 2007 and has entered into an Energy Performance Contracting (EPC) agreement with Honeywell International, Inc. for the assessment of MPHA's assets and the production of an Investment Grade Audit (IGA) of Energy Conservation Measures (ECM). The IGA is complete and MPHA has completed negotiating an EPC with Honeywell for the implementation of the ECMs outlined below with an estimated value of approximately \$33.6 million:

- Common area and apartment lighting retrofits
- High efficiency motors
- Stove replacement at all highrises
- Water conservation measures in all highrises and scattered sites
- Building envelope repairs (caulking, weather-stripping, etc.)
- Boiler replacement at all highrises
- Water heater replacement at all highrises

In 2009, the MPHA Board of Commissioners and HUD approved the EPC.

▶ **Development**

MPHA continues to search for development opportunities that include the possibility of replacement of high needs scattered site units in concentrated areas of Minneapolis with small clusters of new town home developments in non-concentrated areas of Minneapolis. The new town home developments are designed with a high level of energy efficiency and state of the art durable materials.

▶ **Other Grants**

In addition to the \$18.2 million dollars that MPHA has received from HUD under the ARRA capital fund formula, MPHA has received three (3) competitive awards under HUD’s Capital Fund Recovery Competition NOFA:

- Senior Center – North Minneapolis

MPHA has proposed to design and build a state-of-the-art senior center in Heritage Park in North Minneapolis. MPHA has established partnerships with Northpoint Health and Wellness Center, Minneapolis ‘Y’, Augustana Services, Hennepin County, the City of Minneapolis and others to provide an array of services to elderly residents living in North Minneapolis. These services include medical care, adult daycare and social and recreational opportunities.

Grant application: \$10.5 million ARRA dollars

- “Green” Senior Housing/Memory Care Development

MPHA intends to develop a 48-unit “green” senior development near the proposed Senior Center that will focus on providing housing and supportive services to frail elderly low-income residents who have memory care issues. MPHA has established a partnership with Hennepin County that will provide services to meet the needs of low-income elderly with memory care issues. This development will utilize various energy efficiency methods and green technologies,

including solar and geothermal. In addition, the structure will be built with “green” materials and designed to reduce the development’s carbon footprint.

Grant application: \$9.7 million ARRA dollars

- Scattered Site “Green” Initiative

MPHA is proposing to make significant energy improvements in over 733 scattered housing sites. These improvements will replace outdated systems and reduce energy and water consumption. Also, these strategies will enhance operational efficiencies, result in significant energy saving costs, add to the long-term preservation of our housing resources and reduce the agency’s carbon footprint and consumption of energy. This initiative will benefit MPHA, its residents, and taxpayers.

Grant application: \$11.6 million ARRA dollars

Capital Projects and Estimated Costs to Reduce MPHA’s FCI

MPHA’s ten-year strategy for addressing capital needs covers FY 10 through FY 19.

Approximately \$188 million in capital work will be implemented over this ten-year period; the plan addresses many of the building systems (Class Two), as well as other high priority items such as retrofitting our highrises with sprinkler systems, all of which are critical to the fluid operation of our facilities.

During the first five years, FY10 – FY14, MPHA plans on dedicating \$86.4 million of HUD funds to capital improvement projects. The total planned work of \$114.4 million during this period will use the aforementioned HUD resources, implementation of an EPC valued at \$33.6 million of which \$28.4 million is financed and \$500,000 in State of Minnesota funds. MPHA plans to use COCC funds for additional capital expenditures.

FY10 Significant Capital Expenditures by Development

The Minneapolis Public Housing Authority (MPHA) has identified \$16 million in capital expenditures for FY 10 (see attached chart) targeted at specific projects in five of its seven Asset Management Projects (AMPs) and its executive offices at 1001 Washington Avenue North.

EPC Related Improvements: \$3,700,000

MPHA has set aside \$3,700,000 to be spent for capital improvements related to its EPC activities in each of its AMPs. For example, MPHA intends to install new toilets in each apartment unit, some units will require floor replacement as new toilets are installed others will not. In developments where new boilers are being installed, the boiler rooms will need to be painted and refurbished to accommodate the new boilers. EPC funds can only be used for

specific improvements that contribute to energy savings, related repairs will need to be financed as capital expenditures. MPHA has allocated funds that allow it to flexibly respond to capital needs related to EPC improvements.

AMP 3 (North): \$3,189,663

MPHA will complete comprehensive rehab of apartments with piping replacement at its 600 18th Avenue North site, as well as similar improvements at 3116 Oliver Avenue North. New trash management systems will be installed at 2415 North 3rd Street, 315 Lowry Avenue North, and 1710 Plymouth Avenue North.

AMP 4 (Northeast): \$5,159,966

MPHA's 1815 Central facility is currently under construction, an extensive modernization project that includes comprehensive apartment rehab and installation of a fire suppression sprinkler system. FY10 capital dollars will be utilized to continue this work as well as fund other needed improvements such as parking lot upgrades and first floor window replacement at this building. Comprehensive apartment rehab and piping replacement will also be completed at 710 2nd Street NE and 616 Washington Street NE, as well as roof replacement and trash management systems with estimated costs of approximately \$1,000,000 per site. In addition, MPHA will initiate a multi-million dollar modernization project at 828 Spring Street NE, which will include apartment rehab, piping replacement, and installation of a fire suppression system. Trash management systems will also be installed at 311 University Avenue NE, 1206 2nd Street NE, 1900 3rd Street NE, and 809 Spring Street NE.

AMP 5 (Hiawatha): \$1,003,479

MPHA will initiate the first phase of comprehensive building modernization at 1920 4th Avenue South, which will be funded over a two-year period. Work will include comprehensive apartment rehab, piping replacement, installation of a fire suppression system, and extensive first floor modernization with new management offices, community spaces, and a reconfigured building entrance.

AMP 6 (Cedars): \$1,044,300

At its Cedar's Development, MPHA will replace closet doors, and refurbish showers in all apartments. Further, the exterior breezeways that connect the lowrise buildings will be reconfigured and enclosed, which will greatly improve resident safety and security at this site.

AMP 7 (Horn):\$859,560

MPHA plans to replace its current trash management system with a new system at 3205 East 37th Street and 3755 Snelling Avenue. This system is estimated to cost \$34,000 per site. Additionally, apartment upgrades including piping replacement, shower refurbishment, and new light fixtures will be completed at 2121 Minnehaha Avenue, with an estimated project cost of \$791,560.

MPHA Administrative Offices: \$500,000

MPHA expects to spend \$500,000 in capital funds to initiate the first phase of improvements at its headquarters, which will include reconfiguring and expanding the first floor to accommodate all public service departments. This will provide better customer service for its public housing applicants and Section 8 applicants.

PLANNED CAPITAL EXPENDITURES FY 10

\$16,000,000

AMP	PROJ #	ADDRESS	WORK ITEMS	BUDGET
N/A	N/A	N/A	Administration	\$543,032
1 – 7	Varies	Area-Wide	EPC related improvements	\$3,700,000
3	20.4	2415 N 3 rd Street	Trash management	\$34,000
3	20.5	3116 Oliver Avenue N	Apartment rehab, piping replacement	\$647,171
3	23	315 Lowry Avenue N	Trash management	\$34,000
3	25	600 18 th Avenue N	Apartment rehab, piping replacement	\$2,440,492
3	26	1710 Plymouth Ave N	Trash management	\$34,000
4	10	311 University Ave NE	Trash management	\$34,000
4	15.4	710 2 nd Street NE	Apartment rehab, piping, roof replacement	\$872,508
4	15.5	616 Washington St NE	Apartment rehab, piping, roof replacement, site work	\$981,363
4	21.4	1206 2 nd Street NE	Trash management	\$34,000
4	21.5	1900 3 rd Street NE	Trash management	\$34,000
4	21.6	809 Spring Street NE	Trash management	\$34,000
4	33	828 Spring Street NE	Apartment rehab, piping replacement, sprinkler system	\$1,323,032
4	35	1815 Central Avenue NE	Apartment rehab, piping replacement, parking lot, window replacement	\$1,847,063
5	19	1920 4 th Avenue South	Apartment rehab, piping replacement, sprinkler system, first floor mod	\$1,003,479
6	6/30	Cedars Community	Closet doors, shower replacement, breezeways	\$1,044,300
7	18.4/22	Snellings	Trash management	\$68,000
7	36	2121 Minnehaha Ave	Piping replacement, lighting, showers	\$791,560
N/A	96	1001 Washington	First floor addition/reconfiguration	\$500,000
TOTAL				\$16,000,000

MPHA's \$33.6 million EPC will allow it to address projects that were not able to be previously funded. The work items being funded under the EPC include many of the Class Two needs such as boilers/heating systems, major HVAC system components, lighting, etc. that were previously funded in MPHA's five-year CFP plan. The EPC will be implemented over the first two years (FY 10 – 11) of the five-year work plan (see chart below) and will require some supplemental funding from the MTW allocation to pay for miscellaneous repairs (e.g. bathroom floors as toilets get replaced) during the construction period.

**Minneapolis Public Housing Authority
2010 Capital Fund Five-Year Action Plan**

			FY10	FY11	FY12	FY13	FY14	
Budgets			16,000,000	18,100,000	18,100,000	18,100,000	16,100,000	
AMP 1 - Rowhouses								
AMP	Project	Address	Bldgs	Units				
1	1	Glendale	28	184	0	0	1,964,464	4,000,672
Total AMP 1			28	184	0	0	1,964,464	4,000,672
AMP 2 - Scattered Site/Single Family								
AMP	Project	Address	Bldgs	Units				
2	Varies	Various	733	733	0	800,000	900,000	1,000,000
Total AMP 2			733	733	0	800,000	900,000	1,000,000
AMP 3 - North								
AMP	Project	Address	Bldgs	Units				
3	3	800 North Fifth Avenue	1	66	0	2,970,001	0	0
3	20.4	2415 North Third Street	1	62	34,000	101,094	0	0
3	20.5	3116 North Oliver Avenue	1	31	647,171	96,456	0	0
3	23	315 North Lowry Avenue	1	193	34,000	0	1,949,877	413,000
3	25	600 North 18th Avenue	1	239	2,440,492	0	0	1,541,198
3	26	1710 North Plymouth Avenue	1	84	34,000	0	1,072,502	0
3	37	1314 North 44th Avenue	1	220	0	0	1,757,020	0
3	42	314 Hennepin Avenue	1	299	0	0	1,900,036	630,120
3	50	350 Van White Memorial Boulevard	1	102	0	0	0	0
Total AMP 3			9	1,296	3,189,663	3,167,551	1,757,020	4,922,415

**Minneapolis Public Housing Authority
2010 Capital Fund Five-Year Action Plan**

			FY10	FY11	FY12	FY13	FY14	
AMP 4 - Northeast								
AMP	Project	Address	Bldgs	Units				
4	10	311 NE University Avenue	1	49	34,000	0	521,796	682,729
4	15.4	710 NE Second Street	1	35	872,508	99,086	0	294,115
4	15.5	616 NE Washington Avenue	1	35	981,363	101,416	179,454	0

4	21.4	1206 NE Second Street	1	57	34,000	0	0	1,232,125	429,992
4	21.5	1900 NE Third Street	1	32	34,000	86,024	0	594,130	0
4	21.6	809 NE Spring Street	1	32	34,000	88,136	545,337	0	0
4	32	1717 NE Washington Street	1	182	0	0	0	1,455,294	1,752,333
4	33	828 NE Spring Street	1	189	1,323,032	2,592,550	0	0	338,778
4	35	1815 NE Central Avenue	1	333	1,847,063	0	836,620	0	0
Total AMP 4			9	944	5,159,966	2,967,212	1,561,411	3,803,345	3,497,947

AMP 5 - Hiawatha

AMP	Project	Address	Bldgs	Units					
5		9 Hiawatha Towers	3	281	0	1,476,180	4,274,432	0	0
5	18.5	2533 South First Avenue	1	42	0	0	0	751,660	0
5	19	1920 South Fourth Avenue	1	110	1,003,479	2,816,040	0	0	0
5	24	1707 South Third Street	1	199	0	0	1,135,348	0	1,353,590
5	34	2419/33 South Fifth Avenue	2	254	0	0	892,139	0	0
Total AMP 5			8	886	1,003,479	4,292,220	6,301,919	751,660	1,353,590

**Minneapolis Public Housing Authority
2010 Capital Fund Five-Year Action Plan**

FY10	FY11	FY12	FY13	FY14
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AMP 6 - Cedars

AMP	Project	Address	Bldgs	Units					
6	30-Jun	Cedars Community	4	539	1,044,300	0	2,700,430	0	0
6		8 Elliot Twins	2	174	0	0	1,074,390	0	0
6	16	1515 South Park Avenue	1	182	0	0	862,580	1,036,748	0
Total AMP 6			7	895	1,044,300	0	4,637,400	1,036,748	0

AMP 7 Horn

AMP	Project	Address	Bldgs	Units					
7	14	1415 East 22nd Street	1	129	0	1,269,031	0	0	0
7	17	2728 East Franklin Avenue	1	151	0	0	0	1,206,196	1,303,846

7	18.4	3755 South Snelling Avenue	1	28	34,000	87,294	415,950	0	0
7	22	3205 East 37th Street	1	28	34,000	86,803	295,590	0	0
7		31 Horn Towers	3	491	0	0	1,161,554	2,777,720	2,058,345
7	36	2121 South Minnehaha Avenue	1	110	791,560	0	0	0	0
Total AMP 7			8	937	859,560	1,443,128	1,873,094	3,983,916	3,362,191

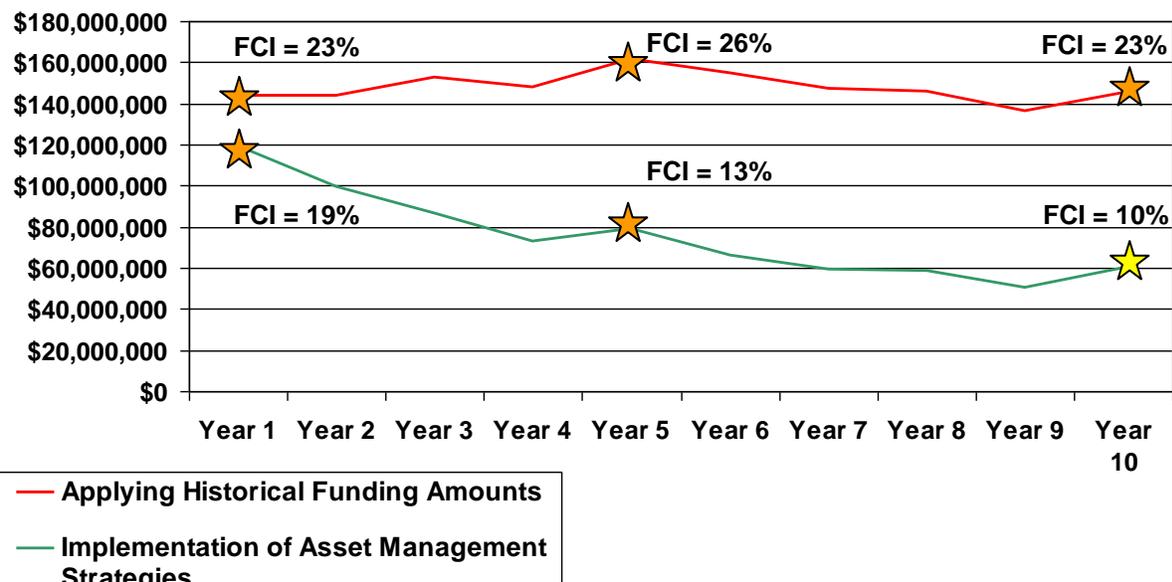
Management, Maintenance, and Special Facilities

Project	Location	Bldgs	Units						
	93 1301 Bryant Maintenance Office	1		0	0	0	0	0	0
	96 1001 Washington Main Office	1		500,000	3,000,000	500,000	0	0	0
Total MM & S			2	500,000	3,000,000	500,000	0	0	0

**Minneapolis Public Housing Authority
2010 Capital Fund Five-Year Action Plan**

	FY10	FY11	FY12	FY13	FY14		
Area-Wide							
1410 Administration	543,032	558,613	569,156	637,452	301,282		
ESCO Supplementary Budget	3,700,000	1,871,276	0	0	0		
	4,243,032	2,429,889	569,156	637,452	301,282		
GRAND TOTAL	802	5,875	16,000,000	18,100,000	18,100,000	18,100,000	16,100,000

By implementing this and other aforementioned strategies, MPHA is able to reduce its overall capital needs by almost 65% within the next five years and by approximately 75% within the next ten years, which results in a greatly improved FCI rating for our assets:



A 10% FCI, which is the “Fair Range” projected at the end of the 10-year investment strategy will indicate that MPHA has achieved its goal of strategically planning, leveraging non-HUD funds, and implementing comprehensive capital improvements that ensure the long-term viability of its assets.

MPHA considers the outcome of the aforementioned investment strategy consistent with the MTW statutory objectives of:

- (a) Reducing costs and achieving greater cost effectiveness in Federal expenditures.
- (b) Providing incentives to families with children whose heads of household are working, seeking work, or are participating in job training, educational or other programs that assist in obtaining employment and becoming economically self-sufficient.
- (c) Increasing housing choices for low-income families.

■ **Description of any new public housing units to be added during the year by development.**

HUD had previously approved a disposition application that included replacement for eight scattered site units all of which have been successfully disposed of to date.

MPHA is also converting 1 highrise caretaker two-bedroom unit into a one-bedroom unit to be returned to the rent rolls.

Project	Bedroom Size						
	1	2	3	4	5	6	Total
Caretaker Units	Current size						
AMP 5- 2019 – 16 th Avenue S #105	2	Unit to be converted from a 2 to a 1 bedroom unit					

■ **Number of units to be removed from the inventory during the year by development specifying the justification for the removal.**

MPHA may propose to dispose of one (1) scattered site units depending on capital costs to repair the foundations of the units.

1091 – 18th Avenue Southeast -4 bedroom

MPHA would seek to replace this unit either on its current site or as part of a townhome development.

MPHA intends to remove 17 scattered site units and replace them. MPHA is in the process of identifying funds to accomplish this purpose. This project could be delayed if funding is not found.

Unit ID	Address	Building Type	# of Bedrooms
044-0096	911 21 st Ave SE	Single Family SS	2
038-0455	4400 3 rd Ave S	Single Family SS	3
025-0895	915 14th Ave N	Side/Side Duplex SS	4
025-0897	921 14th Ave N	Side/Side Duplex SS	4
025-0898	1310 Dupont Ave N	Single Family SS	4
025-0899	1314 Dupont Ave N	Side/Side Duplex SS	4
025-0901	1322 Dupont Ave N	Side/Side Duplex SS	4
025-0904	1213 Humboldt Ave N	Side/Side Duplex SS	4
025-0906	1331 Irving Ave N	Side/Side Duplex SS	4
025-0907	1318 James Ave N	Side/Side Duplex SS	4
025-0909	1325 Girard Ave N	Single Family SS	4
025-0896	919 14th Ave N	Single Family SS	5
025-0900	1316 Dupont Ave N	Side/Side Duplex SS	5
025-0902	1324 Dupont Ave N	Side/Side Duplex SS	5
025-0903	1211 Humboldt Ave N	Side/Side Duplex SS	5
025-0905	1329 Irving Ave N	Side/Side Duplex SS	5
025-0908	1320 James Ave N	Side/Side Duplex SS	5
Total Number of Units			17

Under its MTW Agreement with HUD, MPHA is authorized to convert 112 units of its mixed financed public housing units to project based Section 8. However, this conversion is only valid through the demonstration and is not a permanent authorization. In addition, HUD is continuing funding for these units as public housing units as it has not provided additional funding for the conversion. These units will not be removed from the public housing inventory until HUD would authorize a permanent conversion and provide MPHA with additional voucher resources to support the costs related to project basing of these units.

MPHA is revising this initiative as part of its new MTW Plan to seek full conversion of the 112 units plus an additional 200 mixed-financed units in Heritage Park. If MPHA successfully converts these units, AMPS 8 and 9 will cease to exist.

This may be done through the voluntary conversion process authorized by Section 22 of the United States Housing Act of 1937, or the disposition process authorized by Section 18 of that Act.

■ **Number of Housing Choice Voucher Units (HCV) units authorized:**

In MTW Plan Year 2009, MPHA had 4,444 Housing Choice Vouchers under lease and intends to increase that number to 4,534 plus ten (10) additional homeownership vouchers for a total of 4,544.

■ **Number of Housing Choice Voucher Units (HCV) units to be Project Based:**

- ▶ MPHA has received authorization from HUD to convert 112 units of its mixed financed public housing units to project based Section 8. These units are in various jurisdictions throughout the metropolitan area with two developments within the City of Minneapolis. MPHA does not own or manage these units and the asset management requirements for public housing which is neither owned nor managed by MPHA does not provide sufficient authority for compliance with and overseeing agency asset management responsibilities. MPHA intends to seek replacement vouchers and convert these units through its project based initiative.

Heritage Park

- ▶ MPHA intends to convert an additional 200 public housing units to Section 8 either through the voluntary conversion or disposition process, and then project base these units through its Section 8 project based initiative. MPHA is seeking additional Housing Choice Vouchers from HUD and will not convert these units without the additional vouchers.
- ▶ MPHA has entered into a partnership with Plymouth Church Foundation for project basing six vouchers at its Creekside Commons development. Project based funding for this development would allow the Foundation to develop and operate an additional 24 units of affordable family housing. The project based units for this development would consist of five three- bedroom units and one four-bedroom unit including an accessible unit. This initiative was included as part of the 12 MTW Initiatives for FY 09. If the deal is not completed by January 1, 2010, MPHA will project base these vouchers in 2010.

▶ **MPHA currently has 685 project based vouchers at the following developments:**

PROJECT NAME	# of UNITS	Owner / Mgmt
ARCHDALE -- PB (1600)	13	Aeon
ARMADILLO FLATS 2727 -- PB	4	PPL
ARMADILLO FLATS 2743 -- PB	4	PPL
BALMORAL-- PB	10	Aeon
BARRINGTON-- PB	3	Aeon
BOTTINEAU LOFTS -- PB	9	Sherman Associates
BOULEVARD -- PB	6	Perennial Management
CATHOLIC ELDERCARE -- PB	25	Catholic Eldercare Services
CENTRAL AVENUE APTS -- PB	61	RS Eden
CENTRAL AVENUE LOFTS -- PB	8	Sherman Associates
CLARE APTS -- PB	28	Sherman Associates
COLLABORATIVE VILLAGE -- PB	16	PPL
FAMILIES MOVING FORWARD-- PB	12	CommonBond
FRANKLIN PORTLAND -- PB	7	Aeon
HIAWATHA COMMONS -- PB	20	Hiawatha Housing LP
JEREMIAH-- PB	18	Jeremiah Program
LAMOREAUX-- PB	13	Aeon
LINDEN PLACE -- PB	4	CommonBond
LINDQUIST -- PB	24	RS Eden
LORING TOWERS -- PB	43	Aimco - Loring Towers LLC
LORRAINE -- PB	14	RS Eden
LYDIA -- PB	40	Lydia House LP
MANY RIVERS EAST -- PB	7	Perennial Management
MANY RIVERS WEST -- PB	3	Perennial Management
MINNESOTA INDIAN WOMENS RESOURCE CENTER -- PB	14	MIWRC
PARK PLAZA -- PB	48	BDC
PARK PLAZA PH I -- PB	16	BDC
PARK PLAZA PH II -- PB	12	BDC
PASSAGE -- PB	10	Perennial Management
PHILLIPS FAMILY -- PB 2828 PORTLAND	18	Aeon
PHILLIPS FAMILY-- PB 2805 CEDAR	10	Aeon
PHILLIPS PARK INITIATIVE dba JOURNEY HOMES -- PB	12	Perennial Management (LSS)

PROJECT NAME	# of UNITS	Owner / Mgmt
		Owner)
PHILLIPS REDESIGN- - PB	4	Aeon
PINECLIFF- - PB	7	Aeon
PORTLAND VILLAGE - - PB	24	Portland Village LP
RIVER RUNS - - PB	16	Sherman Associates
ST ANTHONY MILLS - - PB	17	St. Anthony LP
ST. BARNABUS - - PB	39	Aeon
SUCCESS FAMIL HOUSING - - PB	8	Success Family Housing
TRINITY GATEWAY dba TRINITY ON LAKE- - PB	16	BDC
TUBMAN FAMILY ALLIANCE- - PB	10	Tubman Family Alliance
WEST RIVER GATEWAY- - PB	12	Gateway Real Estate
	685	
NOTE	685-587=98	98 formerly Cedar Square West (CSW)

B. Leasing Information

■ Anticipated total number of MTW Public Housing Units lease in the Plan year.

MPHA expects to have 5,990 units to be leased. This number of units will result in a 97% overall occupancy rate for MPHA.

■ Anticipated total number of non-MTW units leased in the Plan year.

N/A

■ Anticipated total number of MTW HCV units leased in the Plan year.

The Section 8 HCV program expects to lease up 4,534 vouchers each month.

MPHA has also dedicated an additional ten HCV vouchers to be added to its MTW Section 8 Homeownership program in the next year. While these vouchers are not technically 'under lease' they will be available to contribute to a mortgage payment in the same manner that housing assistance payments are available to a landlord.

MPHA plans to do a voluntary conversion and as needed waive regulations under that rule to complete the conversion of the 112 units allowed under Attachment D and 200 similarly situated public housing units at Heritage Park. If successful, these 312 vouchers will be project based.

■ Description of anticipated total number of non-MTW HCV units leased in the Plan year

- MPHA has 91 Preservation/Enhanced Vouchers
- MPHA has 280 Moderate Rehabilitation Vouchers
- MPHA has 105 VASH Vouchers

■ Description of anticipated issues relating to any potential difficulties in leasing units (HCV or PH)

Section 8 / HCV:

- The elimination of Exception Rent areas and current Fair Market Rents and Payment Standards may impact where families can move.
- Low-income Families with questionable credit and rental histories limit their housing choices and impact who will rent to them and where.

- Community perception that Section 8/HCV participants are responsible for neighborhood crime. MPHA conducts criminal background checks on new admissions, port in families, and additions to the household. Has expanded collaborations with police, neighborhood organizations, City Council Members, and private citizens and maintains statistics and other data that show the level of involvement of Section 8 families who violate program rules as well as the number and percentage of families terminated for committing criminal offenses.
- Community perceptions and misinformation about HCV participants impact some landlords' willingness to participate in the program. This limits choices for families and creates challenges in meeting deconcentration goals.

Public Housing:

- MPHA has experienced difficulty leasing family units in North Minneapolis. These issues are related to neighborhood crime, and high foreclosure rates in that area, leaving potential residents fearful and isolated.
- MPHA studio and efficiency units are more difficult to lease. Many applicants hold out for one-bedroom units making it more challenging to get these units leased.

C. Waiting List Information

■ Description of anticipated changes in waiting lists (site-based, community-wide, HCV, merged).

MPHA has three waiting lists and anticipates an MTW site-based waiting list for its new Rent-to-Own Initiative:

Public Housing/Highrise/Designated wait list:	May close this list in 2010 for near-elderly (persons 50 – 61)
Public Housing Family:	May open family wait list in 2010.
Section 8 / HCV:	No changes are proposed for this list.
Public housing Rent-to-Own:	Create special MTW site-based waiting list 20-unit townhome development only

Description of Current waiting lists:

Public Housing Highrise/Designated: There are 2,292 on the public housing highrise waiting list. These lists are limited to one-bedroom applicants. The highrise waiting list is currently closed except for persons over 50 and disabled applicants.

Public Housing Family: The family waiting list has: 1,791 families seeking two-bedroom units;
1,233 families seeking three-bedroom units
250 families seeking four-bedroom units
131 families seeking five plus-bedroom units.
Due to the high number of families on the waiting list, it is currently closed.

Section 8 / HCV: The Section 8/ HCV waiting list was purged and updated, prior to the 2008 opening of the Waiting List. The Section 8/HCV waiting List was opened for two days, June 12 and 13, 2008. MPHA received 12, 104 applications.

Date the waiting list was last purged.

Public Housing Highrise: This list was purged in Spring 2008

Public Housing Family: This list was purged in Spring 2008

Section 8 / HCV: This list was purged in April 2008

■ **Description of anticipated changes in the number of families on the waiting list(s) and/or opening and closing of the waiting list(s).**

MPHA anticipates opening of the family waiting list in 2010. MPHA may close the designated waiting list for the near elderly (age 50-61) as a result of capital improvement causing units to remain vacant during construction.

Section 8 HCV Program has an average turnover of 50 families per month.

MPHA's Rent-to-Own waiting list: MPHA intends to open and close this waiting list in 2010.

Section III: Non-MTW Related Housing Authority Information (Optional)

A. List planned sources and uses of other HUD or other Federal Fund (excluding HOPE VI)

See MPHA Sources & Uses Section.

B. Description of non-MTW activities proposed by the Agency.

In this Section MPHA describes a number of its significant activities that are not related to MTW, but have an impact on its residents and program participants. This includes its Assisted Living and Housing with Services programs for the frail elderly, ESCO energy savings program, Project Based Section 8 programs, Publically Owned Transitional Housing (POTH) housing with services program, as well as its resident involvement and participation initiatives.

■ Assisted Living and Housing with Services Programs

The MPHA has assisted living and Housing with Services (HWS) programs in eight of its senior buildings. Through a partnership between MPHA, Hennepin County and the assisted living providers, program participants receive on site staffing two to three shifts per day, nursing services, medication monitoring, at least two meals a day seven days per week, housekeeping and laundry services, assistance with bathing, social and recreational activities, emotional and personal supports, social work services and other supportive activities as needed.

MPHA has partnerships with the Assisted Living and HWS providers at the buildings listed below:

- **Accessible Space Inc. (ASI)** at 1707 – 3rd Avenue South
- **Ecumen** at Signe Burckhardt Manor, 2533 1st Ave. South
- **Ecumen** at Rainbow Terrace Highrise at 1710 Plymouth Ave North
- **Volunteers of America** at Lyndale Manor, 600 18th Ave N and Parker Skyview, 1815 Central Ave N.E., Horn Towers, 115 W 31st/3100 Blaisdell
- **Korean Service Center (Grace Place)** at 630 Cedar Ave S
- **Augustana Community Partners** at Heritage Commons at Pond's Edge, 350 Van White Memorial Blvd

MPHA's assisted living and HWS programs increase housing choices. Without these programs frail elderly residents and applicants would not have public housing as a housing option. It also reduces costs and achieves greater cost effectiveness. Assisted living clients avoid nursing home placements, remain in units longer, receive supportive services and enjoy independent living.

Assignment of assisted living by slot as opposed to hard unit, allows residents to remain in their own apartment instead of having to move to receive needed services.

Eighty percent of assisted living clients remain in the program for at least six months, 64% remain for at least one year. This saves the State of Minnesota about \$3,000 to \$6,000 per month per assisted living client depending on the needs of the client.

Other assisted living benefits include:

- Fewer and delayed nursing home placements
- Reduced turnover of units
- Opportunity to market public housing
- Enhances the quality of life for participants
- Accessibility to assisted living services by other residents
- Enhanced security and reduced need for additional security with the second and third shift assisted living and HWS staff

MPHA has determined that assisted living programs are better managed with outside service providers rather than MPHA staff. MPHA provides the property management services and the service providers the assisted living component.

Assisted living programs require a minimum of 25 participants to sustain the program and participation may be limited depending upon the size of the highrise. Currently, MPHA's largest assisted living program is 40 resident participants.

MPHA provides support to assisted living services and HWS at our facilities, such as office space, use of community kitchen and laundry facilities. However, the assisted living and HWS programs and support services must be self-sustaining.

There are a variety of assisted living and HWS providers who want to make their services available to public housing residents. Through negotiations with Hennepin County, MPHA has issued RFPs for proposals. To monitor the needs and progress of residents/clients, assisted living and HWS vendors provide quarterly reports to MPHA and meet with MPHA staff on a regular basis.

■ **Energy Savings Contracting Opportunities (ESCO):**

MPHA is faced with increasing challenges with regards to adequate funding for its operations and for its capital needs. Its most recent physical needs assessment identified in excess of \$245 million of needs that are required to ensure the long term viability of its assets. With an average annual funding available from HUD for capital improvements of around \$10 million and funding for Agency operations at less than 85% of the subsidy formula, MPHA has experienced

a 'funding to need gap' that continues to grow at an alarming rate. MPHA has had to engage in intense strategic planning on how to deal with these challenges.

One of the leading asset management strategies MPHA intends to utilize in order to meet these challenges is to make use of HUD's ESCO program which is expected to make a significant dent in the \$245 million dollars physical needs of our properties.

MPHA issued a Request For Proposals asking industry leaders in energy conservation to submit a plan that would enable MPHA to reduce energy cost and leverage the savings to purchase equipment and make adaptations to make us more efficient and effective in the use of our resources.

Honeywell International responded with a proposal that identified large dollar needs such as boilers in MPHA highrises, which are the age of the buildings; some of them dating back to the late 50s and early 60s; energy efficient appliances, water conservation measures, etc. as high priority improvements that MPHA could make in positioning its resources.

MPHA is also interested in focusing on renewable energy and green building technology. This focus, along with the extent of the scope of energy improvements proposed by Honeywell and their commitment to involving and providing employment opportunities for MPHA residents under a proposed ESCO agreement resulted in a score that paves the way for MPHA to enter into a long term Agreement with Honeywell International.

This project and MPHA's partnership with Honeywell could forge a relationship for up to 20 years. This agreement could leverage over \$30 million in funding and also free up other capital improvement dollars that would have gone for work now covered by the ESCO.

■ **Project Based Section 8**

MPHA's mission calls for the agency to "as a valued partner, contribute to the well-being of the individuals, families and community we serve." In the operation of its public housing and its Housing Choice Voucher (HCV) programs, the Agency recognized that there were distinct populations who needed not only housing, but supportive services to successfully participate in the life of the community. MPHA did not have the capacity or the resources to support these populations; however, the agency could make a significant contribution to the men, women and children who comprised these groups. MPHA could provide funding that would offer stable housing and provide a venue where families could receive the needed supportive services.

MPHA issued an RFP for service providers to offer a limited number of HCVs that could be project based. This strategy allowed for service providers to have a stream of income that

supported the costs of housing while utilizing their limited resources to provide critical support to individuals and families.

To date, MPHA has awarded 685 vouchers to more than 20 agencies and organizations for housing assistance funding. These funds not only allowed participating families to secure needed housing and services, they also enable the participating agencies to leverage other funds to support the development of housing developments designed for the type of services to be provided.

MPHA's project based Section 8 program funds an array of supportive housing initiatives including:

- Homeless drug abusing pregnant women and women with children
- Low-income single parents with below functioning education and communications skills
- Women and children who are victims of family violence
- Homeless families, children and single adults
- Families with multiple issues including chemical dependency, mental health and criminal behavior
- Native populations who have drug and alcohol dependency issues
- MFIP (Welfare Families) with more than four children
- Seniors who cannot live independently
- Individuals with severe mental illness
- Youths and runaways whose families are unable or unwilling to provide housing

MPHA's project based initiatives have helped fill a huge gap in the continuum of care needs for families in the Minneapolis community. Prior to this program, there would be opportunities for services, but lack of affordable housing would limit and often undermine the ability to receive consistent and ongoing services. In other instances, families would qualify for housing assistance, but with the supportive services, the family would lose their housing and be in even more dire situations as their rental histories undermined future opportunities for housing.

MPHA's project based programs help bridge the housing service gap and creates opportunities for those participating in the supportive services programs. Last year MPHA adopted a policy that sets aside up to 20% of unallocated vouchers to be available for those who participate in project based voucher programs for one year. This allows families to who are successful in their programs to move out into other housing options and subsequently frees up space for another person or family needing housing and services to find an opening.

■ Publicly Owned Transitional Housing (POTH)

MPHA, as a unit of local government, can utilize its status to serve as a recipient of funds and ownership entity for collaborative efforts to address specialized needs in the community. MPHA has served in this capacity on at least four occasions.

The State of Minnesota awards funds for target programs, but requires that the entity receiving the funds be a local unit of government and must be the owner if real property is involved. Through these initiatives, MPHA has supported the creation of two women's shelters, one with transitional housing, an emergency housing center for homeless youth and a program which offers transitional housing for chemically dependent women.

These POTH programs do not require MPHA to make vouchers available or contribute other scarce resources. Participation does require a considerable amount of time and in-kind contributions from the Agency as these various POTH agreements are negotiated and the properties developed. Once the programs are developed and in place, MPHA must still meet minimum requirements for reporting and ensuring compliance by the partner organizations.

However, the increase in shelter opportunities and the supportive services that can lead to self-sufficiency are compatible with MPHA's mission and have prompted the Agency on occasion to take on this responsibility as a POTH program owner.

■ Resident Involvement / Resident Services:

MPHA has a rich history of promoting resident involvement and fostering the development of services that respond to the needs of residents. MPHA's success at such efforts is exemplified in three areas:

● Social Services in the highrises

The Minneapolis Public Housing Authority (MPHA) has a long-standing agreement with the Volunteers of America of Minnesota (VOAMN) to provide social services to its highrise residents. Funding for the VOAMN social services is provided primarily through a separate contract between VOAMN and Hennepin County Human Services Division. MPHA provides in-kind services consisting of free, on-site office space as well as service coordinator funds which permit services to both elderly and non-elderly disabled residents. In return for the support provided by MPHA, VOAMN provides individual social services to highrise residents which include operation of congregate dining programs, case management, group activities, and support to the resident councils. In addition, services provided by VOAMN are very critical to MPHA's successful senior only housing programs.

- **Minneapolis Highrise Representative Council**

The Minneapolis Public Housing Authority (MPHA) and Minneapolis Highrise Representative Council (MHRC) have an on-going partnership in supporting resident involvement in various aspects of MPHA's operations. The MHRC is a city-wide (jurisdictional) resident council organization which provides a variety of training, advocacy services to residents, and administration of various resident empowerment programs. Examples of some of these programs include the laundry project which entails maintaining of the laundry facilities in the highrises and offers residents opportunities for employment and volunteerism. Another program is the Project Lookout program which entails training and administration of a voluntary resident patrol program involving residents observing and reporting suspicious and/or crime related activities to MPHA and/or to the police. The MHRC also administers the joint MPHA/MHRC Diversity Initiatives program. MPHA has a very diverse resident population and as such this program addresses residents understanding of cultural differences through training, education, and community activities.

- **Resident Participation**

MPHA has established various venues for resident review, input, and participation in its operations and to foster residents' involvement in their communities. MPHA has two (2) resident members on its Board of Commissioners and continues to partner with 41 resident councils (which includes one jurisdictional council, i.e. the MHRC) providing technical assistance to aid in their operations/programs. In addition, resident participation funds are distributed to the councils, with the assistance of MHRC, to permit them to fund community building activities, train resident leaders, and support coordination specific resident services to enhance residents' overall quality of life.

MPHA residents and program participants have engaged the Agency and continually challenge it to deliver the highest quality services; MPHA has responded by being a high performer for the eleventh consecutive year. Resident dialog with MPHA in both formal and informal environments and through these communication venues allows the Agency to learn what residents need and value and together innovations and changes occur. MPHA residents and program participants take great pride with MPHA staff on what has been accomplished with the strictures of the funding shortfalls, federal and state mandates and a regulated environment. The MTW statutory objectives will be a springboard for new opportunities and MPHA and residents look to the future of MPHA with MTW as a new tool.

■ **Section 8 Housing Quality Standards Inspections Demonstration Program Partnership with City of Minneapolis Inspections Department.**

MPHA is proposing a partnership with the City of Minneapolis where Section 8 HQS inspections will be conducted by the City of Minneapolis Inspections Department utilizing the City's Landlord Certification, Licensing and Inspections Process in lieu of MPHA's Section 8 HQS inspections criteria. The City of Minneapolis landlord licensing criteria is overall equal to or more stringent than HUD HQS requirements. MPHA believes MPHA's HQS inspections protocol in some respects may be duplicative of the City's licensing and inspections process for landlords resulting in inefficient overlapping use of government resources.

MPHA plans to contract with the City of Minneapolis to conduct inspections for its Section 8 HCV participants in selected areas of the city using its Landlord Licensing Criteria and landlords licensed to operate would also be approved for the Housing Choice Voucher program. MPHA intends to compare the demonstration initiative with its other HQS inspections activities related to costs, quality and satisfaction by HCV participants and landlords.

MPHA will take all steps required to implement this in 2010.

■ Section IV: Long-term MTW Plan (Optional)

The Mission of the Minneapolis Public Housing Authority is to promote and deliver quality, well-managed homes to a diverse low-income population and, as a valued partner, contribute to the well-being of the individuals, families and community we serve.

MPHA's Long Term MTW vision integrates the mission of the Agency with the purposes of the MTW Statute by identifying long term initiatives that can be realized under the flexibility of MTW.

1. High Performer Status

MPHA is committed to maintaining its "high performer status" in its Public Housing and Section 8 Housing Choice Voucher programs. In this era of funding shortfalls and increasing unfunded mandates, MPHA intends to use the MTW flexibility to focus its resources and adopt policies that support high quality services to residents and program participants, maximize opportunities for efficient and effective delivery of our programs and take actions to preserve our properties for future generations.

2. Preserve MPHA Properties

MPHA has conducted a comprehensive needs assessment of its 41 highrise developments, 184 unit town home development, 733 scattered site units and two administrative buildings. The capital needs in the next ten years are estimated to be in excess of \$245 million. The Facility Condition Index (FCI) analysis of our properties has identified significant needs, which if unaddressed, would in 10 years leave our properties in the "poor to critical" range. MPHA has a number of strategies that if fully implemented could move our properties into the fair to good range. These strategies envision an energy savings contracting opportunities (ESCO) program in excess of \$30 million, and use of our MTW authority to dedicate funds to capital needs.

3. Self-Sufficiency Initiatives

MPHA is committed to enhancing self-sufficiency opportunities for its residents and program participants. MPHA will target resources and utilize MTW flexibility to address the statutory requirement of providing "incentives to families with children whose heads of households are either working, seeking work or are participating in job training, educational or other programs that assist in obtaining employment and becoming economically self-sufficient". MPHA also sees self-sufficiency in a broad perspective and will utilize its MTW authority to promote employment and training opportunities for single adults, create and enhance programs to allow elderly residents and program participants to remain in their homes and be self-sufficient in daily living activities and to assist youth to break the cycle of poverty.

4. Housing Choice Voucher Participation

The need for affordable housing in Minneapolis and the surrounding metropolitan area has increased significantly over the past several years. It is estimated that there are over 5,000 people, including significant numbers of children, who are homeless on any given night in our area. MPHA intends to increase its use of vouchers, engage in additional targeted project based Section 8 programs and use MTW authority to better respond to the housing needs of low-income families in our community.

5. Promote Home Ownership / Foreclosure Prevention

Over 185 families have purchased homes through MPHA's various homeownership programs. Under MTW, MPHA will combine its homeownership initiatives and add a Foreclosure Prevention component. MPHA will partner with community agencies to help low-income families become first time home owners and to avoid foreclosure.

MPHA is revamping its Section 8 Homeownership program and based upon the knowledge learned through its demonstration program will make changes that enhance responsibilities and supports for participating families. The goal is to promote self-sufficiency and success for first time homebuyers. This 10 year initiative under MTW will provide one-on-one counseling, mortgage support, down payment assistance and post purchase follow up to participating families.

6. Rent Reform/Simplification

MPHA will analyze its rent policies to make the processes simpler, more resident friendly, cost effective and to encourage families to become more self-sufficient. These strategies include doing re-certifications every three years for elderly or disabled public housing residents who are on a fixed income and simplifying processes for monitoring the earned income disregard. MPHA is also looking to create a working family incentive in both its Section 8 HCV and low-rent programs. 15% of all earned income will be disregarded in rent calculations. MPHA is also changing its Minimum Rent Policy to encourage employment and promote self-sufficiency. MPHA will develop these and other rent reform initiatives after consultation with residents, program participants, resident organizations and other key constituencies.

7. Resident/ Participant Involvement and Collaboration

MPHA has a strong history and commitment to resident/participant involvement and collaboration. MPHA works with 41 highrise resident councils, a city-wide Minneapolis Highrise Representative Council and two family based resident organizations. There are two resident members on the MPHA Board of Commissioners. MPHA also works with the Tenant Advisory

Committee (TAC) that meets prior to each board meeting and comments on issues presented to the MPHA Board. In addition, the MPHA Board of Commissioners appoints a Resident Advisory Board (RAB) that has helped to develop MPHA's annual Agency Plan and now assists with developing its MTW Plan.

MPHA also works with various other resident committees including the Security Advisory Committee (SAC), Modernization, Maintenance and Management (MMM) Committee and other committees where residents and participants collaborate with MPHA on various projects and issues. MPHA intends to continue to improve these collaborations under MTW.

8. Community Partnerships

MPHA has a unique and special collaboration with the City of Minneapolis which helps the City respond to critical affordable housing needs. In addition, the agency has established partnerships with various community agencies and organizations that have resulted in increased services for its residents and contributed to the betterment of the community. MPHA sees MTW as a vehicle for enhancing those partnerships and increasing opportunities for collaboration.

MPHA is also partnering with the City of Minneapolis to develop and implement smoking reduction policies at MPHA owned properties.

Section V: Proposed MTW Activities: HUD Approval Requested

✚ **Activity #1: Public Housing/Section 8 HCV Working Family Incentive**

A. Description of Activity

The MPHA Public Housing and Section 8 HCV Program are proposing a Working Family Incentive in an effort to increase the income and asset level of families with minor children in which any adult member is employed. For public housing the definition of family is expanded to include households that are exclusively adult. The rent calculation would contain an automatic fifteen (15) percent deduction from the gross annual earned income of the family. This deduction would provide the Working Family with available money to support work related costs, including but not limited to transportation, uniforms, and health insurance premiums. Currently, 32% of Section 8 HCV participants and 21.1% of public housing residents would meet the criteria of a Working Family. Working Family is defined as any family where earned income is part of the rent calculation no matter the amount.

B. MTW Statutory Objective

Provide incentives to families to obtain employment and become economically self-sufficient.

C. Anticipated Impacts

This activity would increase the Working Family's level of income and assets and enhance the likelihood that the family will achieve a livable wage and self-sufficiency. We anticipate some of these families will purchase homes or enter the private rental market.

There is no financial impact on the low-rent program because the change in calculation results in changes to the amount of rent paid; thus, MPHA subsidy will be increased and mitigate any loss. For Section 8 HCV there is no financial impact because HUD, under MTW, pays MPHA a fixed amount of subsidy and MPHA provides a fixed budget for the Section 8 HCV program based on the average HAP for the number of vouchers issued. Since we are excluding those rent increases under the Working Family Incentive, the rent will not increase and thus, HAP will not decrease.

D. Baseline and Benchmarks

The baseline for this activity will be, prior to policy implementation as of 10/1/09:

- 32% (1,489) of Section 8 HCV households are considered working families.
- 21% (1,241) of Public Housing are considered working family households.
- The average earned income of the 1,489 Section 8 HCV households is \$17,522.
- The average earned income of the 1,241 public housing families is \$15,970.

The proposed benchmarks for this activity:

- 3% (1,534) increase in the number of Section 8 HCV households with earned income [effectiveness of deduction as an incentive to work]
- 6% (89) of Section 8 HCV working family households experience an increase in annual earned income from previous year [effectiveness of deduction as an incentive to work]
- 5% (\$18,398) increase in average household earned income of Section 8 HCV working families.
- 1% (1,253) increase in public housing households with earned income
- 3% (37) of public housing households experience an increase in annual earned income from previous year [effectiveness of deduction as an incentive to work]
- 4% (\$16,609) increase in average household earned income of public housing working families.

E. Data Collection & Metrics

Data will be collected from MPHA's administrative data system.

Metrics will include:

- Year-to-year comparison of the number and percentage of Section 8 HCV and public housing households with earned income.
- Year-to-year comparison of annual earned income among public housing and Section 8 HCV households.
- Analysis of the number and percentage of Section 8 HCV and public housing households with earned income tracked annually over time
- Average household earned income.

Information from the Minneapolis Public Housing Authority's Section 8/HCV Visual Homes data reporting system and public housing's Emphasys Elite reporting system

will be used to evaluate the Working Family Incentive deduction progress towards benchmark measurements. MPHA will gather and analyze year-to-year changes in earned income. Income measurement will include earned income from the head-of-household and his/her spouse or partner.

F. Authorization Cited

MTW Amended and Restated Agreement – Attachment C [C11 – Authorizations related to public housing only - Rent Policies and Term Limits]; This authorization waives certain provisions of Sections 3, 6, 7, 16 and 31 of the 1937 Act and 24 CFR 945 Subpart C, 960 Subparts B, D, E and G as necessary to implement the Agency’s Annual MTW Plan and [D2 – Authorizations related to Section 8 only – Rent Policies and Term Limits] This authorization waives certain provisions of Section 8(o)(1), 8(o)(2), 8(o)(3), 8(o)(10) and 8(o)(13)(H)-(I) of the 1937 Act and 24 CFR 982.508, 982.503 and 982.518 as necessary to implement the Agency’s Annual MTW Plan.

G. Rent Reform Analysis:

- MPHA Board Approved at 10-14-09 Meeting
- Anticipated Impacts:
 - Increase the Working Family’s level of income and assets
 - Some of these families will purchase homes or enter the private rental market
 - Equal or increased Long Term rental income from targeted families
 - Short term loss of rental income from targeted families
 - Long term decrease in HAP payments for targeted families
 - Short term increase in HAP payments for targeted families
- MPHA will conduct annual reviews of the targeted families and an overall review of public housing rents and Section 8 HAP payments made on behalf of families.
- Hardship Case Criteria: As there is no downside for targeted families there is no need for hardship criteria.
- Families will be subject to this Initiative at the First Annual Recertification following adoption of the Initiative and approval by HUD.
- This MTW Initiative was considered at a public hearing on September 23, 2009

Activity #2: MPHA is proposing a new initiative that would increase the minimum rent for public housing residents and Section 8 HCV participants.

A. Description of Activity

Tenants moving into public housing or utilizing a Section 8 voucher will pay the minimum rent that is in effect at the time of lease up. This initiative would increase the minimum rent of existing tenants or Section 8 voucher holders at the first annual or interim re-exam following:

January 1, 2010	\$75.00
January 1, 2012	\$100.00
January 1, 2014	\$125.00
January 1, 2016	\$150.00

This would not apply to households in which all members are either elderly and/or disabled, and whose sole source of income is Social Security, SSI or other fixed annuity pensions or retirement plans. Those households would continue to pay 30% of their adjusted gross income.

B. MTW Statutory Objective

Reduce cost and achieve greater cost effectiveness in federal expenditures and provide incentives to families to obtain employment and become economically self-sufficient and increase housing choices.

C. Anticipated Impacts

The increased minimum rent initiative is designed to promote self-sufficiency among employable households. The increase in minimum rent phased in over several years in increasing amounts will encourage impacted families to find additional resources to cover the cost of minimum rent. MPHA's hardship exemptions all require ongoing assessments and reports to MPHA about efforts to find additional income to overcome the hardship. MPHA will make referrals to employment and training programs as well as agencies that provide support for Social Security, SSI and other disability related payment programs. The anticipated impact of this activity is a decrease in the number of zero income households. Additionally, this initiative should increase the agency's rental revenue and decrease HAP expenses. In doing so, MPHA would be able to serve more families through the voucher program. If the

increase in minimum rent does result in less HAP payments, MPHA will consider increasing its MTW voucher allotment to reflect the money saved, thus increasing additional housing opportunities for families on its waiting list. For low-rent families, the increase in minimum rent results in a more stable funding source as HUD subsidy is subject to congressional appropriation and HUD's proration of that funding. MPHA has homeownership programs and self-sufficiency programs available for both public housing residents and Section 8 participants. Residents/participants who become employed will be, as appropriate, referred to these programs.

D. Baseline and Benchmarks

Currently,

- 369 or 6.2% of public housing households are paying minimum rent.
- 21% of public housing households have earned income.
- \$14,380,350 annual dollar amount of rental income received
- \$38,356,696 annual dollar amount of HAP expenses
- 4,560 is the number of households served through the Section 8/HCV Program

The proposed benchmarks for this activity will be:

- 2% reduction in the number of households paying minimum rent each year
- 1% increase in households receiving earned income
- 1% increase in rental revenue
- 0.13% decrease in HAP expenses (per year)
- Increase in the number of households served by Section 8/HCV by 6

E. Data Collection & Metrics

Information received through the household recertification process will be used to determine the percentage of employed households. Data from the agency's administrative data systems will be used to create reports that will track households served, minimum rents, rental revenue and HAP expenses.

Metrics will include:

- Change in the number of households paying minimum rent
- Change in the percentage of employable households receiving earned income
- Change in the level of rental income received annually

- Change in the level of HAP expenses annually
- Change in the annual number of households served through the Section 8/HCV program

F. Authorization Cited

MTW Amended and Restated Agreement – Attachment C [C11 – Authorizations related to public housing only - Rent Policies and Term Limits]; This authorization waives certain provisions of Sections 3, 6, 7, 16 and 31 of the 1937 Act and 24 CFR 945 Subpart C, 960 Subparts B, D, E and G as necessary to implement the Agency’s Annual MTW Plan and [D2 – Authorizations related to Section 8 only – Rent Policies and Term Limits] This authorization waives certain provisions of Section 8(o)(1), 8(o)(2), 8(o)(3), 8(o)(10) and 8(o)(13)(H)-(I) of the 1937 Act and 24 CFR 982.508, 982.503 and 982.518 as necessary to implement the Agency’s Annual MTW Plan.

G. Rent Reform Analysis

- MPHA Board Approved at 10-14-09 Meeting
- Anticipated Impacts:
 - 410 public housing families and 1,103 Housing Choice Voucher holders will be subject to the minimum rent changes.
 - Decrease in the number of zero income households
 - increase the agency’s rental revenue and decrease HAP expenses
 - Short term increase in number of Hardship Cases
- MPHA will conduct annual reviews of the targeted families and an overall review of public housing rents and Section 8 HAP payments made on behalf of families.
- Hardship Case Criteria: MPHA will utilize is current Hardship protocols for Minimum Rent waivers in both its ACOP (Statement of Policies) and Section 8 Administrative Plan
- Families will be subject to this Initiative at the First Annual Recertification following adoption of the Initiative and approval by HUD.
- This MTW Initiative was considered at a public hearing on September 23, 2009

This activity would not apply to households in which all members are either elderly and/or disabled, and whose sole source of income is Social Security, SSI or other fixed annuity pensions or retirement plans. MPHA's existing Hardship Policy will provide for waiver of the minimum rent.

✿ Activity #3: Include 200 Heritage Park Mixed-Financed public housing units to 112 suburban public housing units to be converted to Project Based Section 8.

A. Description of Activity

MPHA intends to utilize MTW authority and the voluntary conversion or disposition process to convert 200 mixed-finance public housing units of which MPHA neither owns nor manages, to secure 200 new Section 8 Housing Choice Vouchers and then project base these units in the same mixed-finance development. This initiative is an addition to the previously approved MTW initiative that allows the 112 suburban public housing units to be converted to project based Section 8. These 112 units will also be included in the voluntary conversion or disposition process. While MPHA would follow standard program rules for voluntary conversion or disposition, MTW authority may be used to project-base the affected units without the competitive process otherwise required. For the 200 Heritage Park units, MPHA will also waive the current requirements limiting project based units to a certain percentage of the development.

MTW Statutory Objective

Reduce costs and achieve greater cost effectiveness in Federal expenditures and increase housing choices.

B. Anticipated Impacts

MPHA anticipates this initiative will significantly reduce its administrative burden and as families housed in the new project based units will have access to a Housing Choice Voucher after one (1) year of residency, will be able to increase their housing choices.

C. Baseline and Benchmarks

The baselines for this activity will include the following measure before the policy is implemented:

- 96 hours of MPHA staff time and associated costs in administering units as public housing.

Benchmarks:

- Decrease in MPHA staff time to 30 hours per week and proportional decrease in associated costs.

D. Data Collection & Metrics

- Measure of staff time and associated costs in administering units as public housing
- Measure of staff time and associated costs in administering units as Project Based Section 8

E. Authorization Cited

MTW Amended and Restated Agreement – Attachment D [B1] Attachment C [D Authorizations related to Section 8 housing choice vouchers only/ 2. Rent Policies and Term Limits, and 7. Establishment of an Agency MTW Section 8 Project-Based Program] This authorization waives certain provisions of Sections 3, 6, 7, 16 and 31 of the 1937 Act and 24 CFR 945 Subpart C, 960 Subparts B, D, E and G as necessary to implement the Agency’s Annual MTW Plan and [D2 – Authorizations related to Section 8 only – Rent Policies and Term Limits] This authorization waives certain provisions of Section 8(o)(1), 8(o)(2), 8(o)(3), 8(o)(10) and 8(o)(13)(H)-(I) of the 1937 Act and 24 CFR 982.508, 982.503 and 982.518 as necessary to implement the Agency’s Annual MTW Plan.

F. Rent Reform

MPHA has a hardship exemption for minimum rent in the Section 8 Administrative Plan that will be available to tenants as part of the conversion. Conversion is not a Rent Reform Initiative.

Activity #4: MPHA Rent-to-Own Initiative (The BrightKeys)

A. Description of Activity

Under its Special Development Initiative approved in its 2009 MTW Plan, MPHA purchased 20 townhome development units and intends to create a Rent-to-Own Initiative where qualified public housing residents, Section 8 participants, families on

both waiting lists as well as, MPHA and City of Minneapolis employees who qualify for public housing will have an opportunity to initially rent and subsequently purchase these units.

MPHA will invite presumptively eligible families from its public housing and Section 8 programs as well as MPHA and City of Minneapolis employees to complete a preliminary application for the Rent-To-Own Program. Families will be scored on criteria developed to determine likely success in purchasing one of the units. The highest scored families will be offered units under the Rent-To-Own program. Families will be required to sign a public housing lease with a rent-to-own addendum including participation in a self-sufficiency program and a homeownership counseling program. Families will establish goals which demonstrate progress in moving toward successful homeownership.

B. MTW Statutory Objective

Provide incentives to families to obtain and keep employment and become economically self-sufficient and increase housing choices.

C. Anticipated Impacts

MPHA anticipates that this initiative will position twenty (20) low-income public housing eligible families to become first-time home buyers within a 5-year period. MPHA believes this action will stabilize a neighborhood threatened by large vacant foreclosed townhome development and continue the Heritage Park 'Master Plan' goal to redevelop Heritage Park into a vibrant mixed-income diverse community. There is an ample body of research that indicates homeownership and occupied rental housing stabilizes neighborhoods. MPHA notes this as a positive impact but does not plan to measure this impact as the research is self-evident.

D. Baseline and Benchmarks

The baselines for this initiative will be the following prior to the initiative being implemented:

- 0 Families living in the development
- 0 families on specialized wait list
- 48 public housing families meet \$20,500 minimum income qualifications for MPHA homeownership program
- 792 Section 8 HCV families who meet \$20,500 minimum income qualifications for MPHA homeownership program

- 30 City of Minneapolis/MPHA employees expected to apply. MPHA and City of Minneapolis employees are all presumptively eligible; however, without submission of an application, MPHA cannot determine if they are ineligible for public housing due to excess income or other public housing disqualification factors. MPHA will market to all City of Minneapolis employees and 301 MPHA employees.

Benchmarks:

- Marketing – develop and implement marketing plan at identified target group. MPHA expects to market to over 1,000 families.
- Recruit – develop screening criteria open applications for site-based waiting list, host open house, select families to be housed.
- Establish specialized site based waiting list in priority order (MPHA estimates 100 families)
- Selection – develop selection criteria.
- Invite top 50 families who request to tour lease-to-own site
- Conduct final screening and offer units to highest qualified families until all 20 units are under lease. MPHA estimates 30 offers.
- Lease 20 units
- 20 families sign lease-to-own agreements
- Eight (8) families approved for mortgage within 18 months.
- Sixteen (16) families approved for mortgage within 30 months
- 20 families purchase home within 5 years

E. Data Collection & Metrics

- Using MPHA’s public housing and Section 8 data systems to identify families who meet the minimum income requirements for participation in the Rent-to-Own Initiative.
- Accept applications from all target groups and review to determine eligibility for public housing and MPHA’s minimum homeownership criteria.
- Invite presumptively eligible families to informational sessions regarding lease-to-own program.
- Enroll twenty (20) families under lease into family self-sufficiency program and homeownership counseling program.
- Twenty (20) families approved for mortgage within 42 months.
- All units purchased within 60 months.

F. Authorization Cited

MTW Amended and Restated Agreement – Attachment C[C1 – Site Based Waiting List; C7 a and b – Simplification of the Development and Redevelopment Process for Public Housing . . . “establish reasonable low-income homeownership programs such as lease-to-own . . .”This authorization waives certain provisions of Section 6(r) of the 1937 Act and 24CFR 903.7 and certain provisions of Section 6(c) of the 1937 Act and 24 CFR 960.201 as necessary to implement the Agency’s Annual MTW Plan

G. Rent Reform:

This activity is not a lease reform initiative.

🌟 Activity #5: Foreclosure Stabilization Project Based Voucher Demonstration Program:

A: Description of Activity:

MPHA is proposing a demonstration program partnership with Project for Pride In Living (PPL) who received a Neighborhood Stabilization Program (NSP) grant from the City of Minneapolis to purchase and rehab foreclosed rental properties in designated ‘at risk’ neighborhoods throughout the City and offer the units for rent to very low income families. This project would allocate up to 21 Housing Choice Vouchers to be project based at the selected properties in an effort to stabilize those properties and contribute to the well-being of the surrounding neighborhood.

Applicants for participation in this program will be recommended by PPL pursuant to the funding requirements under PPL’s CDBG and ARRA funds with priority going to referrals who are also on MPHA’s Section 8 HCV waiting list. MPHA’s Section 8 HCV waiting list will have a ‘remains open’ clause for specific referrals for this program.

B. MTW Statutory Objective:

Increase Housing Choices: This will enable very low income families who are at risk of homelessness to secure housing and also help achieve greater cost effectiveness in federal expenditures by helping to secure the investments of the Federal NSP program expenditures and providing a stable operating fund for the purchased and rehabbed developments.

C. Anticipated Impacts:

Through the MPHA / PPL Foreclosure Stabilization Project Based Voucher

Demonstration Program 21 foreclosed and 'at risk' properties will be preserved and renovated and receive operational support to preserve the NSP investment while at the same time 21 families will be provided a long term affordable housing opportunity. This marriage of two federal resources to preserve 'at risk' properties will help distressed neighborhoods and provide a replicable strategy for neighborhood stabilization.

D. Baseline and Benchmarks:

- MPHA will enter into an agreement with PPL to project base up to 21 vouchers for units of foreclosed 'at risk' property to be purchased by PPL.
- MPHA will provide HQS inspections for the refurbished 21 units of purchased property. PPL will be responsible for the cost of all repairs needed to pass HQS inspections.
- 0 properties will be rented

The proposed Benchmarks for this activity will be:

- 21 units of PPL- MPHA Demonstration properties will pass Section 8 HQS inspections prior to receiving HAP payments
- 21 unit of PPL- MPHA Demonstration properties will be leased up to eligible Section 8 participant families
- 17 PPL-MPHA Demonstration Participant families will remain leased up after first full year of operation.

Metrics:

- Number of PPL Units Purchased and Rehabbed
- Number of PPL Units that pass HQS Inspections
- Number of Families who successfully lease up at PPL Project Based Units
- Number of families who remain successfully leased after first full year of operation

F. Authorization Cited:

MTW Amended and Restated Agreement – Attachment C: D Authorizations related to Section 8 housing choice vouchers only; 7 b and c : These authorizations waive certain provisions of 24CFR 983.51 as necessary to implement the Agency's Annual MTW Plan and Site selection standards set forth in 24CFR Section 1983.57

G. Rent Reform:

This activity is not a lease reform initiative.

Section VI: Ongoing MTW Activities: HUD approval previously granted

The Minneapolis Public Housing Authority (MPHA) proposed 12 MTW initiatives under its 2009 MTW Plan. Each initiative meets at least one of the statutory purposes listed below:

- ▶ Reduce costs and achieve greater cost effectiveness in federal expenditures;
- ▶ Give incentives to families with children whose heads of household are either working, seeking work, or are participating in job training, educational or other programs that assist in obtaining employment and becoming economically self-sufficient; and
- ▶ Increase housing choices for low-income families

MPHA 2009 'Approved' On-Going MTW Plan Initiatives:

MPHA does not anticipate a need to employ additional authorizations to continue initiatives under this section.

1. Block Grant and Fungible Use of MPHA Resources

MPHA proposes to block grant the following funding resources: rents, subsidy, capital funds, Section 8 Housing Choice Voucher (HCV), Housing Assistance Payment (HAP) funds, Section 8 HCV administrative funds, replacement housing factor (RHF) funds and related reserves into a single resource to meet overall agency needs.

The Amended and Restated Moving To Work Agreement authorizes MPHA to block grant and make fungible this use of its funds. MPHA intends to make use of this allowance. Section VII, Sources and Uses of Funding, of the MTW plan illustrates how MPHA intends to allocate its resources in the next fiscal year.

This initiative supports numerous activities planned by MPHA, addresses the three statutory purposes of the Act and positions the Agency to meet its mission “to promote and deliver quality well-managed homes to a diverse population and as a valued partner, contribute to the well-being of the individuals, families and community we serve.”

MPHA has successfully utilized this initiative to bring additional resources to its low-rent operations that were significantly underfunded according to HUD’s own operating fund formula. MPHA will continue this initiative in 2010.

2. Recertify Elderly or Disabled Public Housing Resident Families Once Every Three Years Instead of Annually

MPHA certifies families who are elderly or disabled and who are on a fixed income every three years instead of annually. This saves time and effort for these residents and helps MPHA to more effectively target its resources.

This measure reduces costs and enable MPHA to focus staff resources on other critical needs. After implementation, many elderly and disabled residents have favorably commented on this initiative. Many have difficulty gathering the yearly documentation in a timely manner and are relieved that they will only have to go through this process once every three years.

MPHA plans to phase in this initiative over a three year period allowing the agency to recertify one third of the residents covered by this initiative every year. It is estimated that 3,300 residents will benefit from this MTW activity.

Staff began implementation of this activity in January 2009 for recertifications with effective date of May 1, 2009. This activity has reduced the number of annuals done per Eligibility Technician (ET) allowing the ET's to follow up on long-term minimum renters.

3. Convert 112 Mixed Financed Units to Project Based Section 8

MPHA is revising this initiative to include 200 additional mixed-finance public housing units that were also developed as part of the Hollman Consent Decree to the 112 units that were approved in the 2009 MTW Plan. MPHA intends to seek additional vouchers for this initiative. Initial studies indicate without the additional vouchers the administrative efficiencies achieved will not be sufficient to overcome the operational deficits of these developments.

This activity is permitted under the Legacy and Community Specific Authorizations in Attachment D. It will create administrative efficiencies for the Agency and will generate additional housing choices for those participating in the program. After one year in the project based units, participants will be eligible for a regular Housing Choice Voucher which may be used in other jurisdictions. This program will also retain its original purpose of supporting deconcentration of poverty as required by the Hollman Consent Decree which established these units.

MPHA has successfully moved state legislation that will allow these units, once project based, to utilize Payment In Lieu of Taxes (PILOT) as an incentive for owners to cooperate in the implementation of this initiative.

MPHA is working with Legal Aid, the metropolitan jurisdictions and the ownership entities to move this program forward.

As MPHA is revising this initiative to include the receipt of additional vouchers, none of these units have been converted in FY 2009. If MPHA is successful in securing additional vouchers, MPHA expects to convert all 312 units to project based Section 8 in 2010.

4. Combine MPHA's Current Homeownership Programs into a Single MTW Initiative with a Foreclosure Prevention Component

Under MTW, MPHA's homeownership initiatives, Home Ownership Made Easy (HOME) and Moving Home (Section 8 Homeownership Demonstration Program) was revised and combined with a new Foreclosure Prevention Initiative that is designed to assist some low-income families in avoiding foreclosure.

MPHA has assisted over 185 families to become first time homeowners under its various homeownership programs.

The new program combines the funding for counseling and all activities leading to purchase along with post-purchase follow-up efforts. Program participants are offered an opportunity to purchase their homes with Section 8 support or to utilize a significant down payment assistance offered through a partner agency and purchase without Section 8 assistance. The participant with assistance from the contracted counselor and the lending institution will select a purchase option.

The details of the Foreclosure Prevention component is an appendix to the Section 8 Administrative Plan. MPHA also includes in the appendix, revisions to the Section 8 component of the revised MTW Homeownership program.

MPHA conducted informational meetings to announce the Section 8 Moving Home demonstration to public housing residents. MPHA entered into a partnership with non-profit, Person to Person to assist families with their mortgage readiness goals. MPHA has entered into an MOU with Twin Cities Habitat for Humanity who will select North Minneapolis Families for participation in "Saving Home", where MPHA will provide Section 8 Mortgage Assistance to families facing foreclosure.

MPHA is collaborating with a non-profit organization, Person to Person, Inc. who provides life skills counseling and support to families working toward self-sufficiency.

The St. Catherine's University has agreed to perform an independent evaluation measuring Person to Person's "Coach Approach" in providing independent living skills and financial literacy counseling to measure the effectiveness of this training/counseling in the participant's success in home purchase and in maintaining their homes.

5. Rent Reform: MPHA Will Revise its Earned Income Policy to Allow Eligible Public Housing Families a Full Two-Year Income Disregard

Federal regulations allow certain families a full income disregard for one year and a 50% disregard for the second year. As families move in and out of employment, the disregard is postponed; the monitoring is time consuming and creates administrative hardships that are prone to errors. MPHA will create a full two year income disregard for eligible families and eliminate the administrative hardship and time consuming monitoring.

This MTW initiative will enable MPHA to reduce costs and achieve greater cost effectiveness. In addition, it will provide an incentive for families to maintain employment because the program will be limited to two years. By maintaining employment, they receive a full disregard for two years instead of the full disregard for one year and a 50% disregard for the second year.

MPHA has adopted changes to the ACOP and implemented this initiative. MPHA estimates that 200 families will take advantage of this program. MPHA will track the families on this program and after two years evaluate its success.

Implementation of this activity began October 1, 2008. Staff reports that this has greatly streamlined and simplified the Earned Income Disregard (EID). Residents understand and are able to follow this program better.

6. Implement a New Public Housing Family Self-Sufficiency Program

MPHA has implemented a new public housing Family Self-Sufficiency (FSS) program targeted for families who seek to become home owners. This program is limited to 50 families and has participation requirements to meet MPHA's homeownership program eligibility requirements.

MPHA has hired a Self-Sufficiency Coordinator and adopted an Action Plan which was approved by MPHA's Board of Commissioners. The Action Plan details this specialized Moving To Work approach to family self-sufficiency. The FSS Action Plan is attached to the FY 2010 MTW Plan (See Attachment C).

7. Section 8 HCV Mobility Voucher Program

MPHA created a Mobility Voucher program to encourage low-income families to move to non-concentrated areas to find safe, decent and affordable housing in an environment conducive to breaking the cycle of poverty. This initiative responds to HUD's goal of deconcentrating families who live in poverty.

This program is structured to increase housing choices for families on the MPHA Section 8 Waiting List who currently live in areas concentrated by poverty and who are willing to move into non-concentrated areas. In addition, these families will receive a priority for MPHA's Section 8 Family Self-Sufficiency program and for participation in MPHA's homeownership programs.

We have designed the program, prepared the job description and performance standards for a "Community Services Coordinator" and are now actively recruiting to fill the position. MPHA will create an appendix to its Section 8 Administrative Plan to detail the specific elements of this initiative.

9. MPHA MTW Investment Initiative

Under MTW, MPHA will waive federal restrictions on investment options as long as the investment strategies comply with Minnesota law.

This initiative will reduce costs and increase investment options free of Federal regulations which are more restrictive than Minnesota law. This activity is permitted under the Legacy and Community Specific Authorizations in Attachment D of the Amended and Restated Moving To Work Agreement.

MPHA has not utilized this initiative and has temporarily suspended it. This initiative will be reconsidered in 2010 if economic conditions improve.

10. Resident Empowerment Initiative

MPHA recognizes that good ideas and new opportunities are not always aligned to a planning or funding cycle. MPHA intends to develop a Resident Empowerment Initiative that will allow the agency to consider, fund and implement initiatives that arise between MTW planning cycles without completing the time consuming process required to amend the MTW Plan. This initiative will include resident input and review. Activities under this initiative will contribute to the agency's self-sufficiency efforts and assist families with education, training and other supports related to seeking and keeping employment.

Any proposals requiring a change in MPHA's ACOP will be presented for resident review and if required, approvals from the MPHA Board or HUD.

MPHA has not developed any new empowerment initiatives in FY2009, but will continue this initiative in 2010.

11. Flexible Development Initiative

MPHA's Flexible Development Initiative will allow the agency to respond to development opportunities in a timely manner. On occasion, properties become available or opportunities arise that have critical windows that require more immediate action than is available under current policies. MPHA's initiative is designed in a manner that will allow MPHA to respond to and take advantage of opportunities as they arise.

MPHA will utilize the authorizations under MTW related to the streamlined demolition and disposition procedures, acquisition, new construction, moderate or substantial rehabilitation of housing subject to the required HUD approvals for incremental public housing units pursuant to Section 9(g) 3 of the 1937 Act to respond to development opportunities that serve the mission and asset management policies adopted by the agency.

MPHA purchased a 20 unit townhome development (BrightKeys) in 2009. MPHA is proposing as a new 2010 initiative making this purchase part of its MTW Rent-to-Own Program.

This initiative will increase housing opportunities for families on our waiting list, will reduce costs and create efficiencies as the agency responds to development opportunities.

12. Plymouth Church Initiative

MPHA has partnered with Plymouth Church Neighborhood Foundation for project-basing six (6) Section 8 HCV Vouchers as part of a 30-unit housing development, 'Creekside Commons'. The project based vouchers will support the financing of this development and serve as leverage for tax credits and other funds dedicated to this project resulting in an additional 24 units of affordable housing that would not be otherwise available without the MPHA's contribution. The project based units would allow for five three-bedroom units and one four-bedroom unit including an accessible unit. Construction commencement is planned for spring 2010. MPHA will work with the local HUD office to comply with the subsidy layering requirements.

Section VII: Sources and Uses of Funding (Attachment A)

■ Fiscal Year 2010 MTW Budget

MPHA is committed to the long-term preservation of public housing. Over the last several years, HUD has not provided the adequate resources needed to fund public housing operations and capital improvements. Although the Administration has proposed that public housing operating subsidy be funded at 100% of the formula amount in 2010, significant changes in how rental income offsets the subsidy amount is expected to result in less overall funding for public housing operations. Last year, MPHA required \$37.4 million to meet operating needs and in 2010 is proposing a \$37.8 million; just a 1% increase. MPHA believes this level of funding will allow for the continued operational excellence of the program and the recognition of a HUD “High Performer” status.

The funding gap created between the operating funding and the budgeted operating needs is expected to result in approximately a \$2.4 million deficit. Historically, the gap between what HUD has been funding and what MPHA has needed for operations was made up by transferring Capital Funds into the Operating Program. Given, the large backlog of capital needs in the housing stock, this strategy was less than ideal.

Under MTW, MPHA has greater flexibility in the use of HUD funding than what has previously existed and this budget proposes to use excess Housing Choice Voucher (HCV) funding to make up for the public housing operations funding deficit instead of Capital Funds. In complete contrast to the under-funding of public housing, over the last few years, HUD has provided over \$9 million more in Housing Choice Voucher funding than what MPHA was able to utilize. The use of these reserves to fund public housing deficits not only helps MPHA maintain operating standards but also helps with the long-term preservation of public housing by dedicating more funding to capital improvements than what has been available in previous years. The 2010 Budget proposes to fund \$16 million in capital improvements; an amount not reduced to cover operating deficits.

The 2010 Budget also proposes to fund the Housing Choice Voucher program at a level expected to cover 4,666 vouchers per month. The demand for affordable housing is significant in Minneapolis; MPHA has over 12,000 families on the HCV Waitlist. This level of funding will allow MPHA to increase the number of vouchers under lease by 148 vouchers over the level served in June 2009.

Additionally, HUD has under-funded the costs associated with administering the HCV Program. This budget proposes to fund HCV administration at \$3.3 million; \$600,000 more than what is expected to be funded. MPHA proposes to utilize HCV reserves to cover this funding shortfall.

MPHA is also proposing to continue funding homeownership activities and self-sufficiency programs. This modest funding for these programs is also proposed to be funded from HCV reserves.

The 2010 MTW Budget proposes to fund \$587,000 more in operating expenses than 2009; a 1.4% increase. Capital improvements is funded at \$2.7 million more than 2009; a 21% increase, continuing MPHA's commitment to preserving the public housing stock. MPHA is funding Housing Choice Vouchers at \$40.1 million; \$872,000 more than in 2009.

■ **Fiscal Year 2009 Non-MTW Budget**

Also presented is the funding that MPHA plans on utilizing in 2010 that is outside of the MTW Agreement. The primary activities funded by Non-MTW funds in 2009 include the Section 8 Moderate Rehabilitation Program, HOPE VI Community and Supportive Services funding, and the MPHA's Central Office Cost Center. These programs are funded at levels consistent with 2009.

In addition, MPHA is embarking on a major (\$33.6 million) energy improvement project in public housing. \$28.4 million is being financed and additional \$5.2 million is funded from capital funds. The financed portion (\$28.4 million) will be repaid with energy savings under MPHA's agreement with HUD. The contractor responsible for implementing these energy savings will guarantee that the savings will cover the debt service. MPHA was also awarded \$18.2 million from the Capital Fund Recovery Act in 2009. The Budget anticipates spending \$12 million in 2010.

Section VIII: Administrative

▶ MPHA Public Process

MPHA is proud of its resident involvement and uses extraordinary efforts to solicit input in the development of its Moving To Work (MTW) Plan. The MPHA Board of Commissioners appointed the MTW Resident Advisory Board (RAB) February 2009. The RAB consisted of resident representatives from MPHA public housing highrises, scattered site units and its family development as well as participants from MPHA's Section 8 Housing Choice Voucher program. The RAB met on a regular basis (monthly and twice monthly in August and September) working with Agency staff to consider proposals for the Draft MTW Plan.

The MTW RAB developed and distributed hundreds of surveys to residents and Section 8 HCV participants and used the results of the returned surveys to assist in developing its priorities.

In addition, MPHA and the MTW RAB representatives participated in MTW Plan information gathering with highrise residents, family and scattered site residents, Section 8 HCV participants and their respective councils and organizations as well as meetings with community constituencies. Information gathered from these meetings along with needs and issues identified by staff was utilized in developing the draft plan. MPHA, in partnership with the MTW RAB hosted additional meetings with these same groups and reviewed the Draft Agency Plan. The MPHA Board of Commissioners conducted a public hearing on September 23, 2009 as part of the MTW Plan Review process. In total including the public hearing, there were about 30 MTW Plan meetings involving over 500 participants and MPHA staff.

The MTW Plan lists the comments by the MTW RAB, attendees at the public hearing, as well as comments from various resident organizations, key constituencies and individual residents and includes MPHA responses and changes to the Draft MTW Plan based upon the comments raised. (Attachment B).