MOVING TO WORK
2018 ANNUAL PLAN

For the Fiscal Year January 1 – December 31, 2018

MINNEAPOLIS PUBLIC HOUSING AUTHORITY

Approved by the MPHA Board of Commissioners on October 25, 2017

Submitted to HUD – November 13, 2017

Resubmitted – November 16**, 2018**

EQUAL HOUSING OPPORTUNITY – EQUAL EMPLOYMENT OPPORTUNTY

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MISSION STATEMENT

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

MINNEAPOLIS PUBLIC HOUSING AUTHORITY EXECUTIVE STAFF

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Jeff Horwich, Director of Policy and External Affairs
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MINNEAPOLIS PUBLIC HOUSING AUTHORITY MOVING TO WORK STAFF

Bob Boyd, Director of Policy & Innovation
Mary Abrahamson, Executive Assistant

Letter from the Executive Director and CEO

Each year, the Moving to Work (MTW) Annual Plan provides a valuable milepost to reflect on past progress and future opportunities. However, no year in recent memory has found MPHA at such a crucial moment.

Behind us, we celebrate decades of caring, perseverance, organizational strength, and stability for our families—even as we charted a steady erosion of federal support. Ahead of us, MPHA's mission and the needs of our community remain clear and deeply motivating. Yet we have no choice, looking into 2018, but to concede that the federal foundations of essential public housing and voucher programs are unsteady. In one area in particular—public housing capital investment—Congressional funding and the need for that funding are now breathtakingly mismatched.

The vital question is how we choose to meet this reality. I believe the following pages capture a fundamental shift underway at MPHA. This shift, embedded in our initiatives and our broader plans for 2018, will allow us to bravely meet our mission in a century that looks very different from the one where this mission began. For our public housing, this means an all-out push to explore the funding, partnership, and design structures that will help us preserve our homes. We must lead this community conversation, and we will. For Housing Choice Vouchers, a program that cannot grow must simply become better for the families it serves: better at offering choice, better at customer service, better at helping families realize economic opportunity and emerge to self-sufficiency.

More than ever before, our MTW status will allow us to adapt and meet our mission in challenging, uncertain times. While federal priorities may have changed over the years, many things have not: the need for quality, low-income housing in Minneapolis; the deserving families, seniors, and other vulnerable populations we serve; the commitment of MPHA staff to serve these people with dignity. What we do is essential. We intend to keep doing it, and doing it well.

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Executive Summary

NEW ERA, FOCUS ON MISSION

2018 will mark a major turning point in Minneapolis Public Housing Authority (MPHA) history. After recent years focused on stability and modest growth, MPHA will turn decisively toward building a foundation for sustainable, long-term housing and the economic well-being of residents and participants. The immediate result will be a heightened level of activity and forward momentum that will engage the community. Over time, MPHA will strive to preserve and, when opportunities occur, to create more affordable homes and economic advancement for families with children, for seniors to age in place, for disabled residents to thrive, and for immigrant families desiring to build and preserve community.

Despite our success, MPHA, like public housing authorities nationwide, operates under intense budget pressures. Public housing authorities were designed to operate on federal funds. The infrastructure was built, families housed, vouchers distributed. Expectations were created. Yet over decades of Congressional budgets, it has become the "new normal" to operate without adequate funding. The current administration proposes cuts that are strikingly harsh, even compared to past declines. Nationally, public housing is at a turning point. The lack of sufficient capital to reinvest into the properties is eroding this vital housing stock. Without significant capital expenditures public housing is at risk. MPHA is affected by this capital gap, so we must prepare to act, to reinvest in our buildings and families and do so inside MPHA's mission.

Our properties grow older. Our resident populations also age, grapple with increasing mental health challenges and other disabilities, and face new challenges as immigrants and refugees. Families with housing vouchers have in many instances found themselves more concentrated in neighborhoods that make it difficult for them or their children to emerge from the program and from poverty. Meanwhile, the thousands on our waitlists convey an extraordinary unmet need.

OUR MISSION

To promote and deliver quality, well-managed homes to a diverse low-income population and, with partners, contribute to the well-being of the individuals, families and community we serve.

Given this environment, we must find new and creative ways to serve our current families and the families who will surely need us in the future. In 2018, MPHA will lay this foundation in public housing with an intense focus on preserving our buildings. This begins and ends with protecting the people who live here, via a set of *Guiding Principles for Redevelopment and Capital Investments* that assure the rights of residents. This document, drafted with residents, approved by our Board of Commissioners, and presented in five languages, commits to resident involvement, right-of-return to sites that are redeveloped, stable rent, and protecting the vulnerable populations we serve. With that as our bedrock, a $2 million working capital fund ($1 million provided by MPHA and a $1 million matching grant from the McKnight foundation) and in-depth analysis of our portfolio will allow us in 2018 to begin the process of targeted investments to preserve our housing. We will look at our entire portfolio and show both the need and possible routes to re-investment. A framing document will be prepared and used to engage the community in this important discussion.

Using Housing Choice Vouchers (also known as "Section 8"), MPHA will also invest in the families we serve by building a foundation for improved economic opportunity. Under current federal budgets, we cannot bring new families into the program by offering new vouchers. But we can —more than ever before— create new paths for families to seek economic opportunity and to succeed. One component of this vision is mobility: giving families more and better choices of neighborhoods, schools, and quality housing stock. The other part is education and training, forging strategic place-based partnerships that combine housing with other tools to achieve self-sufficiency. Done right, these investments should create a virtuous cycle: current families find success and emerge from the program, and their children face a reduced chance of needing it. This, in turn, opens voucher opportunities for future families seeking help.

MPHA's Annual Plan outlines our vision and specific steps for the next fiscal year, beginning January 1, 2018. The plan also outlines how MPHA uses a very critical tool to make it happen. The tool is called the Moving to Work (MTW) Program.

MOVING TO WORK PROGRAM: A TOOL FOR LOCAL SOLUTIONS

In 2008, the U.S. Department of Housing and Urban Development (HUD) granted MPHA full "Moving to Work" (MTW) status. This is significant because the MTW program gives MPHA the flexibility needed to weather funding pressures and design programs that adjust to our local needs and priorities, in turn, allowing us to better serve residents in our city. MPHA is one of 39 public housing authorities in the U.S. that has been granted MTW status.

Congress created the Moving to Work Demonstration Program in 1996 – a program that allows housing authorities to design and test innovative, locally-designed strategies for providing low-income families with affordable housing. MTW allows the agency to waive most HUD regulations if the agency meets three statutory objectives: (1) increasing housing choices, (2) creating opportunities for families with children to become self-sufficient, and (3) increasing cost effectiveness of the agency.

To maintain MTW status, HUD also requires MPHA to complete an annual plan in which MPHA describes the ways we intend to exercise our MTW status and go beyond standard HUD programs. This plan must include a detailed look at the programs, operations and major capital investments of the housing authority, as well as any new MTW initiatives MPHA would like to pursue in the coming year. HUD requires a 30-day public comment period review, a public hearing, and approval by the Board of Commissioners prior to submitting MPHA's MTW Annual Plan to HUD.

While the MTW Annual Plan is a document prepared for HUD, MPHA uses the annual planning process as an opportunity for residents, participants and other stakeholders in the community to voice their concerns and questions. MPHA exceeded HUD's requirements by scheduling multiple public presentations for residents and participants, and, this year, providing more than 82 days for comments.

FACTS ABOUT MPHA PROGRAMS AND HOUSING ASSISTANCE

The Minneapolis Public Housing Authority (MPHA) owns and manages over 6,000 public housing units and administers over 5,000 housing vouchers, providing over 25,000 people in the Minneapolis community with decent, safe, and affordable housing.

MPHA provides housing to over 6,000 families (10,500 people) through its **Public Housing programs**. In this traditional model, most families receiving assistance from MPHA earn less than 30 percent of the Area Median Income (AMI) or $27,100 (for a family of four). Families contribute in general no more than 30 percent of their income toward their rent – whether they are working or on fixed income. While most of the homes are the traditional high-rise buildings, MPHA also owns and operates single-family/duplex/fourplex homes throughout the city ("scattered sites") and two townhome developments. MPHA also contracts with partners to provide assisted-living at eight facilities, including two locations with memory care.

6,246 Public Housing Units with 10,500 Residents		
UNITS	**HIGHRISES**	**FAMILY PROPERTIES**
5,006 Units in **42** high-rise apartment buildings	**89%** over age 50 or disabled	**58%** children
736 Scattered site family homes	**82%** people of color	**96%** people of color
14 Lease-to-Own townhomes	**33%** Somali	**27%** Somali
184 Family townhome units	**$12,111** average income per household	**$26,419** average income per household
306 Units in other developments	**16%** of households are employed	**71%** of households are employed

Under MPHA's **Housing Choice Voucher** (HCV, often referred to as "Section 8") program, eligible families receive a voucher that can be used to pay a portion of their rent in a privately-owned apartment or home. Families contribute on average 30 percent of their income towards their rent and utilities, and MPHA provides the rest. Families can use the voucher to choose where they want to live within Minneapolis or outside the city. MPHA administers over 5,000 vouchers, including special vouchers for veterans and families experiencing homelessness.

Through its **Project-Based Voucher** (PBV) program, MPHA provides rental assistance to low-income families living in privately owned apartments. Using voucher funding, MPHA enters into a contract with the property owner to ensure that these units are preserved as affordable housing for up to 20 years.

5,143 Housing Vouchers serving 15,000+ People*	
4,509 Vouchers, including:	**53%** of participants are children
711 Project-based Vouchers	**41%** of households are disabled;
13 Family Self-Sufficiency participants	**15%** are seniors
30 Mobility Voucher Program participants	**32%** list Somalia as country-of-origin
261 Veterans Affairs Supportive Housing vouchers	**78%** of heads-of-household are women
100 Family Unification Program vouchers	**84%** are people of color
273 Homeless housing units	**46%** of households are employed
	$15,550 Average income of all households; for working households, **$22,080**

**Figures do not include 780 Port-in vouchers administered by MPHA*

2018 Plans and Initiatives

PUBLIC HOUSING PROGRAM

For our low-income public housing (LIPH) programs, MPHA's plans and outlook are shaped by two forces: our mission to provide quality, low-income housing, and the flagging federal financial support for this mission. One percent of public housing units in the United States—10,000 homes—go offline each year because there is not enough money for repairs and maintenance. MPHA takes pride in bucking this trend year after year, and we do not intend to join it now.

However, MPHA's portfolio is old and has major needs. The 42 high-rise buildings average 50 years old; many of the scattered site homes are older still; and our townhome development dates from 1952. In many buildings, infrastructure and building systems (such as mechanical, HVAC, plumbing, fire and electrical) have exceeded their life expectancy. While MPHA works hard to maintain units, many of the most critical and expensive challenges are hard to see but are growing each year. MPHA's immediate capital needs amount to $127 million as of 2017, yet HUD and Congress provide less than $10 million per year. Without adequate funding for major renovations and upgrades, MPHA estimates needing in excess of $500 million by 2037.

Our 2018 MTW Activities are focused on preserving and enhancing units in an environment of scarce resources while supporting residents' quality of life.

Key Activities for 2018

Asset Preservation - It is imperative that MPHA explore asset preservation strategies to preserve our housing, sustaining our housing as a community asset and supporting the quality of life of our residents. Accordingly, in 2017 MPHA began an in-depth portfolio analysis to determine the best way to enhance each property and preserve (or replace and rebuild) them for the long-term use of low-income residents. MPHA will consider a variety of currently available funding strategies including HUD's Rental Assistance Demonstration (RAD), Low-Income Housing Tax Credits (LIHTC), and borrowing using bonds and loans. Before any of these strategies are implemented for any property, MPHA will meet and discuss the strategies at length with residents. Specific plans and schedules will evolve over the next several years.

Investments in Maintaining Public Housing - Given the stark need to prioritize, MPHA is basing its 2018 capital spending plan conservatively on a capital fund allocation of $6.44 million (plus $4.2 million capital funds from previous years). Priority activities include the following:

- Roof replacement at Glendale's Headstart Facility
- Siding & roof replacement for single family "scattered site" homes
- Major elevator modernization at 1710 Plymouth & 1206 2nd Street NE
- Comprehensive plumbing replacement, ventilation upgrades, and shower replacements at 1515 Park Avenue South
- Roof replacement at 3755 Snelling Avenue
- Comprehensive plumbing replacement and shower replacement at 2121 Minnehaha Avenue

Energy Performance Contracts – MPHA will continue its $33 million Energy Performance Contract that supports efforts to make our properties more energy-efficient. MPHA has also partnered with Sustainable Resource Center (SRC), a local non-profit contractor, to leverage federal funds to make $73,000 in energy improvements to eight units at the Glendale Townhomes. Based on the results of these improvements, MPHA has partnered with SRC to expand the pilot and implement further energy and weatherization improvements for the entire Glendale community in 2018.

Minnehaha Townhomes - MPHA is working to break ground on a new, 16-unit public housing development with a mix of bedroom sizes. These units, with supportive services provided through Hennepin County, will provide homes to families experiencing homelessness. The location is convenient to public light-rail transportation and lies outside areas of concentrated poverty. In partnership with the city, county, state and philanthropy, MPHA will continue to seek opportunities to expand our housing stock.

HOUSING CHOICE VOUCHERS

For many years, federal funding of the Housing Choice Voucher (HCV) program, also known as "Section 8", has been largely static. This means HUD allocates the same number of vouchers to each PHA each year. Therefore, MPHA's primary focus is to serve this fixed number of families better. Our 2018 plans seek to expand opportunity and mobility for the voucher families we serve, ultimately providing the settings and tools to help families emerge from the program and break cycles of poverty.

The past year included a notable project-based voucher commitment, both for its size and impact on the lives of young people. MPHA pledged 25 vouchers to a 40-bed development for homeless youth near downtown Minneapolis. The commitment, worth almost $4 million over the initial period of 20 years, aligns with MPHA's previous "Permanent Housing for Youth" MTW initiative.

Key Activities for 2018

Recent research shows convincingly that young children whose families move with vouchers to areas of economic opportunity benefit from increased lifetime earnings. Families also benefit from improved health and other outcomes, including better education and improved family stability. The past year has seen notable developments that enhance our goals in this regard.

Housing Non-Discrimination Ordinance - In March 2017, the Minneapolis City Council voted unanimously to prohibit discrimination in rental housing against tenants with vouchers. This measure takes effect in May 2018, and has already sparked an important local conversation about the value of these vouchers to the community and the many barriers to using them. MPHA, in many areas working with the City, is making procedural and operational changes to the voucher program that will offer improved customer and landlord services.

Neighborhood Payment Standards – MPHA has hired a consultant to conduct a market analysis to identify rental markets by census tract and neighborhood. By basing our payment standards on smaller areas, MPHA hopes to enhance the "buying power" of families with housing vouchers to move to neighborhoods that have higher rents and offer greater economic opportunity.

Regional Collaboration and Mobility - In August, MPHA and the Family Housing Fund convened national researchers from the Creating Moves to Opportunity (CMTO) project and almost every public housing agency in the Twin Cities region. We began a discussion of the ways we can collaborate to create efficiencies that serve all our families better, presenting them with more choice and streamlining moves to areas of greater opportunity. The Family Housing Fund has provided a $300,000 grant to MPHA to explore and then implement an approach to regional collaboration.

PARTNERSHIPS AND OPPORTUNITIES FOR RESIDENTS AND PARTICIPANTS

Beyond the brick and mortar, MPHA will continue to explore partnerships with non-profit providers of human services that support health and wellness, education and economic self-sufficiency.

Key Activities for 2018

High-Rise Service Enrichment Strategy - MPHA is reviewing our existing services, with an ambition to build a common set of services for all buildings. Working with current and new partners, MPHA envisions the high-rise becoming a neighborhood hub where a variety of health and wellness programs and mental health supportive services are available. MPHA will explore the use of both funding and modification of its physical space to include developing program models targeted at specific sites.

Education and Job Training – For HCV participants and public housing families interested in moving to self-sufficiency, MPHA has signed letters of intent with Summit Academy and Twin Cities Rise, and is exploring similar collaborations with other partners to create educational and job opportunities.

MPHA intends to establish a pilot program in 2018 and will seek partners that support a comprehensive self-sufficiency approach where the housing subsidy and educational program requirements are mutually supportive and encourage families to engage in economic improvement activities. MPHA will utilize its MTW authority to create flexible subsidies that can be tailored to the individual needs of participating families.

RELEASE OF DECLARATION OF TRUST (DOT) TO PRESERVE PUBLIC HOUSING

In the course of developing this 2018 MTW Annual Plan, MPHA proposed and solicited comment on the following activity. MPHA and HUD have agreed to refine and advance this activity in the context of the FY 2019 MTW Annual Plan. The description is included below as reference.

MPHA proposes to use its MTW authority to release or subordinate the Declarations of Trust (DOT) that inhibits the Agency's ability to leverage needed capital funds. MPHA currently has an immediate capital fund shortfall of $137 million that is expected to increase to well over $500 million over the next twenty years. HUD has funded the MPHA at an average of $10 million annually in recent years, and the current administration has proposed eliminating public housing capital funding altogether. The exponential growth in capital needs against the current and expected future funding threatens MPHA's ability to responsibly address needs and preserve its portfolio.

Congress included provisions in the Quality Housing and Work Responsibility Act (QHWRA) of 1998 that would enable PHAs "to mortgage or otherwise grant a security interest in any public housing project or other property of the public housing agency." MPHA is currently undergoing a comprehensive analysis of its real estate to identify strategies for preserving its portfolio and if possible to increase the number of affordable housing units in its community. MPHA has two consultants under contract to conduct reviews from a capital needs perspective and from a financial operational perspective by evaluating the current condition, social and strategic value and income potential of each property. The consultants will draft recommendations for funding, redevelopment and/or major rehabilitation and meet with MPHA staff to prioritize properties that can best leverage additional resources for the Agency.

Releasing or subordinating the DOT will enable MPHA to leverage funds that are heretofore not forthcoming from Congress and move forward with a major revitalization of its properties. MPHA will preserve the long-term affordability of this housing for very low-income families through the proven tool of long-term Land Use Restriction Agreements (LURAs).

Anticipated Impact and Schedule: This will allow MPHA to leverage additional funds to compensate for severe underfunding of its capital needs. The intention is to reduce costs and achieve greater cost effectiveness in federal expenditures. MPHA will submit a report to MPHA's Board of Commissioners by mid-2018 featuring a comprehensive assessment of its property needs and values. MPHA will use this information to explore opportunities to leverage resources to make major improvements to two of these properties, once converted utilizing LURAs, by the end of 2018.

Authorizations: MTW Agreement, Attachment C, Section B ("Single Fund Budget with Full Flexibility"), including Section B.1.b., which permits the agency to use its flexibility to waive any non-exempt portions of the 1937 Act in the service of eligible activities including reconstruction, rehabilitation, and financing:

> The agency may use MTW Funds for any eligible activity…to provide flexibility in the design and administration of housing assistance to eligible families…and to increase housing choices for low-income families, through activities that would otherwise be eligible under Sections 8 and 9 or the 1937 Act, including, but not limited to, the following activities:
>
> > …ii. The acquisition, new construction, reconstruction or moderate or substantial rehabilitation of housing…. Such activities may include but are not limited to real property acquisition, site

> improvement, development of utilities and utility services and energy efficiency systems, conversation, demolition, financing, administration and planning costs, relocation and other related activities.
>
> …vii. The preservation of public housing and/or Housing Choice Voucher units currently serving people of low income or the acquisition and/or development of new units for people of low income…

In addition, the Second Amendment to the MPHA MTW Agreement's Attachment D, "Use of MTW Funds," further permits waiver beyond circumstances specifically enumerated in Sections 8 or 9 and/or made explicit in the Agreement or its attachments:

> The Agency and HUD hereby agree that they do not intend for the Amended and Restated MTW Agreement to limit or restrict the authority to use MTW Funds as provided by the Original MTW Agreement, that notwithstanding any language to contrary, those provisions in this Agreement or its attachments that restrict the use of funds to Sections 8 and 9 are repealed, and the Agency may use MTW Funds to provide housing assistance for low-income families…whether or not any such use is authorized by Sections 8 or 9 of the 1937 Act.

In addition: this proposed activity is clearly within the parameters authorized by Section 30 of the U.S. Housing Act of 1937 ("Public Housing Mortgages and Security Interests") under which the Secretary may "authorize a public housing agency to mortgage or otherwise grant a security interest in any public housing project or other property of the public housing agency." While MPHA proposes mechanics somewhat different from those spelled out in PIH 2011-30 (HA), MPHA's proposed activity is fully in line with the notice (and Section 30) in intending to remove or subordinate the DOT only in the interest of developing or modernizing public and/or affordable housing.

The proposed activity is inherently similar to an activity previously approved by HUD for the Cambridge Housing Authority (CHA), entitled "Liberating Assets to Leverage Funds," in which CHA waived HUD's policy relative to the position of the DOT. We have attached CHA's proposed activity and HUD's approval letter for this activity from December 27, 2010.

The 2018 HUD Appropriations Act Congressional Directives require HUD within the next several months to provide a report on policy and regulatory changes that would allow for increased use of the public housing mortgage program (Section 30). The proposed activity will test potential changes of this kind.

Finally, please see MPHA's attached legal opinion on this matter. (See Appendix E for supporting attachments.)

HUD Standard Metric (source: internal agency data)

CE#4: Increase in Resources Leveraged				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Amount of funds leveraged in dollars (increase).	0			

2018 PROPOSED MTW ACTIVITIES

As an MTW agency, MPHA can identify areas to innovate and create programs that address the needs of our community and that meet the three MTW Program objectives. For 2018, MPHA proposes to HUD the following initiatives as described below. Some are entirely new, while others build upon existing programs.

These activities are described in greater detail in HUD Requirements – Section III: Proposed MTW Activities.

Statutory Objective: Housing Choice

Property Owners Incentive Program – In partnership with the City of Minneapolis, MPHA will create a fund that encourages and rewards property owners who participate in the HCV program. This fund will expand housing options for families with vouchers by enticing more owners into the program.

Statutory Objective: Self-Sufficiency

Goal-Oriented (GO!) Housing – This optional program for both public housing residents and HCV participants would provide intensive education, training, and employment opportunities in partnership with non-profit educational and vocational partners. Incentives could include a savings match and flexible subsidies. MPHA will also work with various partners to set aside public housing units near education and training centers that will be reserved for participants in those programs. Participants will live in the housing and pay public housing rent (30 percent of income) while in the program.

Statutory Objective: Cost Effectiveness

Biennial Income Recertification – Non-elderly and non-disabled public housing residents must currently recertify their income every year. MPHA will reduce this frequency to every other year. This will reduce the burden on residents and reduce administration for MPHA.

Higher Asset Verification Limits – MPHA will modify the definition of annual income to exclude income from assets valued at $50,000 or less. This will reduce the reporting and paperwork burden on public housing residents and MPHA.

Conversion of Public Housing Operating Subsidy and Capital for MHOP Units to Housing Choice Voucher Funding – Under the Metropolitan Housing Opportunity Program (MHOP), MPHA funds 106 units of public housing in 16 different metro cities. MPHA neither owns nor manages these units. Converting the subsidy for these units to voucher funding, then project-basing the vouchers will involve minimal change for residents, but will relieve considerable administrative burdens for both the property owners and MPHA.

Local Project-Based Voucher Program – To facilitate certain other of the initiatives above, MPHA will develop and implement its own local Project-Based Voucher Program.

OTHER NOTABLE INITIATIVES IN 2018

MPHA will also pursue the following concrete initiatives that do not require MTW authorization.

Regional MTW Designation – We will build upon our work with adjacent public housing authorities and other housing partners around the Twin Cities to expand housing choices for all our families with housing vouchers. These efforts will likely include proposing the formation of a regional MTW Agency.

Expanding Housing Choices Through Faircloth – We will use our MTW flexibility to find creative ways to partner in creating 141 new public housing units under MPHA's "Faircloth Authority" to receive additional subsidy from HUD. (Faircloth, named for a former U.S. Senator, refers to additional public housing subsidy that MPHA is permitted to access, provided we can build or acquire the units.)

2018 Budget

Each year, HUD allocates certain funds to MPHA. However, Congress has not passed a funding bill for 2018 and may cut these amounts as part of an overall Federal budget. In 2018 MPHA anticipates that HUD will provide 97 percent of HCV funds, 75 percent of administrative fees and 63 percent of capital —an estimated loss of almost $6 million in total federal subsidy. As in prior years, MPHA will seek efficiencies and persevere to ensure we continue to provide decent and safe housing for our families currently in our program.

In 2018, MPHA has planned conservatively by presuming HUD funding will be less than awarded in 2017. MPHA's 2018 MTW budget anticipates $97 million in sources of funds and $99 million in uses of funds, using $2 million from MPHA's MTW reserves to cover the gap. Under MTW, MPHA can combine various subsidy sources and, as in past years, we will use money from HCV to support underfunded components like public housing operations. Absent other sources of funding, future reductions in federal funding could result in greater use of reserves, a decrease in services to families, and cuts to MPHA's workforce.

2018 MPHA AGENCY-WIDE BUDGET (ESTIMATE*)

	MTW Programs	Other Section 8 Programs	Working Capital Fund	Self Insurance Fund	Minnehaha Townhomes	Central Office	Other Non-Federal Funds	Inter-Program Eliminations	Total MPHA
Sources									
Tenant Revenue -Rents & Other	20,970,000								20,970,000
Federal - Operating Subsidies & Grants	21,310,000	562,000							21,872,000
Federal- Section 8 HAP Subsidy	42,614,000	4,759,000							47,373,000
Federal - Capital Grants	9,590,000								9,590,000
Interest Income	80,000	12,000		21,000		35,000	13,000		161,000
Other Revenues, Fees, & Grants	2,396,000		570,000		3,345,000	7,611,000	250,000	(7,594,000)	6,578,000
Total Sources	**96,960,000**	**5,333,000**	**570,000**	**21,000**	**3,345,000**	**7,646,000**	**263,000**	**(7,594,000)**	**106,544,000**
Uses									
Property Management and Program Administration	10,856,000	334,000	945,000				250,000		12,385,000
Administration						7,635,000			7,635,000
Fees	7,455,000	139,000						(7,594,000)	-
Tenant Services	987,000		50,000						1,037,000
Utilities	8,747,000					176,000			8,923,000
Maintenance	12,691,000					210,000			12,901,000
Protective Services	2,034,000					67,000			2,101,000
Insurance & Casualty Loss	1,191,000	2,000				57,000			1,250,000
Other General	2,383,000			200,000		62,000			2,645,000
Debt Service	2,369,000								2,369,000
HAP	40,518,000	4,759,000							45,277,000
Capital Improvements & Equipment	9,750,000				4,163,000	50,000	1,530,000		15,493,000
Total Uses	**98,981,000**	**5,234,000**	**995,000**	**200,000**	**4,163,000**	**8,257,000**	**1,780,000**	**(7,594,000)**	**112,016,000**
Net Sources/(Uses)	**(2,021,000)**	**99,000**	**(425,000)**	**(179,000)**	**(818,000)**	**(611,000)**	**(1,517,000)**	**-**	**(5,472,000)**

**Estimates are subject to final budget approval by the MPHA Board of Commissioners.*

The 2018 MTW Budget maintains overall public housing operating spending at 2017 budgeted levels. The Budget funds the current 4,509 participants with MTW Housing Choice vouchers and continues MPHA's rent reform initiative. In response to insufficient HUD funding for the public housing program and for the administration of the HCV Program, MPHA will use its MTW spending flexibility to transfer HCV Housing Assistance Payment ("HAP") subsidy and agency reserves to cover these shortfalls for fiscal year 2018. Additionally, HCV HAP subsidy will be used to fund MTW Initiatives for costs associated with locally-designed strategies to meet MPHA's mission. A breakdown of the use of HCV HAP subsidy is presented in the following schedule.

USE OF HCV HAP FUNDING

MTW HAP Subsidy	42,614,000
MTW HAP Expenses	40,503,000
MTW HAP Gain/(Loss)	**2,111,000**
Transfer to HCV Administration	(1,124,000)
Transfer to Public Housing Operations	(700,000)
Transfer to MTW Initiatives	(287,000)
Net Gain/(Loss)	**-**

2018 MTW SINGLE-FUND BUDGET (DETAILED ESTIMATE)

	Public Housing Operations	MTW Housing Choice Vouchers	Capital Fund Program	MTW Initiatives	Total MTW Funds
Sources					
Tenant Revenue -Rents & Other	20,970,000	-	-	-	20,970,000
Federal - Operating Subsidies & Grants	18,208,000	2,069,000	1,033,000	-	21,310,000
Federal- Section 8 HAP Subsidy	-	42,614,000	-	-	42,614,000
Federal - Capital Grants	-	-	9,590,000	-	9,590,000
Interest Income	70,000	10,000	-	-	80,000
Other Revenues, Fees, & Grants	1,930,000	466,000	-	-	2,396,000
Total Sources	**41,178,000**	**45,159,000**	**10,623,000**	**-**	**96,960,000**
Uses					
Property Management and Program Administration	8,126,000	2,553,000	10,000	167,000	10,856,000
Fees	5,316,000	1,116,000	1,023,000	-	7,455,000
Tenant Services	907,000	-	-	80,000	987,000
Utilities	8,747,000	-	-	-	8,747,000
Maintenance	12,691,000	-	-	-	12,691,000
Protective Services	2,034,000	-	-	-	2,034,000
Insurance & Casualty Loss	1,191,000	-	-	-	1,191,000
Other General	2,358,000	-	-	25,000	2,383,000
Debt Service	2,369,000	-	-	-	2,369,000
HAP	-	40,503,000	-	15,000	40,518,000
Capital Improvements & Equipment	160,000	-	9,590,000	-	9,750,000
Total Uses	**43,899,000**	**44,172,000**	**10,623,000**	**287,000**	**98,981,000**
Net Program Sources/(Uses)	**(2,721,000)**	**987,000**	**-**	**(287,000)**	**(2,021,000)**
Program Transfers In/(Out)	700,000	(987,000)	-	287,000	-
Net Sources/(Uses)	**(2,021,000)**	**-**	**-**	**-**	**(2,021,000)**
Budgeted Reserves[1] as of Dec. 2018	**11,009,000**	**848,000**	**-**	**-**	**11,857,000**

OTHER FEDERAL HOUSING ASSISTANCE PROGRAMS BUDGET

In addition to funds available to combine under MTW, MPHA receives funds for other federal housing assistance programs. These programs consist of Section 8 moderate rehabilitation and single room occupancy housing vouchers, housing vouchers for veterans (Veterans Affairs Supportive Housing or "VASH"), HUD's Family Unification Program (FUP) vouchers, and housing vouchers for HUD's Special Needs Assistance Program (SNAP).

- The Section 8 moderate rehabilitation program and Section 8 single room occupancy (SRO) program provides project-based rental assistance to cover rent plus property rehabilitation costs to privately owners that rent to low-income families. The moderate rehabilitation program was repealed in 1991 and no new projects are authorized for development. MPHA's housing assistance for the moderate rehabilitation program is limited to properties previously rehabilitated under this program and now covers only the rental cost.
- The HUD-funded VASH program provides rental assistance for homeless veterans. The program also includes case management and clinical services provided by the Department of Veterans Affairs. The FUP program provides rental assistance to families where inadequate housing is a primary factor preventing the placement of a child or the return of a child from out-of-home care.
- The SNAP program provides rental assistance to quickly re-house homeless individuals and families.

2018 OTHER FEDERAL HOUSING FUNDS BUDGET (ESTIMATE)

	Section 8 Moderate Rehab	VASH	FUP	SNAP	Total Other Section 8 Programs
Sources					
Federal - Operating Subsidies & Grants	287,000	204,000	66,000	5,000	562,000
Federal- Section 8 HAP Subsidy	1,949,000	1,579,000	1,164,000	67,000	4,759,000
Interest Income	8,000	3,000	1,000		12,000
Total Sources	**2,244,000**	**1,786,000**	**1,231,000**	**72,000**	**5,333,000**
Uses					
Program Administration	160,000	130,000	41,000	3,000	334,000
Fees	61,000	55,000	23,000	-	139,000
Insurance & Casualty Loss	1,000	1,000	-	-	2,000
HAP	1,949,000	1,579,000	1,164,000	67,000	4,759,000
Total Uses	**2,171,000**	**1,765,000**	**1,228,000**	**70,000**	**5,234,000**
Net Program Sources/(Uses)	**73,000**	**21,000**	**3,000**	**2,000**	**99,000**
Budgeted Reserves[1] as of December 2018	**1,605,000**	**260,000**	**22,000**	**8,000**	**1,895,000**

NON-FEDERAL FUNDS BUDGET

The non-federal funds budget includes funds derived from the settlement of damages to MPHA resulting from a 2012 HUD operating subsidy offset, profits derived from inspecting Class 4d properties for the State of Minnesota, and a multi-year $300,000 grant from the Family Housing Fund for planning and implementing a regional mobility initiative.

2018 NON-FEDERAL FUNDS BUDGET (ESTIMATE)

	Non-Federal Funds	Family Housing Fund Grant	Total Other Non-Federal Funds
Sources			
Interest Income	13,000		13,000
Other Revenues, Fees, & Grants		250,000	250,000
Total Sources	**13,000**	**250,000**	**263,000**
Uses			
Administration		80,000	80,000
Planning		100,000	100,000
Research		70,000	70,000
Capital Improvements	1,530,000		1,530,000
Total Uses	**1,530,000**	**250,000**	**1,780,000**
Net Program Sources/(Uses)	**(1,517,000)**	**-**	**(1,517,000)**
Budgeted Reserves[1] as of Dec. 2018	**18,000**	**-**	**-**

SELF-INSURED GENERAL LIABILITY BUDGET

MPHA is self-insured for general liability claims. The claims covered in the general liability fund are those claims not covered by insurance purchased for property, auto, workers compensation, crime, and cyber. Utilizing a HUD waiver that allows self-insurance, MPHA considers actuarial studies to ascertain expected losses.

2018 SELF-INSURED GENERAL LIABILITY BUDGET (ESTIMATE)

Sources	
Interest Income	21,000
Total Sources	**21,000**
Uses	
Claims	200,000
Total Uses	**200,000**
Net Program Sources/(Uses)	**(179,000)**
Budgeted Reserves[1] as of December 2018	**2,924,000**

REAL ESTATE PLANNING & DEVELOPMENT BUDGET

The planned expenditures for public housing major building rehabilitation are detailed in Appendix B: Planned Capital Expenditures of this Plan document.

MPHA plans to begin the construction of Minnehaha Townhomes, a 16-unit development in South Minneapolis for families experiencing homelessness.

Working Capital Fund

Chronic federal underfunding of the housing authority's Capital Fund Program has put MPHA's portfolio in peril. Over the past two decades, MPHA has not been able to invest in the full range of repairs, upgrades, and redevelopment needed to preserve the public housing stock in Minneapolis for current and future residents. To address this crisis, MPHA is reviewing the entire real estate portfolio and determining the best way to enhance each property's value while preserving its viability as safe, high-quality housing for low-income residents.

The Working Capital Fund was established to cover the costs associated with the portfolio assessment needed to launch a 10-to 15-year improvement effort. This fund covers the pre-development costs associated with planning and completing the assessments, and, in selected cases, moving to close on individual deals. Led by MPHA staff, MPHA has assembled a team of experts including development consultants, financial and legal advisors, architects, and planners.

In September 2017, the McKnight Foundation awarded a $1 million matching grant to MPHA to fund this work. The 2018 budget calls for $570,000 in McKnight Foundation funds to be expended.

CENTRAL OFFICE COST CENTER BUDGET

Consistent with HUD's asset management requirements and MPHA's Local Asset Management Plan ("LAMP"), overhead costs that benefit one or more HUD programs are budgeted for within the Central Office. The Central Office budgeted costs are supported by fees charged to each program. MPHA plans to charge up to the HUD permitted fees, including fees permitted by MPHA's LAMP, because these fees are non-program income, de-federalized, and subject only to local government restrictions. Maximizing this fee revenue offers MPHA the greatest discretion in supporting all programs including development activities.

A $611,000 use of reserves is planned for 2018 bringing the Central Office reserves to $4.7 million. Because MPHA cannot maintain a prolonged use of reserves for general management, MPHA will explore funding sources, spending cuts and other options that will permit a balanced Central Office budget.

Sources		
Public Housing Management Fees		5,316,000
Section 8 Administrative Fee		1,255,000
Capital Fund Administrative Fee		1,023,000
Interest Income		35,000
Other Income		17,000
	Total Sources	**7,646,000**
Uses		
Administration		7,635,000
Utilities		176,000
Maintenance		210,000
Protective Services		67,000
Insurance & Casualty Loss		57,000
Other General		62,000
Equipment		50,000
	Total Uses	**8,257,000**
Net Program Sources/(Uses)		**(611,000)**
Budgeted Reserves[1] as of December 2018		**4,711,000**

Form 50900: Elements for the Annual MTW Plan and Annual MTW Report

Attachment B

(II) General Housing Authority Operating Information

Annual MTW Plan

II.1.Plan.HousingStock

A. MTW Plan: Housing Stock Information

Planned New Public Housing Units to be Added During the Fiscal Year

AMP Name and Number	Bedroom Size 0	1	2	3	4	5	6+	Total Units	Population Type *	# of UFAS Units: Fully Accessible	Adaptable
PIC Dev. MN002000002 /AMP 2 Scattered Sites	0	0	4	14	2	0	0	20	General/Other	1	0

Total Public Housing Units to be Added	20

* **Select Population Type from:** Elderly, Disabled, General, Elderly/Disabled, Other

If Other, please describe: Sixteen units (Minnehaha Townhomes) are part of MPHA's Shelter to Home program where MPHA will work with Hennepin County to identify families from the homelessness Continuum of Care. Up to four units may be added if properties should become available to purchase during the plan year, although no specific units are identified at this time.

Planned Public Housing Units to be Removed During the Fiscal Year

PIC Dev. # / AMP and PIC Dev. Name	Number of Units to be Removed	Explanation for Removal
MN002000002 AMP 2 Scattered Sites	5	Units will be removed due to the high cost of maintenance and operation, obsolete and aging systems infrastructure in buildings located in areas of concentrated poverty. This will not be done through the de minimis exception to the demo/dispo rule. Occasionally, MPHA disposes of a scattered site unit due to the unit located in a redevelopment area, infrastructure expansion area, or due to obsolescence or damage from a fire or natural disaster such as flood or tornado. When or if these situations arise, MPHA will go through the proper disposition regulations and submit an application through the SAC.
MN002000009 AMP 9 MHOP	106	MPHA LIPH currently holds the ACC for 106 units that will be converted to PBV. These units were a result of the *Hollman v. Cisneros* Consent Decree and many are located outside the City of Minneapolis. Pending HUD approval, these units will be converted to PBV units to streamline operations and reduce administrative burden.
Total Number of Units to be Removed	111	

New Housing Choice Vouchers to be Project-Based During the Fiscal Year

Property Name	Anticipated Number of New Vouchers to be Project-Based *	Description of Project
PBV Conversion of Metropolitan Housing Opportunity Program	106	MPHA LIPH currently holds the ACC for 106 units that will be converted to PBV. These units were a result of the *Hollman v. Cisneros* Consent Decree and many are located outside the City of Minneapolis. Pending HUD approval, these units will be converted to PBV units to streamline operations and reduce administrative burden.
Shelter to Housing Program	38	MPHA proposed project basing up to 50 vouchers with non-profit housing providers in the City of Minneapolis. The first 12 have been approved. Access to this housing is restricted to families in shelter, identified through Hennepin County's HMIS Case Management System.
YouthLink/Project for Pride in Living - "Downtown View"	25	YouthLink and PPL are skilled and successful in providing educational support, job training and other supportive service activities. MPHA is partnering with them, through its MTW authority, to provide 25 sponsor-based 'soft subsidy' vouchers to support this initiative.
Local Project-Based Voucher Program	15	MPHA will adopt its own local MTW Section 8 Project Based Voucher Program which will include project-basing Section 8 assistance at properties owned directly or indirectly by the Agency.

Anticipated Total New Vouchers to be Project-Based	184
Anticipated Total Number of Project-Based Vouchers Committed at the End of the Fiscal Year	907
Anticipated Total Number of Project-Based Vouchers Leased Up or Issued to a Potential Tenant at the End of the Fiscal Year	814

*New refers to tenant-based vouchers that are being project-based for the first time. The count should only include agreements in which a HAP agreement will be in place by the end of the year.

Other Changes to the Housing Stock Anticipated During the Fiscal Year

MPHA will seek funding for developing new or purchasing existing structures with single family units to replace units that have been approved for disposition and/or units that are being considered for disposition. Newly developed housing will be energy efficient and preferably in clusters of approximately four or more units depending on land availability. For any existing structure acquisitions, MPHA will seek clusters as well. These units will have a mix of bedroom sizes and one of the units will comply with Section 504 of the Fair Housing Act. MPHA will submit a development application to HUD when suitable land and funding has been identified for development. MPHA has development funds from the sale of previous scattered site units, its Section 32 program, and other vacant or non-dwelling properties. It is anticipated that these funds will help pay for these public housing development projects in addition to other funding sources such as the Minnesota Housing Finance Agency, City of Minneapolis, Hennepin County, and other funders.

MPHA is considering creating additional senior housing and possibly a development initiative to create housing for very large families who currently are at risk of homelessness due to a lack of such housing in the city. MPHA understands that prior to moving forward with this specific proposal, the agency will take appropriate actions including necessary HUD approvals. MPHA is also examining its existing highrise portfolio and land holdings to determine whether there are opportunities for the construction of additional public housing units or other affordable housing units on underutilized land or parking lots. While it is not likely a full development will occur in 2018, these opportunities will be examined and pre-development activities such as design, geotechnical testing, and engaging with affordable housing financiers will be a major activity.

MPHA is considering disposition and/or redevelopment of non-dwelling properties as well. This includes the potential disposition of a warehouse facility located at 1301 Bryant Avenue North, the redevelopment of its headquarters property at 1001 Washington Avenue North, and two possible dispositions of vacant land: the Heritage Park Phase III and IV parcels located south of Olson Highway and the 4.3 acre 555 Girard Terrace site. Although there are no specific plans for any of these properties, MPHA has begun considering various options for these sites and will continue studying them into 2018.

Examples of the types of other changes can include but are not limited to units that are held off-line due to the relocation of residents, units that ar off-line due to substantial rehabilitation and potential plans for acquiring units.

General Description of All Planned Capital Fund Expenditures During the Plan Year

MPHA's 2018 Capital Fund Program (CFP) plan is based on a projected funding level of $6 million. Projects that were initiated under previous funding cycles but not fully completed will carry over and incur expenditures in 2018. Additionally, a portion of the projects slated for 2018's $6 million budget will not be fully expended in 2018 and will carry into 2019. This expenditure schedule is based on the assumption of receiving the Capital Fund grant by the end of March 2018. Expenditures may vary significantly if grant awards are delayed. MPHA has estimated approximately $10.6 million in capital expenditures for FY2018 targeted at specific projects in six of its seven Asset Management Projects (AMPs). Included in the $10.6 million Capital Funds expenditures are roof replacement, fire alarm upgrades, and apartment upgrades in our highrise developments focusing on AMPs 3, 4, 5, 6, and 7. Details of this activity can be seen in Appendix B. In performing its capital work, MPHA adheres to Federal, State and Local code and regulatory processes.

II.2.Plan.Leasing

B. MTW Plan: Leasing Information

Planned Number of Households Served at the End of the Fiscal Year

MTW Households to be Served Through:	Planned Number of Households to be Served*	Planned Number of Unit Months Occupied/ Leased***
Federal MTW Public Housing Units to be Leased	6,004	72,048
Federal MTW Voucher (HCV) Units to be Utilized	4,555	54,660
Number of Units to be Occupied/Leased through Local, Non-Traditional, MTW Funded, Property-Based Assistance Programs **	60	720
Number of Units to be Occupied/Leased through Local, Non-Traditional, MTW Funded, Tenant-Based Assistance Programs **	0	0
Total Households Projected to be Served	10,619	127,428

* Calculated by dividing the planned number of unit months occupied/leased by 12.

** In instances when a local, non-traditional program provides a certain subsidy level but does not specify a number of units/households to be served, the PHA should estimate the number of households to be served.

***Unit Months Occupied/Leased is the total number of months the PHA has leased/occupied units, according to unit category during the fiscal year.

Reporting Compliance with Statutory MTW Requirements

If the PHA has been out of compliance with any of the required statutory MTW requirements listed in Section II(C) of the Standard MTW Agreement, the PHA will provide a narrative discussion and a plan as to how it will return to compliance. If the PHA is currently in compliance, no discussion or reporting is necessary.

Minneapolis Public Housing Authority is in compliance with MTW Statutory Requirements.

Description of any Anticipated Issues Related to Leasing of Public Housing, Housing Choice Vouchers and/or Local, Non-Traditional Units and Possible Solutions

Housing Program	Description of Anticipated Leasing Issues and Possible Solutions
Public Housing	Public housing units in North Minneapolis are sometimes difficult to lease due to neighborhood crime and high foreclosure rates. To ensure full occupancy of North Minneapolis scattered site units, MPHA partners with the Northside Achievement Zone (NAZ), an organization that works with families to prepare children to graduate from high school and attend college. NAZ refers families to MPHA, and eligible families are placed on MPHA's waiting list. As the 59 scattered site units in the zone become available, they are offered to NAZ families.
Public Housing Lease-To-Own	MPHA has struggled to identify families who meet the rigorous screening criteria of work history, minimum income and credit sufficient to obtain purchase financing witin five years. MPHA continues to market the Lease-to-Own Program to MPHA residents and others through mailings to MPHA's two-bedroom waiting list applicants, approved homeownership counseling agencies, and MPHA employees.

Housing Choice Voucher (HCV)	In Minneapolis, the vacancy rate for affordable rental units is extemely low, so many families have difficulty leasing a unit. However, the City of Minneapolis and MPHA are working diligently to mitigate these market barriers. First, MPHA has extended the time given to participants who have been issued a voucher to an automatic 120 days. Second, the Minneapolis City Council passed a non-discrimination ordinance to ban landlords from denying rental applicants solely on the basis of holding an HCV voucher. This will ensure that HCV families have the right to apply for units throughout the city of Minneapolis without being told that a landlord has a "no Section 8" policy. Third, the City of Minneapolis and MPHA are implementing a Property Owners Incentive Fund for landlords that rent to HCV families. See Section III of this Plan for further details. MPHA has also streamlined procedures for inspections in order to provide better customer service to participants and property owners.

II.3.Plan.WaitList

C. MTW Plan: Wait List Information

Wait List Information Projected for the Beginning of the Fiscal Year

Housing Program(s) *	Wait List Type**	Number of Households on Wait List	Wait List Open, Partially Open or Closed***	Are There Plans to Open the Wait List During the Fiscal Year
Federal MTW Public Housing Units - Highrise	Community-Wide	7,735	Partially Open *	N/A
Federal MTW Public Housing Units - Family	Community-Wide	7,240	Partially Open **	N/A
MTW Public Housing Lease-To-Own	Site Based	0	Open ***	List will remain open until all units are filled and reopen for vacancies.
Federal MTW Housing Choice Voucher Program	Community-Wide	1,230	MPHA is considering opening its HCV waitlist.	No
Project-Based Vouchers and Supportive Housing	Program Specific	Varies by project. Approximately 1,500.	Some are open for project-specific referrals and some are closed.	Yes

Rows for additional waiting lists may be added, if needed.

* Select Housing Program: Federal MTW Public Housing Units; Federal MTW Housing Choice Voucher Program; Federal non-MTW Housing Choice Voucher Units; Tenant-Based Local, Non-Traditional MTW Housing Assistance Program; Project-Based Local, Non-Traditional MTW Housing Assistance Program; and Combined Tenant-Based and Project-Based Local, Non-Traditional MTW Housing Assistance Program.

** Select Wait List Types: Community-Wide, Site-Based, Merged (Combined Public Housing or Voucher Wait List), Program Specific (Limited by HUD or Local PHA Rules to Certain Categories of Households which are Described in the Rules for Program Participation), None (If the Program is a New Wait List, Not an Existing Wait List), or Other (Please Provide a Brief Description of this Wait List Type).

*** For Partially Open Wait Lists, provide a description of the populations for which the waiting list is open.

* Open for Public Housing elderly, disabled and near-elderly.
** Partially Open (open the third Wednesday of every month for families eligible for 2, 4, and 5 bedroom units).
*** Open for eligible MTW working families meeting minimum income guidelines and demonstrated capacity to purchase within a 5-year period. Approved applicants are immediately offered an available unit.

If Local, Non-Traditional Housing Program, please describe:

N/A
N/A
N/A

If Other Wait List Type, please describe:

N/A
N/A
N/A

If there are any changes to the organizational structure of the wait list or policy changes regarding the wait list, provide a narrative detailing these changes.

N/A

SECTION III:

PROPOSED MTW ACTIVITES: HUD APPROVAL REQUESTED

FY 2018 ACTIVITY 1: PROPERTY OWNERS INCENTIVE PROGRAM

Statutory Objective: Expand Housing Choices

Description of Activity:

Minneapolis Public Housing Authority (MPHA) and the City of Minneapolis will partner on an initiative that creates incentives that encourage property owners in opportunity areas to accept Section 8 Housing Choice Vouchers (HCVs). The following options are included under a Memorandum of Understanding with the City of Minneapolis:

> <u>Property damage protections:</u> The city will protect property owners by covering tenant damage claims that exceed the security deposit, up to $2,500. MPHA will manage the funds and work with the city to evaluate claims.
>
> <u>Property Owner Holding Fee:</u> MPHA will make a payment of a Holding Fee of up to $500 to the property owner to hold an approved unit for an eligible participant while awaiting the release of a pro-rated rental subsidy.
>
> <u>First Time HCV Property Owner Incentive:</u> Property Owners receive a one-time, $250 incentive fee when they rent to a voucher holder for the first time.

Additional Incentives: MPHA may use the community review process and on-going surveys of current and potential owners to adapt or to design new incentives under this initiative.

Anticipated Impact:

With these incentives, MPHA and the City intend to reassure property owners that have not partnered in the HCV program, especially due to past challenging experiences, that their concerns can be addressed or mitigated. MPHA anticipates these incentives will increase the number of property owners that participate in the HCV program, leading to increased housing choice for families with vouchers—particularly in areas of greater opportunity.

Anticipated Schedule:

MPHA anticipates having the Property Owners Incentive Fund elements in place by May 2018. This corresponds with the effective-date of the Minneapolis City Council ordinance prohibiting discrimination in rental housing based upon participation in the Section 8 Housing Choice Voucher program.

Authorizations

Attachment C - B <u>Authorizations Related to Both Public Housing and Section 8 Housing Choice Vouchers</u>

<u>D. Authorizations Related to Section 8 Housing Choice Vouchers Only</u>

<u>1. Operational Policies and Procedures -</u> *This authorization waives certain provisions of Section 8(o)(7) of the 1937 Act and 24 C.F.R. 982.162 as necessary to implement the Agency's Annual MTW Plan;*

d. The Agency is authorized to determine a damage claim and/or vacancy loss policy and payment policy - *This authorization waives certain provisions of Section 8(o)(9), of the 1937 Act and 24 C.F.R.*

982.311 as necessary to implement the Agency's Annual MTW Plan;

HUD Standard Metrics (source: internal agency data)

HC#5: Increase in Resident Mobility				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Number of households able to move to a better unit and/or neighborhood of opportunity as a result of the activity (increase)	0	15		

MPHA Metric				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Increase in the number of new owners in opportunity areas of the City of Minneapolis	0	15		

2018 ACTIVITY 2: GOAL-ORIENTED (GO) HOUSING INITIATIVE

Statutory Objective: Self-Sufficiency

Description of Activity:

This agency-wide program will have specific participation goals and incentives that encourage families to be part of an intensive program of education, training, and employment opportunities. MPHA will use flexible voucher subsidies and rent incentives to public housing families, including workforce housing opportunities tied to services and supports provided by partner organizations. Partners will commit to provide services and supports to MPHA public housing residents and HCV participants and coordinate with MPHA on establishing success measures.

Participation in GO Housing will be voluntary. Initially, MPHA will market the program to subgroups of those we serve who are in the best position to benefit from it. For example, we have identified more than 800 households with vouchers who are non-disabled and non-elderly, but do not have employment income.

MPHA intends to:

- Strategically identify existing public housing units located in areas close to services, supports and employment opportunities of partners. The units can be reserved for public housing families who commit to the program. MPHA may work with various partners to set aside public housing units near education and training centers that will be reserved for participants in programs offered by the partner organization.
- Establish specific program participation requirements tied to partner programs and supports as well as other requirements necessary to demonstrate progress in meeting program goals.
- Explore creation of a workforce housing development at MPHA properties and/or create a new workforce development in concert with MPHA partners.
- Offer priority for participation in this program to the 500+ HCV families with children whose Head of Households are neither elderly nor disabled and who have no earned income.
- Create expanded - flexible voucher subsidy allocations that can respond to specific participant and possible partner needs that incentivize participation by HCV holders (these subsidies may be tailored to the individual needs of the participant).
- Explore home ownership vouchers as incentives.
- Consider setting aside and/or converting vouchers to sponsor-based vouchers to better coordinate with partner programs and services.
- Make available local project-based vouchers targeted at developments near partner services and supports.

Program Elements include:

A. Partnerships with:
    - Schools – pre, elementary and middle, secondary and post- secondary
    - Supportive services providers
    - Vocational skills providers
    - Employment providers

B. Tenant/Participant savings initiative

C. Special Incentives include:

- Priority for flexible vouchers for successful graduates who secure a job in area that requires a move
- Rent reductions – Income Disregards for employment, childcare and/or education and training support
- Parent reward for participating in school – family conferences, PTO activities or other school – family initiatives

Specific program guidelines, training opportunities, and participant incentives will arise from conversations with service-provider partners and market research to understand the needs of potential participants.

Anticipated Impact:

Public Housing families and Section 8 HCV families will be supported with choices that lead to self-sufficiency and benefit from incentives tied to successful completions of their goals.

Anticipated Schedule

In the first six months following HUD approval of this initiative, MPHA hopes finalize participation agreements with an initial set of partners and begin housing and services support shortly thereafter. Over the next two years, MPHA will work to expand GO Housing opportunities with additional families and partners.

Authorizations:

Attachment C - B Authorizations Related to Both Public Housing and Section 8 Housing Choice Vouchers – 1. Single Fund Budget with Full Flexibility

This authorization waives certain provisions of Sections 8 and 9 of the 1937 Act and 24 C.F.R. 982, and 990 as necessary to implement the Agency's Annual MTW Plan.

iii. The provision of housing or employment-related services

iv. The provision of management services, including preparation of work specifications, loan processing, inspections, tenant selection, management of tenant and project-based rental assistance and management of housing projects or other facilities or operations developed under this program.

vi. The provision of Housing Choice Voucher assistance or project-based rental assistance (under Section 8(o)), alone or in conjunction with other private or public sources of assistance.

viii. If the Agency chooses to establish single fund flexibility, the Agency is authorized to use housing assistance payments for purposes other than payments to owners, so long as these purposes are consistent with other eligible uses of section 8 and section 9 funds.

2. Partnerships with For-Profit and Non-Profit Entities –

The Agency may partner with for-profit and non-profit entities, subject to 24 C.F.R. Part 85 and 941.602(d), including, mixed-income, mixed-finance development partners and third party management companies, as well as affiliates and instrumentalities of the Agency ("Agency Partners"), to implement and develop all or some of the initiatives that may comprise the Agency's MTW Demonstration Program... *This authorization waives certain provisions of Sections 13 and 35 of the 1937 Act and 24 C.F.R. 41 Subpart F as necessary to implement the Agency's Annual MTW Plan.*

4. Transitional/Conditional Housing Program

The Agency may develop and adopt new short-term transitional housing programs, consistent with an eligible use of section 8 and 9 funds, with supportive services in one or more buildings in collaboration with local community-based organizations and government agencies. Successful participants in these programs will be eligible for transfer to the Agency's public housing or housing choice voucher programs. *This authorization waives certain provisions of Sections 3, 4, 5, 8, and 9 of the 1937 Act and 24 C.F.R. 941, and 960 Subpart Bas necessary to implement the Agency's Annual MTW Plan*

Attachment C – E Authorizations Related to Family Self Sufficiency - *This authorization waives certain provisions of Section 23 of the 1937 Act and 24 C.F.R. 984 as necessary to implement the Agency's Annual MTW Plan.*

Attachment C - C Authorizations Related to Public Housing Only

1. Site Based or Geographic Area Waiting List System - *This authorization waives certain provisions of Section 6(r) of the 1937 Act and 24 C.F.R. 903.7 as necessary to implement the Agency's Annual MTW Plan.*

4. Initial, Annual and Interim Income Review Process - *This authorization waives certain provisions of sections 3(a)(1) and 3(a)(2) of the 1937*

5. Use of Public Housing as an Incentive for Economic Progress - *This authorization waives certain provisions of Section 6(c) of the 1937 Act and 24 C.F.R. 960.201, as necessary to implement the Agency's Annual MTW Plan.*

HUD Standard Metrics (source: internal agency and program partner data)

SS#1: Increase in Household Income				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Average earned income of households affected by this policy in dollars (increase).	0			

SS#2: Increase in Household Savings				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Average amount of savings/escrow of households affected by this policy in dollars (increase).	0			

SS#3: Increase in Positive Outcomes in Employment Status				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Report the following information separately for each category: (1) Employed Full-Time (2) Employed Part-Time (3) Enrolled in an Educational Program (4) Enrolled in Job Training Program (5) Unemployed (6) Other	0	10		

SS#4: Households Removed from Temporary Assistance for Needy Families				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Number of households receiving TANF assistance (increase).	0			

SS#5: Households Assisted by Services that Increase Self-Sufficiency				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Number of households receiving services aimed to increase self-sufficiency (increase).	0	25		

SS#6: Reducing Per Unit Subsidy Costs for Participating Households				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Average amount of Section 8 and/or 9 subsidy per household affected by this policy in dollars (decrease).	0			

SS#7: Increase in Agency Rental Revenue				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
PHA rental revenue in dollars (increase).	0			

SS#8: Households Transitioned to Self-Sufficiency				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Number of households transitioned to self-sufficiency (increase). The PHA may create one or more definitions for “self-sufficiency” to use for this metric. Each time the PHA uses this metric, the “outcome” number should also be provided in Section (II) Operating Information in the space provided.	0			

FY2018 ACTIVITY 3: BIENNIAL INCOME RECERTIFICATION FOR PUBLIC HOUSING RESIDENTS

Statutory Objective: Reduce costs and achieve greater cost effectiveness in Federal Expenditures.

Description of Activity:

Currently, MPHA certifies families who are elderly or disabled, and who are on a fixed income, every three years. This initiative would certify all other families every other year.

Residents may still request interim recertifications, per our existing policy, and/or utilize a hardship policy if they believe they are adversely affected by the biannual schedule.

Anticipated Impact: MPHA anticipates this change would save the agency time and allow more cost-effective utilization of its resources. This activity will reduce the number of annuals done per Eligibility Technician (ET) allowing the ET's to follow up on long-term minimum renters and MPHA's interim recertification requests.

By allowing residents to retain more earnings in the near term, we also anticipate that the change may encourage modest increases in earned income by public housing residents, contributing to greater self-sufficiency.

It is estimated that 850 residents will benefit from this MPHA activity annually.

Anticipated Schedule:

MPHA will phase in the implementation of this initiative at each new, interim or recertification, which will result in full implementation within two years.

Authorizations:

Moving to Work Agreement Attachment C - Section C (Authorizations Related to Public Housing Only), Subsection 4 (Initial, Annual and Interim Income Review Process): "The agency is authorized to restructure the initial, annual and interim recertification review process in the public housing program in order to affect the frequency of the reviews…" *This Section waives certain provisions of Sections 3(a) (1) and 3 (a) (2) of the 1937 Act and 24 C.F.R. 966.4 and 960.257, as necessary to implement the Agency's Annual MTW Plan.*

HUD Standard Metrics (source: internal agency data)

CE#1: Agency Cost Savings				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Total cost of task in dollars (decrease).	$29,496	$14,748		

CE#2: Staff Time Savings				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Total time to complete the task	1,278 Hours	639 Hours		

in staff hours (decrease).				
CE#5: Increase in Agency Rental Revenue*				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Total Household contributions towards housing assistance.	0	0	0	

* Not an objective of this activity.

SS#1: Increase in Household Income				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Average earned income of households affected by this policy in dollars (increase).	0	TBD Given the biennial nature of the activity, no measurement is possible in 2018. A yearly benchmark will be established for 2019.		

SS#3: Increase in Positive Outcomes in Employment Status*				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Report the following information separately for each category: (1) Employed Full-Time (2) Employed Part-Time (3) Enrolled in an Educational Program (4) Enrolled in Job Training Program (5) Unemployed (6) Other	0	0	0	

* Not an objective of this activity.

SS#4: Households Removed from Temporary Assistance for Needy Families*				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**

Number of households receiving TANF assistance (increase).	0	0	0	

* Not an objective of this activity.

SS#8: Households Transitioned to Self-Sufficiency*				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Number of households transitioned to self-sufficiency (increase). The PHA may create one or more definitions for "self-sufficiency" to use for this metric. Each time the PHA uses this metric, the "outcome" number should also be provided in Section (II) Operating Information in the space provided.	0	0	0	

* Not an objective of this activity.

FY2018 ACTIVITY 4: ASSET VERIFICATION

Statutory Objective: Reduce costs and achieve greater cost effectiveness.

Description of Activity:

MPHA will modify the definition of annual income to exclude income from assets valued at $50,000 or less. In cases where household assets are valued at more than $50,000, MPHA calculates and counts only the imputed income from assets by using the market value of the asset and multiplying it by the MPHA-established Passbook Savings Rate. MPHA will only seek third party verification for assets valued at more than $50,000.

MPHA will phase this in at the next scheduled or interim rent redetermination. It will be fully implemented in three years.

Anticipated Impact:

By eliminating a time-consuming process that has shown only a marginal positive impact on MPHA revenues, MPHA anticipates this change would save the agency time and overall allow more cost-effective utilization of its resources.

Anticipated Schedule:

MPHA will phase in the implementation of this initiative at each new, interim or recertification. This program will be fully implemented within three years.

Authorizations:

Moving to Work Agreement Attachment C - Section C (Authorizations Related to Public Housing Only), Subsection 4 (Initial, Annual and interim Income Review Process): "The agency is authorized to restructure the initial, annual and interim recertification review process in the public housing program in order to affect the frequency of the reviews and the methods and process used to establish the integrity of the income information provided. In addition, the Agency is expressly authorized to adopt a local system of income verification in lieu of the current HUD system. For example, the Agency may implement alternate time frames for validity of verification or adopt policies for verification of income and assets through sources other than those currently allowed under the 1937 Act." *This Section waives certain provisions of Sections 3(a)(1) and 3 (a)(2) of the 1937 Act and 24 C.F.R. 966.4 and 960.257, as necessary to implement the Agency's Annual MTW Plan.*

HUD Standard Metrics (source: internal agency data)

CE#1: Agency Cost Savings				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Total cost of task in dollars (decrease).	$15,579	$138		

CE#2: Staff Time Savings				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Total time to complete the task in staff hours (decrease).	675 Hours	6 Hours		

*CE#3: Decrease in Error Rate of Task Execution**				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Average error rate in completing a task as a percentage (decrease).	0	0	0	

* Not an objective of this activity.

FY 2018 ACTIVITY 5: CONVERSION OF PUBLIC HOUSING OPERATING SUBSIDY AND CAPITAL FUNDS FOR MHOP UNITS TO HOUSING CHOICE VOUCHER FUNDING

Statutory Objective: Reduce Costs and achieve greater cost effectiveness in Federal Expenditures

Description of Activity:

MPHA holds the ACC for 106 units of public housing in 16 different cities in the Metropolitan Housing Opportunity Program (MHOP). MPHA neither owns nor manages these units. These units were created under the *Hollman v. Cisneros* Settlement Agreement and are located outside MPHA's jurisdiction. The requirements on the property owners who own as few as 4 and no more than 12 units of public housing is onerous. The rules and regulations related to managing and operating public housing are more difficult and outside the experience of owners that are more comfortable and familiar with the HCV program.

These entities have significant staff turnover and MPHA must provide considerable time, resources and support to continually train providers related to HUD public housing requirements. By converting these units to HCV project-based vouchers where owners understand the processes and requirements of the HCV program, tenants will be better-served and owners will not be overburdened with the required budgeting, reporting, separate auditing and public housing compliance regulations. MPHA will not will not be as burdened with the public housing oversight requirements that are significantly more complex and demanding than the PBV oversight responsibilities.

HUD currently has a process for this transfer of funds under the RAD program. The small number of units (4 -13 units) with 16 different entities is not conducive to a RAD conversion and/or Voluntary Conversions where there are extensive costs related to such conversions. MPHA proposes that HUD, similar to what it does under a RAD conversion, transfer the Public Housing Operating Subsidy and Capital Funds for this AMP to MPHA's Section 8 funding. MPHA will then allocate those funds to the properties through a PBV process.

Anticipated Impact:

The move of these units from Public Housing to project-based vouchers as permitted under Attachment D of MPHA's Moving to Work Agreement will significantly ease the administrative burdens related to the operation of a public housing program for owners of these properties that have only a few public housing units. These owners understand and have experience with Section 8 HCV and PBV requirements that make the operation and management of these units more compatible with management. MPHA anticipates that families in 106 units of currently public housing in 16 different developments located in multiple cities across the region will be better served through this PBV activity permitted under Attachment D of its MTW Agreement with HUD. We anticipate that reducing cost and administrative burden for property owners will also improve cost-effectiveness and reduce the cost of administering the program for the agency.

Anticipated Schedule:

MPHA anticipates 12 units to be converted in the first year of the program with the remaining units converted within 3 years.

Authorizations:

ATTACHMENT D - B 1. <u>Additional Authorizations:</u>

"Subject to the authority therein and consistent with State of Minnesota and local laws, the Agency may project-base Section 8 assistance at units that are currently subsidized through the Agency as mixed-finance public housing but neither owned nor managed by the Agency, including units that are located in the jurisdiction of other public housing agencies, if so permitted by the Agreements and said State and local laws."

When MPHA negotiated Attachment D HUD was clear that it would not provide MPHA with additional vouchers but it could continue to receive its public housing subsidy and capital funds. At that time there was not a mechanism for moving Public Housing and Capital funds into the Section 8 increment. With the introduction of the RAD program, a vehicle now exists for this process.

MPHA seeks to have HUD move the public housing subsidy and capital funds for AMP 8 to MPHA Section 8 funding as if they were a RAD conversion.

HUD Standard Metrics (source: internal agency data)

CE#1: Agency Cost Savings				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Total cost of task in dollars (decrease).	$72,000	$35,000		

CE#2: Staff Time Savings				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Total time to complete the task in staff hours (decrease).	1,040 Hours	520 Hours		

MPHA Metric				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Number of Units Converted	106	12		

FY2018 ACTIVITY 6: LOCAL PROJECT-BASED VOUCHER PROGRAM

Statutory Objective: Expand Housing Choices

Description of Activity:

Pursuant to Attachment C Section 7 of the Amended and Restated Moving to Work Agreement, MPHA will adopt its own local MTW Section 8 Project-Based Program. This includes the following:

- Project-basing Section 8 assistance at properties owned directly or indirectly by the Agency that are not public housing, subject to HUD's requirements regarding subsidy layering.
- Adopting a reasonable competitive process or utilize an existing local competitive process for project-basing leased housing assistance at units that meet existing Housing Quality Standards, or any standards developed by the Agency.
- Substitute a Letter of Commitment, MOU or other pre-issuance of a HAP action that is sufficient to move the development forward.
- Modifying HUD's HAP Agreement to include MTW approved related actions.

Anticipated Impact:

MPHA's initiative will work towards adopting the option of owner-managed, site-based waiting lists (SBWL) for its project-based developments. Owners will be required to develop and obtain MPHA approval on tenant selection plans, including establishing guidelines for selection from the waiting list, screening and transfers. MPHA will provide current HCV waiting list applicants an opportunity to apply to PB SBWLs before opening the SBWL to others.

Anticipated Schedule

MPHA anticipates having its local project-based voucher program policies in place within six months of HUD approval, and hopes to award an initial 15 vouchers under the new program by the end of 2018.

Authorizations:

Moving to Work Agreement Attachment C - Section D (Authorizations Related to Section 8 Housing Choice Vouchers Only) – Paragraph 7 (Establishment of an Agency MTW Section 8 Project-Based Program): "The agency is authorized to develop and adopt a reasonable policy and process for project-basing Section 8 tenant-based leasing housing assistance, which includes the components set forth below:

a. The Agency is authorized to project-base Section 8 assistance at properties owned directly or indirectly by the Agency that are not public housing, subject to HUD's requirements regarding subsidy layering… *This authorization waives certain provisions of Sections 8(o)(J3)(B and D) of the 1937 Act and 24 C.F.R. 982.1, 982.102 and 24 C.F.R. Part 983 as necessary to implement the Agency's Annual MTW Plan;*
b. The Agency is authorized to establish a reasonable competitive process or utilize an existing local competitive process for project-basing leased housing assistance… *This authorization waives certain provisions of 24 C.F.R. 983.51 as necessary to implement the Agency's Annual MTW Plan;*
c. The Agency is authorized to duly adopt, according to the requirements of local law, alternate

standards for determining the location of existing, newly constructed or substantially rehabilitated housing to receive subsidy; provided, however, *that in lieu of the Site Selection Standards currently set forth in 24 C.F.R. Section 983.57,* the agency will comply with [Attachment C – Section D.7.c.i, ii, iii, and iv];

d. All units that receive project-based Section 8 assistance must meet [HQS or other approved] standards… *This authorization waives certain provisions of Section 8(o)(8) of the 1937 Act and 24 C.F.R 982 Subpart I as necessary to implement the Agency's Annual MTW Plan."*

HUD Standard Metrics (source: internal agency data)

HC#1: Additional Units of Housing Made Available				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Number of new housing units made available for households at or below 80% AMI as a result of the activity (increase). If units reach a specific type of household give that type in this box)	0			

HC#2: Units of Housing Preserved				
Unit of Measurement	**Baseline**	**Benchmark**	**Outcome**	**Benchmark Achieved?**
Number of housing nits preserved for households at or below 80% AMI that would otherwise not be available (increase). If units reach a specific type of household, give that type in this box.	0	15		

SECTION IV:
APPROVED MTW ACTIVITIES: HUD APPROVAL PREVIOUSLY GRANTED

IMPLEMENTED ACTIVITIES

MPHA recognizes the unique status of the relationship between MPHA, the owners and managers of the 312 Mixed Income Developments throughout the Minneapolis Metropolitan Area and public housing residents living in assisted properties neither owned or managed by MPHA. Because of the impacts that specific MTW initiatives could have on owners and families who manage and live in properties that MPHA neither owns or manages, and the fact that each of these developments where the public housing is governed by a specific Regulatory and Operating (R & O) Agreement, all MTW initiatives approved under the waivers to the Public Housing Low Rent program will not be applicable to those developments unless both MPHA and the Owners agree.

FY2016 ACTIVITY 1: SHELTER TO HOUSING - PROJECT BASED VOUCHERS
(Approved in 2016 and implemented in 2016/2017)

Statutory Objective: Increasing Housing Choices as it will focus on creating an avenue for very low-income families in homeless shelters to move into a specialized PBV program with services.

Description of Activity
Originally MPHA intended to implement this program through LIPH; however, with the limited availability of capital funds and the lengthy process of development and construction of such a project, the MTW initiative was changed into a Project Based Voucher initiative instead. By using the housing subsidy to project base units instead of fully funding the construction and maintenance of an additional public housing project, MPHA can house families coming out of homeless shelters much faster and more cost efficiently.

MPHA submitted an Amendment to its 2015 MTW Plan that replicates, but does not replace its original Shelter to Home initiative. Under the Shelter to Home PBV initiative, MPHA will project base up to 50 vouchers with non-profit housing providers in the City of Minneapolis. Per HUD's direction, this 2015 Amendment was moved to the Agency's 2016 MTW Plan. The access to this housing would be restricted to families in shelter, identified through Hennepin County's HMIS Case Management System and referred to the affordable housing provided. MPHA is currently engaging in a Request for Proposals (RFP) process for these specialized vouchers and invites affordable housing providers and developers to respond to this initiative. MPHA is using its Moving To Work (MTW) authority along with a Project Base Voucher strategy to create a specialized housing program for families coming out of homeless shelters and to limit the time families can utilize this housing for no more than five years to ensure that these developments will turn over and become an on-going resource for homeless families.

Anticipated Impact
MPHA anticipates that this program will create 50 units in the first two years of the program and begin to bring almost immediate relief to families who are stuck in shelter to due lack of other affordable housing and in doing

will also free up shelter space for other families relegated to be housed in overcrowded, unsafe and/or unsanitary conditions. Families targeted for the program will receive ongoing services from Hennepin County, RFP Responders and/or their services partners. The RFP responses are required to reserve the project based units exclusively for families coming out of shelter, develop a family services plan that will support the family in finding alternative housing within five years and hold the units as an ongoing resource for homeless families.

Activity Status
In 2018, MPHA expects to have a HAP contract in place for 12 units with Lutheran Social Service (LSS). MPHA anticipates that it will have awarded the remaining 38 vouchers to respondents of the coordinated RFP with the City of Minneapolis. As noted in the Anticipated Schedule, MPHA issued a RFP in August 2016 (see below). MPHA received one response for 12 units. It met all criteria and MPHA has approved PBVs for these units and is currently working with Lutheran Social Services for this award.
MPHA expects to award the remaining PBVs in 2017 and 2018.

Previously Approved Authorizations:
Attachment C -Bbii: Single Fund Budget with Full Flexibility
Attachment C-B2: Partnerships with For-Profit and Non-Profit Entities. This authorization waives certain provisional Sections 13 and 35 of 1937 Act and 24CFR 941 Subpart F as necessary to implement the Agency's MTW Plan.
Attachment C-D. 1.a. : Operational Policies and Procedures authorizations to determine term and content of contract - This authorization waives certain provisions of Section 8(o)(7) of the 1937 Act and 24 C.F.R. 982.162 as necessary to implement the Agency's Annual MTW Plan.
C. D 2. a. and d. Rent Policies and term limits
- This authorization waives certain provisions of Sections 8(o)(1), 8(o)2, 8(o)3, 8(o)(10) and 8(o)(13)(H)-I of the 1937 Act and 24 C.F.R. 982,508,982.503 and 982.518 as necessary to implement the Agency's Annual MTW Plan.
C. D. 4 .Waiting List Policies - This authorization waives certain provisions of Sections 8(o)(6), 8(o)(13)(J) and 8(o)(16) of the 1937 Act and 24 C.F.R.982 Subpart E, 982.305 and 983 Subpart F as necessary to implement the Agency's Annual MTW Plan.
C. D 7. b. Establish a reasonable competitive process - This authorization waives certain provisions of 24 C.F.R. 983.51 as necessary to implement the Agency's Annual MTW Plan.

Changes in Activity, Authorization, Metrics, Baselines, or Benchmarks
MPHA does not anticipate any non-significant changes or modifications, changes to metrics, baselines or benchmarks, or changes to the authorizations during the Plan year.

FY2016 ACTIVITY 2: REINTEGRATION OF OFFENDERS (PRISON TO HOME)

(Approved in 2016)

Statutory Objective:

This program will feature the MTW Statutory Objective of Increasing Housing Choices as it will focus on creating an avenue for very low-income persons coming out of prison to move into a specialized housing program with services.

Description of Activity

This program supports a partnership with Beacon, Better Futures and MPHA that provides training, employment, family unification, and housing assistance to men coming out of prison. Through this collaborative, MPHA will provide subsidy through voucher funding and Better Futures will provide housing (during the sponsor base voucher portion of the initiative), work experience, training and employment opportunities for men coming out of prison. Beacon will provide housing during the project-based voucher phase of the program. These organizations will also provide various social and supportive services that will help the men reunify with their families and establish civic pride and ties to their communities once they enter the program.

Participants are selected in three ways:

- Referred to Better Futures through the Coordinated Entry process.
- MN Dept. of Corrections identifies applicants at least 30 days before they are released from prison.
- Walk-in applicants, either self-referred or referred from other community resources.
  Participant portion of rent is determined in three phases:
- In phases one and two, the participant will be living in the Better Future's guest house where thirty-two (32) of MPHA's vouchers will be utilized. For the first month, the participants pay nothing and are introduced to their jobs in the warehouse. After the first month, the participants will pay $100 a month for rent in $25 weekly installments. When the participant reaches Phase three, they will move out of the guest house and into a market rate unit that is operated by a community partner of Better Futures. In these units, the participant pays 30% of their income towards rent.
- MPHA pays a flat subsidy to Better Futures to cover costs of housing and services for each sponsor-based participant in the program.

Anticipated Impact

This initiative will provide an immediate impact to up to 40 offenders coming out of prison in need supportive housing with services who would otherwise be left homeless and without services needed for successful reintegration into the community. Better Futures has an extensive training, supportive services and employment program for men coming out of prison, but lacks the critical housing support necessary to help stabilize these men’s lives. With a site for a new housing project identified and the development process committed to by Beacon, the sponsor-based vouchers, will provide necessary interim support and stability until the development is completed. The eventual project basing of the vouchers will provide long term support for development and with the supportive housing programs at the site.

Activity Status

A permanent site for this new development has already been identified in the North Loop area of Minneapolis. It has neighborhood and city council member support; however, funding for the development is still in progress. In the interim, MPHA is using its MTW authorizations under the “broader uses of funds” which HUD has approved to provide 40 sponsor-based vouchers awarded as ‘soft subsidy’ which would be administered through the partnership between Better Futures and Beacon on behalf of the men. As Beacon and Better Futures move to the construction phase of the development, MPHA will, consistent with the competitive requirements for project basing vouchers, create an opportunity for the sponsor-based voucher partners to transition to Project Based vouchers.

In December 2017, MPHA began providing the 40 sponsor-based vouchers (immediately following a HUD decision to grant MPHA a waiver that was necessary for this activity to be implemented). This sponsor-based commitment should greatly assist in the final stages of securing additional funding for the overall project. MPHA has entered an agreement with Better Futures that details the funding and operational requirements of the program along with the reporting requirements that respond to the HUD metrics. Although it was operational for only a very short portion of the year, this activity has moved to “implemented” for 2017, and will be tracked as-such beginning with the 2017 MTW Annual Report.

Previously Approved Authorizations

The authorization utilizes the authority allowed in the amendment to Attachment D “broader uses of funds authorization" which HUD has approved. Attachment C D 1 related to Section 8 HCV only - Operational Policies and Procedures.

Changes in Activity, Authorization, Metrics, Baselines, or Benchmarks

MPHA does not anticipate any non-significant changes or modifications, changes to metrics, baselines or benchmarks, or changes to the authorizations during the Plan year.

FY2016 ACTIVITY 3: PERMANENT SUPPORTIVE HOUSING FOR YOUTH

(Approved in 2016 and implemented in 2016/2017)

Statutory Objective: Increasing Housing Choices as it will focus on creating an avenue for very low income homeless youth to move into a specialized housing program with services.

Description of Activity

The City of Minneapolis has a significant need for permanent supportive housing for homeless youth. This issue is not unique to Minneapolis; nationwide homeless youth are sleeping on the streets or in shelters that are not much safer than the streets. The most recent report from Wilder Research estimates that in Minneapolis, young people make up "nearly half of the 14,000 homeless people on any given day".

Project for Pride in Living (PPL) is working with YouthLink to build a new supportive housing community that will provide housing for 46 homeless youth, ages 18-23. YouthLink and PPL are skilled and successful in providing educational support, job training and other supportive service activities. MPHA is proposing to partner with them by utilizing its MTW authority to provide 25 sponsor-based ‘soft subsidy’ vouchers to support this initiative.

- <u>Services</u>

  Supportive services for the youth participants include an array of hands on staffing support including a Program Supervisor, responsible for overall service delivery and outcomes; a Resident Advisor, who will live on-site and be available to troubleshoot crises that may occur outside of typical office hours; and four Case Manager/Navigators. The Case Manager/Navigators, in addition to working with young people in a traditional case management model, will help young people connect to community and Youth Opportunity Center resources based on individual aspirations and life goals, as well as helping them navigate the often-difficult system of community-based adult services such as education, employment, and independent housing.

  The Youth Opportunity Center (YOC) located in downtown Minneapolis will provide youth participants with additional support and services including basic needs and crisis intervention, education, employment, housing stability, and health/wellness services. The array of services available onsite at the YOC are intentionally designed to meet the individual needs of each young person at a single safe and convenient location.

- <u>How participants are chosen</u>

  The Youthlink/ PPL program will select the youth it serves through a multistage selection process. Potential residents will first be referred to YouthLink through the Coordinated Entry process. When the youth comes in for an interview they will fill out various forms and questionnaires to provide a variety of information about their life (past homelessness, employment, education, needs, criminal history, etc.). After this process and a background check, the young person meets with the housing supervisor for the Social Services interview and Self Sufficiency assessment. The next stage of the process is filling out the necessary information federally required such as tax information, income verifications, citizenship status etc. Throughout this process the staff at the Youth Opportunity Center will assist youth applicants in any questions or issues raised about the process. When all the information is completed and turned in, the Compliance Staff will approve and sign off on the application and pass their information to the PPL Property Manager to work with the applicant to enter into a lease agreement.

- <u>Rent and MPHA Support</u>
  Utilizing the sponsor-based approach, MPHA would contract with PPL or YouthLink to administer the subsidy on behalf of the homeless youth. Youth will be expected to pay 30% of their incomes toward their housing and if allowable under the various funding supports a minimum rent of $75 per month. As noted, above, YouthLink will also provide the supportive services. As PPL and YouthLink move to the construction of the development, MPHA will, **consistent with the competitive requirements for project basing vouchers**, create an opportunity for the sponsor based voucher partners to transition to Project Based vouchers. This approach will allow MPHA to make a commitment that will enable this project to achieve higher scores in PPL and YouthLink's funding proposals.

Anticipated Impact
This initiative will provide an immediate impact for25 homeless youth in need supportive housing with services who would otherwise be left homeless and without services. YouthLink has an extensive training, education and supportive services and employment program for youth, but lacks the critical housing support necessary to help stabilize their lives. With a site for a new housing project identified and the development process committed to by PPL, the sponsor based vouchers, will provide necessary interim support and stability until the development is completed. The eventual project basing of the vouchers will provide long term support for development and with the supportive housing programs at the site. Including the 12 vouchers provided by MPHA, the partnership between PPL and YouthLink will provide supportive housing for 46 homeless youth.

Activity Status
The number and needs of Homeless youth have continued to grow. Per a request from PPL and YouthLink, MPHA has agreed to extend the number of vouchers from 12 to 25. MPHA continues to work with PPL and YouthLink to detail the funding and operational requirements of the program along with the reporting requirements that respond to the HUD metrics. On April 18, 2017, MPHA joined with others to celebrate the kickoff/groundbreaking for *"Downtown View";* 46 units of transitional housing for homeless youth on the border of downtown Minneapolis. MPHA is project basing 25 housing vouchers at *Downtown View*. This adds up to an approximately $3.7 million investment over the next 20 years, assuring that he rent will always be paid on these apartments. *Downtown View* fits perfectly with MPHA's mission to support safe, quality housing for those who need it most. Occupancy is planned for late Spring or early Summer 2018.

The strong project concept and amazing track-record of the primary partners make us confident our investment will make a critical difference in an area of essential community need. Catching homeless young people at the right time – providing real shelter and safety, and meeting them with the right services, can set up a lifetime of success that benefits us all.

Previously Approved Authorizations
The authorization utilizes the authority allowed in the amendment to Attachment D "broader uses of funds authorization" which HUD has approved. Attachment C D 1 related to Section 8 HCV only - Operational Policies and Procedures

Changes in Activity, Authorization, Metrics, Baselines, or Benchmarks
MPHA will change the Metrics from 12 to 25 to reflect the increase in vouchers allocated for this initiative. MPHA does not anticipate additional authorizations or changes during the Plan year.

FY2015 ACTIVITY 1: SHELTER TO HOUSING - PUBLIC HOUSING

(Approved in 2015 - Implemented in 2018)

Statutory Objective:
This program will feature the MTW Statutory Objective of Increasing Housing Choices as it will focus on creating an avenue for very low-income families in homeless shelters to move into a specialize public housing with services development.

Description of Activity
Minneapolis and Hennepin County are seven years into the ten-year plan to end homelessness. Partner Agencies are working to meet specific housing goals of creating 5,000 housing opportunities. While the partnerships have exceeded the goals for housing opportunities for single adults, we are far behind on our development of units for families. The community has developed less than half of the goal for family housing opportunities, leaving a deficit of over 700 units. Family emergency shelters in Hennepin County have been operating over capacity since April 2011. In 2013 alone, 1,946 families sought refuge in the shelter system. Developing rental housing for extremely low-income families (30%-and below Area Median Income) has become incredibly challenging for a variety of reasons and developers have been unable to successfully build these units. It is imperative that we take every opportunity to increase brick and mortar housing for extremely low-income families.

Under HUD's Faircloth limit, Minneapolis Public Housing Authority (MPHA) has the authority to operate 141 additional public housing units over its current stock receiving additional subsidy to support families to be housed in these units.

MPHA is using its Moving To Work (MTW) authority along with Faircloth ACC to create a specialized housing program for families coming out of Homeless Shelters and to limit the time families can utilize this housing for no more than five years to ensure that these developments will turn over and become an on-going resource for homeless families. MPHA anticipates that this program will create 30 to 50 units in the first five years of the program and begin to bring relief to families who are
stuck in shelter to due lack of other affordable housing and in doing will also free up shelter space for other families relegated to be housed in overcrowded, unsafe and/or unhealthy situations. Families targeted for the program will receive ongoing services from Hennepin County and/or their services partners.

Activity Status
MPHA has been successful in obtaining a 1.1-acre lot to develop 16 public housing units under this initiative. MPHA has successfully raised over $3.7 million toward this project's construction and anticipates construction in late 2017 through early 2018. MPHA will contribute funds of its development proceeds fund to fill any remaining funding needs for this project. The Agency anticipates it will be able to house approximately 16 families under this initiative in 2, 3, and 4-bedroom units. The Family Housing Fund is providing funding for MPHA and Hennepin County to do services planning for families who will be participating in this program.

MPHA will also be working with local affordable housing developers to include Faircloth units in affordable housing projects in the City of Minneapolis using the Operating Subsidy-Only Mixed Finance Development process. These developments could include between 3-15 Faircloth units and are dependent upon the developer receiving other, non-public housing financing.

Previously Approved Authorizations

Attachment C -Bbii: Single Fund Budget with Full Flexibility. Acquisition, new construction, reconstruction or substantial rehabilitation.

Attachment C-B2: Partnerships with For-Profit and Non-Profit Entities. This authorization waives certain provisional Sections 13 and 35 of 1937 Act and 24CFR 941 Subpart F as necessary to implement the Agency's MTW Plan.

Attachment C-C2: Local Preference and Admission and Continued Occupancy Policies and Procedures. This authorization waives certain provisions of Section 3 of the 1937 Act and 24 CFR 960.206 as necessary to implement the Agency's Annual MTW Plan.

Attachment C-C11: Rent Policies and Term Limits. This authorization waives certain provisions of Section 3(a)(2), 3(a)(3)(A) and Section 6(l) of the 1937 Act and 24 C FR 5.603, 5.611, 5.628, 5.630, 5.632, 5.634 and 960-.255 and 966 Subpart A as necessary to implement the Agency's MTW Plan.

Changes in Activity, Authorization, Metrics, Baselines, or Benchmarks

MPHA does not anticipate any non-significant changes or modifications, changes to metrics, baselines or benchmarks, or changes to the authorizations during the Plan year.

FY2014 ACTIVITY 1: HCV RENT REFORM INITIATIVE
(Approved and Implemented in 2014)

Statutory Objective:

- Reduce cost 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.

Description of Activity

It has been three years since Rent Reform has been implemented in MPHA's HCV Program and the results so far have been encouraging. In early 2012, MPHA began evaluating options for streamlining and simplifying the rental subsidy determination and recertification processes while also promoting self-sufficiency for HCV participants. The initial goal of Rent Reform was to control costs and eventually achieve savings that would allow us to move families from our waitlist. However, with the advent of sequestration the focus shifted to maintaining assistance for all current families within a severely decreased budget. In 2015, it was decided to increase the payment standards for Rent Reform families to reduce rent burdens. Effective January 1, 2015, MPHA exempted all its Project Base developments from the Rent Reform initiative and from the Agency's MTW Minimum Rent requirements. Many of these developments receive funding from other sources that often require all units in the development have rents restricted to 30% of adjusted income and thus, Rent Reform may cause these developments to be out of compliance with their other funding sources. In 2015, MPHA revised the portability policy, we included moving into Areas of Opportunity as an acceptable reason to port out. The flexibility in the Rent Reform flat subsidy tables has been critical to providing MPHA with continued savings to allocate to other departments and programs in need throughout the agency.

The following are the proposed elements of MPHA's revised HCV Rent Reform initiative.

Flat Subsidy: MPHA replaced the standard rent calculation method, regulated by 24 CFR 982.503 and 982.518, with a simplified, flat subsidy model which incorporates consideration for tenant paid utilities. MPHA will determine the subsidy paid to the owner on behalf of the family by using a flat subsidy amount based on household income and bedroom size. In instances where the applicable subsidy is greater than the contract rent, MPHA will cap the subsidy at the contract rent amount, minus the minimum rent of $75.

1. MPHA annually reviews, updates and establishes two flat subsidy tables. One table is used when the owner provides heat as part of the rent. The other table is used when the household is responsible for paying heat and includes an adjustment based on average heat costs. Under the flat subsidy model, utility allowance payments are eliminated.

2. **Minimum Rent:** As part of the flat subsidy model, MPHA revised the application of minimum rent policies, regulated by 24 CFR 5.630 and discontinued its MTW Activity 2010-2 for the Housing Choice Voucher program. When establishing and updating the flat subsidy tables, MPHA structures the minimum rent, which is currently $75, into the tables. If a participant's calculated rent amount is less than the minimum rent amount, the participant shall pay the minimum rent to the owner. MPHA has the discretion to revise the minimum rent. If MPHA would like to revise the minimum rent, the revision would be included in an MTW Plan submission to HUD for review and approval prior to implementation. As of January 1, 2015, all Project Based units are exempt from a minimum rent requirement.

3. **40% Affordability Cap:** MPHA eliminated the 40% affordability cap, regulated by 24 CFR 982.508, because under Rent Reform affordability becomes the responsibility of the family. We do not approve a Request for Tenancy Approval (RFTA) if a participant's rent portion exceeds 50% of their monthly adjusted income without supervisory review and approval.

4. **Revised Asset Income Calculation and Verification Policies:** MPHA revised existing policies on asset verification and calculation, regulated by 24 CFR 982.516. When the market value of a family's asset(s) is below the established asset threshold, initially set at $50,000, MPHA will exclude income from these assets. When the total asset market value is greater than the established threshold, MPHA will calculate asset income by multiplying the asset's market value by the applicable passbook savings rate. MPHA will allow HCV households to self-certify assets in all instances when the market value of the household's total assets is below the established threshold. MPHA determines the passbook savings rate consistent with HUD requirements.

5. **Interim Re-examinations:** MPHA made the following changes to the interim re-examination policy, regulated by 24 CFR 982.516:
    a. MPHA limits HCV families to one discretionary interim re-examination between regular annual recertifications.

    b. Between annual recertifications, household members who are employed are not be required to report increases in earned income.

    c. For household members who are not employed, if they become employed that must be reported. Additionally, increases in or new sources of unearned income for any household member and changes in household composition must be reported.

6. **Working Family Incentive and Streamlined Deductions and Exclusions:** As part of MPHA's revisions to the standard rent calculation method, MPHA will continue to streamline deductions and exclusions as outlined below.
    a. **Working Family Incentive:** MPHA will continue to administer the Working Family Incentive, which is a 15% exclusion of earned income for families with minor children.
    b. **Elimination of Earned Income Disregard (EID): 2015 was the last year EID was used under the Rent Reform Initiative. Details of EID can be found in the closed-out section of this plan.**
    c. **Eliminate Childcare, Medical Expense and Dependent Deductions:** MPHA is not planning on bringing back the childcare, medical expenses, and dependent deductions when calculating adjusted income for 2017
    d. **Elderly/Disabled Deduction:** MPHA will maintain the elderly/disabled deduction of $750.
    e. **Full-time Student Income:** MPHA is going to exclude 100% of income for adult, full-time students, other than the head of household, co-head or spouse.

Changes in Fair Market Rents (FMRs): MPHA reviews HUD's Fair Market Rents annually and may conduct a research and market analysis on local rents in updating the subsidy tables.

7. MPHA waives the requirement, outlined in 24 CFR 982.507, that the agency conduct reasonable rent determinations on all HCV units when there is a 5% decrease in the FMR in effect 60 days before the contract anniversary as compared with the FMR in effect one year before the contract anniversary. MPHA will continue to conduct reasonable rent determinations at the time of initial lease-up, at the time of owner rent increases, and at all other times deemed appropriate by MPHA.

8. **Flat Subsidy Reasonable Accommodation:** As a reasonable accommodation for individuals with qualifying disabilities, MPHA may provide a higher subsidy for accessible units. When an accessible unit is needed for an individual with disabilities and the rent is reasonable, MPHA may increase the subsidy by up to 10% of the flat subsidy amount or a maximum of 120% of the current FMR.

9. **Portability:** MPHA revised the portability policies, regulated by 24 CFR 982 Subpart H. Participants are approved to port-out of Minneapolis only for reasons related to employment, education, safety, medical/disability, VAWA, Area of Opportunity in the Twin Cities Metro Area, or housing affordability. An Area of Opportunity is defined as a census tract where less than 40% of its residents are at or below 185% of the federal poverty level. Housing affordability means the family wishes to port to a jurisdiction in which the FMR is at least 5% less than the FMR in Minneapolis and the family's rent portion is greater than 40% of their monthly adjusted family income. Families who are denied portability have the right to request an informal hearing.

10. **Mixed Families:** For families with mixed immigration status, MPHA deducts 10% from the flat subsidy amount. This 10% deduction is a flat deduction from the subsidy amount, regardless of the number of ineligible family members in the household.

Anticipated Impacts
With the simplification of rent calculations and the limit on interim re-examinations, Rent Reform is reducing the administrative burden involved in processing annual and interim re-examinations and reducing the rate of errors in calculating adjusted income and rent. The staff time saved through this initiative allows MPHA to increase the focus on program integrity, to monitor zero income families and to ensure that both participants and owners follow program rules. Additionally, staff will have more time to focus on tenant education. This education may include self-sufficiency activities, understanding lease agreements, expanding housing search, connecting to community resources, and exploring educational opportunities. The change to income reporting requirements allows employed family members to keep any increase in their earnings, rather than contributing a portion to their rent, until the time of their annual recertification.

Anticipated Schedule/Changes
No changes are anticipated.

Data Sources
MPHA will continue to utilize software to monitor the impacts of this activity on household rent and tenant income. Additionally, MPHA may use other methods of assessing the effectiveness of these activities at meeting the stated objectives.
Rent Reform

1. **Board Approval:** The MPHA Board of Commissioners approved this policy as part of the resolution adopting the 2014 MTW Annual Plan.

2. **Impact Analysis:** In developing this initiative, MPHA conducted and presented to its Board a thorough analysis on the potential impacts of this activity on HCV households. The effects of these policies will differ between families. MPHA created hardship policies, as described below, for qualifying families who are adversely affected by the implementation of the initiative.

3. **Annual Reevaluation:** MPHA will reevaluate this activity on an annual basis to ensure that it continues

to meet its objectives. As needed, MPHA may revise components of this activity to meet the objectives. The results of the annual reevaluation will be included in subsequent MTW Annual Plans & Reports.

4. **Hardship Case Criteria:** MPHA has established hardship policies related to Rent Reform, including a Hardship Review Committee, comprised of HCV staff, which will review all hardship requests. Details on each hardship policy are outlined below.

   a. **Limit on Interim Re-examinations Waiver**
   MPHA will advise families who request a second interim re-examination between regular reexaminations that they can request a waiver of the Limit on Interim Re-examinations policy.

   A hardship exists when any of the following apply:
      i. The family has lost eligibility for or is awaiting an eligibility determination for a Federal, State, or local assistance program
      ii. The income of the family has decreased because of a significant change in circumstance, including loss of employment
      iii. The death of a family member has occurred affecting a major source of income for the family

   b. **Minimum Rent Hardship**
   MPHA will continue to advise families who are paying minimum rent that they can request a hardship exemption from paying minimum rent. To qualify for a hardship exemption, a family must submit the Minimum Rent Hardship Request Form, with supporting documentation as specified on the form, within 15 days of the date of the rent change notice. A hardship that lasts for 90 days or less is a temporary hardship and does not qualify for this exemption. An approved hardship exemption from paying minimum rent is limited to 12 months.

   A hardship exists when any of the following apply:
      i. The family has lost eligibility for or is awaiting an eligibility determination for a Federal, State, or local assistance program
      ii. The income of the family has decreased because of a significant change in circumstance, including loss of employment
      iii. The death of a family member has occurred affecting a major source of income for the family

   The Hardship Review Committee will decide within 30 days of receiving the Minimum Rent Hardship Request Form and all supporting documentation. MPHA will suspend the Minimum Rent beginning the month following the approval of the request.

   Prior to implementation, MPHA may continue to develop specific policies and procedures for hardship requests and may make future revisions to identify and assist families adversely impacted by these policies.

Activity Status
For 2018, the Rent Reform model will be evaluated and tested to see if implementing small area FMRs with the Rent Reform tables continues to be a viable option. Additionally, MPHA is reevaluating the policies of Rent Reform to see where can further efficiencies be made and what policies might require some improvements.

Previously Approved Authorizations:
Attachment C–D1 c. The Agency is authorized to define, adopt and implement a re-examination program that differs from the re-examination program currently mandated in the 1937 Act and its implementing regulations.
Regulations waived: 982.516

Attachment C-D1.g The Agency is authorized to establish its own portability policies with other MTW and non-MTW housing authorities.
Regulations waived: 982 Subpart H

Attachment C–D2 a. The Agency is authorized to adopt and implement any reasonable policy to establish payment standards, rents or subsidy levels for tenant-based assistance that differ from the currently mandated program requirements.
Regulations waived: 982.503, 982.508, 982.518

Attachment C–D2 c. The Agency is authorized to develop a local process to determine reasonable rent that differs from the currently mandated program requirements.
Regulations waived: 982.507

Attachment C–D3 b. The Agency is authorized to adopt and implement any reasonable policy for verifying family income and composition and for determining resident eligibility that differ from the currently mandated program requirements.
Regulations waived: 982.516, 982 Subpart E
Other regulations waived: 24 CFR 5.520(c)(2)

Changes in Activity, Authorization, Metrics, Baselines, or Benchmarks
MPHA does not anticipate any non-significant changes or modifications, changes to metrics, baselines or benchmarks, or changes to the authorizations during the Plan year.

FY2011 - ACTIVITY 2: SOFT SUBSIDY INITIATIVE

(Approved in 2011 and implemented in 2013)

Statutory Objective: Self Sufficiency.

Description of Activity:

MPHA entered into an agreement with Alliance Community Housing with set subsidies for special conditions that are also time limited and flexible in amount and duration (lasting up to five years). These subsidies are structured to incentivize work so that the household is better off financially if the parent works and not penalized if they work. While it is difficult for many parents to move to work and then to better-paying work, parents who do move to work show increasing self-esteem and pride, find their work a source of meaning and support, and an activity that instills structure which is good for their kids and introduces the family to a working (or middle class) life. Studies show that parents who work are good for their children: children from families where the parent works do better in school. This program will not involve reduction in the number of HCVs, but will be funded out of MTW flexible funds. Alliance Community Housing provides high quality housing to20 homeless or formerly homeless families. Most of these families are multi-generationally poor, African American, single parents with little to no work history. Many have little education, poor rental history and some have criminal histories. The program's goal is to get the parents off government assistance and into the working class.

The subsidies provided under this initiative are structured to make work more attractive and less risky. The intensive staff contact provided through Alliance Community Housing with families helps them with logistical problems as well as questions and concerns that might lead them to give up if unaddressed.

Activity Status:

In 2013, MPHA executed the agreement with Alliance Community Housing for the Soft Subsidy Initiative. The intake process for families began in 2013; 19 families were active as of January 2014. All 20 available spaces are filled by active families. In 2015, the Alliance Housing-Northside Supportive Housing for Families (NSHF) Initiative received the national NAHRO Award of Merit in the 'Housing and Community Development' category.

This initiative was scheduled to end in 2018; MPHA is exploring the possibility of extending its Agreement with Alliance Housing to continue the NSHF initiative for an additional 5 years as the initiative has proven to be highly successful for the families.

Previously Approved Authorizations:

The authorization utilizes the authority allowed in the amendment to Attachment D "broader uses of funds authorization" which HUD has approved.

Changes in Activity, Authorization, Metrics, Baselines, or Benchmarks

MPHA has made changes to this implemented activity regarding the Statutory Objectives. The primary focus is self-sufficiency as evidenced by our current metrics; therefore, we are removing the metric of expanding housing choice, which was erroneously placed in the plan. MPHA does not anticipate any non-significant changes or modifications, changes to metrics, baselines or benchmarks, or changes to the authorizations during the Plan year.

FY2010 – ACTIVITY 1: PUBLIC HOUSING WORKING FAMILY INCENTIVE

(Approved and implemented in 2011)

Statutory Objective:

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

Description of Activity

The MPHA Public Housing implemented a Working Family Incentive in an effort to increase the income and asset level of families in which any adult member is employed. The rent calculation contains an automatic fifteen percent deduction from the gross annual earned income of each wage earner in the family. This deduction provides the Working Family with available money to support work related costs, including, but not limited to transportation, uniforms, and health insurance premiums.

MPHA believes this initiative promotes self-sufficiency. We expect to see an increase in income to those employed and provide a push to those unemployed, yet able to work, to seek employment. This initiative is automatically available to all public housing residents who work.

Activity Status

MPHA has had good results with this initiative over the past few years. During 2016, the average income of those employed increased, the number of households employed also increased. At the end of 2016, there were 1,491 public housing households with earned income, an increase of 2.9% over 2015, while the average earned income of those households increased to $23,851. MPHA had no requests for hardship under this initiative.

For those families who continued work, this activity increased the Working Family's level of disposable income and enhanced the likelihood that the family would achieve a livable wage and move toward self-sufficiency.

There was a financial impact on the low-rent program for 2016 because the change in calculation results in changes to the amount of rent paid; due to a proration in subsidy, MPHA will experience a loss of revenue. MPHA will report on the 2017 impact in the 2017 MTW Report. MPHA will continue this activity in 2018 for public housing residents. MPHA is not using outside evaluators for this activity.

Previously Approved Authorizations

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.

Changes in Activity, Authorization, Metrics, Baselines, or Benchmarks

MPHA does not anticipate any non-significant changes or modifications, changes to metrics, baselines or benchmarks, or changes to the authorizations during the Plan year.

FY2010 – ACTIVITY 2: MINIMUM RENT INITIATIVE FOR PUBLIC HOUSING RESIDENTS

(Approved in 2010 and implemented in public housing in 2011)

Statutory Objective:

Reduce cost and achieve greater cost effectiveness in federal expenditures.

Description of Activity

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

January 1, 2010	$75.00
January 1, 2014	$75.00
To Be Determined	$100.00
To Be Determined	$125.00
To Be Determined	$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.

Activity Status

MPHA's Public Housing Low Rent Program implemented the minimum rent initiative in 2011. The current minimum rent is $75 per month. MPHA is not currently considering an increase to the minimum rent. Resident feedback demonstrates that an increase would create undue hardship for many residents. MPHA will decide at a future date when to increase the minimum rent further. MPHA has determined that the increase in the minimum rent has not resulted in increased self-sufficiency and has deleted it from the Statutory Objectives. When MPHA decides to increase the minimum rent, residents will be notified and given the required period to comment. This will be done during the MTW Plan review. MPHA continues its hardship exemption program in Low Rent Public Housing.

Previously Approved Authorizations:

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 –

Changes in Activity, Authorization, Metrics, Baselines, or Benchmarks

The benchmark will be changed to better reflect MPHA's experience as we did in 2015.

FY2010 – ACTIVITY 4: MPHA LEASE-TO-OWN INITIATIVE (SUMNER FIELD TOWNHOMES)

(Approved in 2010 and phased in implementation 2012-2014)

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

Description of Activity

MPHA utilized funds from its ARRA Formula Grant, to purchase 20 townhome development units to create Lease-To-Own Initiative where qualified public housing residents, HCV participants, families on both waiting lists, as well as, MPHA and City of Minneapolis employees and others who qualify for public housing to have an opportunity to initially rent and subsequently purchase these units. This activity was initially referred to as 'The BrightKeys' after BrightKeys Development; however, the developments are legally named Sumner Field Townhomes.

Activity Status

In January 2017, MPHA had 12 of its 16 remaining townhomes under lease. Three of MPHA's 20 units were sold in 2016, tw0 additional townhome sold in 2017 and an additional unit to close in October 2017. Five units vacated due to failure to meet tenant obligations under the Lease. This brings the number of MPHA occupied units to ten. Several applications are being processed; and it is anticipated that all unit will be filled by year-end. All new Lease-to-Own tenants must work with the agency's Lease-to-Own staff and a certified non-profit credit counseling agency to develop a budget and specific work plan outlining goals to successfully qualify for financing to purchase their unit within the five-year timeframe called for in the MPHA's MTW Lease-to-Own initiative. It is anticipated that four households will purchase in 2018.

Vacancies arising due to tenant inability to meet Lease-To-Own requirements, are to be filled with apparently eligible applicants as qualifying applications come in. In the event the number of qualifying applicants exceed the number of available units. MPHA will continue to take applications and maintain a site-based waiting list. MPHA will continue to take applications until all units are Leased, and purchased by qualified participants. It is anticipated that an additional four households will purchase in 2018.

Previously Approved Authorizations:

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. HUD further approved the disposition of the Lease-to-Own properties in its approval of MPHA's Section 32 Homeownership in June 2016.

Changes in Activity, Authorization, Metrics, Baselines, or Benchmarks

MPHA will change the benchmark to reflect the number of households anticipated to purchase in 2018.

FY2009 - ACTIVITY 2: RECERTIFY ELDERLY OR DISABLED PUBLIC HOUSING RESIDENT FAMILIES ONCE EVERY THREE YEARS INSTEAD OF ANNUALLY

(Approved in 2009 and phased in implementation through 2012)

Statutory Objective: Reduce costs and achieve greater cost effectiveness. MPHA anticipated this change would save the agency time and allow better utilization of its resources and believes this change also provides a significant benefit to its residents

Description of Activity

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 enables MPHA to focus staff resources on other critical needs. After implementation, many elderly and disabled residents have favorably commented on this initiative. MPHA is utilizing EIV to assist with monitoring incomes and outcome metrics for this initiative.

Activity Status

MPHA phased this in over a three-year period and it is now fully implemented. MPHA recertifies residents every three years according to a schedule that allows one-third of impacted residents to be recertified every year. It is estimated that 3,000 residents will benefit from this MTW activity annually.
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 and MPHA's high number of interim recertification requests. MPHA will continue this initiative in 2018.

Previously Approved Authorizations

Initial, Annual and Interim Income Review Process: Provided in Attachment C Section C 4. This Section waives certain provisions of Sections 3(a) (l) and 3 (a) (2) of the 1937 Act and 24 C.F.R. 966.4 and 960.257, as necessary to implement the Agency's Annual MTW Plan

Changes in Activity, Authorizations, Metrics, Baselines or Benchmarks

MPHA does not anticipate any non-significant changes or modifications, changes to metrics, baselines or benchmarks, or changes to the authorizations during the Plan year.

FY2009 – ACTIVITY 6 (AMENDMENT): SECTION 8 HCV MOBILITY VOUCHER PROGRAM
(Approved in 2009 and implemented in 2010)

Statutory Objective: Increase housing choices. Provides incentive for waiting list families and current Section 8 participants to move into non-poverty concentrated areas.

Description of Activity

MPHA created a Mobility Voucher program to encourage low-income families to move to Areas of Opportunity and find affordable housing in an environment conducive to breaking the cycle of poverty. An Area of Opportunity is defined as a census tract where less than 40% of its residents are at or below 185% of the federal poverty level. Participants will not be allowed to port out to Areas of Concentrated Poverty or Racially Concentrated Areas of Poverty. This initiative responds to HUD's goal of deconcentrating families who live in poverty and Affirmatively Furthering Fair Housing. The program was structured to increase housing choices for families on the MPHA HCV Waiting List and current program participants who lived in Areas of Concentrated Poverty or Racially Concentrated Areas of Poverty and assist them in finding affordable housing in Areas of Opportunity. MPHA has created an appendix to its HCV) Administrative Plan that details the specific elements of this initiative.

The Mobility Voucher Program was redesigned in 2015. Before the Mobility Program was redesigned, there were no incentives in place to encourage families to enter a Voucher Program that's more restrictive such as the Mobility Voucher Program (MVP).

The Material Incentives added are:

- Three 31-day Go-To-Cards ($340.5 value)
- $75 Application Fee Assistance
- $50 Moving Assistance
- $500 Security Deposit assistance
- Increased Payment Standards/HAP subsidy

Other Program Revisions included:

1. Expanding the housing search area to include the seven county Twin Cities metropolitan area; however, the unit must still be determined to be in an Area of Opportunity.
2. The Mobility Community Services Coordinator conducts all eligibility and intake activities along with conducting the case management activities with the Mobility Families. This includes administering the new Mobility Needs Assessment of the families.
3. The Mobility Needs Assessment identifies the barriers and strengths the participant has in making an opportunity move so the Mobility Community Services Coordinator can customize the best-case management strategy to help the Mobility Participant successfully move to an Area of Opportunity. The areas that will be included in the Mobility Needs Assessment are the following,
    a. Family Composition and information
    b. Education
    c. Employment
    d. Life Barriers
    e. Strengths
    f. Financial Outlook
    g. Rental Experience/History
    h. Transportation
    i. Housing Preferences and Goals

4. In addition, there is a Mobility Community Engagement Specialist who will oversee the external aspects of the Mobility Program including landlord outreach, advocacy, network building, identifying community resources and collaborating with the Mobility Coordinator on participant moves.
5. MPHA offers numerous material incentives to garner participation, achieve greater access and a successful lease up of a family into an Area of Opportunity. These incentives are transportation assistance, application fee assistance, security deposit assistance and moving assistance.
6. The Mobility Voucher Participants will receive higher payment standards than the standard HCV or Rent Reform Programs, specifically between 100% and 110% (depending on the budget and market) of HUD FMRs.
7. Eventually, the Mobility Voucher Program will be made available to qualified current HCV Rent Reform families.

   MPHA developed a Mobility Program Performance Measurement System (PPMS) which will consist of descriptive summary statistics that gauge the growth, efficacy and impact of the Mobility Voucher Program

Activity Status

The Mobility Community Services Coordinator and the Community Engagement Specialist are both working and building the program. For 2018, the Community Engagement Specialist will use the data acquired through the Property Owner Survey sent out in 2017 to develop strategies to increase property owner participation in Areas of Opportunity. The Mobility Voucher Program is growing steadily with the Mobility Community Services Coordinator working at full capacity.

Previously Approved Authorizations

Waiting List Policies: Provided in Attachment C Section D4. This Section waives certain provisions of Sections 8(o)(6,8(o)(13) and 8 (o) (16) of the 1937 Act and 24 C.F.R. 982 Subpart E, 982.305 and 983 Subpart F, as necessary to implement the Agency's Annual MTW Plan.

Changes in Activity, Authorization, Metrics, Baselines, or Benchmarks

MPHA does not anticipate any non-significant changes or modifications, changes to metrics, baselines or benchmarks, or changes to the authorizations during the Plan year.

NOT YET IMPLEMENTED ACTIVITIES

FY2010 – ACTIVITY 3: CONVERSION OF 312 MIXED-FINANCED PUBLIC HOUSING UNITS TO PROJECT BASED SECTION 8

(Approved in 2010 and Not Yet Implemented)

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

Description of Activity

MPHA intends to utilize MTW authority to convert 312 mixed-finance public housing units of which MPHA neither owns nor manages, to Section 8 Housing Choice Vouchers and then project base these units in the same mixed-finance development. For the 200 Heritage Park units, MPHA will also waive the current requirements limiting project based units to a certain percentage of the development.

MPHA intends to utilize MTW authority and the voluntary conversion or disposition process to convert 112 mixed-finance public housing units which MPHA neither owns nor manages to Housing Choice Vouchers and then project-base these units in the same mixed-finance development. 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.

Activity Status

MPHA completed an application to HUD for conversion of its 200 public housing units in Heritage Park through HUD's Rental Assistance Demonstration (RAD) program. MPHA will use MTW authority as needed to address the limitations on project basing more than 20% of the units in a development and other areas that may need regulatory relief as MPHA goes through this process.

HUD has approved a CHAP for conversion of the 200 Heritage Park units to Project Based Rental Assistance (PBRA). MPHA expects to convert these units in 2017 if HUD approves the Amendment to MPHA's 2015 MTW Plan and the RAD Finance Plan.

The process has been slow due to intricate negotiation involving HUD Pubic Housing, HUD FHA, the ownership entities and MPHA. Once approval of the Financing Plan and closing is scheduled, MPHA will move this to the “Implemented Activities” status or note the closing in its 2018 MTW Plan or 2017 MTW Report.

Also, note as no activity has been initiated regarding the other 112 units, this portion will remain in “Not Yet Implemented” status until MPHA decides whether to continue to pursue. MPHA has separated this initiative from the 200 units targeted as Heritage Park and created a new initiative for the conversion of 112 MHOP units to HCV Project Based units -- FY2018 Activity 9 – Page 45.

Previously Approved Authorizations

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.

Changes to Activity, Authorization, Benchmarks, Baseline, Metrics

There are no changes anticipated at this time.

CLOSED OUT ACTIVITIES

FY 2013 ACTIVITY 1: MPHA – HENNEPIN COUNTY INTERIM HOUSING DEMONSTRATION INITIATIVE

Approved in 2013 - Implemented in 2014 – Closed out in 2016.

Statutory Objective: Achieving greater cost effectiveness in federal expenditures. The MPHA partnership reduces significantly federal expenditures of Medicaid and Increases Housing Choice. Without this program, most of these participants would remain hospitalized, become homeless and/or be forced to live in vulnerable conditions without supportive services.

Description of Activity

MPHA partnered with Hennepin County to create a 'Transitional Housing with Supportive Services' demonstration program to allow MPHA to utilize up to eight public housing units for low income individuals who need transitional housing for brief periods from a few days to a few months. In PIC, MPHA will change the classification of these 8 units to MTW neighborhood services units.

These individuals are low- income vulnerable persons who will be exiting the hospital, have no support system and need supportive services to avoid re-hospitalization and who without such services would remain in the hospital costing thousands of dollars which could be significantly mitigated under this initiative. Hennepin County refers participants to the program and provides MPHA with income verification data to ensure compliance with public housing eligibility criteria. Hennepin County will determine the length of stay based upon the health and support needs of the participants. No stay will exceed four months. Hennepin County will be responsible for identifying housing assistance once the participant completes their temporary stay.

MPHA will provide the housing units, perform work orders and maintain common areas Hennepin County would provide staffing and supportive services, house-keeping and other interventions as needed for participants. Hennepin County would provide a payment to MPHA for use of the housing units.

Previously Approved Authorizations

This initiative invokes certain provisions of Attachment D 'Broader Uses of Funds authority;
Attachment C – B 2. Partnerships - This authorization waives certain provisions of Sections 13 and 35 of the 1937 Act and 24 CFR 941 Subpart F as necessary to implement the Agency's Annual MTW Plan.

Reason for Closing Out Activity

MPHA implemented this program on January 2, 2014. There were only 2 units occupied by 7 individuals, in this program. Unfortunately, the need for this program did not meet expectations. The promotion of this program was the responsibility of Hennepin Health which had access to the doctors, clinicians and staff who could refer participants. Hennepin Health has since canceled this contract with MPHA and the program has ended.

FY2013 ACTIVITY 2: ALTERNATE INCOME VERIFICATIONS

Approved in 2013 – Not implemented – Closed out in 2017.

Statutory Objective: As an MTW Initiative, this activity addresses the statutory objective of expanding housing choices by providing a supportive and/or housing with services option to persons who would otherwise be required to remain in the hospital, nursing home or remain in an extremely vulnerable living situation without necessary assisted living or other needed services.

Description of Activity

MPHA faced a dilemma regarding verification requirements in Notice PIH 2008-44 (HA) and the successful operation of its Housing with Services / Assisted Living public housing programs regarding verification of incomes. There are instances where a potential HWS / Assisted Living public housing resident must be quickly approved for public housing or otherwise would remain in the hospital, be sent home or to a relative without appropriate care or transferred to a nursing home or other non-public housing assisted living provider. These actions potentially put vulnerable persons at risk, cost additional local, state and/or federal dollars, and threaten the stability of MPHA's Assisted Living programs in that apparently eligible persons are delayed from moving in due to HUD's income verification and asset verification requirements. For example, Social Security verification can take 10 days, and are only sent to the requestors address, not to MPHA. Potential residents with vulnerabilities may not be at their home to get the verifications, may forget to open them, etc. and the placement into assisted living can be delayed. This results in a loss of a placement and threatens the viability of assisted living at a PHA development. Loss of this vital resource then puts vulnerable residents at risk, results in others having to go to nursing homes, emergency rooms, hospitals etc. and results in significantly higher taxpayer costs.

- These clients often come from a situation where the person may be homeless, has no family etc. many times they cannot find or access verifications of income or assets or because of physical or mental state cannot access this information timely.

- MPHA believes that if an applicant is eligible and has income information, such as SSI income with another unit of government, e.g. State/County Medicaid, Food Stamp program etc. that clearly demonstrates eligibility for public housing, MPHA should be able to utilize this information to sign a lease and move the tenant into housing. If there is a small discrepancy in actual income, for example an increase in SSI or SSA since the county last verified income, that can be taken care of with a correction, in the same manner as a mistake in rent calculation.

The primary purpose of this activity was to enable low-income persons in need of assisted living to receive housing with services that would not be available to them with the current regulatory requirements for verification of income in public housing. This activity would have permitted extremely vulnerable persons who are in desperate need of both public housing and Assisted Living and/or Housing with Services to be admitted to public housing without delay. It would also support service providers with continuity of placement that will allow them to meet their operations costs that are continually threatened by program vacancies.

Previously Approved Authorizations

This initiative invokes certain provisions of Attachment C - C 2. Local Preferences and Admission and Continued Occupancy Policies and Procedures This authorization waives certain provisions of Section 3 of the 1937 Act and 24 CFR 960.206 as necessary to implement the Agency's Annual MTW Plan; Attachment C - C 4. Initial, Annual and Interim Income Review Process. This authorization waives certain provisions of Section 3 (a) (1) and 3 (a) (2) of the 1937 Act and 24 CFR 966.4 and 960.257 206 as necessary to implement the Agency's Annual MTW Plan.

Reason for Closing Out Activity
This initiative went into effect in January of 2013 and MPHA did not need to use this to house residents so MPHA moved the Activity to 'Not Yet Implemented'. MPHA was hopeful as it opened its new acute assisted living-memory care program at its Signe Burkhardt development to utilize this initiative for quickly processing vulnerable persons for housing in the program, but MPHA did not need to utilize this initiative to house persons in the program.

ACTIVITY 2012-1: BIENNIAL HOUSING QUALITY STANDARDS INSPECTIONS FOR MULTIFAMILY COMPLEXES

Approved and implemented in 2012 – Closed out in 2014

Statutory Objective: Reduce cost and achieve greater cost effectiveness in Federal expenditures

Description of Activity
HUD's approval of MPHA's 2012 MTW Plan gave us the authority to change the HCV Program's annual Housing Quality Standards (HQS) Inspection requirement to a biennial HQS Inspection requirement for units in multifamily complexes of six (6) units or more and where 80% of those units passed HQS Inspections in the prior two years.

Previously Approved Authorizations
This provision invokes certain provisions of Attachment C generally and including Section B1b.iv; Section D 5 and waives certain provision of Section 8(o)(8) of the 1937 Act and 24C.F.R. 982 Subpart I (See Attachment III for MPHA's Inspection Self-Certification Overview and Form).

Reason for Closing Out Activity
Section 220 of the 2014 Congressional Appropriations Act "allows public housing authorities to inspect assisted dwelling units during the term of a HAP Contract by inspecting such units not less than biennially instead of annually". MPHA 's current MTW initiative under this category is fully compliant with all the allowances under Section 220 of the 2014 Congressional Appropriations Act and therefore, the Agency is closing out this activity as MTW authority is no longer required.

ACTIVITY 2012-2: EARNED INCOME DISALLOWANCE SIMPLIFICATION (HCV PROGRAM) Approved and Implemented in 2012 – Closed out in 2016.

Statutory Objective: As an MTW initiative this activity addresses the statutory objective of achieving greater cost effectiveness in federal expenditures.

Description of Activity
In the Housing Choice Voucher Program, Federal Regulations allow families whose head of households are disabled 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.

Previously Approved Authorizations

This provision invokes certain provisions of Attachment C generally and including Section D 3 a, and b. and waives certain provision of Section 8(o)(4) of the 1937 Act and 24C.F.R. 5.603, 5.609, 5.611, 5.628 and 982.201, 516 and 982 Subpart E as necessary to implement the Agency's MTW Plan.

Reason for Closing Out Activity

Current EID participants have received the income disregard until their two-year period ended by the close of the calendar year 2015 because all the participants who were using EID reached the end of their allowable time.

FY 2011 – ACTIVITY 1 TARGETED PROJECT BASE INITIATIVE

Approved in 2011 and phased in implementation with last two projects completed in 2015 – Closed out in 2018.

Statutory Objective: Increases housing choices

Description of Activity

The purpose of this initiative was to create additional affordable housing for low-income families in the City of Minneapolis. MPHA used the MTW waiver to expand the location of project-based voucher programs and to limit voucher awards relative to a proration impact that required creation of additional non-PBV affordable housing. These vouchers were awarded to programs and organizations that proposed developments where there is a high ratio of new affordable units to those subsidized through MPHA's project-based initiative.

Through this initiative, project-basing thirty HCVs and eleven VASH vouchers leveraged 226 unassisted units for a grand total of 267 units of new housing. MPHA has not allocated any funding for the development of the units; the monies MPHA allocated are for voucher assistance when a qualified participant is residing in the PBV unit.

Project	Project-Based Units	Unassisted Units	Total Units
Emanuel Housing	6 HCV	84	101
	11 VASH		
Spirit on Lake	5	41	46
South Quarter Phase IV (The Rose)	15	86	101
The Lonoke	4	15	19
TOTAL	**30**	**226**	**267**

Activity Status

The first phase of implementation, project basing six HCV vouchers and eleven VASH vouchers at Emanuel Housing as well as five HCV vouchers at Spirit on Lake, was completed in 2013. The second phase of implementation included the completion of fifteen Housing Choice Vouchers at South Quarter Phase IV, four HCVs at The Lonoke, was completed in 2015. The final phase was for ten HCVs at Emerson North Family Housing.

Construction was completed, HAP contracts were signed for two projects and the units were fully occupied during 2013; Emanuel Housing and Spirit on Lake. The HAP contract for Emanuel was effective August 15, 2013. The six

Project Based units were fully occupied in September2013. The HAP contract for Spirit on Lake was effective September 15, 2013. The five Project Based units were fully occupied in September 2013. MPHA erroneously removed the Lonoke project that included four Project Based Voucher (PBV) units in the 2014 plan and reestablished this project in the 2015 MTW Plan. This change increased the total PBVs awarded to thirty and created 267 new affordable housing units, which included the PBV units. The Subsidy Layering Reviews (SLR) for Lonoke and South Quarter Phase IV (The Rose) were submitted to Minnesota Housing Finance Agency (MHFA) and HUD for review and approval in July of 2014. Construction was completed, HAP contracts were signed for the two remaining projects, Lonoke and SouthQuarter Phase IV (The Rose) in 2015. The HAP contract for Lonoke was effective November 1, 2015. The four Project Based units were fully occupied in November 2015. The HAP contract for South Quarter Phase IV (The Rose) was effective October 1, 2015. The fifteen Project Based units were fully occupied in January 2016 twelve in October 2015; one in November 2015 and two in January 2016.

MPHA’s Targeted Project Based Initiative created a total of 267 units, which includes the 30 PBV units. The total number of units without housing assistance that MPHA leveraged using the 30 project based vouchers is 226

Previously Approved Authorizations
This provision waives certain provisions of Attachment C Section D 7 b 24C.F.R. 983.51; Section D 7 c; 24C.F.R. 983.57; and Section D 7 d. Section 8(o)(8) of the 1937 Act and 24C.F.R. 982 Subpart I

Reason for Closing Out this Activity
All the PBV units are in full implementation for 2017. MPHA will not request any additional authorizations for any of the changes in the Targeted Project Based initiative for 2017.

FY2011 – ACTIVITY 3: ABSENCE FROM UNIT INITIATIVE (AMENDMENT TO THE FY2011 PLAN)

Approved and implemented in 2011 – Closed out in 2017.

Statutory Objective: Reduce cost and achieve greater cost effectiveness in federal expenditures.
Description of Activity

HUD approved the Absence from Unit Initiative as an amendment to MPHA’s 2011 MTW Plan. This initiative disallows a rent reduction for residents who have a temporary loss of income related to an extended absence from the unit defined as thirty days or more. For example, a tenant may quit a job to be away from the unit or have their government benefits terminated because of travel outside of the country. This voluntary action would have resulted in a loss of income and consequently, a reduction in rent. MPHA believes such voluntary action should not result in increased Federal expenditures to support this family.

Previously Approved Authorizations
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 C.F.R. 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 C.F.R. § 982.508, §982.503 and §982.518 as necessary to implement the Agency’s Annual MTW Plan.

Reason for Closing Out Activity
MPHA's resident organization has continually challenged MPHA to end this initiative as it has a disproportionate impact on immigrant families who receive SSI and lose this income if they travel outside of the United States. After several years of experience and a study of the financial impact of this initiative, MPHA has determined that the administrative burden related to this initiative and the hardship this creates for very low-income immigrant families is not cost effective and recommended to its Board that this initiative be closed out. This activity was never implemented in the Section 8 HCV Program. Given the limitations on rent re-certifications in the Rent Reform, MPHA has evaluated this initiative and has determined it extraneous for its Housing Choice Voucher Program.

FY2010 – ACTIVITY 5: FORECLOSURE STABILIZATION PROJECT BASED VOUCHER DEMONSTRATION PROGRAM

Approved in 2010 and phased in implementation through 2012 – Closed out in 2017.

Statutory Objective: Increase Housing Choices: This will enable very low-income families who are at risk of homelessness to secure housing and 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.

Description of Activity.

The Foreclosure Stabilization Initiative allows MPHA to expand and increase housing choices and secure operational stability for a program developed by Project for Pride in Living (PPL) to purchase, rehab and rent out units that had been subject to foreclosure.

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 that 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

Previously Approved Authorizations
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.

Reason for Closing Out Activity
All twenty-one (21) units remained occupied in 2014. It is expected that all units will remain occupied and remain active in 2016 as a preserved unit of affordable housing. In 2013, MPHA won a NAHRO Award of Merit for implementing this program.

This activity now becomes part of the Section 8 HCV regular project based program and MPHA will no longer need to use MTW authority so it is being moved to 'Closed Out' activities.

FY2009 – ACTIVITY 1: BLOCK GRANT AND FUNGIBLE USE OF MPHA RESOURCES

Approved and implemented in 2009 – Closed out in 2017.

Per HUD direction, this Activity is addressed in Section V: Sources and Uses of Funding.

FY2009 – ACTIVITY 3: COMBINE MPHA'S CURRENT HOMEOWNERSHIP PROGRAMS INTO A SINGLE MTW INITIATIVE WITH A FORECLOSURE PREVENTION COMPONENT

Approved and Implemented in 2009 – Closed out in 2012.

Statutory Objective: Expand housing choices and Self- sufficiency. Will allow public housing residents and Section 8 participants to move into home ownership with Section 8 assistance. Provides incentives that support self - sufficiency goals.

Description of Activity

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.

This program combines the funding for counseling and all activities leading to purchase through MPHA's MTW homeownership initiatives, 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.

Previously Approved Authorizations

Continuation of Previously Authorized Activities: Provided in Attachment D; A This Section waives certain provisions of Sections 8, 9 and 23 of the 1937 Act and 24 C.F.R.941, 982, and 984 as necessary to implement the Agency's Annual MTW Plan.

Reason for Closing Out Activity

MPHA discontinued this program in 2012 due to federal funding cutbacks in its housing programs.

FY2009 – ACTIVITY 4: (RENT REFORM) PUBLIC HOUSING TWO YEAR INCOME DISREGARD

Approved in 2009 and implemented in 2010 – Closed out in 2017.

Statutory Objective: Reduce costs and achieve greater costs effectiveness and gives incentives to families to obtain employment. Allows MPHA to reduce costs and focus staff resources on other agency needs.
Gives families incentive to work by disregarding the incremental earnings of qualified families.

Description of Activity

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 created a full two-year income disregard for eligible families, which eliminated the administrative hardship and time-consuming monitoring.

This MTW initiative enables MPHA to reduce costs and achieve greater cost effectiveness. In addition, it provides an incentive for families to maintain employment because the program is 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. MPHA is utilizing EIV to assist with monitoring incomes and outcome metrics for this initiative.

Previously Approved Authorizations
Rent Policies and Term Limits: Provided in Attachment C Section C 11. This Section waives certain provisions of Sections 3(a)(2) and 3 (a) (3)(A) and Section 6(1) of the 1937 Act and 24 C.F.R. 5.603, 5.611, 5.628, 5.632, 5.634 and 960.255 and 966 Subpart A, as necessary to implement the Agency's Annual MTW Plan.

Reason for Closing Out Activity
In light of the PIH 2016-05, MPHA is closing out this activity as it does not need MTW Authority to continue this activity.

FY2009 – ACTIVITY 5: IMPLEMENT A NEW PUBLIC HOUSING FAMILY SELF-SUFFICIENCY PROGRAM

Approved and Implemented in 2009 – Closed out in 2012.

Statutory Objective: Promote Self Sufficiency and increase housing choices. The FSS program positions families to meet FSS purpose of MTW. Homeownership focus support housing choices beyond public housing and market rate rental.

Description of Activity
MPHA has implemented a new public housing Family Self-Sufficiency (FSS) program targeted for families who seek to become home owners. This program is targeted to serve 50-75 families and has participation requirements to meet MPHA's homeownership program eligibility requirements. MPHA has implemented a provision that allows up to 25 working families or those who receive unemployment benefits to participate in the FSS program if they maintain homeownership as their primary goal.

Previously Approved Authorizations
Authorizations related to Self Sufficiency: Provided in Attachment C Section E. This Section waives certain provisions of Sections 23 of the 1937 Act and 24 C.F.R.984, as necessary to implement the Agency's Annual MTW Plan.

Reason for Closing Out Activity
MPHA discontinued this program in 2012 due to federal funding cutbacks in its housing programs.

Form 50900: Elements for the Annual MTW Plan and Annual MTW Report

Attachment B

(V) Sources and Uses of Funds

Annual MTW Plan

V.1.Plan.Sources and Uses of MTW Funds

A. MTW Plan: Sources and Uses of MTW Funds

Estimated Sources of MTW Funding for the Fiscal Year

PHAs shall provide the estimated sources and amounts of MTW funding by FDS line item.

Sources

FDS Line Item	FDS Line Item Name	Dollar Amount
70500 (70300+70400)	Total Tenant Revenue	20,970,000
70600	HUD PHA Operating Grants	63,924,000
70610	Capital Grants	9,590,000
70700 (70710+70720+70730+70740+70750)	Total Fee Revenue	0
71100+72000	Interest Income	80,000
71600	Gain or Loss on Sale of Capital Assets	0
71200+71300+71310+71400+71500	Other Income	2,396,000
70000	Total Revenue	96960000

Estimated Uses of MTW Funding for the Fiscal Year

PHAs shall provide the estimated uses and amounts of MTW spending by FDS line item.

Uses

FDS Line Item	FDS Line Item Name	Dollar Amount
91000 (91100+91200+91400+91500+91600+91700+91800+91900)	Total Operating - Administrative	10,856,000
91300+91310+92000	Management Fee Expense	7,455,000
91810	Allocated Overhead	0
92500 (92100+92200+92300+92400)	Total Tenant Services	987,000
93000 (93100+93600+93200+93300+93400+93800)	Total Utilities	8,177,000
93500+93700	Labor	570,000
94000 (94100+94200+94300+94500)	Total Ordinary Maintenance	12,691,000
95000 (95100+95200+95300+95500)	Total Protective Services	2,034,000
96100 (96110+96120+96130+96140)	Total insurance Premiums	1,071,000

96000 (96200+96210+96300+96400+96500+96600+96800)	Total Other General Expenses	2,383,000
96700 (96710+96720+96730)	Total Interest Expense and Amortization Cost	872,000
97100+97200	Total Extraordinary Maintenance	120,000
97300+97350	Housing Assistance Payments + HAP Portability-In	40,518,000
97400	Depreciation Expense	15,000,000
97500+97600+97700+97800	All Other Expenses	0
90000	Total Expenses	102734000

The sources of funds exceed the uses because HUD requires that depreciation expense instead of capital outlays be presented in the Sources/Uses schedule. The difference is explained by Capital Grants exceeding depreciation expense. This means that MPHA is expending more on new capital purchases than it is expensing the use of prior capital purchases. The difference, or net sources over uses, will be used in future years when depreciation expense (use of capital purchases) is greater than new capital purchases.

Describe the Activities that Will Use Only MTW Single Fund Flexibility

MPHA will use the MTW Single Fund Flexibility to offset the anticipated federal funding shortfall in the Operating Fund Program. Resources from the Housing Choice Voucher Program, which is anticipated to be fully funded by Congress, will be used to offset the subsidy loss in the Operating Fund Program.

***1**

V.2.Plan.Local Asset Management Plan

B. MTW Plan: Local Asset Management Plan

Is the PHA allocating costs within statute?		or	**No**
Is the PHA implementing a local asset management plan (LAMP)?	**Yes**	or	

If the PHA is implementing a LAMP, it shall be described in an appendix every year beginning with the year it is proposed and approved. The narrative shall explain the deviations from existing HUD requirements and should be updated if any changes are made to the LAMP.

Has the PHA provided a LAMP in the appendix?	**Yes**	or	

HUD approved MPHA's LAMP in the FY2017 MTW Annual Plan. MPHA has begun planning but has not completed implementation. MPHA's LAMP is described in Appendix A of this Plan.

SECTION VI: ADMINISTRATIVE

RESIDENT ADVISORY BOARD

The MPHA Board of Commissioners approved the creation of a Resident Advisory Board (RAB) for this year's plan process at their February 22, 2017 meeting. The RAB consists of twelve resident/participant members that represent the Tenant Advisory Committee (TAC), the Security Advisory Committee (SAC), the Maintenance, Modernization and Management Committee, the Minneapolis Highrise Representative Council (MHRC), the Minneapolis Scattered Site Resident Council (MSSRC) and Housing Choice Voucher participants. The RAB met with MPHA staff that coordinate development of the MTW Annual Plan. All meetings were held at the MPHA Administrative offices.

The Resident Advisory Board adopted the following Guiding Principles/Priorities for this year's Plan Process (they are not listed in any specific order). The Guiding Principles and Priorities are forwarded to MPHA's Executive Staff for consideration during the Plan process.

2017 RESIDENT ADVISORY BOARD -- GUIDING PRINCIPLES AND PRIORITIES

- **Preserve housing stock and well-maintained buildings.**
  - Maintain the highest standards for maintenance staff and hold them accountable to that standard.
  - Advocate for and use MTW fungibility as much as possible to provide adequate federal funding for maintenance of buildings.
  - Provide more intensive pest control especially, bed bug prevention and treatment.
  - Incorporate MPHA's *Guiding Principles for Redevelopment and Capital Investments.*
  - One-for-one replacement of public housing as policy.

- **Preserve Section 8 Housing Choice Vouchers (HCV) for current participants.**
  - Create a forum/organization for HCV participant representation.

- **Maintain secure public housing.**
  - Protect Project Lookout funding
  - Create a comprehensive security program.
  - MPHA should actively enforce rules about smoking, weapons and drugs on MPHA properties. (MPHA tenants are subject to Federal Drug Laws)
  - Pursue restoration of the full tax levy, as allowable under state law, essential for continuing security as a RAB priority.
  - Place cameras in hallways.
  - Make sure security monitors work at guard stations.
  - Ensure unauthorized people are not entering the buildings and enforce MPHA's guest/visitor policies.

- **Protect the economic wellbeing of public housing residents and voucher participants**
  - No rent increase over 30% of income for public housing.
  - No housing time limits.
  - Keep resident self-help funding at $120,000.

- Focus on the most needy.
- Create collaborations that increase affordable housing and/or services for residents.
- Create a Job Bank focused on resident employment opportunities, including Section 3, as part of all MPHA activities. Post and publicize opportunities to residents.

- **Management Practices and Communication**
  - Ensure that property managers are available and office doors are open during their posted office hours.
  - Better communication with residents, especially regarding maintenance and capital improvement work.
  - Management should respect the resident councils' process and there should be clarification of each of their respective roles.
  - Protect the anonymity of residents/Project Lookout volunteers who write reports regarding other residents.

PUBLIC REVIEW OF THE PLAN

MPHA published Notice of Availability of the MPHA Draft FY2018 MTW Annual Plan and public hearing in the Minneapolis *Star Tribune* newspaper on July 8, 2017. The public comment period for the MPHA Draft FY2018 MTW Annual Plan and Statement of Policies began on July 10, 2017. MPHA took extraordinary measures to collect public comment on its Draft Plan by extending its public review period to September 30, 2017 -- a total of 82 days in response to requests from residents and participants. The Notice of Rescheduling of the Public Hearing and Comment Period was published in the *Star Tribune* newspaper on August 20, 2017.

MPHA hosted three 'Advance' meetings this year: a daytime meeting on August 17, 2017, and an evening meeting on August 22, 2017 for highrise family, scattered site residents and HCV participants at the Cora McCorvey Health & Wellness Center. There was an additional evening meeting on August 21, 2017 at the MPHA Administrative offices for HCV participants due to the number of initiatives in 2018 that provide opportunities for HCV participants. A Public Hearing was held at the MPHA Board of Commissioners meeting on Wednesday, September 27, 2017 at the MPHA administrative offices at 1001 Washington Avenue North. Sixty-three people attended the hearing and twenty-six attendees commented before the Board.

The Tenant Advisory Committee met prior to the public hearing and voted unanimously to approve the MPHA FY2018 MTW Annual Plan. The Resident Advisory Board (RAB) met on October 26, 2017 to review the final draft plan and voted unanimously to approve the plan.

Comments were received from the Minneapolis Highrise Representative Council, Defend Glendale, Legal Aid and from various residents, participants and the public. MPHA responded to comments received during the public review process. Comments and responses can be found in Appendix C of the MTW Annual Plan.

All MPHA activities related to the Moving to Work Plan and approval process exceeded the obligation required under MPHA's Limited English Proficiency (LEP) Plan. Somali, Oromo, ASL, and Hmong interpreters were available at all meetings including the public hearing.

The FY2018 MTW Annual Plan was approved by the MPHA Board of Commissioners on October 27, 2017 for submission to HUD.

APPROVED

October 25, 2017

Agenda Item 1

REPORT TO THE COMMISSIONERS

FROM: Greg Russ, Executive Director / CEO

SUBJECT: Approval of MPHA 2018 Moving to Work (MTW) Annual Plan

Previous Directives: On January 6, 2008 MPHA signed an MTW Agreement with HUD making MPHA a full status MTW agency. This status requires MPHA to create an Annual MTW Plan. On July 6th 2008, the Board approved MPHA's first MTW Annual Plan. As required by the MTW Agreement, the Board must approve and submit to HUD a new MTW Annual Plan each year.

Resident Notification: The Tenant Advisory Committee (TAC) and the MTW Resident Advisory Board (RAB) will review and act on its recommendations to the Board regarding the 2018 MTW Annual Plan prior to the October 25, 2017 Board meeting.

Impact on Budget: The MTW Annual Plan identifies how MPHA resources will be spent, but does not itself have a budgetary impact.

Procurement Review: Not applicable

Recommendation: It is recommended that the Board of Commissioners adopt a resolution approving the MPHA FY 2018 MTW Annual Plan and submit it to HUD pursuant to the requirements in the MTW Agreement.

As is its tradition with the MTW Planning process, MPHA used extraordinary efforts to solicit input in its development of and proposed changes to the 2018 MTW Plan. Following the appointment of the MTW Resident Advisory Board (RAB) by the MPHA Board of Commissioners, the MTW RAB met on a regular basis working with Agency staff to consider proposals for the MTW Annual Plan. RAB also developed a statement of guiding principles and adopted priorities which were sent to MPHA Department Heads to use as guidance in considering proposals for the 2018 MTW Annual Plan.

MINNEAPOLIS PUBLIC HOUSING AUTHORITY

EQUAL HOUSING OPPORTUNITY – EQUAL EMPLOYMENT OPPORTUNITY

DOCUMENT NO 2017-31

In addition, RAB was asked for and encouraged to provide other ideas and guidance to MPHA prior to publishing the Draft 2018 MTW Annual Plan. Once the Draft 2018 MTW Annual Plan was presented to RAB, it was also noticed in the *StarTribune* and published on the MPHA website. Copies of the Draft MTW Annual Plan were sent to all building Resident Council presidents, to the MHRC Executive Committee and the Scattered Site Resident Council. MPHA included an insert to its rent statements to all MPHA residents that informed them how to access copies of the proposed changes to the MTW Plan. This notice also included dates and times for the Advance Meetings (one during the day and the other an evening meeting) and for the Public Hearing. MPHA also e-mailed a specific notice of the Public Hearing and Comment Period with links to the draft MTW Annual Plan and Statement of Policies to over 200 social and human services professionals serving low income families in our community.

Minneapolis Highrise Representative Council (MHRC) published notice of the Advance Meetings and Public Hearing in the *Highrise Lowdown*, a publication distributed to 5,000 highrise residents. MPHA staff solicited and responded to questions from residents at the meetings. MPHA also provided each attendee with a packet that included a copy of the PowerPoint presentation and 'Comment Sheets' for residents and other attendees who did not have enough time to comment or preferred to comment in written form. In addition, MPHA provided ASL, Somali, Oromo and Hmong interpretation at each meeting and the Public Hearing before the Board.

After some concerns were raised regarding opportunities for residents and others to fully review the Draft Plan, MPHA extended the comment period to September 30, 2017 which allowed for an 82-day review and comment period, which far exceeds HUD's required 30-day requirement. MPHA also rescheduled the public hearing to a later date to allow for additional review before the public hearing was held.

MPHA has documented the public comments and MPHA's responses related to the 2018 MTW Annual Plan.

A copy of the recommended Board Resolution is attached to this Report.

This Report was prepared by Bob Boyd, Director of Policy and Innovation. For Further information, please contact Mr. Boyd at (612) 342-1437 or bboyd@mpslpha.org.

RESOLUTION No. 17-175

WHEREAS, the Minneapolis Public Housing Authority in and for the City of Minneapolis (MPHA) signed a Moving to Work (MTW) Agreement with the U.S. Department of Housing and Urban Development (HUD) on January 6, 2008, making MPHA a full status Moving to Work Agency; and

WHEREAS, the full status Moving to Work Agreement requires MPHA to create an annual Moving to Work Plan; and

WHEREAS, MPHA is ordinarily required to submit the Moving To Work Plan to HUD prior to October 15th of each year; and

WHEREAS, HUD extended MPHA's submission date for its 2018 MTW Annual Plan to November 15, 2017 to allow for additional time for review and comment.

NOW THEREFORE, BE IT RESOLVED by the Board of Commissioners of MPHA that the 2018 Moving to Work (MTW) Annual Plan is approved and that the Executive Director is authorized to submit it to HUD for approval as required.

OMB Control Number: 2577-0216
Expiration Date: 5/31/2016

Form 50900: Elements for the Annual MTW Plan and Annual MTW Report

Attachment B

Certifications of Compliance

Annual Moving to Work Plan
Certifications of Compliance

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing

Certifications of Compliance with Regulations:
Board Resolution to Accompany the Annual Moving to Work Plan*

Acting on behalf of the Board of Commissioners of the Public Housing Agency (PHA) listed below, as its Chairman or other authorized PHA official if there is no Board of Commissioners, I approve the submission of the Annual Moving to Work Plan for the PHA fiscal year beginning January 1, 2018, hereinafter referred to as "the Plan", of which this document is a part and make the following certifications and agreements with the Department of Housing and Urban Development (HUD) in connection with the submission of the Plan and implementation thereof:

1. The PHA published a notice that a hearing would be held, that the Plan and all information relevant to the public hearing was available for public inspection for at least 30 days, that there were no less than 15 days between the public hearing and the approval of the Plan by the Board of Commissioners, and that the PHA conducted a public hearing to discuss the Plan and invited public comment.
2. The PHA took into consideration public and resident comments (including those of its Resident Advisory Board or Boards) before approval of the Plan by the Board of Commissioners or Board of Directors in order to incorporate any public comments into the Annual MTW Plan.
3. The PHA certifies that the Board of Directors has reviewed and approved the budget for the Capital Fund Program grants contained in the Capital Fund Program Annual Statement/Performance and Evaluation Report, form HUD-50075.1.
4. The PHA will carry out the Plan in conformity with Title VI of the Civil Rights Act of 1964, the Fair Housing Act, section 504 of the Rehabilitation Act of 1973, and title II of the Americans with Disabilities Act of 1990.
5. The Plan is consistent with the applicable comprehensive housing affordability strategy (or any plan incorporating such strategy) for the jurisdiction in which the PHA is located.

6. The Plan contains a certification by the appropriate State or local officials that the Plan is consistent with the applicable Consolidated Plan, which includes a certification that requires the preparation of an Analysis of Impediments to Fair Housing Choice, for the PHA's jurisdiction and a description of the manner in which the PHA Plan is consistent with the applicable Consolidated Plan.
7. The PHA will affirmatively further fair housing by examining its programs or proposed programs, identify any impediments to fair housing choice within those programs, address those impediments in a reasonable fashion in view of the resources available and work with local jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement and maintain records reflecting these analyses and actions.
8. The PHA will comply with the prohibitions against discrimination on the basis of age pursuant to the Age Discrimination Act of 1975.
9. The PHA will comply with the Architectural Barriers Act of 1968 and 24 CFR Part 41, Policies and Procedures for the Enforcement of Standards and Requirements for Accessibility by the Physically Handicapped.
10. The PHA will comply with the requirements of section 3 of the Housing and Urban Development Act of 1968, Employment Opportunities for Low-or Very-Low Income Persons, and with its implementing regulation at 24 CFR Part 135.
11. The PHA will comply with requirements with regard to a drug free workplace required by 24 CFR Part 24, Subpart F.
12. The PHA will comply with requirements with regard to compliance with restrictions on lobbying required by 24 CFR Part 87, together with disclosure forms if required by this Part, and with restrictions on payments to influence Federal Transactions, in accordance with the Byrd Amendment and implementing regulations at 49 CFR Part 24.

13. The PHA will comply with acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and implementing regulations at 49 CFR Part 24 as applicable.
14. The PHA will take appropriate affirmative action to award contracts to minority and women's business enterprises under 24 CFR 5.105(a).
15. The PHA will provide HUD or the responsible entity any documentation needed to carry out its review under the National Environmental Policy Act and other related authorities in accordance with 24 CFR Part 58. Regardless of who acts as the responsible entity, the PHA will maintain documentation that verifies compliance with environmental requirements pursuant to 24 Part 58 and 24 CFR Part 50 and will make this documentation available to HUD upon its request.
16. With respect to public housing the PHA will comply with Davis-Bacon or HUD determined wage rate requirements under section 12 of the United States Housing Act of 1937 and the Contract Work Hours and Safety Standards Act.
17. The PHA will keep records in accordance with 24 CFR 85.20 and facilitate an effective audit to determine compliance with program requirements.
18. The PHA will comply with the Lead-Based Paint Poisoning Prevention Act and 24 CFR Part 35.
19. The PHA will comply with the policies, guidelines, and requirements of OMB Circular No. A-87 (Cost Principles for State, Local and Indian Tribal Governments) and 24 CFR Part 85 (Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments).
20. The PHA will undertake only activities and programs covered by the Plan in a manner consistent with its Plan and will utilize covered grant funds only for activities that are approvable under the Moving to Work Agreement and Statement of Authorizations and included in its Plan.
21. All attachments to the Plan have been and will continue to be available at all times and all locations that the Plan is available for public inspection. All required supporting documents have been made available for public inspection along with the Plan and additional requirements at the primary business office of the PHA and at all other times and locations identified by the PHA in its Plan and will continue to be made available at least at the primary business office of the PHA.

Minneapolis Public Housing Authority PHA Name	MN002 PHA Number/HA Code

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

F. Clayton Tyler Name of Authorized Official	Chair, MPHA Board of Commissioners Title
Signature	October 25, 2017 Date

*Must be signed by either the Chairman or Secretary of the Board of the PHA's legislative body. This certification cannot be signed by an employee unless authorized by the PHA Board to do so. If this document is not signed by the Chairman or Secretary, documentation such as the by-laws or authorizing board resolution must accompany this certification.

Annual Statement/Performance and Evaluation Report
Capital Fund Program, Capital Fund Program Replacement Housing Factor and
Capital Fund Financing Program

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
OMB No. 2577-0226
Expires 06/30/2017

Part I: Summary

PHA Name:	Grant Type and Number	
Minneapolis Public Housing Authority	Capital Fund Program Grant No: MN46P00250115 Replacement Housing Factor Grant No: Date of CFFP:	**FFY of Grant: 2015** **FFY of Grant Approval:**

Type of Grant
☐ **Original Annual Statement** ☐ **Reserve for Disasters/Emergencies** ☐ **Revised Annual Statement (revision no:)**
☒ **Performance and Evaluation Report for Period Ending: 12/31/2016** ☐ **Final Performance and Evaluation Report**

Line	Summary by Development Account	Total Estimated Cost		Total Actual Cost [1]	
		Original	Revised[2]	Obligated	Expended
1	Total non-CFP Funds				
2	1406 Operations (may not exceed 20% of line 21) [3]				
3	1408 Management Improvements				
4	1410 Administration (may not exceed 10% of line 21)				
5	1411 Audit				
6	1415 Liquidated Damages				
7	1430 Fees and Costs				
8	1440 Site Acquisition				
9	1450 Site Improvement				
10	1460 Dwelling Structures				
11	1465.1 Dwelling Equipment—Nonexpendable				
12	1470 Non-dwelling Structures				
13	1475 Non-dwelling Equipment				
14	1485 Demolition				
15	1492 Moving to Work Demonstration	10,081,379	10,081,379	10,081,379	6,513,624
16	1495.1 Relocation Costs				
17	1499 Development Activities [4]				

[1] To be completed for the Performance and Evaluation Report.
[2] To be completed for the Performance and Evaluation Report or a Revised Annual Statement.
[3] PHAs with under 250 units in management may use 100% of CFP Grants for operations.
[4] RHF funds shall be included here.

Annual Statement/Performance and Evaluation Report
Capital Fund Program, Capital Fund Program Replacement Housing Factor and
Capital Fund Financing Program

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
OMB No. 2577-0226
Expires 06/30/2017

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PHA Name: **Minneapolis Public Housing Authority**	**Grant Type and Number** Capital Fund Program Grant No: MN46P00250115 Replacement Housing Factor Grant No: Date of CFFP:	**FFY of Grant:2015** **FFY of Grant Approval:**

Type of Grant

☐ **Original Annual Statement** ☐ **Reserve for Disasters/Emergencies** ☐ **Revised Annual Statement (revision no:)**

☒ **Performance and Evaluation Report for Period Ending: 12/31/2016** ☐ **Final Performance and Evaluation Report**

Line	Summary by Development Account	Total Estimated Cost		Total Actual Cost [1]	
		Original	Revised [2]	Obligated	Expended
18a	1501 Collateralization or Debt Service paid by the PHA				
18ba	9000 Collateralization or Debt Service paid Via System of Direct Payment				
19	1502 Contingency (may not exceed 8% of line 20)				
20	Amount of Annual Grant:: (sum of lines 2 - 19)	10,081,379	10,081,379	10,081,379	6,513,624
21	Amount of line 20 Related to LBP Activities				
22	Amount of line 20 Related to Section 504 Activities				
23	Amount of line 20 Related to Security - Soft Costs				
24	Amount of line 20 Related to Security - Hard Costs				
25	Amount of line 20 Related to Energy Conservation Measures				

Signature of Executive Director	Date 10-11-17	Signature of Public Housing Director	Date

[1] To be completed for the Performance and Evaluation Report.
[2] To be completed for the Performance and Evaluation Report or a Revised Annual Statement.
[3] PHAs with under 250 units in management may use 100% of CFP Grants for operations.
[4] RHF funds shall be included here.

form **HUD-50075.1** (07/2014)

Annual Statement/Performance and Evaluation Report
Capital Fund Program, Capital Fund Program Replacement Housing Factor and
Capital Fund Financing Program

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
OMB No. 2577-0226
Expires 06/30/2017

Part II: Supporting Pages

PHA Name: **Minneapolis Public Housing Authority**	**Grant Type and Number** Capital Fund Program Grant No: MN46P00250115 CFFP (Yes/ No): No Replacement Housing Factor Grant No:	**Federal FFY of Grant: 2015**

Development Number Name/PHA-Wide Activities	General Description of Major Work Categories	Development Account No.	Quantity	Total Estimated Cost		Total Actual Cost		Status of Work
				Original	Revised [1]	Funds Obligated[2]	Funds Expended[2]	
MN002	Moving to Work Demonstration Program	1492	6,249 Units	10,081,379	10,081,379	10,081,379	6,513,624	65%

[1] To be completed for the Performance and Evaluation Report or a Revised Annual Statement.
[2] To be completed for the Performance and Evaluation Report.

Annual Statement/Performance and Evaluation Report
Capital Fund Program, Capital Fund Program Replacement Housing Factor and Capital Fund Financing Program

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
OMB No. 2577-0226
Expires 06/30/2017

Part III: Implementation Schedule for Capital Fund Financing Program

PHA Name: **Minneapolis Public Housing Authority** | **Federal FFY of Grant: 2015**

Development Number Name/PHA-Wide Activities	All Fund Obligated (Quarter Ending Date)		All Funds Expended (Quarter Ending Date)		Reasons for Revised Target Dates [1]
	Original Obligation End Date	Actual Obligation End Date	Original Expenditure End Date	Actual Expenditure End Date	
	04/12/2017	12/31/2016	04/12/2019		

[1] Obligation and expenditure end dated can only be revised with HUD approval pursuant to Section 9j of the U.S. Housing Act of 1937, as amended.

form **HUD-50075.1** (07/2014)

Annual Statement/Performance and Evaluation Report
Capital Fund Program, Capital Fund Program Replacement Housing Factor and
Capital Fund Financing Program

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
OMB No. 2577-0226
Expires 06/30/2017

Part I: Summary

PHA Name:	Grant Type and Number	FFY of Grant: 2016
Minneapolis Public Housing Authority	Capital Fund Program Grant No: MN46P00250116 Replacement Housing Factor Grant No: Date of CFFP:	FFY of Grant Approval:

Type of Grant
☐ Original Annual Statement ☐ Reserve for Disasters/Emergencies ☐ Revised Annual Statement (revision no:)
☒ Performance and Evaluation Report for Period Ending: 12/31/2016 ☐ Final Performance and Evaluation Report

Line	Summary by Development Account	Total Estimated Cost		Total Actual Cost [1]	
		Original	Revised[2]	Obligated	Expended
1	Total non-CFP Funds				
2	1406 Operations (may not exceed 20% of line 21) [3]				
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9	1450 Site Improvement				
10	1460 Dwelling Structures				
11	1465.1 Dwelling Equipment—Nonexpendable				
12	1470 Non-dwelling Structures				
13	1475 Non-dwelling Equipment				
14	1485 Demolition				
15	1492 Moving to Work Demonstration	10,229,665	10,229,665	1,534,764	0
16	1495.1 Relocation Costs				
17	1499 Development Activities [4]				

[1] To be completed for the Performance and Evaluation Report.
[2] To be completed for the Performance and Evaluation Report or a Revised Annual Statement.
[3] PHAs with under 250 units in management may use 100% of CFP Grants for operations.
[4] RHF funds shall be included here.

Page1

form **HUD-50075.1** (07/2014)

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Capital Fund Program, Capital Fund Program Replacement Housing Factor and
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U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
OMB No. 2577-0226
Expires 06/30/2017

Part I: Summary		
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Type of Grant

☐ **Original Annual Statement** ☐ **Reserve for Disasters/Emergencies** ☐ **Revised Annual Statement (revision no:)**

☒ **Performance and Evaluation Report for Period Ending: 12/31/2016** ☐ **Final Performance and Evaluation Report**

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18a	1501 Collateralization or Debt Service paid by the PHA				
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21	Amount of line 20 Related to LBP Activities				
22	Amount of line 20 Related to Section 504 Activities				
23	Amount of line 20 Related to Security - Soft Costs				
24	Amount of line 20 Related to Security - Hard Costs				
25	Amount of line 20 Related to Energy Conservation Measures				

Signature of Executive Director	**Date**	**Signature of Public Housing Director**	**Date**
Gregory P. R	10-11-17		

[1] To be completed for the Performance and Evaluation Report.
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Capital Fund Program, Capital Fund Program Replacement Housing Factor and
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U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
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Expires 06/30/2017

Part II: Supporting Pages

PHA Name: **Minneapolis Public Housing Authority**	**Grant Type and Number** Capital Fund Program Grant No: MN46P00250116 CFFP (Yes/ No): No Replacement Housing Factor Grant No:	**Federal FFY of Grant: 2016**

Development Number Name/PHA-Wide Activities	General Description of Major Work Categories	Development Account No.	Quantity	Total Estimated Cost		Total Actual Cost		Status of Work
				Original	Revised [1]	Funds Obligated[2]	Funds Expended[2]	
MN002	Moving to Work Demonstration Program	1492	6,249 Units	10,229,665	10,229,665	1,534,764	0	0%

[1] To be completed for the Performance and Evaluation Report or a Revised Annual Statement.
[2] To be completed for the Performance and Evaluation Report.

form **HUD-50075.1** (07/2014)

Annual Statement/Performance and Evaluation Report
Capital Fund Program, Capital Fund Program Replacement Housing Factor and
Capital Fund Financing Program

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
OMB No. 2577-0226
Expires 06/30/2017

Part III: Implementation Schedule for Capital Fund Financing Program					
PHA Name: **Minneapolis Public Housing Authority**					**Federal FFY of Grant: 2016**
Development Number Name/PHA-Wide Activities	All Fund Obligated (Quarter Ending Date)		All Funds Expended (Quarter Ending Date)		Reasons for Revised Target Dates [1]
	Original Obligation End Date	Actual Obligation End Date	Original Expenditure End Date	Actual Expenditure End Date	
	04/12/2018		04/12/2020		

[1] Obligation and expenditure end dated can only be revised with HUD approval pursuant to Section 9j of the U.S. Housing Act of 1937, as amended.

APPENDIX A: LOCAL ASSET MANAGEMENT PLAN (LAMP)

Minneapolis Public Housing Authority

The Minneapolis Public Housing Authority (MPHA) follows HUD's asset management program including project-based management, budgeting, accounting, and financial management. HUD consultants completed an on-site review of MPHA's asset management conversion in 2008 and found that MPHA demonstrated a successful conversion to asset management.

In programs where it applies, 2 CFR Part 200, Subpart E allows PHAs to use a fee-for-service in lieu of allocation systems for the reimbursement of overhead costs. MPHA has elected to use a fee-for-service approach.

The Changes in Financial Management and Reporting for Public Housing Agencies Under the New Operating Fund Rule (24 CFR part 990) Supplement to HUD Handbook 7475.1 REV., CHG-1, Financial Management Handbook states that a PHA may charge up to a maximum 10 percent of the annual Capital Fund grant as a management fee. While current program rules (§ 968.112) allow PHAs to charge up to 10 percent of the Capital Fund grant for ''Administration,'' these administrative costs must be specifically apportioned and/or documented. Under a fee-for-service system, the PHA may charge a management fee of 10 percent, regardless of actual costs.

The Capital Fund Program management fee covers costs associated with the Central Office Cost Center's oversight and management of the Capital Fund Program. These costs include duties related to general capital planning, preparation of the Annual Plan, processing of e-LOCCS, preparation of reports, drawing of funds, budgeting, accounting, and procurement of construction and other miscellaneous contracts. MPHA is aware that HUD is proposing a change in Federal Regulations that Central Office funds be federalized and MPHA's LAMP will be in compliance with the final regulations regarding this matter.

The Moving to Work Agreement permits MPHA to combine funding awarded to it annually pursuant to Section 8 (o), Section 9 (d), and Section 9 (e) of the 1937 Housing Act into a single, authority-wide funding source ("MTW Funds"). MPHA has elected to combine all MTW Funds and use the MTW Funds with the full flexibility permitted by the Moving to Work Agreement.

As permitted under the First Amendment to Moving to Work Agreement, MPHA may design and implement a local asset management program which allows fees that exceed the levels set forth by HUD's asset management requirements. Because MPHA may utilize MTW Housing Choice Voucher (HCV) program funds for public housing capital expenditures, MPHA's local asset management plan would permit a management fee chargeable to the HCV program to cover the Central Office Cost Center's oversight and management of HCV-funded capital improvements. The costs include, but are not limited to, duties related to general capital planning, processing and reporting of VMS capital expenditure reimbursements, preparation of reports, budgeting, accounting, and procurement of construction and other miscellaneous contracts.

As permitted under the First Amendment to Moving to Work Agreement, MPHA may apply local determinations with respect to front line, prorated, and shared resources, fee costs, and other aspects of such requirements, to meet the objectives of the MTW program. The cost of maintenance supervision of specialized project staff that are assigned to asset management projects will be prorated to the asset management projects on a reasonable basis.

MPHA reserves the right to employ full MTW Single Fund flexibility across properties and programs.

The additional fee and the central supervision of specialized maintenance staff would be the only deviation from HUD's asset management guidelines.

APPENDIX B: Planned Capital Expenditures

CAPITAL NEEDS DATA

Minneapolis Public Housing Authority's (MPHA) housing stock is comprised of 42 high-rise buildings, 730 scattered site homes, 184 rowhouse units, and three maintenance, administrative, and service facilities. Forty of the forty-two high-rise 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 row house development is 65 years old. MPHA completed its comprehensive physical needs assessment process (PNA) in 2015, which included contracting with specialty consultants to assess major building systems such as HVAC, roofs, facades, and elevators. MPHA followed HUD's draft PNA guidance including assessing needs for a 20-year period. Utilizing field data collection tools, MPHA gathered needs data on all property components including current ages and conditions. Life cycle profiles, and replacement or repair costs were established for each building component, and needs related to life safety/code compliance, security, and energy savings were noted as such and all repair/replace actions were assigned a priority level relative to all MPHA capital needs. MPHA updates this data on an annual basis to reflect completed work and any changes to building conditions.

MPHA's comprehensive analysis indicates it has a current unmet need of $127 million (as of 2017) that will grow to nearly $522 million over the next twenty (20) years. These figures do not take into account applied capital funding as it is difficult to predict future funding levels and availability. This unmet need figure represents building components that are at or have exceeded their estimated useful life. When formulating its annual capital plan, MPHA is forced to make difficult decisions between competing needs due to continual insufficient funding. To aid in capital planning with limited resources MPHA considers several factors including:

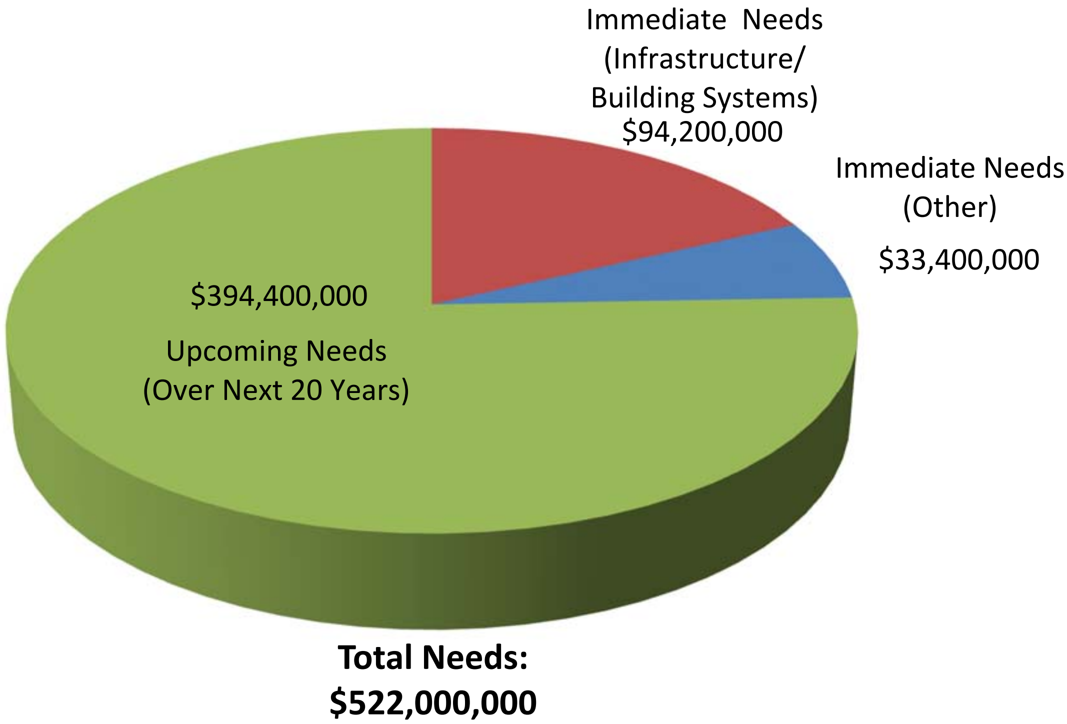
1. The type of need:
    - Building Systems/Infrastructure (e.g. mechanical systems, plumbing and electrical systems, security systems, fire protection systems, roofs/façades, windows, elevators, etc.) – Components that are required to keep the building functioning and safe.
    - Building Site Work, Interiors & Equipment/Furnishings (apartment kitchen and bath rehab, landscaping/site improvements, community room furnishings, building amenities, etc.) – Components that address livability and resident quality of life.
2. The remaining useful life of the building component, which generally ranges between 0 – 20 years.
3. The urgency of action relative to other competing capital needs:
    - Low: This action is not currently impeding building functionality or safety and may be deferred. Quality of life may be impacted by deferment.
    - Medium: This action is not currently impeding building functionality or safety, but should be done with in the next 2-5 years. Quality of life may already be impacted and manageable component failure may occur by deferment.
    - High: This action is of high urgency and necessary to address building functionality and livability and should be done within the next 1-2 years. Quality of life is likely impacted and component failures will become more frequent by deferment.

- Urgent: This action should not be deferred and must be done as soon as possible. Building functionality or safety is currently compromised.

PHYSICAL NEEDS ASSESSMENT BREAKDOWN

MPHA's 20-year $522 million capital needs are illustrated below:

TOTAL CAPITAL NEEDS AS IDENTIFIED IN PNA



As shown above, a large portion of our immediate capital needs are infrastructure/building systems; due to their age, systems and infrastructure at many of our buildings have exceeded their life expectancy and have started to fail. MPHA deems a portion of these items as high or urgent needs that could become life safety needs if left unaddressed. Additionally, as building codes have evolved, we need to address increased fire protection requirements such as retrofitting our high-rise buildings with sprinkler systems. These immediate infrastructure needs comprise approximately $7 million of the $94 million identified. MPHA has made infrastructure/building systems a priority and will target these types of improvements over the next several years.

FY2018 SIGNIFICANT CAPITAL EXPENDITURES BY DEVELOPMENT

MPHA bases its capital plans on an expected Capital Fund Program (CFP) allocation of $6.44 million for 2018. Projects that were initiated under previous funding cycles, but not fully completed in prior years, will carry over and experience expenditures in 2018. Additionally, a portion of the projects slated for 2018's $6.44 million budget will not be fully expended in 2018 and will carry into 2019. This expenditure schedule is based on the assumption of receiving the Capital Fund grant by the end of March 2018. Expenditures may vary significantly if grant awards are delayed. MPHA has estimated approximately $10.6 million in Capital Fund expenditures for FY2018 (see following charts) targeting specific projects in six of its seven Asset Management Projects (AMPs). The level and timing of these expenditures will vary depending on the final formula amount and the grant release date.

CAPITAL PROJECTS – FY 2018 *

AMP	PROJ	ADDRESS	WORK ITEMS	BUDGET	2018 EXPENDITURES
N/A	N/A	N/A	Administration	$644,500	$0
N/A	N/A	N/A	Audit fee	$10,000	$10,000
N/A	N/A	TBD	Pre-development activities	$500,000	$250,000
1	1	Glendale Community	Headstart Facility roof replacement	$200,500	$200,000
2	Varies	Scattered Sites	Roof replacement, infrastructure	$200,000	$200,000
3	26	1710 Plymouth Ave N	Elevator modernization	$250,000	$250,000
4	21.4	1206 2nd Street NE	Elevator modernization	$275,000	$275,000
6	16	1515 Park Avenue S	Sanitary waste, vent, and domestic piping, exhaust system upgrades, shower replacement	$2,900,000	$250,000
7	18.4	3755 Snelling Ave	Roof replacement	$65,000	$65,000
7	36	2121 Minnehaha Ave	Sanitary waste & vent piping, shower replacement	$1,400,000	$150,000
TOTAL – 2018 CAPITAL BUDGET				**$6,445,000**	

CARRYOVER CAPITAL PROJECTS

(These projects from previously approved annual and five-year CFP plans will incur expenditures during FY 2018)

AMP	PROJ	ADDRESS	WORK ITEMS	BUDGET	2018 EXPENDITURES
N/A	N/A	N/A	Administration	$1,023,000	$1,023,000
4	33	828 Spring Street NE	Elevator modernization	$590,000	$50,000
5	9	1700 East 22nd Street	Elevator modernization	$635,000	$50,000
6	6	620 Cedar Ave South	Elevator modernization	$575,000	$50,000
6	6	1627 S 6th Street	Piping, apartment modernization, fire alarm system, HVAC improvements	$4,400,000	$3,300,000
7	17	2728 E Franklin Ave	Piping, fire alarm system, heating system upgrades, apartment improvements	$4,500,000	$2,900,000
7	18.4	3755 Snelling Ave	Piping, fire alarm system, HVAC upgrades, apartment improvements	$900,000	$800,000
7	22	3205 East 37th Street	Piping, fire alarm system, HVAC upgrades, apartment improvements	$900,000	$800,000
TOTAL – 2018 PLANNED EXPENDITURES					**$10,623,000**

**Estimates are subject to final budget approval by the MPHA Board of Commissioners.*

FIVE-YEAR CAPITAL NEEDS PLAN

The five-year Capital needs table illustrates total funding needed to address all capital needs at MPHA properties 2018-2022.

Minneapolis Public Housing Authority
2018 Five-Year Schedule of Capital Needs

AMP 1 - Rowhouses

AMP	Project	Address	Bldgs	Units	FY18	FY19	FY20	FY21	FY22
1	1	Glendale	28	184	15,543,404	37,116	1,040,733	0	103,822
		Total AMP 1	**28**	**184**	**15,543,404**	**37,116**	**1,040,733**	**0**	**103,822**

AMP 2 - Scattered Site/Single Family

AMP	Project	Address	Bldgs	Units	FY18	FY19	FY20	FY21	FY22
2	Various	Various	730	730	27,528,258	4,160,385	3,720,097	3,250,503	2,926,702
		Total AMP 2	**730**	**730**	**27,528,258**	**4,160,385**	**3,720,097**	**3,250,503**	**2,926,702**

AMP 3 - North

AMP	Project	Address	Bldgs	Units	FY18	FY19	FY20	FY21	FY22
3	3	800 North Fifth Ave	1	66	935,249	138,670	174,490	0	159,350
3	20.4	2415 North Third Street	1	62	513,722	19,371	213,739	414,726	41,087
3	20.5	3116 North Oliver Ave	1	31	570,181	69,118	45,802	190,029	75,215
3	23	315 North Lowry Ave	1	193	1,672,437	709,184	231,116	183,537	213,151
3	25	600 North 18th Ave	1	239	1,648,813	2,041,622	1,038,754	0	41,087
3	26	1710 North Plymouth Ave	1	84	3,811,611	358,589	984,904	0	273,049
3	28	901 North 4th Ave	1	48	41,087	0	0	74,359	41,087
3	37	1314 North 44th Ave	1	220	3,359,749	123,082	3,177,682	25,680	41,087
3	42	314 Hennepin Ave	1	299	4,020,868	161,525	1,710,978	884,015	3,629,835
3	50	350 Van White Memorial Blvd	1	102	325,257	0	360,509	0	41,087
		Total AMP 3	**10**	**1,344**	**16,898,974**	**3,621,161**	**7,937,974**	**1,772,346**	**4,556,035**

AMP 4 - Northeast

AMP	Project	Address	Bldgs	Units	FY18	FY19	FY20	FY21	FY22
4	10	311 NE University Ave	1	49	3,439,184	0	687,619	51,359	41,087
4	15.4	710 NE Second Street	1	35	877,146	261,931	187,330	13,276	175,149
4	15.5	616 NE Washington Ave	1	35	1,123,926	215,708	188,324	9,253	52,362
4	21.4	1206 NE Second Street	1	57	1,749,025	71,903	543,204	104,773	52,375
4	21.5	1900 NE Third Street	1	32	1,484,653	277,339	332,266	0	41,087
4	21.6	809 NE Spring Street	1	32	1,745,299	146,232	645,749	0	66,767
4	32	1717 NE Washington Street	1	182	3,056,990	1,445,534	1,512,492	1,463,142	69,852
4	33	828 NE Spring Street	1	189	3,377,181	160,645	1,098,343	0	292,656
4	35	1815 NE Central Ave	1	333	1,555,051	282,475	2,757,015	278,809	1,049,329
		Total AMP 4	**9**	**944**	**18,408,455**	**2,861,767**	**7,952,342**	**1,920,612**	**1,840,664**

Minneapolis Public Housing Authority
2018 Five-Year Schedule of Capital Needs

AMP 5 - Hiawatha

AMP 5	Project	Address	Bldgs	Units	FY18	FY19	FY20	FY21	FY22
5	9	Hiawatha Towers	3	281	7,636,951	256,370	977,735	499,495	153,652
5	18.5	2533 South First Ave	1	42	1,172,903	154,077	258,850	0	20,544
5	19	1920 South Fourth Ave	1	110	1,872,757	663,149	155,914	386,439	582,465
5	24	1707 South Third Street	1	199	1,798,965	106,808	165,080	133,534	41,087
5	34	2419/33 South Fifth Ave	2	254	448,057	950,914	390,329	3,235,456	82,175
		Total AMP 5	**8**	**886**	**12,929,633**	**2,131,318**	**1,947,908**	**4,254,924**	**879,923**

AMP 6 - Cedars

AMP 6	Project	Address	Bldgs	Units	FY18	FY19	FY20	FY21	FY22
6	6 & 30	Cedars Community	4	539	21,355,980	2,318,775	6,485,418	162,291	354,879
6	8	Elliot Twins	2	174	5,329,497	1,633,639	570,843	1,474,084	546,911
6	16	1515 South Park Ave	1	182	3,789,960	1,287,713	360,587	1,265,891	427,133
		Total AMP 6	**7**	**895**	**30,475,437**	**5,240,127**	**7,416,848**	**2,902,266**	**1,328,923**

AMP 7 - Horn

AMP 7	Project	Address	Bldgs	Units	FY18	FY19	FY20	FY21	FY22
7	14	1415 East 22nd Street	1	129	1,421,456	0	102,050	0	41,087
7	17	2728 East Franklin Ave	1	151	5,180,675	1,162,257	1,264,408	680,014	164,352
7	18.4	3755 South Snelling Ave	1	28	1,118,602	8,217	359,716	0	41,087
7	22	3205 East 37th Street	1	28	1,010,393	8,217	355,132	0	41,087
7	31	Horn Towers	3	491	8,269,663	5,925,791	768,597	1,890,664	410,873
7	36	2121 South Minnehaha Ave	1	110	3,875,770	16,133	1,449,598	112,990	156,978
		Total AMP 7	**8**	**937**	**20,876,559**	**7,120,615**	**4,299,501**	**2,683,668**	**855,464**

Management, Maintenance,and Special Facilities

	Project	Location	Bldgs	Units	FY18	FY19	FY20	FY21	FY22
	29	1015 North Fourth Ave	1		220,481	0	0	248,172	0
	93	1301 Bryant Maintenance Off.	1		125,577	0	30,074	94,963	3,492
	96	1001 Washington Main Office	1		1,871,367	3,968	1,136,658	356,447	0
		Total MM&S	**3**		**2,217,425**	**3,968**	**1,166,732**	**699,582**	**3,492**
		GRAND TOTAL	**800**	**5,920**	**144,878,145**	**25,176,457**	**35,482,135**	**17,483,901**	**12,495,025**

ASSET PRESERVATION STRATEGIES

As an MTW agency, MPHA has been able to utilize fungible authority to increase the amount of funds allocated to capital improvements above the CFP allocation from HUD. However, with the current administration's proposed budget cuts to all PHA programs, our ability to dedicate additional funds to capital investments will become increasingly difficult. The ever-widening gap between capital improvement needs and the dollars allocated to MPHA through HUD's Capital Fund Program has prompted MPHA to develop multiple asset preservation strategies.

These include the following:

A. Participating in special programs offered by HUD.
B. Implementation of repositioning/redevelopment strategies.
C. Seeking funding opportunities other than HUD's Capital Fund Program and devising other strategic initiatives.

A. Preserving Assets though HUD Programs

Energy Performance Contracting – In 2010, MPHA contracted with Honeywell International, Inc. to implement $33.6 million of energy conservation measures throughout MPHA's properties. The contract was financed under HUD's Energy Performance Contracting (EPC) program incentive to borrow private capital to fund energy improvements. This "green" project, which included replacing 40-to-50-year-old boilers and installing low-flow toilets and shower heads, is now complete and on its fifth year of a 20-year energy savings guarantee by Honeywell.

As MPHA and Honeywell transitioned from construction to energy savings monitoring, other savings and improvement opportunities were discovered. The original loan was refinanced to a lower interest rate and an additional $3.36 million worth of improvements have been completed. These included enhanced LED site lighting at all MPHA high-rise sites as well as roof replacement at the three Horn Towers buildings.

Typical Old High-rise Boiler

New Boiler Installation

B. Asset Redevelopment & Repositioning

During 2017, MPHA initiated an in-depth portfolio analysis to determine the best way to enhance each property's value while preserving its long-term viability. This evaluation will look at the current condition, social and strategic value, and income potential of each property that will result in a series of recommendations for funding redevelopment or major rehabilitation. Steered by MPHA's *Guiding Principles for Redevelopment and Capital Investments*, this analysis will launch a 10-year improvement effort of MPHA's portfolio.

Following are a few strategies MPHA has begun to explore.

- MPHA looks for opportunities to reposition some of its single-family scattered housing properties with the most extensive capital, operational and maintenance needs and replace these with small clusters of town house or other multi-unit developments. A prototype example of a small cluster of family housing is the development of a five-unit townhome development in Linden Hills that was completed in 2006.

Townhome Development in Linden Hills

- MPHA is also exploring "micro" or "tiny" homes and how we may be able to incorporate these concepts into our housing stock, both within the scattered site portfolio and our highrise properties. By adopting design concepts that are both efficient and sufficient, MPHA envisions a housing stock that may be more sustainable in the long term.
- MPHA is researching the cost-effectiveness and design attributes of modular home construction to determine if this model could be used for new construction projects.
- MPHA is also in the process of assessing options for the preservation of 184 units at its Glendale Townhomes in Prospect Park, our oldest major property. This 12.5-acre site with 184 family townhome units has extensive capital needs and MPHA is considering several options that will ensure the preservation of these units in the long term. The needs at this property are identified in the five-year schedule of capital needs. As the preservation strategy is formulated for this site, MPHA may allocate additional capital funds to support these efforts.
- The Elliot Twins high-rise property is an example of an existing property that could be used to develop additional affordable and public housing. It is in an area experiencing increasing redevelopment and the grounds and surface parking lot could accommodate additional housing units. MPHA will further study this site and potential development plans into 2018.
- MPHA's administrative building at 1001 Washington Avenue North is on the edge of Minneapolis' North Loop neighborhood, which is increasingly becoming fully developed. MPHA will examine whether it makes sense financially to redevelop its 1001 Washington site to take advantage of the real estate market and to create administrative space that better meets its needs. MPHA is also considering disposition and/or redevelopment of its warehouse facility located at 1301 Bryant Avenue North.
- MPHA is exploring new strategies to address the challenges of Heritage Park, including the possible return of units to MPHA control. Although RAD appears to not be the best option for this site, MPHA is exploring other developments where RAD may be appropriate and feasible. However, no specific development has currently been identified as a possible RAD project.

- MPHA has 141 Faircloth units and will continue to examine development proposals to utilize these units. In addition to finding locations for the Faircloth units, MPHA will continue to solicit public and private funding sources to help pay for the acquisition and development activities needed to put the units into service.
- MPHA owns three vacant single-family lots that it could use to implement the strategies identified above, including the use of Faircloth units, energy-efficient homes, or micro-homes. In addition, MPHA owns approximately 14 acres of vacant land in its Heritage Park development and will continue to monitor market conditions and development opportunities so that it can develop these parcels to the fullest at the appropriate time.

C. Supplemental Funding Sources & Other Strategic Initiatives

Due to the extent of MPHA's capital needs and the insufficient level of funding provided by HUD, the need to cobble funds from various sources outside the traditional HUD's CFP has become a much-needed activity. In the past, MPHA has been successful in securing grants from the Met Council and the City in redevelopment activities and from the State for affordable housing preservation. For example, MPHA secured a $1.2 million public housing preservation grant from the State of Minnesota in 2015 to help fund major plumbing replacement, fire protection installation, apartment improvements, and HVAC upgrades at its 620 Cedar Avenue South building, which was substantially complete in July 2017. In 2018, MPHA may compete again for affordable housing preservation grants available through the State as well as other possible sources.

Although MPHA has implemented significant energy conservation measures through its EPC program and other means, we believe greater energy savings can be accomplished through additional retrofits and other initiatives. MPHA has contracted with experts in ultra-energy efficient and passive home design to develop a retrofit package for our single-family homes and highrise properties, which will be tested in two pilot projects. The goal of the pilot projects is, at a minimum, devising a set of replicable improvements that can be implemented at other single family and highrise properties which will yield similar or same energy reductions in our entire portfolio.

While these improvements may have longer pay-back periods, there is a potential of achieving multiple benefits including utility (operational) savings, a reduction in capital needs, and newer components or systems that have longer than normal useful life cycles. In addition to replicable improvements, MPHA and its energy experts aim to define additional improvements tailored to the pilot projects (which may include on-site renewable energy components) that can be undertaken to bring those properties to or as close to net zero as possible. Although this will prove particularly challenging at our highrise properties, if attainable, MPHA believes these innovations could help significantly pave the way to long-term sustainability for our properties.

In 2017, MPHA has partnered with the Sustainable Resource Center (SRC) to implement energy improvements worth $73,000 in eight units (approximately $9,200 per unit) at the Glendale Townhomes community. SRC, through a grant from the Department of Energy, made these weatherization improvements on MPHA's behalf, with no funds coming from MPHA. Launched as a pilot program, this work entailed installation of wall and ceiling insulation, LED lights, and improved ventilation. Based on the results of these improvements, MPHA has partnered with SRC to expand the pilot and implement further improvements for the entire Glendale community.

Lastly, MPHA will work to develop an ultra-energy efficient new construction model that could become our "standard" for all new single-family home developments. This will also be a pilot project that could be developed on an existing vacant lot or as a replacement of an obsolete home with significant capital needs.

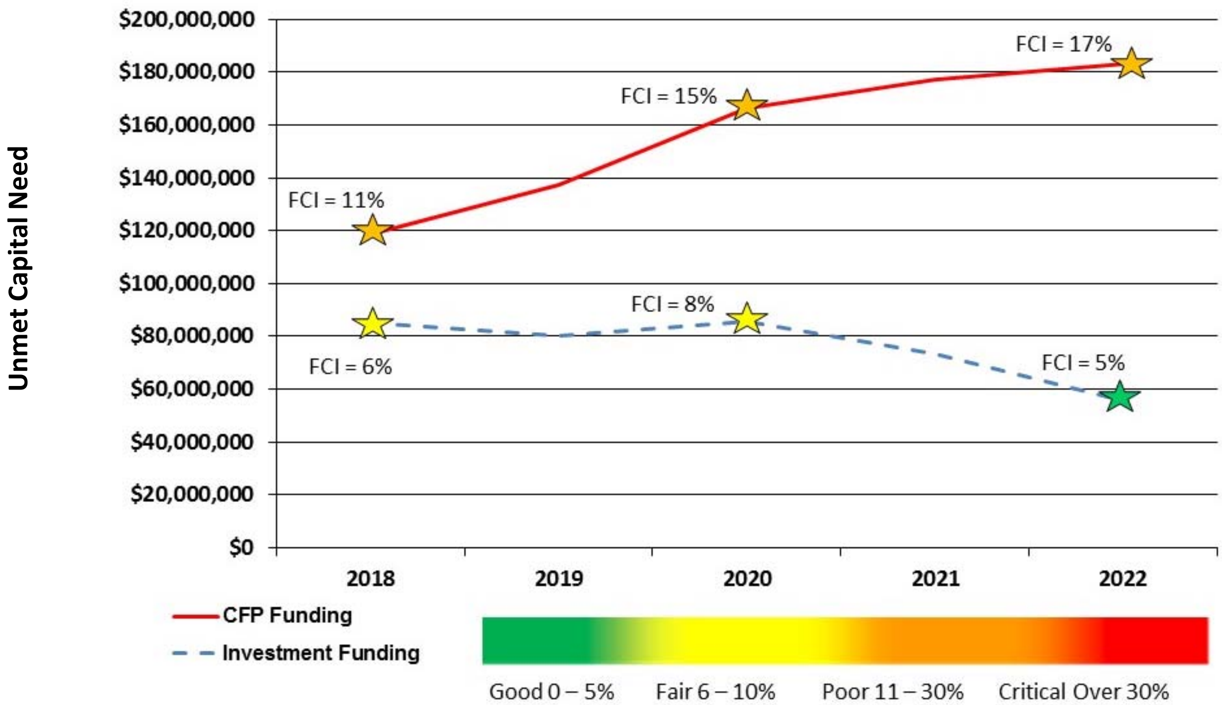
MPHA energy efficient panel wall system home built in 2006

FACILITY CONDITION INDEX

MPHA assesses the physical condition and tracks the performance of our properties by utilizing an industry-accepted tool known as the Facility Condition Index (FCI). The FCI is used by industries that have responsibility over large capital asset inventories such as higher education, municipalities, military, and increasingly, public housing authorities. The FCI is a measurement that considers the "growing" capital renewal needs year over year and measures it against the replacement value of an asset (FCI = Need/Asset Value). MPHA uses this information to understand the current state of each property, to forecast a building's future performance based on various funding levels, and to formulate asset preservation strategies such as those mentioned above that will keep our housing stock viable for the long term.

MPHA's goal is to raise significant capital to implement a multi-year strategy for addressing capital needs and preserving our assets. Through recent and projected Capital Fund Program appropriations, MPHA anticipates approximately $52.6 million may be available to implement capital work over the next five-year period, which includes expenditures for capital projects that are currently or will soon be underway at the time this report was published. The following chart illustrates MPHA's Facility Condition Index (FCI) for the next five years assuming projected CFP appropriations, as well as the capital MPHA will need to raise to sustain a "Good" to "Fair" FCI for our properties during this timeframe. The trend lines indicate unmet needs after funding is applied.

COMPARISON OF FUNDING FOR CAPITAL IMPROVEMENTS BASED ON FACILITY CONDITION INDEX



Assuming HUD's projected 2018 CFP funding levels of $6.4M over the next several years, unmet capital needs will continue to rise and MPHA's assets will slip further into the "Poor" range. Aging properties and reductions in funding levels have made asset preservation an increasingly difficult challenge. MPHA must continue to aggressively pursue strategic opportunities that improve MPHA's asset condition through initiatives that include development, creative financing, and capital investment in existing assets. To bring our properties into the "Good" to "Fair" range and reduce unmet capital work, MPHA will need to identify investment funding that can yield approximately $30M annually over the next several years. While this will prove to be a significant challenge, MPHA must take a proactive approach in protecting these extremely valuable assets for our current and future residents.

APPENDIX C: Responses to Public Comments on the 2018 Draft MTW Annual Plan

MPHA's Moving to Work (MTW) Agreement with the United States Department of Housing and Urban Development (HUD) requires that the agency provide for community participation via 1) making the draft plan available for public comment for at least 30 days, 2) gathering public comment through a public hearing, and 3) allowing 15 days between this public hearing and approval of the plan by the MPHA Board of Commissioners. MPHA exceeded these HUD requirements by holding three additional informational meetings at which public comment was collected, providing 30 days between public hearing and board vote, and providing a public comment period totaling 82 days (see discussion below). MPHA also takes a broad approach to making the plan "available," posting it online, mailing or emailing it upon request, and making it available at every property office and the MPHA Central Office. MPHA also offered live slide-deck presentations of the draft plan, with interpretation available in any requested languages, consistent with the agency's Limited English Proficiency (LEP) policy.

HUD guidelines do not require the presentation of, or response to, public comments. However, the agency provides the summary below, including our responses in-brief, as appropriate. We quote from specific comments where it is helpful to illustrate a point, but retain all commenters' anonymity. MPHA thanks all who took the time to comment in writing or in person. MPHA staff read and consider all comments to inform the coming year's plan and our trajectory more generally.

Comments on the draft 2018 MTW Annual Plan fell into four broad categories: comments on specific 2018 Proposed MTW initiatives, general comments on MPHA's asset preservation efforts, comments on the MTW process, and comments outside the scope of the 2018 MTW Annual Plan.

COMMENTS ON 2018 PROPOSED MTW INITIATIVES

Regional MTW Designation

One commenter generally commended the explicit focus on mobility and opportunity in the plan, while reminding the Agency to continue a parallel focus on investing in-place so that "poverty pockets no longer exist." Another commenter urged that regional collaboration include a focus on "better service for survivors of gender violence." The commenter suggested MPHA work with regional housing partners and social service agencies to broaden options and speed up action when tenants in public housing or with Housing Choice Vouchers need an emergency transfer under the Violence Against Women Act (VAWA). The commenter pointed to practices in Chicago as a possible model.

MPHA RESPONSE: MPHA welcomes the suggestion and references, and will carry this emphasis forward into future discussions with our Regional Working Group.

Conversion of Public Housing Operating Subsidy and Capital for MHOP (Metropolitan Housing Opportunity Program) Units to Housing Choice Voucher Funding

One commenter asked whether this initiative will require a Rental Assistance Demonstration (RAD) application. MPHA does not anticipate pursuing RAD to accomplish this initiative. Rather, we hope to work otherwise with HUD to achieve a permanent change in funding for these units from public housing to project-based vouchers (PBVs).

This commenter also asked whether the conversion to PBVs will decrease the number of tenant-based (non-project-based) vouchers otherwise available to families.

MPHA RESPONSE: This initiative will not require MPHA to utilize its current allocation of Section 8 vouchers. Instead, we are proposing to use our MTW authority to convert the funding for these public housing units into PBV funding. We anticipate this will significantly ease the administrative burdens for owners of these properties that have only a few public housing units, and simplify the process for the families these units house.

Goal-Oriented (GO!) Housing

One commenter criticized the "linking of social service or educational services requirements with tenancy." Specifically, the commenter expressed concerns that tenants enrolled in these programs who become ineligible might lose housing or have their housing assistance time-limited. The commenter also asked how household savings incentives will be structured.

MPHA RESPONSE: The mechanics of the GO! Housing program are yet-to-be-determined. We welcome these insights at this early stage, and they will surely enter this conversation as it unfolds. MPHA will be working with residents, participants, partners, and others to identify challenges and create a program that meets the life-goals of those who choose to enroll. In all cases, the fundamental program objective will be to provide tools and create economic opportunity for families; all program rules or components should meet this test.

Release of Declaration of Trust (DOT) to Preserve Public Housing

Multiple commenters raised questions and objections to this initiative, some of them extensive and detailed. In general, these comments objected that MPHA's transition from a Declaration of Trust (DOT) to a Land Use Restriction Agreement (LURA) for its public housing properties would "allow privatization" of public housing, in turn leading to increased rents, displacement of public housing residents, and long-term "dismantling" of MPHA's deeply subsidized affordable housing.

MPHA RESPONSE: MPHA shares commenters' concerns about the short- or long-term loss of the housing we provide to very low-income families. However, the objections to the LURA proceed from a fundamentally incorrect understanding of how they work when combined with public housing. Commenters cited scenarios that apply only to private and nonprofit affordable housing developers, which are not relevant when a public housing agency is 1) negotiating terms contingent upon preservation, non-displacement, and resident protections, and 2) applying a substantial public housing operational subsidy that covers much of the rent for these units.

One representative comment cites an example of a "typical LURA" in which units are designated for people who make 50 percent or 60 percent of the Area Median Income (AMI). The comment states that since public housing residents typically make less than this, a LURA would render them ineligible to live there. However, this "typical" LURA is not at all typical—and in fact would be fundamentally incompatible—in any public housing context. The federal public housing subsidy must be applied—as it is today—primarily to house very low-income people (those with 30 percent of AMI or less). Any LURA applied to an MPHA property would inherently have to entail continued affordability to the same residents who can afford it today.

The comment also refers to a new, non-MPHA "owner" who, under a LURA, will be able to make unilateral decisions that negatively affect low-income tenants. However, no LURA in a public housing context would assign or allow such control. While an equity investor, facilitated by a LURA, might enter temporary co-ownership with MPHA to fund property improvements, partnering with a public housing authority (and the federal housing subsidy that pays most of the rent) means they do not and cannot gain the decision-making power they would have in a private context. Any such partnerships would be transparent and predicated on the long-term preservation of homes for public housing residents.

Finally, commenters raise the expiration of LURAs, citing LURA terms in the private sector of as little as 15 years. The income-affordability restrictions in a LURA are a subject of negotiation, and MPHA accepts its accountability to the community to assure affordability that is locked-in for much longer than typical terms in private development. Compared to the private sector, this is highly feasible because investors do not commit for the long-term; investors typically leave and the property reverts to full housing authority ownership after 15 years. Nor are private-sector developers bound as we are by MPHA's mission, which permits us no interest other than the housing of very low-income people.

MPHA recognizes that these distinctions become complex. We remain committed to ongoing efforts to allay fears about this transition, and articulate the substantial advantages of the LURA versus the DOT. The DOT was not designed, did not envision, and has not adapted well to an environment in which the federal government no longer provides adequate capital support for public housing. The LURA framework allows us to bring new money to the table that could meet the repair and redevelopment costs to preserve MPHA properties and save the homes of the people we serve.

MPHA, in fact, has 306 public housing units that already operate under LURAs in our MHOP program. Each home houses a family placed from MPHA's public housing waitlist, with the same protections and rent determination as all other public housing residents. Housing authorities nationwide have used the LURA framework to preserve at least 72,000 public housing units and raise $4.2 billion to improve them.

Given the complexity of these topics, MPHA has made further, basic public promises that we expect the community to hold us to. These include that that no resident will lose housing assistance, and rents will not increase because of these changes. Further, MPHA's ironclad and only objective is to preserve—and increase, if possible—deeply subsidized housing for very low-income people.

GENERAL COMMENTS ON ASSET PRESERVATION AND DEVELOPMENT

The remainder of comments germane to the draft plan document addressed the preservation of MPHA's public housing. The plan details certain capital spending projects anticipated in 2018, and discusses generally MPHA'S intention to explore alternate financing structures for investing in our portfolio of highrises, townhomes, and "scattered site" homes. This is motivated by the extreme-and-growing gap between capital needs and federal capital funding.

Multiple commenters conveyed a belief that MPHA plans to sell its buildings to outside developers, lose some or all of its affordable housing, raise rents, and "move from a public system to a privatized system." Some stated that such actions will allow Minneapolis neighborhoods with MPHA housing to gentrify, and will discriminate against immigrants and people of color. Comments urged the housing authority not to do these things (or admonished it for having already done them).

MPHA RESPONSE: MPHA's mission binds us to preserve and enhance affordable housing in our community. MPHA finds the comments above highly valuable in that they convey the depth of passion felt by people toward their homes, and by their Minneapolis neighbors who recognize the value public housing provides. These are passions we will need in the years ahead.

We also find these comments informative in capturing the depth of misunderstanding in parts of the community about our intentions and our actual actions. They show the challenge ahead in engaging the community on the challenges we face and the opportunities available to us. MPHA sees itself as an essential provider of housing for those the market cannot or will not serve; as a vital safety net for our most vulnerable people, including low-income seniors, the disabled, and immigrant families; and as a provider of economic opportunity to families for whom stable housing is the key to education and employment. MPHA properties are bulwarks against gentrification. We believe our values and those of these commenters are fundamentally aligned.

MPHA has no plan in place for any property. We are analyzing our portfolio of buildings to assess our greatest needs and priorities, so we may begin to explore paths forward that meet our goal of long-term housing preservation. The public deserves to be informed, and we are transparently discussing a menu of funding options including the state and city vehicles such as tax levies, bonds, loans, and the LIHTC. While the last of these brings private investors to the table, partnering under the LIHTC in no way constitutes “privatization” nor entails the outcomes invoked by some commenters. MPHA will continue to share widely the preconditions and resident protections that would characterize any plan for our properties.

Some comments stated that MPHA must “keep public housing public” and that the agency should obtain any necessary money from “the state legislature, city council, and county board.” This same commenter also acknowledged that the current state of such funding is “paltry.” These commenters will be glad to know that MPHA intends, as we have in prior cycles, to seek a substantial allocation for Minneapolis from among the $10 million in “public housing preservation” bonds authorized by the Minnesota Legislature. However, this figure is dwarfed by the capital needs of MPHA alone ($127 million), much less the need of housing authorities statewide. MPHA testified at the Legislature this spring that $10 million is insufficient, and will continue to push for much greater state investment in its aging public housing.

Although we may differ with commenters on the financial capacity of the City of Minneapolis to address our full capital needs, MPHA continues to press city officials to restore the public housing tax levy. The city eliminated the levy in 2010. It could potentially provide more than $8 million a year to the housing authority, which could be applied to capital needs and (as was the case prior to 2010) to enhance security across our properties. We welcome the proposal for $125,000 for MPHA security in the Minneapolis mayor’s current proposed budget; financial contributions from the city will be essential to the upcoming construction of the Minnehaha Townhomes public housing; and we continue to explore ways to access other affordable housing funding at the city level. We are aware of statements by city officials and candidates regarding much larger, long-term city investments directly in public housing. As a general rule, we support any funding that helps us deliver homes—even as we know we cannot bank on politically uncertain proposals in the face of our immediate and growing needs.

COMMENTS ON THE MTW PLAN FORMAT AND PROCESS

Some public comments focused on the format of the draft plan, and/or the public process of review and comment. Other comments commended MPHA for the effort behind the plan and criticized third-parties for making the plan process unusually contentious.

MPHA RESPONSE: Concerns about format included that the original plan document was long and difficult to understand, and contained unfamiliar acronyms. MPHA takes these concerns seriously, and made adaptations to address them, recognizing that this year the MTW Annual Plan received a surge in general public interest that has not characterized the process in the past. MPHA created a draft executive summary that placed the focus on the core elements of the plan and context of our operations in 2018. The plan has undergone substantial review and rewriting from its initial draft version. MPHA also reviewed the text for acronyms not identified on first-use, and added an acronym glossary to the final draft.

MPHA also, as it has in the past, prepared a presentation slide-deck and delivered it at multiple daytime and evening meetings publicized to public housing residents and Housing Choice Voucher participants. These meetings provide a chance to learn about the plan and ask questions in a format many may find more accessible than reading the document itself.

MPHA reminds commenters that the primary audience for the MTW Annual Plan is the agency's housing regulators at HUD. Many of the tables, financial data, and other elements that might feel inaccessible to the general public are required by federal regulation. Nonetheless, MPHA values transparency and public accountability, and these values will continue to inform the plan format in coming years.

Other comments expressed concern that the MTW Annual Plan was not translated into multiple languages. As stated, the plan is a document required by and prepared for HUD; translation of this document is not required by HUD, by applicable law, or by our own Limited English Proficiency (LEP) policy. We have not translated it in the past, nor are we aware of any housing authority that does so.

However, recognizing the public interest in the plan this year, MPHA translated the draft executive summary into Somali, the one language (other than English) present in our resident population in a significant proportion. MPHA also provided interpreters in Somali, Hmong, Oromo, and American Sign Language at each public meeting and the official public hearing, in anticipation of potential need.

Process-related comments included that the document was not widely disseminated and easily available, and that the 60-day period for public review was too short. MPHA respectfully disagrees, even as we extended our review period this year to accommodate these complaints. MPHA made the document available on its web page on July 10, 2017, beginning a planned 60-day review and comment period—twice as long as required by HUD. The documents were available in printed form at MPHA's Central Office and in every property management office. MPHA used its social media platforms to further publicize the documents when they became available. All public housing residents received notice of the public information meetings, which also described where to find the documents.

Some commenters asserted that the public comment period should not begin until after the public hearing. HUD regulations make clear that the comment period begins when the documents are available for review. Given requests this year for additional time to review and comment MPHA rescheduled its public hearing to the following month and accepted comments until September 30th, ultimately providing an 82-day public comment period. However, this is not an indication that MPHA will provide a similarly extended comment period in future years.

One commenter stated that holding the public hearing during the day was inconvenient for many. The public hearing is held in conjunction with MPHA's scheduled Board of Commissioners meeting. The City of Minneapolis and other government entities routinely hold public hearings during business hours, in conjunction with regular meetings. We understand that a daytime hearing is difficult for some, which is why MPHA offered two evening meetings where we also accepted public comment.

One commenter stated that MPHA staff talked too long at these public meetings. MPHA staff will be mindful of the length of our presentation in future cycles. It is also the case that many commenters at the evening meetings are seeking answers and engagement, and MPHA staff does its best to provide helpful responses in the time available. We will be mindful that these responses do lengthen the time of these meetings, and continue to work to strike the best balance.

One commenter mentioned "intimidation" at these meetings. MPHA intends for all meetings to be welcoming, civil environments. We also respect the right of dissenting voices to be heard. In limited cases where groups sought to physically impose themselves between speakers and staff, crowd around MPHA staff, and otherwise repeatedly disrupt the ability of meetings to proceed, MPHA security staff appropriately and nonconfrontationally asked these individuals to respect meeting decorum, or to leave.

MPHA also received some comments thanking MPHA staff for the plan, which one commenter wrote "continue(s) to reinforce housing as a bedrock of success." One commenter stated that they were "offended and disturbed by the misinformation and disinformation" circulated about the plan; another criticized third-parties who were using the plan to circulate rumors that "all our buildings are going to be torn down." As stated above, MPHA will continue to work to help residents and the general public have accurate information and an improved understanding of our work.

COMMENTS NOT DIRECTLY RELATED TO THE MTW ANNUAL PLAN

Multiple comments specifically referenced the Glendale Townhomes development. One commenter stated that "we have been asked to move out of Glendale…and that the homes will be demolished." Another said that "we have heard news that we are going to be evicted from our homes"; another chastised MPHA for "putting people out on the streets" from Glendale.

MPHA RESPONSE: Redevelopment of Glendale is not addressed in MPHA's 2018 MTW Annual Plan. There is no plan—nor has there been—to demolish Glendale. Any information that Glendale is to be demolished or that people need to move out has not come from MPHA. Glendale has a proud history and is deeply valuable as public housing. It is also 65 years old, and faces considerable need for capital investment if it is to continue to house families for the next 65 years. MPHA has committed to preserving housing at Glendale, at the same level of affordability and for at least the same number of families. We look forward to working with residents and the community in the coming years to reach this goal.

Other comments offered suggestions unrelated to the plan, including solar panels on MPHA roofs, returning to armed security guards from security cameras in MPHA properties, and turning hotels built in Minneapolis for the upcoming Super Bowl into affordable housing after the event.

MPHA RESPONSE: MPHA has shared these with appropriate personnel, and thanks the commenters for the suggestions.

APPENDIX D: GLOSSARY OF COMMONLY USED HOUSING TERMS

ARRA – The ***American Recovery & Reinvestment Act of 2009 ("*Recovery Act")** was a stimulus package enacted by Congress in 2009. Though the primary objective was to save and grow jobs, the Recovery Act also provided temporary relief for programs most affected by the recession and allowed investments in infrastructure, education, health, and renewable energy.

ACC - Annual Contributions Contract is the written contract between HUD and a Public Housing Authority (PHA) under which HUD agrees to provide funding for a program (under the Housing Act of 1937), and the PHA agrees to comply with HUD requirements for the program.

AMI - Area Median Income - an estimate from the Department of Housing and Urban Development (**HUD**) of how much money families in a given area earn on average.

AMP – Asset Management Projects is a term used to identify the PHA's property groupings.

CFP - Capital Fund Program is an annual grant in which HUD provides funds for the modernization and development of public housing beyond the scope of routine maintenance.

CFR – Code of Federal Regulations are published federal rules that define and implement laws; commonly referred to as "the regulations."

CDBG - Community Development Block Grant is a flexible program that provides communities with resources to address a wide range of unique community development needs.

CMTO - Creating Moves to Opportunity is a nationwide collaboration between universities, foundations, and PHAs with the purpose of improving long-term outcomes of children by evaluating strategies that support Housing Choice Voucher (HCV) families in moving to higher opportunity neighborhoods.

DOT - Declaration of Trust is a legal instrument which grants **HUD** an interest in a public housing property. It also provides public notice that the property was developed, maintained, or operated with Federal assistance and is, therefore, held in **trust** by the public housing agency for the benefit of **HUD**.

EPC - Energy Performance Contract is a financing mechanism authorized by Congress designed to accelerate investment in cost-effective energy conservation measures in federally supported buildings such as public housing.

Extremely Low-Income Family – a family whose annual income does not exceed 30 percent of the area median income, as determined by HUD.

Faircloth Authority – named for a former U.S. Senator Faircloth and refers to additional public housing subsidy that MPHA is permitted to access, provided we can build or acquire the units.

FSS – Family Self-Sufficiency Program is a HUD program in which a PHA promotes self-sufficiency of assisted families, including the coordination of support services.

FUP – Family Unification Vouchers are special purpose vouchers provided to two different populations: families and former foster-care youth (ages 18-24) that are homeless or lack adequate housing. Eligible families are referred by the local child welfare agency to the PHA.

HAP - Housing Assistance Payments contract – a written contract between the PHA and a property owner established to provide rent subsidies on behalf of an eligible low-income family.

HCV – Housing Choice Voucher (Also known as "Section 8") can be used to pay a portion of a tenant's rent in a privately-owned apartment or home. Families contribute on average 30 percent of their income towards their rent and utilities and MPHA provides the rest. (Families can use the voucher to choose where they want to live within Minneapolis or outside the city.)

HQS - Housing Quality Standards are established by HUD and outline minimum life-safety requirements for any housing assisted under the voucher program.

LURA – Land Use Restriction Agreement is a legally binding contract requiring the parties to limit the use of a property for a specified term. LURAs are typically used in connection with low-income housing tax credits to ensure that a housing property is restricted to households who make a certain income (for example, 30% of Area Median Income) for an agreed-upon period. By agreement among the parties, this period need not match and may exceed the tax credit compliance period (for example, 30 years or more).

LEP - Limited English Proficiency Plan is developed by the PHA, per HUD requirements, to make reasonable efforts to provide free language assistance and meaningful access to a client who does not speak English as their primary language or has limited ability to read, write, speak, or understand English.

LIHTC - Low-Income Housing Tax Credit is a dollar-for-dollar tax credit in the United States for affordable housing investments that gives incentives for the utilization of private equity in the development of affordable housing aimed at low-income Americans.

MTW – Moving to Work Demonstration Program created by Congress in 1996 allows housing authorities to design and test innovative, locally-designed strategies for providing low-income families with affordable housing. MTW allows the agency to waive most HUD regulations if the agency meets at least one of three statutory objectives: (1) increasing housing choices, (2) creating opportunities for families with

Portability – A family utilizing a Housing Choice voucher can choose to rent a dwelling unit in a city outside their initial PHA.

PBRA - Project Based Rental Assistance was authorized by Congress in 1974 to provide rental subsidies for eligible tenant families residing in newly constructed, substantially rehabilitated, and existing rental and cooperative apartment projects. Under it, developers (for-profit or non-profit) would build low-income housing and HUD would make up the difference between the HUD-approved rent (Contract Rent) for the assisted unit and the HUD-required rental contribution from eligible tenant families.

PBV – Project-Based Voucher provides rental assistance to families living in privately owned apartments. Using the voucher funding, MPHA enters into a contract with the property owner to ensure that these units are preserved as affordable housing for up to 20 years.

RAD - Rental Assistance Demonstration was created to give public housing authorities (PHAs) a tool to preserve and improve public housing properties and address the nationwide backlog of deferred maintenance.

Subsidy Standards are established by a PHA to determine the appropriate number of bedrooms and amount of subsidy for families based on the number of people and the family composition.

SNAP - Supplemental Nutrition Assistance Program, formerly known as Food Stamps, helps low income families to purchase nutritious food.

VASH - Veterans Affairs Supportive Housing This joint HUD-Veterans Affairs (VA) program combines Housing Choice Voucher (HCV) rental assistance for homeless Veterans with case management and clinical services provided by the Department of Veterans Affairs (VA).

Very Low-Income Family – A low-income family whose annual income does not exceed 50% of the area median income for the area, as determined by HUD.

APPENDIX E:

Supporting documents related to "Release of Declaration of Trust to Preserve Public Housing" (proposed activity)

MPHA Legal Memo

Approval Letter: Cambridge Housing Authority "Liberating Assets to Leverage Funds" Activity

CHA "Liberating Assets to Leverage Funds" Activity (CHA 2011 MTW Annual Plan)

July 3, 2017

MEMORANDUM TO: Gregory P. Russ
FROM: Lisa R. Griebel

SUBJECT: Legal Authority – MTW Initiative – Release of DOT

ISSUE: You asked that I provide you with a legal opinion as to whether the 2018 MTW Initiative requesting a waiver of the Declaration of Trust requirement is supported by law. As more fully explained below, the answer is yes, in that (1) HUD has the authority to waive the DOT requirement under the MTW statute; and the (2) initiative meets one of the statutory objectives set forth in the MTW enabling legislation.

FACTS: MPHA is designated a Moving to Work (MTW) public housing authority pursuant to the Moving to Work (MTW) Demonstration program, as authorized by FY 1996 omnibus appropriations law (Section 204 of Title II of Pub.L. 104-134, codified at 42 USC 1437f Note.) Under the program, MTW agencies are granted flexibility in developing and implementing programs and policies with the intention of meeting enumerated policy objectives, namely: (1) reducing costs/increasing cost-effectiveness; (2) encouraging self-sufficiency; and (3) increasing housing choice for low income families. (Id. Sec. 204).

For example, MTW agencies are free to combine Section 8 funding with LIPH operating and capital funding, thereby creating one funding stream for housing assistance and development. In addition, with limited exceptions, HUD is authorized to waive the regulations established under the US Housing Act of 1937 as amended (HA1937), if it will assist the MTW agencies in instituting housing initiatives that meet a statutory objective. The waiver authority does not extend to labor standards and demolition and disposition requirements under HA1937. (See Sections 12 and 18, HA1937 respectively)

LEGAL ANALYSIS: A release of the DOT requirement as an MTW Initiative is proper assuming HUD is authorized by law to waive the requirement and if the waiver would meet a one of the statutory objectives established by Congress in enacting the MTW Demonstration Program. In this case, both prongs of the analysis are satisfied.

The requirement that public housing authorities grant and record a declaration of trust (DOT) in favor of HUD on its properties originates directly from HA 1937 and related regulations. The Housing Act of 1937 authorizes HUD to require that a PHA grant it an interest in PHA property to ensure the low-income character of the property. The Housing Act provides that HUD "may include in any contractor for loans, contributions…or any other agreement or instrument…such covenants, conditions, or provisions they deem necessary in order to insure the lower income character of the project involved…" (See Sec. 6 HA1937 [42 USC 1437d (a)]).

Using this authority, HUD promulgated regulations requiring that PHAs grant, record and maintain DOTs on all PHA properties, thereby encumbering the title of all PHA properties. For example, PHAs (or Owner Entity's in the case of mixed finance) are required to record a Declaration of Trust in favor of HUD on all property pursuant to various provisions of 24 CFR Section 905. More specifically, §905.100, §905.108 (definitions), 905.304 (ACC requirements), §905.318, §905.505, §905.510, §905.600 and §905.604. The DOT is a requirement of the Annual Contributions Contract. (See Sec. 8, Part A Consolidated Annual Contributions Contract). In addition, HUD has instituted various other first lien prohibitions through official guidance.[1] As the DOT requirements arise out of HA1937 and related regulations and are not specifically exempted from waiver, they are waivable.

Whether the waiver is appropriate in this instance depends upon whether the MTW initiative meets one of the statutory objectives set forth in the MTW statute. As the relinquishment of the DOT restriction would undoubtedly encourage private investors to fund capital improvement projects and new construction in exchange for a first lien position on unencumbered property, it would lessen the need for federal dollars in capital improvement projects. In other words, an increase in private dollars results in lower federal expenditures and greater cost effectiveness. Currently, the prohibition of granting first lien status on DOT encumbered dwelling units is a serious impediment to attracting private industry interest in public housing projects. In addition, a readily available alternative exists to ensure a sustained

[1] While the U.S. Housing Act, as amended by the Quality Housing and Work Responsibility Act of 1998, specifically provides that a PHA may grant a security interest in any public housing project, HUD guidance includes onerous requirements for approval and prohibits a first lien position on dwelling units. See (QHWRA, PL 105-276, Oct. 21, 1998, Sec. 516; PIH Notice PIH 2011-30, Issued: June 8, 2011, respectively).

low income nature of the property, that is, a long term land use restrictive covenant.[2] The latter serves the same policy purpose without acting as a deterrent to private investors who otherwise would provide capital were it not inability to secure clean title of PHA property.

CONCLUSION: The MTW initiative which includes a waiver of the statutory and regulatory requirements that its properties be held in trust for HUD is allowable under the MTW legislation.

[2] Declarations of Restrictive Covenants are authorized in lieu of a DOT in mixed finance and RAD projects.

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-5000

OFFICE OF PUBLIC AND INDIAN HOUSING

DEC 27 2010

Mr. Gregory P. Russ
Executive Director
Cambridge Housing Authority
675 Massachusetts Avenue
Cambridge, MA 02139

Subject: Approval of FY 2011 Proposed Activity – "Liberating Assets to Leverage Funds"

Dear Mr. Russ:

The Department of Housing and Urban Development (HUD) has completed its consideration of the Cambridge Housing Authority's (CHA) Liberating Assets to Leverage Funds activity, as proposed in CHA's Annual Moving to Work (MTW) Plan for Fiscal Year 2011, and as expanded upon in CHA's November 16, 2010, letter to HUD. In its approval of CHA's MTW Plan for Fiscal Year 2011, HUD indicated that it could not yet approve the Liberating Assets to Leverage Funds proposed activity at the time, but would consider a possible demonstration around the issue at a later date. I am pleased to inform you that the initiative is now approved.

CHA's proposal, however, is largely contingent on securing a number of tenant protection vouchers whose availability the Department cannot guarantee. Thus, while HUD approves the proposed activity, the approval does not constitute a guarantee of tenant protection vouchers or other HUD funding or resources necessary to implement the initiative.

Please submit to HUD a revised version of CHA's MTW Plan for Fiscal Year 2011 that includes the description of the initiative as outlined in the November 16 letter as an appendix to the Plan.

Please contact Emily Cadik, your MTW Demonstration Coordinator, at (202) 402- 4096, if you have any questions.

Sincerely,

Ivan M. Pour
Moving to Work Program Director
Office of Public Housing Investments

cc: Donna Ayala, Boston Regional Office

These Authorizations waive parts of the 1937 Housing Act related to the setting of payment standards and tenant rents at different amounts than provided by Section 8.t. of the Act, and to permit the vouchers to be project-based for the 15-year period.

Liberating Assets to Leverage Funds

Program Description

In FY 2011 CHA proposes to unlock the equity in its public housing portfolio, given the strength of its overall financial position and the graces of a strong, stable real estate market, by permitting HUD's Declaration of Trust on each property to be placed in second position behind a private lien or mortgage. This will allow CHA more flexibility in structuring financial transactions that will better leverage the real estate asset and result in more favorable financing terms. Additional capital for rehabilitation work and energy-related improvements will result from this new initiative.

CHA's intention is similar to that which HUD has described in its recent proposed Public Housing Mortgage Program (PHMP). Additionally, CHA believes that this MTW initiative includes elements of HUD's most recent version of the policies described in Transforming Rental Assistance (TRA).

The CHA proposes to use its MTW authority to apply the principles articulated in the mortgage program notice more broadly. As proposed, Public Housing Mortgage Program still requires the Declaration of Trust to be in first position before a mortgage on dwelling units. Because a lender would be required to operate the property as public housing even after default and foreclosure, the requirement to place the Declaration of Trust in first position will limit the amount the lender might be willing to commit to a project. Placing the Declaration of Trust in second position enhances the ability of the CHA to leverage the maximum amount of private funds. The proposed PHMP permits the Declaration of Trust to be subordinate to a mortgage on non-dwelling property, in recognition that this can enhance financing opportunities. As described below, the CHA will take steps to provide adequate assurance to HUD that any risk to dwelling property is minimal.

CHA will use this approach on both dwelling and non-dwelling property. CHA will insure that the mortgage proceeds are used exclusively for low income housing uses, and that it has the ability to make payments on the mortgage or security interest. By specifying in advance what standards will apply to such transactions, the CHA reduces the degree of risk, if any, that such a transaction might create.

CHA will place the HUD Declaration of Trust in second position, CHA will also certify to the following:

1. All transactions will have a debt service ratio of 1.2 or above;
2. all transaction costs will be consistent with industry standards; and
3. all transactions will be consistent with the terms outlined in CHA's MTW Agreement.

As an element of these transactions, the CHA also plans to use MTW authority to pledge rent revenues and any necessary public housing or MTW funds, to provide additional security to lenders and investors, who might require such a pledge. To that end, CHA is seeking to make such pledges without additional HUD approval. (Note: As part of HUD's recently conducted MTW agency survey on energy, CHA also noted that this approach would benefit other types of financing transactions, such as leases of equipment incidental to Energy Services Agreements.)

While the above approach may not require the waiver of any statutory requirement, MTW provides HUD with the authority to waive any provision of the U.S. Housing Act, including Section 30. The MTW Agreement, Section I.A., provides that approval of this Annual Plan would cause the Annual Plan's provisions to supersede the standard ACC (and related real estate provisions therein).

In conjunction with this initiative CHA may also use MTW funds to provide project-based or other subsidy assistance similar to that which would be provided under the Section 8 project-based voucher program. This will provide flexibility to structure financing transactions suitable to the needs of specific projects and the resources available to meet the need of individual properties. CHA does not expect that any one approach with satisfy the capital investment needs of a property. CHA will also consider disposition or voluntary conversion of one or more of its federally assisted public housing sites, with project-based vouchers to replace public housing subsidies. These activities require approval outside of MTW but CHA wants to be on record that as capital markets demand, it may need to separately pursue such options.

Recently HUD revised its approach to Transforming Rental Assistance (TRA) proposing that certain PHAs be allowed to "swap" the existing ACC for a new form of Project Based Rental

Assistance contract. Short of creating this new contract document, this MTW initiative embodies both the spirit and approach of the revised TRA. We did not develop this initiative with TRA in mind, however that we can follow a similar path demonstrates that MTW is an excellent local and national policy lab. If HUD is interested in piloting the full TRA approach CHA is willing to discuss how such a pilot might work to the benefit of both agencies.

Anticipated Impact

By allowing flexibility to access new capital investment, CHA will preserve its Federal Public Housing stock. Over time, this MTW activity, by preserving units, will increase housing choices for low income families as well as reduce the capital contribution of the federal government to the revitalization of the public housing stock.

Statutory Objective

By repositioning its assets to leverage the significant private investment needed to revitalize public housing, CHA will preserve the long-term affordability of its stock and reduce the capital needed from the Federal government thus meeting the MTW Statutory Objective of reducing cost and achieving greater cost effectiveness in federal expenditures. This activity may also may CHA to add public housing units during modernization, as is the case with the redevelopment of Lincoln Way Apartments, meeting the third MTW Statutory Objective to increase housing choices for low income families. (Modernized units will also be fully accessible or adaptable expanding housing choice for persons with disabilities.)

This activity may also provide CHA with the ability to expand its affordable housing portfolio by acquiring other properties with the proceeds of loans that are secured by its public housing properties (as would be permitted under the proposed PHMP) again increasing housing choices for low income families.

Baseline, Benchmarks, and Metrics

Metrics:

- Number of units preserved/modernized/added
- Funds leveraged through this activity
- Current funding level for modernization under Capital Fund Program
- Energy consumption (for developments receiving energy improvements under proposed activity)

- Most recent audited portfolio value
- Reduction of carbon output in pounds per year (for developments receiving energy improvements under proposed activity)
- Number of resident or voucher holder job or training opportunities provided

Baseline:

- units preserved/modernized/added - 0
- Funds leveraged through this activity – None at present time but CHA can determine an aggregate leverage ratio for post deals.
- Current funding level for modernization under Capital Fund Program - $4.24M
- Current energy consumption of federal portfolio*
    1. Total electric use: 9,624,480 kWh (3-year average)
    2. Total gas use: 1,307,392 therms (3-year average)
- Most recent audited portfolio value - $69.12M
- Reduction of carbon output in pounds per year (for developments receiving energy improvements under proposed activity) - 0
- Number of resident or voucher holder job or training opportunities provided - 0

Benchmarks:

There are currently no values for these benchmarks, as the terms and details of each individual financing package may vary greatly depending upon a number of externalities including, but not limited to: interest rates, appraisals, receipt of Low Income Housing Tax Credits, and energy efficiency grants. CHA will establish benchmarks on a per development basis in subsequent MTW Plans if CHA reasonably expects a deal to close in that fiscal year. Benchmarks will include:

- units preserved/modernized/added
- Funds leveraged through this activity
- Current funding level for modernization under Capital Fund Program
- Current energy consumption of federal portfolio - Increased energy efficiency (for developments receiving energy improvements under proposed activity)
- Most recent audited portfolio value
- Reduction of carbon output in pounds per year (for developments receiving energy improvements under proposed activity)
- Number of resident or voucher holder job or training opportunities provided

Data Collection Process

Consistent with current practice, Planning and Development staff will collect data related to the construction, financing and resident/voucher holder training and job opportunity elements of the activity. CHA's energy consultant monitors energy consumption for all CHA properties. The consultant will report on energy consumption levels at sites receiving energy upgrades from the proposed activity; including any correlate reductions in consumption.

All of these data will be compiled and included in subsequent MTW Annual Reports consistent with Attachment B of the Restated and Amended MTW Agreement. In aggregate this data will provide ample evidence of the activity's effectiveness in accomplishing the two statutory objectives described above.

MTW Authorizations

This activity is possible through the Authorization given to CHA in Attachment C.B.1.b.ii. and vii., of the Amended and Restated Moving to Work Agreement of 2009. These citations of the Agreement provide CHA flexibility in the design and administration of housing assistance to achieve greater cost effectiveness in federal expenditures specifically with regard to the acquisition, new construction, reconstruction or substantial rehabilitation of housing and the preservation of public housing units currently serving people of low income.