



MPHA 2019 MOVING TO WORK ANNUAL PLAN

Fiscal Year January 1 – December 31, 2019



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EQUAL HOUSING OPPORTUNITY – EQUAL EMPLOYMENT OPPORTUNITY

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MISSION STATEMENT

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.

MPHA Executive Director: Gregory P. Russ

ABOUT THE MOVING-TO-WORK PROGRAM

In 1996, Congress created the Moving to Work (MTW) Demonstration Program. The program allows designated 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 it is pursuing one of 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. An MTW agency may also move funds as needed among its programs, within certain guidelines, to best meet local needs.

In 2008, the U.S. Department of Housing and Urban Development (HUD) granted MPHA its MTW status. We are one of 39 MTW agencies nationwide. MTW status does not increase MPHA's funding from HUD (and, despite its name, it does not impose work requirements on residents). However, it gives MPHA additional flexibility to weather federal funding volatility and to design programs that allow us to better serve our Minneapolis community.

Each year, MTW agencies such as MPHA must prepare two documents for HUD. In the fall, MPHA submits an MTW Annual Plan in which MPHA describes the ways we intend to exercise our MTW flexibilities in the coming year. This annual plan includes a detailed look at the programs, operations, and major capital investments of the housing authority, as well as any new MTW initiatives MPHA proposes to pursue. Each spring, MPHA submits an MTW Annual Report, which assesses our progress with respect to our goals over the prior year, summarizes our operating information, and provides updates on previously authorized MTW activities. The components of both documents are prescribed by HUD.

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www.MPHAOnline.org

Letter from the Executive Director

Just this month at a conference of housing authority leaders, a panel from HUD delivered a presentation titled simply, “Future of Public Housing.” These four words have lately become a common, go-to phrase for people who work in this field. Those of us who live and breathe this material every day tend to dive right past it, into the details. For our communities, however, there is a lot of complexity packed into those four simple words. It is worth a moment to consider exactly what they mean.

First, “the future.” Our philosophical pivot from the present to the future is hard to overstate. The motivation is clear: although the federal support for our programs has been sinking, the need for them stretches out to the horizon. Deep housing subsidies are as relevant today as they have ever been; if anything, calls for housing affordability only continue to grow.

Yet in recent decades housing authorities, including MPHA, have focused on meeting our mission day-to-day, month-to-month, year-to-year. To our credit, we have sustained our good work with less (and less, and less). In the meantime, the future has grown uncomfortably close. We can envision units pulled from service for lack of capital funding, or families with vouchers increasingly hemmed in by limited choice and opportunity.

Housing authorities are flying toward this reckoning at different speeds. For all of us, the old mindset—focused on doing the best we can, in the present—is no longer tenable. We must devote a substantial portion of our energy today to assuring that we are here to serve families tomorrow. Our communities should know that this is a major shift in how we see our work.

The second part of the phrase is “public housing”—and here it is especially important to be clear about what we mean. One interpretation clings to a technical definition, forged in the middle of the last century, based on promises the federal government has broken by providing less (and less and less) funding. Although housing authorities like MPHA will relentlessly press Congress to reverse this trend, this interpretation is rooted in an era that has passed.

A future-worthy definition of public housing rises from a set of essential and non-negotiable values that are not tied to the technical source of funding. Public housing means accountability and transparency. It means our sole focus is on the well-being of our community, especially its lowest income and most vulnerable citizens. It means developing and managing housing in the interest of these groups and no one else. It means opening opportunities for working families to realize their economic goals, thus making way for other deserving families to follow in their footsteps. It means collaborating with partners in the community, governmental and non-governmental, when they advance our public service mission.

When we put these values together with a modern set of tools, the “future of public housing” begins to come into focus. In the following pages, I invite you to read about MPHA’s vision to get there.



Greg Russ, Executive Director/CEO
Minneapolis Public Housing Authority

MPHA 2019 MTW Annual Plan

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I. INTRODUCTION/OVERVIEW: Putting Vision into Practice

The Minneapolis Public Housing Authority (MPHA) approaches 2019 with powerful motivation—and an equally powerful vision.

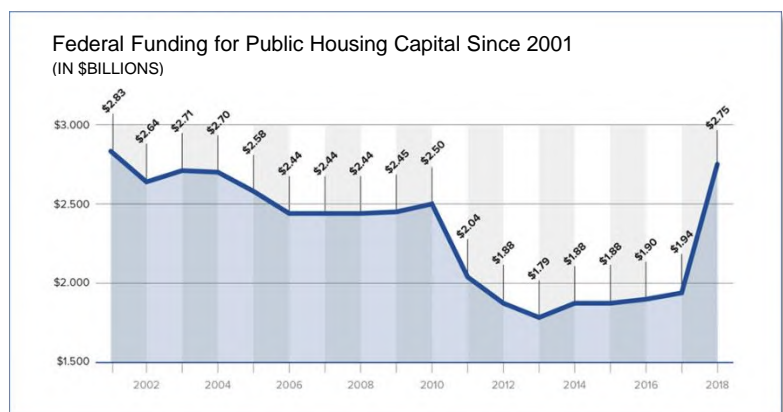
Public housing authorities across the U.S. sit dangerously squeezed between two opposing forces. On one side, decades of federal disinvestment and budget pressure; on the other, the low-income, often vulnerable families who rely upon our programs to meet the fundamental human need of shelter. It has become the “new normal” to operate without adequate funding, yet this new normal is not sustainable. Congress consistently underfunds public housing operations and the costs of administering our housing voucher program. Perhaps most pressing of all: in 2019—against estimated federal capital funding of just \$14 million—MPHA will face a \$140 million backlog of major repairs and other capital needs in the housing we own and operate. This number grows well beyond \$500 million in the next 20 years.

To be faithful to our mission, we must find innovative ways to fund our work so that we may continue to serve our current families and the families who will surely need us in the future.



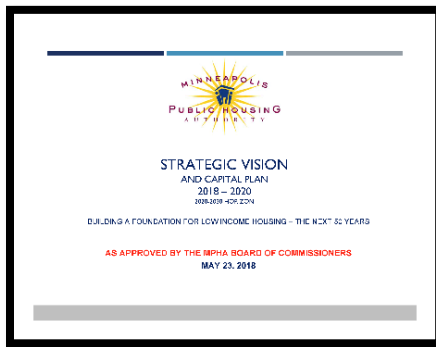
MPHA has learned over many years to run lean and make smart decisions. We have wisely used our flexibility under MTW to combine funding sources and target our most urgent needs. MPHA repurposes MTW funds to support administration of our voucher program, augment our capital expenditures, and support security and other operational needs. These measures buy time. They do not buy a different outcome in the long run.

A federal budget agreement in 2018 brought a modest break from steady declines in funding. Congress ignored proposals by the Trump administration that would have decimated public housing and voucher programs nationwide, in part by cutting the capital fund entirely and a 50 percent cut to our operational subsidy. However, MPHA considers this budget agreement no kind of victory, and history gives us no reason to take anything for granted into 2019. Even stable funding at this late stage cannot reverse decades of underinvestment in public housing capital. Nor will it allow us to extend our reach to help meet the persistent need for affordable housing that we see all around us in Minneapolis.



Source: Public Housing Authority Directors Association (PHADA)

At every turn, we will add our agency's voice to those calling on Congress to stand behind the programs and properties it created in the last century. However, we see no near-term scenario in which Washington rides to the rescue. To be faithful to our mission, we must find innovative ways to fund our work so that we may continue to serve our current families and the families who will surely need us in the future. This means using our MTW funding flexibility wherever we can to address in our unique needs in Minneapolis. It also means mobilizing in partnership with our community to invest together in physical and human capital that benefits us all.



More on the Strategic Vision:
MPHAOnline.org/Vision

Our lodestar in 2019 and beyond will be the **MPHA Strategic Vision and Capital Plan**, approved by our board in May 2018. The Strategic Vision places funding, partnerships, and operational innovations at the root of a long-term plan to preserve our mission in the current environment. The Strategic Vision followed more than a year of engaging the community on the challenges we face and the protections that public housing residents deserve. Early in this process, the MPHA Board adopted our “Guiding Principles for Redevelopment and Capital Investments,” which ensure right-to-return, stable rent, relocation assistance, and resident input on design and livability.

The initiatives under MPHA’s Strategic Vision fall under three headings:



With the Strategic Vision as our long-term trajectory, this structure will guide MPHA’s near-term actions and investments in 2019.



PRESERVING AND CREATING DEEPLY AFFORDABLE HOUSING

The diversity, age, and depth of capital needs across MPHA’s housing portfolio mean that no single tool or approach lights the way to the future. Instead, MPHA will explore a wide and creative menu of funding and structural options to preserve the homes we provide. In 2019, we will continue research and predevelopment work made possible by our \$2 million Working Capital Fund, funded in partnership with the McKnight Foundation. We will also leverage partnerships to expand deeply affordable housing using project-based vouchers (PBVs), and we anticipate reopening our Housing Choice Voucher (HCV) waiting list in 2019. *MPHA’s detailed projection of public housing capital expenses can be found in Appendix B.*

The public will—and should—hold MPHA to a high standard of accountability for our low-income housing mission. However, MPHA intends to lead a conversation based upon real-world solutions—not fantasies, fear-stoking, or twisted terminology. **Private investment for rehabilitation and repair—with underlying public control and public management—is not privatization. Redevelopment and reinvestment—without displacement—is not gentrification.** To all those with a passion for social justice and the human right to a quality home, we invite you to join with us to make Minneapolis a national leader in preserving and improving public housing.

New Housing Targeting Local Needs

In 2019, MPHA will complete construction and begin housing families at the Minnehaha Townhomes, **16 townhomes dedicated to families experiencing persistent homelessness.** This first **new public housing** built in Minneapolis since 2010 is the culmination of years of work and collaboration with our funding, design, and neighborhood partners, including the city, county, state, and many others. The development is in an area of economic opportunity, and includes a playground, green space, community patio, and convenient access to the city trail and transit systems. The families who will live at the Minnehaha Townhomes will receive services from the county and a rapid rehousing provider.



The Minnehaha Townhomes



MPHA employees break ground on the Minnehaha Townhomes

For this project, **MPHA was the developer and will own and manage the property—a model we intend to follow in our future efforts to preserve and add housing.** Although the path to developing public housing projects is challenging, Minnehaha Townhomes will become a reality in 2019, demonstrating how committed partners working together can provide new homes for some of the hardest-to-house in our community.

In other cases, partners may provide housing and services while MPHA provides an underlying subsidy. MPHA regularly enters into agreements to project-base housing vouchers when we believe doing so creates

valuable opportunities for the families who use them, and when that funding can leverage the creation of further affordable housing. However, 2019 will be our first full year using our new open-ended request for proposals (RFP) for PBVs, under which we intend to **strategically place up to 400 vouchers—Housing Choice, veterans (VASH), and non-elderly disabled (“mainstream”)—in ways that align with the values and needs of the community**, while achieving maximum return in creating additional affordable housing.

Preserving and Stabilizing MPHA Scattered Sites through “Section 18”

MPHA owns approximately 730 “scattered site” homes across most parts of Minneapolis. These single-family homes (and a handful of duplexes and four-unit properties) provide essential housing to 80 percent of the low-income families with children served by MPHA. They offer a unique opportunity for families in public housing to integrate seamlessly into their surrounding neighborhoods, and often serve as a training ground for future homeownership.



An MPHA scattered-site home

The distance between the sites, varied building types and systems, and other challenges with efficiency and effectiveness make it difficult to manage and sustain these units under the current public housing subsidy. The long-term trend of underfunding for public housing operations and capital needs is unlikely to reverse. These older homes will require more work in coming years. The cost to perform this work is substantially greater than the vastly insufficient Public Housing Capital Fund can cover. Simply addressing the capital needs of our scattered site portfolio would consume 100 percent of MPHA’s expected capital fund allocation for the next five years.

HUD’s Section 18 and Tenant Protection Vouchers could assure continued housing for the families we serve and an increased, stable source of funding to support the scattered site homes.

Accordingly, MPHA will explore whether an application under HUD’s Section 18 provisions could **place the scattered sites on a stable financial footing, without relocation or any day-to-day change for residents** who live there now. This application would require consultation with residents and MPHA board approval. No third party is involved. In recent guidance, HUD explicitly indicated scattered site housing as an example of housing it “generally approves” under Section 18 in the best interests of residents, and as consistent with the mission of HUD and the PHA.

Under HUD’s Section 18 process, MPHA would transfer ownership (HUD calls this process “disposition”) of the scattered sites (AMP 2) to a non-profit established and fully controlled by MPHA. This

necessary step would allow MPHA to apply for Section 8 Tenant Protection Vouchers (TPVs) which would provide a higher level of funding for each family than under the current public housing structure. Residents may agree to project-base TPVs in the scattered site units they occupy. Where families choose to use the TPV as a tenant-based voucher, MPHA would use its additional capacity to project-base vouchers in the scattered sites as needed, under our existing MTW authority.

MPHA could not proceed without receipt of TPVs, which assure continued housing for the families we serve and an increased, stable source of funding to support the scattered site homes going forward. A HUD Section 18 transfer of the properties as described here would also allow MPHA to



MPHA scattered sites can provide a stepping-stone to home-ownership, as they did for the Vang family.

access other sources of capital in the future for major repairs and renovations to these houses (something we cannot do under the current structure). In rare cases, the physical condition of a scattered site property may be such that it is unsustainable in the near-term even under the increased subsidy. In these cases—which MPHA will identify as we explore our HUD Section 18 application—MPHA would seek HUD approval for other outcomes that would allow us to serve the same or more families (for example, by rebuilding a fourplex where a single-family home once stood). Families in these homes would receive TPVs and full relocation benefits, to which they are entitled by law. If they choose, we would accommodate them elsewhere within our scattered site portfolio.

Preserving Deeply Affordable Homes Using RAD

In 2019, MPHA expects to pursue applications to **preserve and invest in our housing portfolio using HUD’s Rental Assistance Demonstration (RAD) program**. RAD allows housing authorities, with HUD approval, to convert properties from one federal funding platform (public housing) to another: project-based rental subsidies under Section 8. In an era of declining federal investment in public housing capital repairs, moving to this project-based subsidy 1) creates a more **stable, long-term funding stream** for operating the property, and 2) opens up opportunities for **new investment to fix the buildings**. Since its creation in 2012, hundreds of public housing authorities (PHAs), locally and nationally, have used RAD to preserve more than 90,000 homes. Many more agencies, like MPHA, are preparing to apply.

The RAD program exists to help housing authorities preserve the deeply affordable homes they provide. That is exactly how MPHA intends to use it. Aside from any temporary relocation to accommodate major repairs, **a RAD conversion is essentially seamless for residents, and essential protections are written directly into the RAD requirements:**

- Residents cannot lose housing assistance through RAD.
- Residents are guaranteed a right to return to their building (if they do need to move out for any renovations).
- RAD does not increase rent, which is set at the same level as in public housing (currently 30 percent of monthly income).
- Although the funding comes from Section 8, this does not mean residents are given a Section 8/Housing Choice Voucher. The point of RAD is for residents to continue living in the building.
- RAD keeps the resident processes and rights under public housing, including the grievance process and funding for resident organizations.
- RAD requires resident engagement at multiple stages in the process, including informational meetings with residents prior to any application.

The RAD program exists to help housing authorities preserve the deeply affordable homes they provide. That is exactly how MPHA intends to use it.



The Elliot Twins

The RAD process can be a lengthy and complex one for a housing authority. We must assemble any necessary financing and demonstrate to HUD that the conversion is financially sustainable.

MPHA has submitted a RAD application for one property: the Elliot Twins, a pair of mid-rise buildings near downtown Minneapolis. These buildings, built in 1961, are among MPHA's oldest. They face a substantial capital need and present **outstanding potential to create enhanced livability for residents and new community amenities, while preserving these highrise units for the long-term**. A RAD conversion of the Elliot Twins poses a financial challenge, with a substantial funding gap that we will work with the community to fill. This may include Low-Income Housing Tax Credit (LIHTC) investment, loans, bonds, grants, city and/or county funding, and potential energy savings arising from the renovation. Residents of the Elliot Twins would receive all protections under the RAD

program (as described above) and a much-enhanced living space after the project's completion. In the event that a RAD conversion does not materialize for the Elliot Twins, we will continue to maintain and support the properties and look for other opportunities and HUD preservation tools to assure their long-term viability as low-income housing.

MPHA will pursue further RAD applications as indicated by our underlying financial and capital needs data, and in line with the priorities under our Strategic Vision. Each application and approval will follow the prescribed disclosure and public process as required by HUD. MPHA currently has no pending or approved applications under RAD. Following HUD guidelines, MPHA will file a "substantial amendment" to this MTW Annual Plan to capture any approved application for a RAD conversion.



MPHA resident Robert moves to his updated apartment following a recent remodel. Apartment renovations under RAD work no differently than they do now—there will simply be more of them.

We invite readers to go straight to the source at <https://www.hud.gov/RAD> to learn more about the **process and protections for residents** under RAD, browse **case studies of how RAD has preserved public housing** in other cities (<https://is.gd/RADCaseStudies>), and read the HUD RAD Notice that underlies the process and protections (<https://is.gd/RADNotice>).

Energy Efficiency Pilots that Scale to Big Savings over Time



Crews blow in cellulose attic insulation at the Glendale Townhomes.

MPHA is one of the largest property-holders in our community. Investing in energy savings both advances Minneapolis' climate-change goals and MPHA's objective to preserve and financially support our deeply affordable housing. **Investing in energy savings on the front-end lowers our operating expenses over time, creating savings MPHA can put toward preserving and creating more housing.**

That's why we intend to build and rehab "deep green" where we can, knowing that over time we can multiply this investment many-fold in support of our mission. In 2019, MPHA and Glendale Townhomes residents will enjoy the benefits of a major weatherization program undertaken across all 184 units. This began from a promising

partnership to conduct a pilot project on a single building, from which we demonstrated a return-on-investment (and comfort) that made sense across the entire property.

In 2019, MPHA intends to undertake the **comprehensive rehabilitation of one of our single-family scattered site units to energy-efficient standards**. This pilot project will help MPHA and our partners learn about the process and potential of integrating a high standard of energy improvements into our ongoing renovation work. We will also explore the **construction of an ultra-energy-efficient four-unit property**, as a pilot that may lead to many more such projects in future years. These projects will launch from MPHA's \$3 million Scattered-Site Redevelopment Fund, and we will seek sponsor partners for the energy technology and building materials. Our design work for any rehab projects as part of RAD conversions will also include an attention to energy efficiency.



Early rendering of an energy-efficient remodel of an MPHA scattered site.



Local partnership funds new A/C units and refrigerators

We will continue to pursue any new opportunities for energy rebates or grants, including our Franklin Energy/Xcel Energy **partnership to replace aging appliances** in our highrise buildings, as these partners' resources permit. We may explore, with the City of Minneapolis and local energy partners, a pilot at one of our highrises of the **"inclusive financing"** (also known as "Pay-As-You-Save") model, which could allow us to fund substantial energy improvements through a utility bill tariff.

These and other intriguing concepts suggest MPHA can attain additional energy savings on top of our existing Energy Performance Contract with Honeywell.

Same Land, More Homes

One way to create additional family housing is to **expand or build in greater density on properties we already own**. In 2019, MPHA will explore replacing certain obsolete scattered site houses with fourplexes. This flexibility depends in part upon certain zoning changes currently under consideration by the City of Minneapolis. MPHA will also explore the potential to place “tiny homes” or other **modular, prefabricated living units** on our properties as a way of creating additional homes for low-income families while **reducing construction and operating costs**.

MPHA may also begin the master-planning process to explore whether our current headquarters office and other non-housing properties that we own could support additional housing, and the steps we must follow to redevelop in future years.

MPHA will also pursue **additional opportunities to stabilize and preserve additional affordable housing in the Minneapolis community**. We will continue ongoing efforts to determine the best long-term framework for the affordable housing community at Heritage Park, a mixed-income community that includes public housing units. We will move forward on efforts to operationalize the conversion of subsidy assistance at our Metropolitan Housing Opportunities Program (MHOP) units to PBVs. MPHA will remain open to purchasing or partnering to **preserve naturally occurring affordable housing (NOAH)** that is at risk of being lost in the City of Minneapolis.



MPHA's headquarters site may also someday be able to support housing

Maintenance and Security Innovations to Maximize Livability and Resources



Minneapolis Police Chief Medaria Arradondo with residents and MPHA staff at the 2018 Project Lookout Cookout

Along with preserving the housing itself, public housing residents place maintenance and personal safety at the top of their priorities. Though security is not directly funded with federal HUD dollars, MPHA prioritizes security within our capital budget. For example, in 2018 MPHA made major security-related investments at The Cedars (\$825,000) and The Atrium (\$400,000) to bring greater safety and peace-of-mind for residents. These types of investments benefit not only residents in public housing buildings, but the surrounding neighborhoods. Through **security-minded enhancements to buildings and grounds**—along with a dense network of security cameras, dedicated Project Lookout resident volunteers, and a strong partnership with

the Minneapolis Police and the city—MPHA will continue to place resident security at the front of our considerations.



MPHA Executive Director Greg Russ (left) inspects furnace components at Glendale.

MPHA has a strong tradition of responding promptly to work orders and stretching our limited federal dollars for operations and maintenance. This is evidenced by our strong Public Housing Assessment System (PHAS) inspections performance and occupancy rate consistently in the high 90s. A long-term strategy of comprehensive capital reinvestment is, of course, the most durable remedy for ongoing maintenance challenges. In the meantime, MPHA will begin in 2019 to **design and pilot an enhanced preventive maintenance schedule, the Quality Maintenance Program (QMP)**, designed to reduce the frequency of non-emergency work orders and system failures. Funded initially at \$2 million over two years, the QMP will feature detailed weekly,

monthly, and quarterly production schedules; improved integration of grounds, janitorial, pest control, and major systems maintenance tasks; and checklists to keep each unit a step ahead of potential livability issues. We will work with MPHA's on-the-ground experts—residents and building staff—to design the program. We expect to pilot the program first at Horn Towers and Glendale Townhomes, before expanding to other sites.



MAXIMIZING OPPORTUNITY THROUGH EDUCATION, EMPLOYMENT, AND HEALTH

We believe housing is the primary foundation for stable families, better educational outcomes, employment, and wellness. Opening the right opportunities today—especially for families with children—leads to long-term self-sufficiency, allowing families to realize their goals of financial independence and MPHA to serve more families off our waiting lists. MPHA intends to push forward on partnerships and programs that invest in housing as the vital core of family economic opportunity, pairing it with services when possible.

MPHA's commitment to low-income families extends to using its spending power for good. Under HUD's Section 3 program, MPHA plans to enhance and expand its program to provide training, employment, contracting and other economic opportunities to our residents and other lower-income individuals.

Dedicated Local Vouchers for Families of Homeless Students

Nearly one in ten elementary students in the Minneapolis Public Schools (MPS) experiences homelessness—a state of affairs with long-term effects on the well-being of children and concentrations of poverty. What began as an idea between MPHA and one school in North Minneapolis has grown into a citywide proposal, led by MPHA, the Mayor of Minneapolis, and MPS, to provide **local vouchers to families of homeless students** at 15 schools where the challenge



More than 40 percent of the people served by MPHA programs are children.

is greatest. Pending funding from the city, we expect to begin offering these special-purpose, local, education-linked vouchers in 2019 to low-income families identified by MPS as currently homeless or in danger of becoming so.

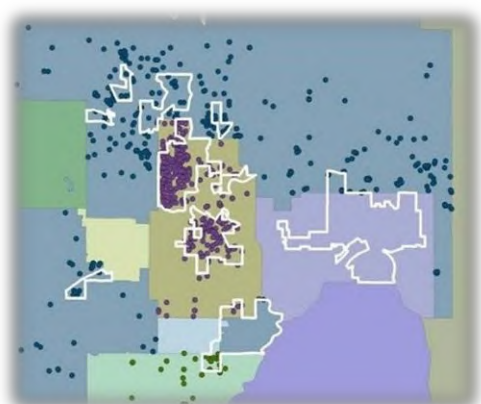
The “Stable Homes, Stable Schools” program will be administered by MPHA. As proposed, the city will contribute 60 percent of the rental assistance, and MPHA the remainder. Hennepin County and social service non-profits will provide housing search assistance and a web of on-going supports. Parents commit to engagement in their child’s education through their school, and to create a Family Success Plan with a case manager. Local foundations may provide other supports, including a housing stabilization fund, while MPHA will work with third-party researchers to monitor outcomes and program success.



Minneapolis Mayor Jacob Frey announces "Stable Homes, Stable Schools," a joint effort with MPHA and the Minneapolis Public Schools

Using MTW flexibility, MPHA will continue conversations with potential partners in 2019 to create other flexible subsidies that can be tailored to the needs of families, the priorities of the community, and the experience of our non-profit partners. These include **housing-linked job training for adults**, such with potential partners including Summit Academy, Twin Cities Rise, and the Northside Achievement Zone.

Increasing Opportunity through Mobility and Regional Collaboration



Map compiled by MPHA—using partner PHA data—showing voucher distribution (dots) and areas of concentrated poverty in the Twin Cities (inside white lines).

For children, moving to a neighborhood with lower poverty can make a lifetime of difference for education, health, and employment outcomes. In 2019, MPHA will continue our push on various fronts to knock down obstacles and widen neighborhood choices for families with housing vouchers. Using a grant from the Family Housing Fund, MPHA will continue **collaborations with our adjacent PHAs** and Housing and Redevelopment Agencies (HRAs), **to reduce administrative barriers and identify available housing in areas of opportunity.**

With our partner the Metropolitan Council Housing and Redevelopment Authority, **MPHA will pursue a request to the HUD Secretary to form a Regional MTW Agency**, as authorized under the 2016 Consolidated Appropriations Act.

This would extend aspects of MPHA’s flexibility to Metro HRA and possibly others who join in the future. Initially, we will create a first-of-its-kind regional mobility initiative to understand which program interventions are most effective in enabling families to successfully move to areas of opportunity using tenant- or project-based vouchers. MPHA has partnered with nation-leading researchers and foundations

to support and fund the project, including Raj Chetty of Harvard University, social policy researchers MDRC, and the Creating Moves to Opportunity (CMTO) research collaborative.

MPHA will also continue to **expand our own Mobility Voucher Program**. A dedicated mobility specialist helps families find and afford rentals in areas of greater opportunity—inside and outside of Minneapolis. We have also completed a rent study to better understand rental trends in the Minneapolis marketplace and inform data-driven decisions on where to adjust our payment standards. MPHA will implement these area rents in ways that allow families to stretch their voucher further, living where they can maximize their chances for success and the success of their children.



MPHA's Mobility Voucher Program has allowed participants like Myeisha to find stable housing in strong neighborhoods, helping her maintain steady employment.

A Home, a Job, and a Second Chance



Better Futures participants celebrate the groundbreaking for Great River Landing.

In 2019, a major partnership comes to fruition as Great River Landing rises in the North Loop neighborhood of Minneapolis. The project will feature **72 apartments for ex-offenders who make a commitment to being good parents, workers, and community members**. The tenants will have a home, a job, and access to services that promote health and recovery. Using MTW flexibility, MPHA has committed 40 PBVs to Great River Landing, providing the essential subsidy to make the project a reality for core partners Better Futures Minnesota and Beacon Interfaith Housing

Collaborative. We will use our MTW flexibility to provide PBV payments as a flat subsidy, giving our partners the freedom to structure rent payments in a way that best encourages employment for this distinct group. Along with the Downtown View apartments for homeless youth that opened in 2018, there are no better examples of how MPHA, as an MTW agency, can apply our federal subsidies to make local dreams a reality.

From Public Housing to Property Owner

Though modest in scale, under MTW MPHA continues each year to mint new homeowners through our **public housing Lease-to-Own program**. Participants enter their townhomes as public housing residents, making a commitment to build savings, maintain steady employment, and practice good tenancy that leads to a purchase of their home within five years. The program began with 20 townhomes, and in 2019 we anticipate nearing the halfway mark. MPHA continues to learn from experience and adapt this innovative program to maximize success for families ready to make this transition to self-sufficiency and homeownership. Beyond the Lease-to-Own program, MPHA will continue to explore additional ways to help public housing residents and families with vouchers on their journey along the housing continuum.



New homeowners Mohamed and Sundus

A Booster Shot for Health and Wellness



MPHA highrise residents browse materials at a recent meeting on smoking cessation.

In MPHA highrises, more than 60 percent of residents are seniors and more than 60 percent are disabled. In 2019, MPHA will **strengthen our partnerships around health-related resident services in our highrises**. We will also assess the impact of these existing partnerships to identify weaknesses or gaps, collaborating closely with residents to hear their concerns and successes. We intend to explore partnerships with city and county health departments and with insurance providers that have an interest in supporting stable, quality housing that leads to lower health costs and better outcomes. We will identify capital investors willing to develop community-based access to health and supportive services at our properties.

We will begin the process of re-establishing MPHA's resident services program for public housing residents and participants in the voucher program as a needed gateway to health and other supportive services.



STRIVING FOR OPERATIONAL EXCELLENCE

Operational excellence leads to savings we can apply to our other priorities—and better service to our families and community.

Streamlining Processes and Improving Customer Service



In 2019 MPHA will migrate to a single software platform for our asset management and multiple housing programs. This change, long in coming, will bring efficiency and stability to the systems that underlie so much of what we do. We will **apply technology** on the front-end, too, with new video briefings that will simplify the intake and recertification process for staff and families with housing vouchers. We will also accelerate the ongoing process of reviewing and updating our operational policies and procedures, **giving MPHA staff the tools they need to operate at their peak**. In 2019, this includes implementing updates to our HCV and public housing procedures.

The successful application of a “Continuous Improvement” approach in our HCV department in 2018 has inspired us to roll it out more widely across the organization. **Continuous Improvement Teams** bring together front-line employees who are in the best position to know our operational challenges and strengths. These teams offer frank insights to department leaders—helping us problem-solve for challenges that, in some cases, we didn’t even know we had.

Growing MPHA’s Organizational Capacity

MPHA will continue to align our workforce recruitment, training, and internal career-pathing with the goals of our Strategic Vision. This specifically means developing internal expertise and accountability around real estate development, new approaches to asset and property management, green construction, and managing relationships with old and new partners in our journey. Our goal is to enhance our ability to grow from within while attracting and retaining the best talent to help deliver on our vision.



We will also begin to combine eligibility and leasing activities across our different programs, and pursue the creation of internship and Section 3 jobs programs that harmonize MPHA’s values with our workforce needs.



ENGAGING RESIDENTS AND THE COMMUNITY

Our three strategic initiatives—Housing Preservation and Creation; Education, Employment, and Health; Operational Excellence—are built upon strong relationships. We intend to nurture those relationships in 2019, moving forward as a team.

Facing the Future Together with Powerful Resident Leadership



Executive Director Greg Russ hears from residents at a recent MHRC meeting.

MPHA continues to enjoy a strong, constructive relationship with the **Minneapolis Highrise Representative Council (MHRC)**, the umbrella non-profit group for our highrise buildings' resident councils. MHRC efforts touch on security (MPHA continues its contributions to MHRC's "Project Lookout" program), safety (such as MHRC's work to address dangerous pedestrian intersections near our buildings), and wellness (including an Active Living Committee and activities designed to foster active and healthy lifestyles).

MHRC is also a crucial partner in helping MPHA engage residents to plan and advocate with us for the preservation of our public housing, and providing valuable feedback on our unfolding efforts. **Their voice carries far and rings true** when making the case for investing in public housing, whether at Minneapolis City Hall, Minnesota State Capital, or in Washington DC. We look forward to another year advocating alongside them in 2019.

MPHA's Resident Advisory Board (RAB) will continue operating in 2019 under a revised charter that expands its membership and further cements its essential role in providing insights to MPHA's Board of Commissioners. We anticipate ongoing efforts in 2019 to achieve consistent representation on the RAB of families with housing vouchers and in MPHA's family public housing and will continue to **support the RAB as a productive, deliberative forum for resident input.**



MPHA's Resident Advisory Board (RAB)

In 2019, MPHA will also invest in **community engagement efforts to revive the sense of community and restore an active, representative resident council at the Glendale Townhomes.** Glendale has been without a resident council for some years, limiting resident access to participation funds and creating a challenge for MPHA and the neighborhood in partnering with Glendale residents in constructive ways. Glendale and the families who live there are a deeply valued part of MPHA, and we will invest in the strength of that community. We will also continue efforts to reconstitute a resident council for our scattered site properties.

Brainstorming with Residents on Design and Livability

As we assemble the financial tools to make major improvements in our buildings, we will confer often with the people these improvements are for. Through listening sessions and workshops, **MPHA residents will play a key role in helping MPHA determine the design and features that will work for them.** As we have embarked on the conversation around our Strategic Vision, the process is already sparking suggestions and discussion about how to craft living and common spaces that meet the needs of our resident community, including design that supports good mental health, aging-in-place, and spaces available for prayer. Although these conversations will often engage residents property-by-property, the MHRC has also formed a Design and Livability Committee to provide consistent, ongoing insights and feedback on our efforts.

Investing in Vital Relationships in the Community and Government



MPHA's constituency extends beyond the people we serve, to the neighborhoods and wider communities of Minneapolis and Minnesota. Minneapolis is in the midst of a deep and passionate community conversation about affordable housing. **MPHA must be both a leader and a listener,** responding to community needs while trumpeting **the irreplaceable role we play in housing people with the very lowest incomes:** working parents, children, persons with disabilities, immigrants, and seniors. With our federal subsidies, MPHA is *the only housing provider that can serve households below 30 percent of area median income* at any significant scale.

Throughout 2019, we will work to maximize understanding and confidence around our Strategic Vision, while we demonstrate its promise by executing on our near-term goals. We will continue to visit with **neighborhood groups and community leaders,** including from the Somali community and other constituencies, to foster a common understanding about the challenges we face, where we hope to go, and how we can work together to get there. We will expand on our strong and growing **partnership with the Minneapolis City Council and mayor,** continuing to make the case for public housing and housing vouchers as a threatened and essential community asset. We will carry the same message to our state lawmakers, Senators, and Members of Congress.

Citizens and officials at every level have a role to play in securing the future of public housing. At this critical moment, we should all be motivated to come together around the worthy challenges ahead:

- to **provide homes to people with the lowest incomes,** whom few other programs can reach;
- to **reinvent a federal program with a vital public purpose** and tens-of-thousands of people in Minneapolis who need it;
- to **look families in the eye and say we are doing all we can to secure safe homes** as they grow old, supportive places for people with disabilities, and greater opportunities for children.

We have the vision. The time is now to see it through.

I.A. MPHA'S Housing Assistance Programs

The Minneapolis Public Housing Authority (MPHA) is the largest public housing authority in Minnesota. We own and manage 6,000 public housing units and administer more than 5,000 housing vouchers, providing around 26,000 people in Minneapolis with decent, safe, and affordable housing. MPHA is a federally funded, independent government agency with a Board of Commissioners appointed by the Minneapolis City Council and Mayor.

MPHA provides housing to over 6,000 families (about 10,500 people) through its **Public Housing** program. In this traditional model, most families receiving assistance from MPHA earn less than 30 percent of the Area Median Income (AMI), approximately \$28,300 for a family of four. Families contribute no more than 30 percent of their income toward their rent. While most of our homes are in high-rise buildings, MPHA also owns and operates single-family/duplex/fourplex homes throughout the city, two townhome developments, and places from its waitlist at certain third-party developments. MPHA partners provide assisted-living and memory care at two facilities.

6,245 Public Housing Units with around 10,500 residents		
5,006 Units in 42 high-rise apartment buildings, including 12 senior-designated buildings. 736 "Scattered site" single-family homes and duplexes 13 Lease-to-Own townhomes 184 Family townhome units 306 Public housing units across other metropolitan developments	HIGHRISES 63% seniors 62% disabled 2% children 34% Somali households 82% people of color 16% of households have employment income	FAMILY properties 3% seniors 10% disabled 57% children 34% Somali households 95% people of color 71% of households have employment income
Average annual household income: \$14,841 (working households: \$29,173)		

Under MPHA's **Housing Choice Voucher** program (HCV, also known as "Section 8"), eligible families receive a voucher that pays a portion of their rent in a privately-owned apartment or home. Families contribute approximately 30 percent of their income toward rent and utilities; MPHA pays the rest. Families can use the voucher within Minneapolis or outside the city. MPHA administers over 5,000 vouchers, including special vouchers for veterans and families experiencing homelessness. Some vouchers are "project-based," in which MPHA contracts with private owners to attach a voucher to specific units and assure those units are preserved as affordable housing.

5,143 Housing Vouchers covering more than 15,500 people	
4,509 Housing Choice Vouchers, including: 712 project-based vouchers 34 Families in Mobility Voucher Program 261 Veterans Affairs Supportive Housing (VASH) vouchers 100 Family Unification Program (FUP) vouchers 273 Supportive housing vouchers <i>MPHA also administers more than 700 vouchers issued by other housing authorities, but used in Minneapolis.</i>	6% seniors 17% disabled 51% children 35% Somali households 94% people of color 47% of households have employment income \$17,208 average annual household income (working households: \$25,601)

Updated July 2018

I.B. Information on the MPHA Budget

Fiscal Year 2019 MTW Budget

The MTW program provides MPHA financial flexibility to expend HUD public housing operating and capital resources and Housing Choice Voucher (HCV) program resources interchangeably among these programs, rather than limit spending to the program “silos” from which the funds were derived. The combination of the three programs at the local level creates an MTW local block grant that expands our allowable use-of-funds beyond non-MTW PHAs. This gives MPHA the opportunity to design and test innovative, locally-designed strategies that use federal dollars more efficiently and provide opportunities for program creativity and innovation.

The MTW Budget presented for 2019 allocates resources to carry out:

- the daily operation and major building rehabilitation activities that are planned for MPHA’s public housing program;
- the administration and housing assistance payments for the HCV Program; and
- innovative, locally-designed strategies to meet the mission of MPHA.

Because Congress has not yet passed a funding bill for 2019, MPHA’s 2019 MTW Budget assumes program funding at the level passed by the House Appropriations Committee. The House funding is somewhat less than, but very close to, the bill passed by the Senate Appropriations Committee. The 2019 MTW Budget assumes HUD will provide only 94% of the Public Housing Operating Subsidy formula (approximately \$1.3 million less than the amount of subsidy HUD considers is needed for MPHA’s housing stock). The HCV Program housing assistance payment (HAP) subsidy is anticipated to be funded at 100% of the formula amount, and the program administrative fees funded at only 75% of the formula amount. The budget also estimates that the public housing Capital Fund award will match the amount awarded to MPHA in 2018 (approximately \$14.8 million). The budgeted sources of funds are 13% higher than the 2018 MTW Budget, anticipating improved federal subsidy and grant resources compared to the drastically low levels we budgeted for in 2018.

MPHA’s estimated loss of federal subsidy because of insufficient Congressional appropriations is more than \$2 million for 2019. The breakdown by appropriation account is presented in the following schedule.

	Subsidy Formula Eligibility	2019 Budget (Prorated Subsidy)	Subsidy Loss
Public Housing Operating Subsidy	21,497,000	20,207,000	1,290,000
MTW HCV HAP Subsidy	46,554,000	46,554,000	-
Admin Fee Subsidy	2,985,000	2,239,000	746,000
Total Subsidy Loss due to Proration			2,036,000

On the spending side, the 2019 MTW Budget increases overall spending by 10.5 percent, driven primarily through increased public housing capital improvements spending. The budget funds the current number of participants with MTW housing choice vouchers and continues MPHA's rent reform initiative. The planned expenditures for major public housing building rehabilitation is detailed in Appendix B ("Planned Capital Expenditures") of this MTW annual plan.

Additionally, the Capital Fund Program will include funding for a new preventive maintenance program. The Quality Maintenance Program (QMP) will deliver an improved approach to grounds, janitorial, pest control, and major systems maintenance through the establishment of scheduled work tasks that includes modest repairs and replacements due to wear-and-tear. The QMP will prioritize care and servicing of equipment, unit interiors, common areas, and other building components for the purpose of maintaining satisfactory operating condition, by providing systematic inspection, detection, and correction of issues either before they occur or before they develop into major defects.

The 2018 federal appropriations for the Capital Fund Program provided a 42% increase over 2017 (approximately \$4.8 million). Subsidies for HCV HAP and public housing operations also improved, but to a much lesser extent. Federal subsidies and grants are expected to remain near the 2018 levels. However, these increases, while better than the recent past, remain drastically less than needed. For example, the \$4.8 million increase in the Capital Fund Program funds just over 3% of the current unmet capital needs. The Public Housing Operating Subsidy is still underfunded by \$1.3 million for 2019.

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 HAP subsidy to cover these shortfalls for fiscal year 2019 (MPHA's fiscal year is January to December). 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	46,554,000
MTW HAP Expenses	40,370,000
MTW HAP Gain/(Loss)	6,184,000
Transfer to HCV Administration	(1,869,000)
Transfer to Public Housing Operations	(1,220,000)
Transfer to MTW Initiatives	(335,000)
Transfer to Capital Fund	(2,760,000)
Net Gain/(Loss)	-

The total 2019 MTW Budget anticipates \$110 million in sources of funds and plans for \$110 million in uses of funds. The MTW reserves are expected to remain at \$13.1 million.

	Public Housing Operations	MTW Housing Choice Vouchers	Capital Fund Program	MTW Initiatives	Total MTW Funds
Sources					
Tenant Revenue -Rents & Other	21,827,000	-	-	-	21,827,000
Federal - Operating Subsidies & Grants	20,207,000	2,239,000	2,492,000	-	24,938,000
Federal- Section 8 HAP Subsidy	-	46,554,000	-	-	46,554,000
Federal - Capital Grants	-	-	13,440,425	-	13,440,425
Interest Income	200,000	60,000	-	-	260,000
City Contribution	450,000	785,000	-	-	1,235,000
Other Revenues, Fees, & Grants	1,544,000	417,000	-	-	1,961,000
Total Sources	44,228,000	50,055,000	15,932,425	-	110,215,425
Uses					
Property Management and Program Administration	7,976,000	3,224,000	10,000	319,000	11,529,000
Fees	5,774,000	1,344,000	1,482,000	-	8,600,000
Tenant Services	850,000	-	-	16,000	866,000
Utilities	8,316,000	-	-	-	8,316,000
Maintenance	13,810,000	-	1,000,000	-	14,810,000
Protective Services	2,200,000	-	-	-	2,200,000
Insurance & Casualty Loss	1,377,000	17,000	-	-	1,394,000
Other General	2,500,000	-	-	-	2,500,000
Debt Service	2,445,000	-	-	-	2,445,000
HAP	-	41,155,000	-	-	41,155,000
Capital Improvements & Equipment	200,000	-	16,200,425	-	16,400,425
Total Uses	45,448,000	45,740,000	18,692,425	335,000	110,215,425
Net Program Sources/(Uses)	(1,220,000)	4,315,000	(2,760,000)	(335,000)	-
Program Transfers In/(Out)	1,220,000	(4,315,000)	2,760,000	335,000	-
Net Sources/(Uses)	-	-	-	-	-
Projected Reserves¹ as of Dec. 2018					
Projected Reserves¹ as of Dec. 2018	12,279,000	858,000	-	-	13,137,000
Budgeted Changes in Reserves	-	-	-	-	-
Commitments for Asset Preservation					4,000,000
Budgeted Reserves¹ as of Dec. 2019	12,279,000	858,000	-	-	9,137,000

¹ Reserves are defined as Unrestricted Net Position

Consistent with MPHA's Strategic Vision and Capital Plan, \$4 million of the MTW reserve is being committed to cover costs associated with implementing asset redevelopment and repositioning strategies. These strategies are listed in more detail in Appendix B of this MTW Annual Plan. At this time, MPHA has not identified specific dollar amounts for each of the strategies, nor the timing when costs will be incurred to implement them. To account for the future need for resources to

implement asset redevelopment and repositioning, funds are presented as committed reserves in the schedule above.

Other Federal Housing Assistance Programs Budget

In addition to MTW funds, 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 (VASH), housing vouchers related to HUD's Family Unification Program (FUP), and housing vouchers for HUD's Special Needs Assistance Program (SNAP).

The Section 8 moderate rehabilitation program and Section 8 single room occupancy program provides project-based rental assistance to cover rent plus property rehabilitation costs to private owners who 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 rehouse homeless individuals and families.

	Section 8 Mods & SROs	VASH	FUP	SNAP	Total Other Section 8 Programs
Sources					
Federal - Operating Subsidies & Grants	294,000	196,000	75,000	6,000	571,000
Federal- Section 8 HAP Subsidy	2,045,000	1,832,000	1,169,000	75,000	5,121,000
Interest Income	10,000	2,000	1,000		13,000
Total Sources	2,349,000	2,030,000	1,245,000	81,000	5,705,000
Uses					
Program Administration	183,000	183,000	74,000	-	440,000
Fees	61,000	61,000	23,000	-	145,000
Insurance & Casualty Loss	1,000	1,000	-	-	2,000
HAP	2,045,000	1,832,000	1,169,000	75,000	5,121,000
Total Uses	2,290,000	2,077,000	1,266,000	75,000	5,708,000
Net Program Sources/(Uses)	59,000	(47,000)	(21,000)	6,000	(3,000)
Budgeted Reserves¹ as of December 2019	1,627,000	198,000	-	14,600	1,839,600

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, remaining profits derived from inspecting Class 4d properties for the State of Minnesota, and a \$300,000 grant received in 2017 (of which \$222,000 is expected to be spent in 2019) from the Family Housing Fund for planning and implementing a regional mobility initiative.

	Non-Federal Funds	Family Housing Fund Grant	Total Other Non-Federal Funds
Sources			
Interest Income	10,000		10,000
Other Revenues, Fees, & Grants		-	-
Total Sources	10,000	-	10,000
Uses			
Administration	315,000	72,000	387,000
Planning		80,000	80,000
Research		70,000	70,000
Capital Improvements	1,176,000		1,176,000
Total Uses	1,491,000	222,000	1,713,000
Net Program Sources/(Uses)	(1,481,000)	(222,000)	(1,703,000)
Budgeted Reserves¹ as of December 2019	20,000	-	20,000

Self-Insured General Liability Budget

	Self Insurance Fund
Sources	
Interest Income	35,000
Total Sources	35,000
Uses	
Claims	200,000
Total Uses	200,000
Net Program Sources/(Uses)	(165,000)
Budgeted Reserves¹ as of December 2019	3,113,000

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. MPHA considers actuarial studies to ascertain expected losses and has a HUD waiver to be self-insured.

Public Housing Development Budget

	Minnehaha Townhomes
Sources	
Minnesota Housing	1,170,000
City of Minneapolis	531,000
Total Sources	1,701,000
Uses	
Construction	1,655,000
Soft Costs	46,000
Total Uses	1,701,000
Net Program Sources/(Uses)	-

MPHA will be completing the construction of Minnehaha Townhomes, a 16-unit public housing townhome in south Minneapolis for families experiencing homelessness. The development will include four two-bedroom units and 12 three-bedroom units. Only a portion of the development costs are expected to be paid in 2019. The sources and uses are presented at left.

Central Office Cost Center

Consistent with HUD's asset management requirements, 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 local asset management plan (LAMP), because these fees are non-program income, defederalized, and subject only to local government restrictions. Maximizing this fee revenue offers MPHA the greatest discretion in supporting its programs and having funds to leverage other grants and development activities.

The Central Office budget is balanced, with sources and uses both equal to \$8.8 million. In addition, there is a \$500,000 use of reserves to increase funding for the Working Capital Fund.

	Central Office
Sources	
Public Housing Management Fees	5,774,000
Section 8 Administrative Fee	1,489,000
Capital Fund Administrative Fee	1,482,000
Interest Income	74,000
Other Income	27,000
Total Sources	8,846,000
Uses	
Administration	7,954,000
Utilities	166,000
Maintenance	188,000
Protective Services	69,000
Insurance & Casualty Loss	67,000
Other General	202,000
Equipment	200,000
Total Uses	8,846,000
Net Program Sources/(Uses)	-
Program Transfers In/(Out)	(500,000)
Net Sources/(Uses)	(500,000)
Budgeted Reserves¹ as of December 2019	5,261,000

Working Capital Fund

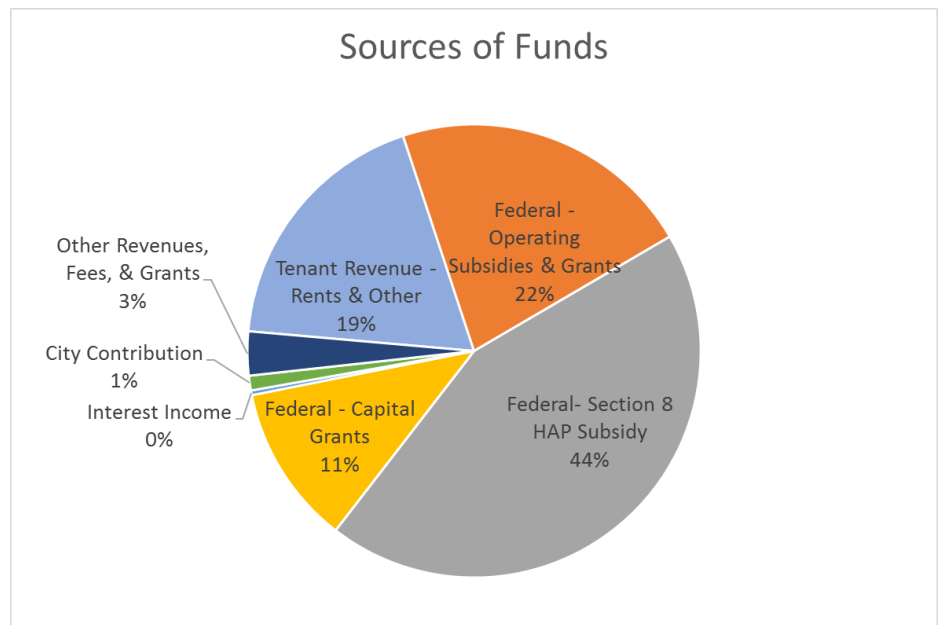
Chronic federal underfunding of the housing authority's Capital Fund Program has put MPHA's portfolio in peril. Over the past two decades, MPHA has not been able to invest in the full range of repairs, upgrades, and redevelopment needed to preserve the public housing stock in Minneapolis for current and future residents. MPHA has traditionally received approximately \$10 million annually against an estimated \$139 million in current capital needs, and the backlog of capital needs grows each year. The difficulty in prioritizing the truly urgent capital projects across the portfolio has become substantially greater over time. To address this crisis, MPHA continues to evaluate the entire real estate portfolio, 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 is used to cover the costs associated with the portfolio assessment needed to launch a 10 to 15-year improvement effort. This fund covers the predevelopment costs associated with planning and completing the assessments and, in selected cases, moving to close on individual deals. MPHA has assembled a team of experts including development consultants, financial and legal advisors, architects, planners, and MPHA staff. The Working Capital Fund is partially funded by a 2018 McKnight Foundation award to MPHA of \$1,000,000; this grant has been combined with MPHA resources to fund this work. The 2019 budget calls for the remaining balance in the fund to be expended in 2019. The budget calls for a \$500,000 contribution from MPHA's Central Office to replenish the fund.

	Working Capital Fund
Sources	
MPHA Central Office Contribution	500,000
Total Sources	500,000
Uses	
Overall General Advisor and Program Facilitator	25,000
Financial Consulting	100,000
Legal Consulting	75,000
Development, Master Planning, Market & Real Estate Analysis, and Appraisal Activities	150,000
Architectural/Engineering and Energy Consulting	75,000
Community Engagement	50,000
Communications/Public Relations & Reporting Activities	25,000
Resident Self Sufficiency and Services Enhancement	100,000
MPHA Labor and Administrative Support Costs	325,000
Training and Travel	25,000
Contingency	-
Total Uses	950,000
Net Program Sources/(Uses)	(450,000)
Budgeted Reserves¹ as of December 2019	500,000

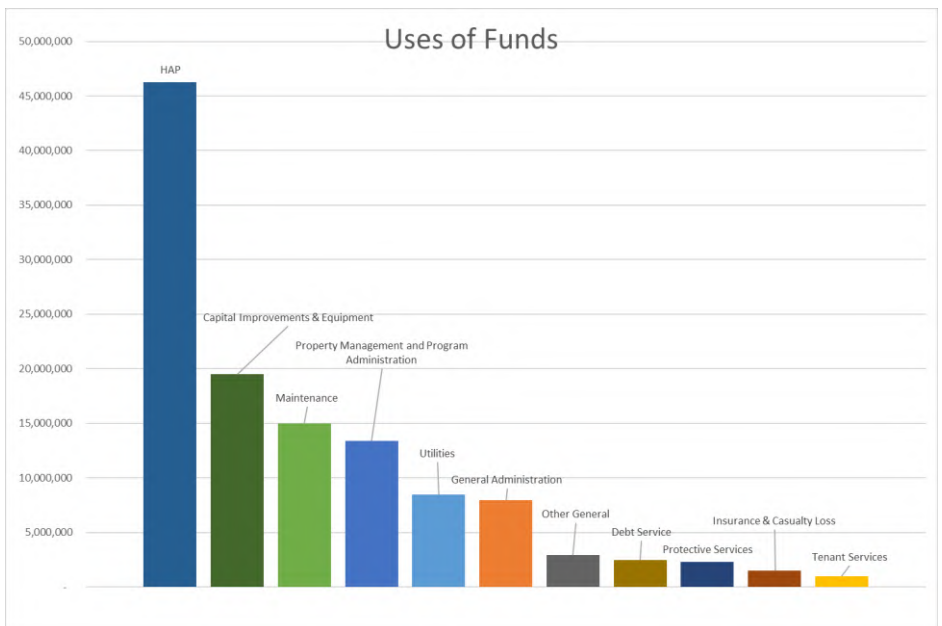
MPHA Agency-wide Budget

The 2019 MPHA-wide budget has \$118 million in sources of funds. The highest percentage of funds (44 percent) comes from Section 8 HAP subsidy. Tenant Revenues and Rents encompass 18 percent of total sources. Federal subsidies and grants make up 78 percent of the overall sources of funds. The 2019 sources of funds are \$11 million more than the 2018 budget.



The 2019 MPHA-wide budget has \$120 million in uses of funds. The primary use of funds is for housing assistance payments to Section 8 property owners. Capital improvement expenditures are increased over the 2018 plan because of better-than-typical federal funding.

Budgeted reserves are projected to be \$23.5 million, with \$4 million set aside for future spending on asset redevelopment and repositioning. All agency reserves must be spent on “public purposes” and most are further limited by the grant



award. For example, \$1.8 million is limited to non-MTW Section 8 expenses and the \$3.1 million of reserves in the self-insurance fund are necessary to cover general liability risk to MPHA instead of purchasing commercial insurance.

The MTW Program is expected to have \$9.1 million of uncommitted reserves at the end of 2019. The MTW budget calls for almost \$91 million in routine MTW operating expenses, making the MTW reserve equivalent to 10% of routine annual spending (or just over one month). In comparison to just the public housing operating program, the uncommitted MTW reserve is 20% of projected operating and debt service costs (or 2.5 months).

Prudent fiscal management and HUD oversight dictate that MPHA maintain adequate reserves. Typical affordable housing underwriting standards require six months of operating and debt-service costs in reserves. HUD also evaluates the adequacy of a public housing project's reserves by comparing the reserve balance to the number of months of operating expenses it could cover. To receive the highest evaluation score, a public housing project must have at least four months of operating costs in its reserves.

The Central Office reserve is projected to end 2019 at \$5.2 million. This reserve has been used most recently for the analysis on MPHA's assets and the development of the asset preservation strategy behind the MPHA's Strategic Vision and Capital Plan. The reserve has the least amount of program restrictions, and can be used as needed across all programs.

Sources	MTW Housing				Total MTW Funds	Other Section 8 Programs	Working Capital Fund	Self Insurance Fund	Minnehaha Townhomes	Central Office	Family Housing Fund Grant	Other Non-Federal Funds	Inter-Program Eliminations	Total MPHA
	Public Housing Operations	Choice Vouchers	Capital Fund Program	MTW Initiatives										
Tenant Revenue -Rents & Other	21,827,000	-	-	-	21,827,000	-	-	-	-	-	-	-	-	21,827,000
Federal - Operating Subsidies & Grants	20,207,000	2,239,000	2,492,000	-	24,938,000	5,711,000	-	-	-	-	-	-	-	25,509,000
Federal- Section 8 HAP Subsidy	-	46,554,000	-	-	46,554,000	5,121,000	-	-	-	-	-	-	-	51,675,000
Federal - Capital Grants	-	-	13,440,425	-	13,440,425	-	-	-	-	-	-	-	-	13,440,425
Interest Income	200,000	60,000	-	-	260,000	13,000	-	35,000	-	74,000	-	10,000	-	392,000
City Contribution	450,000	785,000	-	-	1,235,000	-	-	-	-	-	-	-	-	1,235,000
Other Revenues, Fees, & Grants	1,544,000	417,000	-	-	1,961,000	-	-	-	1,701,000	8,772,000	-	-	-	3,689,000
Total Sources	44,228,000	50,055,000	15,932,425	-	110,215,425	5,705,000	-	35,000	1,701,000	8,846,000	-	10,000	(8,745,000)	117,767,425

Uses	MTW Housing				Total MTW Funds	Other Section 8 Programs	Working Capital Fund	Self Insurance Fund	Minnehaha Townhomes	Central Office	Family Housing Fund Grant	Other Non-Federal Funds	Inter-Program Eliminations	Total MPHA
	Public Housing Operations	Choice Vouchers	Capital Fund Program	MTW Initiatives										
Property Management and Program Administration	7,976,000	3,224,000	10,000	319,000	11,529,000	440,000	850,000	-	-	-	222,000	315,000	-	13,356,000
General Administration	-	-	-	-	-	-	-	-	-	-	-	-	-	7,954,000
Fees	5,774,000	1,344,000	1,482,000	-	8,600,000	145,000	-	-	-	-	-	-	-	7,954,000
Tenant Services	850,000	-	-	16,000	866,000	-	100,000	-	-	-	-	-	-	966,000
Utilities	8,316,000	-	-	-	8,316,000	-	-	-	-	166,000	-	-	-	8,482,000
Maintenance	13,810,000	-	1,000,000	-	14,810,000	-	-	-	-	188,000	-	-	-	14,998,000
Protective Services	2,200,000	-	-	-	2,200,000	-	-	-	-	69,000	-	-	-	2,269,000
Insurance & Casualty Loss	1,377,000	17,000	-	-	1,394,000	2,000	-	-	-	67,000	-	-	-	1,463,000
Other General	2,500,000	-	-	-	2,500,000	-	-	200,000	-	202,000	-	-	-	2,902,000
Debt Service	2,445,000	-	-	-	2,445,000	-	-	-	-	-	-	-	-	2,445,000
HAP	-	41,155,000	-	-	41,155,000	5,121,000	-	-	-	-	-	-	-	46,276,000
Capital Improvements & Equipment	200,000	-	16,200,425	-	16,400,425	-	-	-	1,701,000	200,000	-	1,176,000	-	19,477,425
Total Uses	45,448,000	45,740,000	18,692,425	335,000	110,215,425	5,706,000	950,000	200,000	1,701,000	8,846,000	222,000	1,491,000	(8,745,000)	120,588,425
Program Transfers In/(Out)	1,220,000	(4,315,000)	2,760,000	335,000	-	-	500,000	-	-	(500,000)	-	-	-	-

Net Sources/(Uses) before Carryovers	-	-	-	-	-	(3,000)	(450,000)	(165,000)	-	(500,000)	(222,000)	(1,481,000)	-	(2,821,000)
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Board Approved Carryover Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Family Housing Fund Grant Carryforward	-	-	-	-	-	-	-	-	-	-	222,000	-	-	222,000
Working Capital Carryforward	-	-	-	-	-	-	950,000	-	-	-	-	1,476,000	-	950,000
Settlement Funds Carryforward	-	-	-	-	-	-	-	-	-	-	-	-	-	1,476,000
Total Carryover Contributions	-	-	-	-	-	-	950,000	-	-	-	222,000	1,476,000	-	2,648,000

Net Sources/(Uses)	-	-	-	-	-	(3,000)	500,000	(165,000)	-	(500,000)	-	(5,000)	-	(173,000)
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Projected Reserves¹ as of Dec. 2018	12,279,000	858,000	-	-	13,137,000	1,842,600	950,000	3,278,000	-	5,458,000	222,000	1,501,000	-	26,388,600
Budgeted Changes in Reserves	-	-	-	-	-	(3,000)	(450,000)	(165,000)	-	(500,000)	(222,000)	(1,481,000)	-	(2,821,000)
Commitments for Asset Preservation	4,000,000	-	-	-	4,000,000	-	-	-	-	-	-	-	-	4,000,000
Budgeted Reserves¹ as of Dec. 2019	8,279,000	858,000	-	-	9,137,000	1,839,600	500,000	3,113,000	-	5,261,000	-	20,000	-	19,567,600

¹ Reserves are defined as Unrestricted Net Position

(II) GENERAL OPERATING INFORMATION**ANNUAL MTW PLAN****A. HOUSING STOCK INFORMATION****i. Planned New Public Housing Units**

New public housing units that the MTW PHA anticipates will be added during the Plan Year.

ASSET MANAGEMENT PROJECT (AMP) NAME AND NUMBER	BEDROOM SIZE						TOTAL UNITS	POPULATION TYPE*	# of Uniform Federal Accessibility Standards (UFAS) Units	
	0/1	2	3	4	5	6+			Fully Accessible	Adaptable
MN002000002 AMP 2 Scattered Sites	0	4	12	0	0	0	16	Other	1	0
MN002000002 AMP 2 Scattered Sites			4				4	General	0	0

Total Public Housing Units to be Added in the Plan Year

20

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

If "Population Type" is "Other" please describe:

The 16 units at Minnehaha Townhomes will be dedicated to homeless families with children. Up to four other units may be added if properties should become available to purchase during the plan year, although no specific units are identified at this time.

ii. Planned Public Housing Units to be Removed

Public housing units that the MTW PHA anticipates will be removed during the Plan Year.

AMP NAME AND NUMBER	NUMBER OF UNITS TO BE REMOVED	EXPLANATION FOR REMOVAL
MN002000009 AMP 9 MHOP	306	MPHA LIPH currently holds the ACC for 306 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.

MN002000002 AMP 2 Scattered Sites	736	MPHA is considering applying for a Section 18 Demolition/Disposition for the entire scattered site portfolio. The distance between the sites, varied building types and systems, and other challenges with efficiency and effectiveness make it difficult to manage and sustain these units under the current public housing subsidy. The long-term trend of underfunding for public housing operations and maintenance is unlikely to reverse. Many of these older homes will also require more work in coming years than the vastly insufficient Public Housing Capital Fund can cover. Simply addressing the capital needs of our scattered site portfolio would consume 100 percent of MPHA's expected capital fund allocation for the next five years. The scattered site units are part of MPHA's Energy Performance Contract (EPC). MPHA plans to pay off the EPC portion of the debt associated with these units.
MN002000006 AMP 6 Cedars (Elliot Twins)	174	MPHA submitted a RAD application for the two Elliot Twins buildings. Built in 1961, they face a substantial capital need and present outstanding potential to create enhanced livability for residents and new community amenities, while preserving these highrise units for the long-term.

1,216

Total Public Housing Units to be Removed in the Plan Year**iii. Planned New Project Based Vouchers**

Tenant-based vouchers that the MTW PHA anticipates project-basing for the first time during the Plan Year. These include only those in which at least an Agreement to enter into a Housing Assistance Payment (AHAP) will be in place by the end of the Plan Year. Indicate whether the unit is included in the Rental Assistance Demonstration (RAD).

PROPERTY NAME	NUMBER OF VOUCHERS TO BE PROJECT-BASED	RAD?	DESCRIPTION OF PROJECT
MN002000009 AMP 9 MHOP	306	No	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.
MN002000002 AMP 2 Scattered Sites	736	No	MPHA is considering applying for a Section 18 Demolition/Disposition for the entire scattered site portfolio. If we move forward with this and the application is approved, all of the scattered sites would be transferred to Project-Based Vouchers.
MN002000006 AMP 6 Cedars (Elliot Twins)	174	Yes	MPHA submitted a RAD application for the Elliot Twins. If approved, these units will be transferred to Project-Based Vouchers.

1,216

Planned Total Vouchers to be Newly Project-Based

iv. Planned Existing Project Based Vouchers

Tenant-based vouchers that the MTW PHA is currently project-basing in the Plan Year. These include only those in which at least an AHAP is already in place at the beginning of the Plan Year. Indicate whether the unit is included in RAD.

PROPERTY NAME	NUMBER OF PROJECT-BASED VOUCHERS	PLANNED STATUS AT END OF PLAN YEAR*	RAD?	DESCRIPTION OF PROJECT
Archdale	13	Leased/Issued	No	Serves homeless youth
Armadillo Flats - 2727	4	Leased/Issued	No	Serves low-income people
Armadillo Flats - 2743	4	Leased/Issued	No	Serves low-income people
Barrington	3	Leased/Issued	No	Serves low to moderate income
Bottineau Lofts	9	Leased/Issued	No	Serves low-income people
Boulevard	6	Leased/Issued	No	Serves low-income people
Catholic Eldercare	24	Leased/Issued	No	Assisted living facility for elderly
Central Ave Apts	61	Leased/Issued	No	Serves low-income people
Central Ave Lofts	8	Leased/Issued	No	Serves low-income people
Clare Apts	28	Leased/Issued	No	Serves single adults who have
Collaborative Village	16	Leased/Issued	No	Serves homeless individuals and families
Creekside Commons	6	Leased/Issued	No	Serves low-income people
Emanuel Housing	6	Leased/Issued	No	Serves Veterans
Families Moving Forward	12	Leased/Issued	No	Serves homeless individuals and families
Franklin Portland	7	Leased/Issued	No	Serves low-income people
Hiawatha Commons	20	Leased/Issued	No	Serves low-income people
Jeremiah	18	Leased/Issued	No	Serves low-income single women
Journey Homes	12	Leased/Issued	No	Supportive services for disabled,
Lamoreaux	13	Leased/Issued	No	Serves homeless individuals
Lindquist	24	Leased/Issued	No	Serves low-income people
Lonoke	4	Leased/Issued	No	Serves low-income people
Loring Towers	43	Leased/Issued	No	Serves low-income people
Lydia	40	Leased/Issued	No	Serves disabled homeless
Many Rivers East	7	Leased/Issued	No	Serves low-income people
Many Rivers West	3	Leased/Issued	No	Serves low-income people
MN Indian Women's Resource Center	13	Leased/Issued	No	Serves homeless, Native American families
Park Plaza (phase I)	16	Leased/Issued	No	Serves low-income people
Park Plaza (phase II)	12	Leased/Issued	No	Serves low-income people
Park Plaza (phase III)	48	Leased/Issued	No	Serves low-income people
Passage	10	Leased/Issued	No	Serves low-income single women
Phillips Family	28	Leased/Issued	No	Serves low-income people
Phillips Redesign	4	Leased/Issued	No	Serves low-income people
Pinecliff	7	Leased/Issued	No	Serves low-income people
Portland Village	24	Leased/Issued	No	Serves homeless families with a disabled adult member
PPL Foreclosure	21	Leased/Issued	No	Serves low-income people
PPL Fourth Ave	6	Leased/Issued	No	Serves low-income people
River Runs	16	Leased/Issued	No	Serves low-income people
The Rose	15	Leased/Issued	No	Serves low-income people

Spirit on Lake	5	Leased/Issued	No	Serves low-income people
St. Anthony Mills	17	Leased/Issued	No	Serves low-income people
St. Barnabas	39	Leased/Issued	No	Serves homeless and at-risk youth
Trinity Gateway	16	Leased/Issued	No	Serves low-income people
Tubman	10	Leased/Issued	No	Serves single women with or without children
West River Gateway	12	Leased/Issued	No	Serves low-income people
Downtown View	25	Leased/Issued	No	Serves homeless youth
Lutheran Social Services	12	Committed	No	Serves homeless families
Great River Landing	40	Committed	No	Serves men coming out of prison

787

Planned Total Existing Project-Based Vouchers

* Select "Planned Status at the End of Plan Year" from: Committed, Leased/Issued

v. Planned Other Changes to MTW Housing Stock Anticipated During the Plan Year

Examples of the types of other changes can include (but are not limited to): units held off-line due to relocation or substantial rehabilitation, local, non-traditional units to be acquired/developed, etc.

PLANNED OTHER CHANGES TO MTW HOUSING STOCK ANTICIPATED IN THE PLAN YEAR
MPHA will seek funding for developing new or purchasing existing structures as opportunities arise to add units to our portfolio. Funding sources for any such opportunities could include the Minnesota Housing Finance Agency, City of Minneapolis, Hennepin County, and other funders.
MPHA is exploring the construction of new ultra-energy-efficient units as pilots that may lead to many more such projects in future years. We are considering both single-family and multiunit designs (such as a four-plex).
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 2019.

vi. General Description of All Planned Capital Expenditures During the Plan Year

Narrative general description of all planned capital expenditures of MTW funds during the Plan Year.

GENERAL DESCRIPTION OF ALL PLANNED CAPITAL EXPENDITURES DURING THE PLAN YEAR
MPHA's 2019 Capital Fund Program (CFP) plan is based on a projected funding level of \$14.8 million. Activities that were initiated under previous funding cycles but not fully completed will carry over and incur expenditures in 2019. Additionally, a portion of the activities slated for 2019's \$14.8 million budget will not be fully expended in 2019 and will carry into 2020. This expenditure schedule is based on the assumption of receiving the Capital Fund grant by the end of March 2019. Expenditures may vary significantly if grant awards are delayed. MPHA has estimated approximately \$18.7 million in capital expenditures for FY2019 targeted at specific projects in six of its seven Asset Management Projects (AMPs). Included in the \$18.7 million Capital Funds expenditures are piping replacement, fire alarm upgrades, building envelope upgrades, elevator modernization, and apartment improvements in our highrise developments focusing on AMPs 3, 4, 5, 6, and 7. Details of this activity can be seen in Appendix F. In performing its capital work, MPHA adheres to Federal, State and Local code and regulatory processes.

B. LEASING INFORMATION**i. Planned Number of Households Served**

Snapshot and unit month information on the number of households the MTW PHA plans to serve at the end of the Plan Year.

PLANNED NUMBER OF HOUSEHOLDS SERVED THROUGH:	PLANNED NUMBER OF UNIT MONTHS OCCUPIED/LEASED*	PLANNED NUMBER OF HOUSEHOLDS TO BE SERVED**
MTW Public Housing Units Leased	75,132	6,261
MTW Housing Choice Vouchers (HCV) Utilized	54,108	4,509
Local, Non-Traditional: Tenant-Based^	0	0
Local, Non-Traditional: Property-Based^	480	40
Local, Non-Traditional: Homeownership^	144	13
Planned Total Households Served	129,864	10,823

* "Planned Number of Unit Months Occupied/Leased" is the total number of months the MTW PHA plans to have leased/occupied in each category throughout the full Plan Year.

** "Planned Number of Households to be Served" is calculated by dividing the "Planned Number of Unit Months Occupied/Leased" by the number of months in the Plan Year.

^ 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 MTW PHA should estimate the number of households to be served.

LOCAL, NON-TRADITIONAL CATEGORY	MTW ACTIVITY NAME/NUMBER	PLANNED NUMBER OF UNIT MONTHS OCCUPIED/LEASED*	PLANNED NUMBER OF HOUSEHOLDS TO BE SERVED*
Tenant-Based			
Property-Based	2016-2 Reintegration of Offenders	480	40
Homeownership	2010-4 Lease-To-Own Initiative	144	13

* The sum of the figures provided should match the totals provided for each local, non-traditional categories in the previous table. Figures should be given by individual activity. Multiple entries may be made for each category if applicable.

ii. Discussion of Any Anticipated Issues/Possible Solutions Related to Leasing

Discussions of any anticipated issues and solutions in the MTW housing programs listed.

HOUSING PROGRAM	DESCRIPTION OF ANTICIPATED LEASING ISSUES AND POSSIBLE SOLUTIONS
MTW Public Housing	None
MTW Housing Choice Voucher	Minneapolis has a tight rental market with a vacancy rate of less than 3%. MPHA's efforts include investing in dedicated resident mobility and owner outreach positions to create new housing opportunities, completing a study of our local rental market, and launching an incentive fund for property owners.
Local, Non-Traditional	The Local, Non-Traditional Homeownership number of planned number of unit months occupied/leased is based on assuming that two of the residents of the Lease-To-Own program will purchase their homes approximately halfway through 2019. Using MTW flexibility, MPHA will continue conversations in 2019 to create other flexible subsidies that can be tailored to the needs of families, the priorities of the community, and the experience of our non-profit partners.

C. WAITING LIST INFORMATION**i. Waiting List Information Anticipated**

Snapshot information of waiting list data as anticipated at the beginning of the Plan Year. The “Description” column should detail the structure of the waiting list and the population(s) served.

WAITING LIST NAME	DESCRIPTION	NUMBER OF HOUSEHOLDS ON WAITING LIST	WAITING LIST OPEN, PARTIALLY OPEN OR CLOSED	PLANS TO OPEN THE WAITING LIST DURING THE PLAN YEAR
Public Housing Elderly/Disabled	Disabled persons between the ages of 18 and 49, Near-Elderly and Elderly persons age 50 or over	8,133	Open	Yes
Public Housing Family	Families with at least one dependent	8,931	Partially Open (open for 2, 4, & 5-bedroom units)	Yes
Housing Choice Voucher Program	All households who applied	495	Closed	Yes

Please describe any duplication of applicants across waiting lists:

Families and individuals can apply to multiple lists if they meet the eligibility criteria.

ii. Planned Changes to Waiting List in the Plan Year

Please describe any anticipated changes to the organizational structure or policies of the waiting list(s), including any opening or closing of a waiting list, during the Plan Year.

WAITING LIST NAME	DESCRIPTION OF PLANNED CHANGES TO WAITING LIST
Housing Choice Voucher Program	This waiting list may be opened in 2019.

III. Proposed MTW Activities

2019 – 1: Transition from Current-Form DOT to LURA to Preserve Public Housing

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Replace Form of Declaration of Trust (DOT) with Land Use Restriction Agreement (LURA) to Preserve Public Housing (2019 – 1)

Statutory Objective: Cost-effectiveness, Housing Choice

Description/Update:

The exponential growth in capital needs against current and anticipated funding threatens MPHA's ability to responsibly address needs and preserve its portfolio. For certain properties, MPHA will replace the form of Declaration of Trust (DOT) that inhibits the agency's ability to leverage needed capital investment, with a Land Use Restriction Agreement (LURA). This action should help MPHA leverage funds locally and move forward with revitalization of its properties. We will do this while maintaining the long-term affordability of this housing for very low-income families via the LURA.

MPHA has rolled out a Strategic Vision and Capital Plan featuring multiple strategies for preserving its portfolio, including RAD and Section 18. The strategy enabled by this activity may be appropriate in a limited number of cases where these programs are infeasible or undesirable. The replacement of the form of DOT with a LURA should enable MPHA to leverage funds that are not forthcoming from Congress and move forward with preservation activities. In contrast to the DOT, the LURA is a proven tool that is well understood by potential partners.

This initiative will contribute to HUD's emphasis on preservation and capital investment by facilitating that investment while fully protecting current and future residents. Further, it will establish procedural steps and generate insights that will benefit HUD, MPHA, and other PHAs with a similar desire to preserve their portfolios in the future. The proposed form of LURA that MPHA has submitted to HUD for approval would continue to apply applicable public housing requirements to the properties, as modified by any applicable HUD-approved MTW-related changes.

Anticipated Impact:

Use of the LURA will allow MPHA to leverage additional funds to compensate for severe underfunding of its capital needs.

Anticipated Schedule:

MPHA staff will report to the MPHA Board of Commissioners a comprehensive assessment of its property needs and values. MPHA will use this information to determine which properties might be appropriate for this approach. Any such properties will be listed in the agency's MTW Annual Plan or an Amendment to its MTW Annual Plan and, after Plan approval, submitted to HUD for approval of the replacement of the form of DOT with the LURA in connection with specific properties. In the initial year of implementation, MPHA projects applying the activity to no more than 50 units.

Authorizations:

HUD staff is considering whether HUD can agree to the replacement of the form of DOT with a LURA along the lines described above under applicable regulations, notably 24 CFR 905.700, “Other security interests” and if necessary 24 CFR 905.108 (definition of “Declaration of Trust”, which such a LURA would meet) and 24 CFR 905.318 (requirement to maintain Declaration of Trust). If HUD determines that HUD can do so, MPHA will be able to use such a HUD-approved LURA and this Activity 2019–1 will become unnecessary and will not be implemented. If HUD determines the activity is necessary, HUD and MPHA agree to execute a Community-Specific Authorization that will support the activity.

HUD Standard Metrics (source: internal agency data)

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

* Implementation pending

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

* Implementation pending

IV. Approved MTW Activities

Implemented Activities

	<i>Approved</i>	<i>Implemented</i>
Asset Verification	2018	2018
Biennial Income Recertification (Public Housing)	2018	2018
Conversion of 312 Mixed-Financed PH Units to PBV	2010	2018
Conversion of Subsidy and Capital for MHOP Units	2018	2018
Goal-Oriented Housing Initiative	2018	2018
HCV Mobility Voucher Program	2009	2010
HCV Rent Reform	2014	2014
Lease-to-Own Initiative	2010	2012
Local Project-Based Voucher Program	2018	2018
Low-Rent Annual to Three-Year Certifications	2009	2010
Minimum Rent Initiative for Public Housing Residents	2010	2011
Permanent Supportive Housing for Youth	2016	2016
Property Owners Incentive Program	2018	2018
Public Housing Working Family Incentive	2010	2011
Reintegration of Offenders	2016	2017
Shelter to Home – Project-Based Vouchers	2016	2016
Shelter to Home – Public Housing	2015	2017
Soft-Subsidy Initiative	2011	2013
Targeted Project-Based Initiative	2011	2012

Activities Not Yet Implemented

Activities On-Hold

	<i>Approved</i>	<i>Implemented</i>	<i>On-Hold/Closed</i>
Alternate Income Verifications	2013		2017
Public Housing Earned Income Disregard	2009	2010	2017

Closed-Out Activities

Absence from Unit Initiative	2011	2011	2017
Biennial HQS Inspections	2012	2012	2014
Block Grant & Fungible Use of MPHA Resources	2009	2009	2017
Combine Homeownership Programs	2009	2009	2012
Earned Income Disallowance Simplification – HCV	2012	2012	2016
Foreclosure Stabilization PBV Demonstration Program	2010	2011	2017
MPHA/Hennepin County Transitional Housing	2013	2014	2016
Public Housing Self-Sufficiency Program	2009	2009	2012

The MPHA MTW Annual Plan and activities therein are approved, authorized, and implemented in accordance with the MTW Demonstration Program's enabling laws and related regulations, and the terms and conditions of its Amended and Restated MTW Agreement with the Department of Housing and Urban Development. MPHA's MTW Agreement governs and supersedes, as appropriate, applicable Federal laws, rules, regulations, contracts, and agreements that have been or will be waived and/or modified by the MTW Agreement.

A. IMPLEMENTED ACTIVITIES

Asset Verification (Activity 2018 – 4)

Approved and implemented, 2018

Description/Update:

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

In 2018, MPHA began phasing this change in at each scheduled or interim rent redetermination. At this pace, it will be fully implemented in three years.

Changes to Activity, Metrics, or Data Collection – Planned (Annual Plan) or Actual (Annual Report)

MPHA does not plan any changes to this activity in the plan year.

Biennial Income Recertification for Public Housing (2018 – 3)

Approved and implemented, 2018

Description/Update:

This initiative changed income certification of non-elderly, non-disabled families to every other year, rather than annually. (MPHA already certified families who are elderly or disabled, and who are on a fixed income, every three years.) 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. The change is intended to 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-rent payers and 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.

Beginning in 2018, MPHA has begun phasing in the implementation of this initiative at each new, interim, or recertification, which will result in full implementation by the end of 2019. We estimate 850 residents will benefit from this MPHA activity annually.

Changes to Activity, Metrics, or Data Collection – Planned (Annual Plan) or Actual (Annual Report)

MPHA does not plan any changes to this activity in the plan year.

Conversion of Mixed-Finance Public Housing Units to PBV (2010 – 3)

Approved in 2010, Implemented in 2019

Description/Update

MPHA proposed to use MTW authority and the voluntary conversion or disposition process to convert 306 mixed-finance public housing units that MPHA neither owns nor manages (collectively known as the Metropolitan Housing Opportunity Program, or MHOP) to secure new Section 8 Housing Choice Vouchers and then project base these units in the same mixed-finance development. MPHA anticipated this initiative would significantly reduce the administrative burden for MPHA and property owners/managers. Families housed in the new project-based units would have access to a Housing Choice Voucher after one year of residency and would be able to increase their housing choices. MPHA applied to the RAD program and received a Commitment to Enter into a Housing Assistance Payments Contract (CHAP) in 2014 for conversion of the 200 mixed-finance units at Heritage Park. However, the CHAP expired and MPHA is exploring how to implement the conversion for Heritage Park and the other MHOP units via RAD or another yet-to-be-determined method.

MPHA continues to research and explore the options available to us to move forward on this activity. In 2017 we began negotiations with the current owner and manager of Heritage Park to determine the future ownership and management of those units. The outcome of that process could have some impact upon this activity. We are closely watching policy developments at HUD and in Congress around RAD and other yet-to-be-determined paths for conversion. In the meantime, these 306 units continue to provide much-needed housing for families from our public housing waitlist. As we work with HUD to operationalize the process approved under a separate activity, 2018 – 6, this may address a subset of the units covered under this activity, leaving only the 200 units at Heritage Park.

This activity was previously designated “Not Yet Implemented.” Given that we began work on Activity 2018 – 6 as described in the prior paragraph, we have updated this activity’s designation to “Implemented.”

Changes to Activity, Metrics, or Data Collection – Planned (Annual Plan) or Actual (Annual Report)

MPHA does not plan any changes to this activity in the plan year.

Conversion of Public Housing Operating Subsidy and Capital Funds for MHOP Units to Housing Choice Voucher Funding (2018 - 5)

Approved and implemented, 2018

Description/Update

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 process of managing and operating public housing has proven onerous for property owners who 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 PBVs, tenants, owners, and MPHA will receive the rewards of increased cost-effectiveness. HUD currently has a process for this transfer of funds under the RAD program. However, the small number of units (4 -13 units per property) across 16 different entities is not conducive to a RAD and/or Voluntary Conversions where there are extensive costs related to such conversions. Under this approved MTW activity, MPHA will work with HUD to operationalize the transfer of 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. We neither intend nor anticipate any disruption to residents, including temporary or permanent displacement as a result of the process.

MPHA anticipates beginning discussions with HUD in 2019 to determine how to operationalize the transfers under this mechanism. Note that this activity is similar, but not identical, to activity 2010 – 3, which includes an additional 200 units at Heritage Park.

Changes to Activity, Metrics, or Data Collection – Planned (Annual Plan) or Actual (Annual Report)

MPHA does not plan any changes to this activity in the plan year.

Goal-Oriented (GO!) Housing Initiative (2018 – 2)

Approved and implemented, 2018

Description/Update:

GO! Housing encompasses an agency-wide effort to use specific participation goals and incentives that encourage families to take part in education, training, and/or 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 programs will be voluntary. MPHA anticipates targeting GO! Housing initiatives to subgroups of those we serve who are in the best position to benefit from it. Examples may include:

- 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 initiatives
- C. Special incentives, including:
- 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 rewards 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.

In 2019, we expect the first partnership to unfold under the GO! Housing authorizations will be a joint initiative called “Stable Homes, Stable Schools,” with the City of Minneapolis and the Minneapolis Public Schools (MPS). Nearly one in ten elementary students in the MPS system experiences homelessness—a state of affairs with long-term effects on the well-being of children and concentrations of poverty. MPHA will provide local vouchers to families of homeless students at 15 schools where the challenge is greatest. Pending funding from the city, we expect to begin offering these special-purpose, local, education-linked vouchers in 2019 to low-income families identified by MPS as currently homeless or in danger of becoming so. The families served will depend upon city funding that will be unknown until the end of 2018.

The “Stable Homes, Stable Schools” program will be administered by MPHA. As proposed, the city will contribute 60 percent of the rental assistance, and MPHA the remainder. Hennepin County and social service non-profits will provide housing search assistance and a web of on-going supports. Parents commit to engagement in their child’s education through their school, and to create a Family Success Plan with a case manager. Local foundations may provide other supports, including a housing stabilization fund, while MPHA will work with third-party researchers to monitor outcomes and program success.

Changes to Activity, Metrics, or Data Collection – Planned (Annual Plan) or Actual (Annual Report)

MPHA does not plan any changes to this activity in the plan year.

HCV Mobility Voucher Program (2009 – 6)

Approved in 2009, Implemented in 2010

Description/Update

MPHA created a Mobility Voucher program to encourage low-income families to move to communities of greater opportunity that are not impacted by concentrated poverty or race and to find safe, decent and affordable housing in an environment conducive to breaking the cycle of poverty. This initiative responds to HUD's goal of deconcentrating families who live in poverty and Affirmatively Furthering Fair Housing.

The program is structured to increase housing choices for families on the MPHA Section 8 Waiting List and current program participants who live in Areas of Concentrated Poverty (ACP) and Racially Concentrated Areas of Poverty (RCAP), and who are willing to move into non-concentrated areas (also referred to as "areas of opportunity"). MPHA has created an appendix to its Section 8 Administrative Plan that details the specific elements of this initiative (including definitions of ACPs and RCAPs).

We serve families under the Mobility Program by a) offering incentives and enhanced support to help families find and keep homes in areas of opportunity within the City of Minneapolis, and b) allowing participant families to lease a unit outside the City of Minneapolis, provided the unit is located in an area of opportunity. Families who lease in another metro area housing authority's jurisdiction must continue with MPHA case management services to remain eligible for the Mobility Program. Mobility families who port-out cannot be absorbed during the three years they are under the Contract of Participation. In 2015, the Mobility Voucher Program was redesigned to offer material incentives to the program such as security deposit assistance, application fee assistance, higher payment standards, three 31-day bus cards, and moving assistance.

In late 2016, MPHA hired a Mobility Community Services Coordinator and the program is growing. In 2017, MPHA began implementing a number of strategies recommended by a report from the Family Housing Fund, *Enhancements and Best Practices Designed to Expand Resident Choice and Mobility in Minneapolis*. In 2019, MPHA will also continue to expand the program. We have completed a rent study to better understand rental trends in the Minneapolis marketplace and inform data-driven decisions on where to adjust our payment standards. MPHA will implement these area rents in ways that allow families to stretch their voucher further, living where they can maximize their chances for success and the success of their children.

Changes to Activity, Metrics, or Data Collection – Planned (Annual Plan) or Actual (Annual Report)

MPHA does not plan any changes to this activity in the plan year.

HCV RENT REFORM INITIATIVE (2014 – 1)

Approved and Implemented in 2014

Description/Update

The goal of rent reform was to streamline and simplify the rental subsidy determination and recertification processes, promoting self-sufficiency for HCV participants while saving costs and allowing us to more serve more families from our waitlist. With the advent of federal sequestration in 2013, the focus shifted to maintaining assistance for all current families within a severely decreased budget.

MPHA's HCV rent reform initiative consists of the following:

- a) **Flat Subsidy:** MPHA replaced the standard rent calculation method with a simplified, flat subsidy model which incorporates consideration for tenant paid utilities. MPHA determines 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. We aspire to present the HAP amounts in a way that gives families a clear understanding of how much they will receive, allowing them to make a more informed decision of where they could move.
- b) **Minimum Rent:** As part of the flat subsidy model, MPHA revised the application of minimum rent policies. When establishing the flat subsidy tables, MPHA structured the minimum rent into the tables. If a participant's calculated rent amount is less than the minimum rent amount, the participant pays the minimum rent to the owner. Families in project-based units which receive funding from HUD's Community Planning and Development department through the Supportive Housing Program (SHP) or the Housing Opportunities for Persons with AIDS (HOPWA) program are exempt from MTW minimum rent and all other aspects of HCV rent reform.
- c) **40 Percent Affordability Cap:** MPHA eliminated the 40 percent affordability cap because under rent reform affordability becomes the responsibility of the family. We will not approve a Request for Tenancy Approval (RFTA) if a participant's rent portion exceeds 50 percent of their monthly adjusted income without supervisory review and approval.
- d) **Revised Asset Income Calculation and Verification Policies:** MPHA revised existing policies on asset verification and calculation. When the market value of a family's assets is below an established asset threshold, 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.
- e) **Interim Re-examinations:** MPHA made changes to the interim re-examination policy. MPHA limits HCV families to one discretionary interim re-examination between regular annual recertifications. Between annual recertifications, household members who are

employed are not required to report increases in earned income. And for household members who are not employed, they must report any subsequent employment. Increases in unearned income for any household member and changes in household composition must still be reported.

- f) **Working Family Incentive and Streamlined Deductions and Exclusions:** As part of MPHA's revisions to the standard rent calculation method, MPHA streamlined deductions and exclusions. MPHA has eliminated childcare, medical expenses, and dependent deductions from the calculation of adjusted income. To lessen the impact of removing the childcare and dependent deductions, MPHA continued to administer the Working Family Incentive (a 15% exclusion of earned income for families with minor children). To offset the impact of removing medical expense deductions, MPHA increased the standard elderly/disabled deduction. MPHA is excluding 100 percent of income for adult, full-time students (other than the head of household, co-head or spouse). MPHA has phased out its MTW HCV Earned-Income Disregard activity in light of rent reform (families in the program were grandfathered into the change).
- g) **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. MPHA waived the requirement that the agency conduct reasonable rent determinations on all HCV units when there is a five percent year-over-year decrease in the FMR in effect 60 days before the contract anniversary. MPHA conducts 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.
- h) **Flat Subsidy Reasonable Accommodation:** As a reasonable accommodation for individuals with qualifying disabilities, MPHA may provide a higher subsidy for accessible units.
- i) **Portability:** MPHA revised the portability policies. Participants are approved to port-out of Minneapolis only for reasons related to employment, education, safety, medical/disability, VAWA, housing affordability, or to move into an Area of Opportunity within the seven-county Twin Cities Metropolitan Area. Families who are denied portability have the right to request an informal hearing.
- j) **Mixed Families:** For families with mixed immigration status, MPHA will deduct 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.

Changes to Activity, Metrics, or Data Collection – Planned (Annual Plan) or Actual (Annual Report)

MPHA does not plan any changes to this activity in the plan year.

Lease-To-Own Initiative (2010 – 4)

Approved in 2010, Implemented in 2012

Description/Update

MPHA utilized funds from its American Recovery and Reinvestment Act grant to purchase 20 townhome units (the “Sumnerfield Townhomes”) for the creation of a Lease-to-Own initiative. MPHA’s initial target audience for this initiative was qualified public housing residents, Housing Choice Voucher participants, families on MPHA’s waiting lists, and MPHA and City of Minneapolis employees who qualify for public housing. MPHA later broadened the eligibility to include other low-income, first-time homebuyers.

Participants rent these units as public housing residents, with a requirement to purchase within five years. MPHA offers advantageous terms for families that close within two years. MPHA works with participants on achieving the homeownership goal, although participants are ultimately responsible for achieving mortgage-readiness and securing financing within five years. MPHA escrows a portion of each month’s rent (as a contribution toward a down-payment) and matches up to \$1,500 in documented personal savings. Most participants will undergo homeownership counseling as a component of their loan.

MPHA has sold seven units of the original 20. MPHA believes that closing on the remaining units will take longer. In 2019, MPHA expects to have completed a thorough review of the program including the selection criteria, case management, and homeownership counseling to contribute to successful outcomes for families. These may lead to updates to the program’s supporting procedures and documents, although not to changes in the underlying activity.

Changes to Activity, Metrics, or Data Collection – Planned (Annual Plan) or Actual (Annual Report)

MPHA does not plan any changes to this activity in the plan year.

Local Project-Based Voucher Program (2018 – 6)

Approved and implemented, 2018

Description/Update:

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.

Over time, 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.

The first development realized under this initiative is the launch of MPHA's open-ended PBV Request for Proposals (RFP). The RFP was developed and launched in 2018. Through the RFP, intend to strategically place up to 400 vouchers—Housing Choice, veterans (VASH), and non-elderly disabled ("mainstream")—in ways that align with the values and needs of the community, while achieving maximum return in creating additional affordable housing.

Changes to Activity, Metrics, or Data Collection – Planned (Annual Plan) or Actual (Annual Report)

MPHA does not plan any changes to this activity in the plan year.

Low-Rent Annual to Three-Year Certifications (2009 – 2)

Approved in 2009, Implemented in 2012

Description/Update

MPHA recertifies every three years (instead of annually) elderly, disabled or other public housing residents who are on a fixed income and whose sources of income are not likely to change for extended periods of time. MPHA anticipates 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. MPHA has maintained its policy of reporting changes in income.

This activity has the highest impact on our highrise residents. Changing the annuals to every three years for Elderly and Disabled and residents with a stable income has allowed staff to concentrate their efforts on residents where the rent change will have a greater impact on the rental income for the agency. MPHA runs HUD Enterprise Income Verification (EIV) reports every three months for our minimum renters and continues to run the EIV reports for tenants who are not required to do their annual certification in the current year.

MPHA continues interim recertifications for any household that is required to be recertified or who requests recertification due to a change in circumstances. MPHA continues its experience of saving hours related to recertification, as well as significant other time related to setting up appointments, following through on verifications, and other tasks that are related impacts of this process.

Changes to Activity, Metrics, or Data Collection – Planned (Annual Plan) or Actual (Annual Report)

MPHA plans no changes to this activity in the plan year.

Minimum Rent Initiative for Public Housing Residents (2010 – 2)

Approved in 2010 and Implemented in 2011

Description/Update

Tenants moving into public housing whose calculated rent is less than the minimum rent, pay the minimum rent that is in effect at the time of lease-up. This initiative increased the minimum rent of existing tenants at the first annual or interim re-exam after implementation. The initiative was implemented to promote self-sufficiency and increase rental income.

Changes to Activity, Metrics, or Data Collection – Planned (Annual Plan) or Actual (Annual Report)

MPHA does not plan any changes to the activity in the plan year.

Permanent Supportive Housing for Youth (2016 – 3)

Approved in 2016, Implemented in 2016

Description/Update

The City of Minneapolis has a significant need for permanent supportive housing for homeless youth. Two local partners, Project for Pride in Living (PPL) and YouthLink, worked together to build a new facility to provide supportive housing for 46 homeless youth (ages 18-23). MPHA has committed 25 project-based vouchers for a period of 20 years. The facility, called “Downtown View,” opened in February 2018 and is fully operational.

YouthLink and PPL provide educational support, job training, and other supportive services. These services are led by a program supervisor, responsible for overall service delivery and outcomes. Other key personnel include a resident advisor who lives on-site and troubleshoots crises that may occur outside of typical office hours, and case managers who help young people connect to community and Youth Opportunity Center resources based on individual aspirations and life goals. Case managers also help them navigate the often-difficult system of community-based adult services such as education, employment, and independent housing.

Youth pay 30% of their incomes toward their housing and (if allowable under the various funding supports) a minimum rent of \$75 per month. The youth served come to the program via the Hennepin County Coordinated Entry system for sheltering the homeless, with intake administered by Youthlink. MPHA operates under an agreement with PPL and YouthLink that details funding and operational requirements of the program along with the reporting requirements.

Changes to Activity, Metrics, or Data Collection – Planned (Annual Plan) or Actual (Annual Report)

MPHA plans no changes to this activity in the plan year.

Property Owners Incentive Program (2018 – 1)

Approved and implemented, 2018

Description/Update:

Minneapolis Public Housing Authority (MPHA) and the City of Minneapolis are partnering to fund and administer incentives that encourage property owners in opportunity areas to accept Section 8 Housing Choice Vouchers (HCVs). 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.

The incentives, covered under a Memorandum of Understanding with the city, include:

Property damage protections: 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.

Property Owner Holding Fee: 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.

First Time HCV Property Owner Incentive: Property Owners receive a one-time, \$250 incentive fee when they rent to a voucher holder for the first time.

MPHA processes and pays claims and receives reimbursement from the city for the city's portion (50 percent). MPHA began processing incentive payments in mid-2018. The program is considered a pilot, with a length to be determined by the draw-down of the initial \$50,000 funding pool. In 2019, MPHA expects the program will process and pay claims under the defined terms. We will monitor claim patterns and the draw-down of the pool. At or before the pilot's conclusion, the city and MPHA will jointly reassess the success of the incentives and potential adjustments. The partners 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.

Changes to Activity, Metrics, or Data Collection – Planned (Annual Plan) or Actual (Annual Report)

MPHA does not plan any changes to this activity in the plan year.

Public Housing Working Family Incentive (2010 – 1)

Approved and Implemented in 2011

Description/Update

The rent calculation includes an automatic 15 percent deduction from the gross annual earned income of a working family, defined as any family where earned income of any amount is part of the rent calculation. This deduction provides the working family with available money to support work-related costs such as transportation, uniforms, and health insurance premiums.

MPHA has seen good results under this initiative, with annual increases in the number of households employed and increases in the income of these households. These outcomes improve the likelihood that the family would achieve a livable wage and move toward self-sufficiency.

This is a rent reform initiative. MPHA has had no requests for hardship exceptions.

Changes to Activity, Metrics, or Data Collection – Planned (Annual Plan) or Actual (Annual Report)

MPHA plans no changes to this activity in the plan year.

Reintegration of Offenders (2016 – 2)

Approved in 2016, Implemented in 2017

Description/Update

This program supports a three-way partnership that provides training, employment, family unification, and housing assistance to men coming out of prison. In the first phase, MPHA provides housing subsidy as sponsor-based voucher to a partner who will provide services. In the second phase, a different partner will develop and operate housing and MPHA will support the project with project-based vouchers. 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.

In late 2017, MPHA began providing the 40 sponsor-based vouchers under the first phrase. The partner, Better Futures, operates intensive training, supportive services and employment programs. 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. MPHA pays a flat subsidy to Better Futures to cover costs of housing and services for each sponsor-based participant in the program. Participants are selected via referrals from the Minnesota Department of Corrections, the county's Coordinated Entry process, or as walk-in applicants.

The housing development for the project-based phase, called "Great River Landing," broke ground in the spring of 2018. The developer partner for this phase is Beacon Interfaith Housing Collaborative. Once the permanent housing development is completed (expected during 2019) MPHA's project-based vouchers will provide long-term support for the supportive housing program at the site. MPHA has provided a commitment for 40 PBVs, providing an essential subsidy to support the 72-unit development.

MPHA will provide the sponsor-based and PBV payments as a flat subsidy, allowing for a rent structure implemented by the partners to best incentivize work for this population and encourage a smooth transition to working life.

Changes to Activity, Metrics, or Data Collection – Planned (Annual Plan) or Actual (Annual Report)

MPHA plans no changes to this activity in the plan year.

Shelter to Home – Project-Based Vouchers (2016 – 1)

Approved in 2016, Implemented in 2016

Description/Update

The Minneapolis/Hennepin County initiative to end homelessness has made significant progress in housing single adults. However, it is behind its targets to establish transitional and permanent affordable housing for families. Shelters for families with children are currently overcrowded; with no next step for these families, they remain in shelter longer and limit spaces for other families who find themselves in housing crisis.

MPHA will place up to 50 project-based vouchers (PBVs) with non-profit housing providers in the City of Minneapolis, focused on providing housing to formerly homeless families. Eligible families will be identified through Hennepin County's case management system, and the county will provide the referrals. Families will receive ongoing services from Hennepin County, property owners and/or their services provider partners. Property owners will be 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.

MPHA issued an initial request-for-proposals (RFP) in August 2016 and subsequently awarded a housing assistance payments (HAP) contract to one housing provider, Lutheran Social Services, for 12 PBVs. These units were to be converted to PBV in the course of natural attrition, which has happened slowly. The first move-ins began in 2018. Subsequent to the low initial response, MPHA engaged with the City of Minneapolis to coordinate our RFP process with RFPs for other Minneapolis affordable housing funding programs, in the hopes that this will present the opportunity to a wider audience of developers. However, MPHA has received only a small number of additional applications, with none suitable for approval to-date. We will continue to explore the potential for PBVs to serve this hard-to-house population.

Changes to Activity, Metrics, or Data Collection – Planned (Annual Plan) or Actual (Annual Report)

MPHA plans no changes to this activity in the plan year.

Shelter to Home - Public Housing (2015 – 1)

Approved in 2015, Implemented in 2017

Description/Update

The Minneapolis/Hennepin County initiative to end homelessness has made significant progress in housing single adults. However, it is behind its targets to establish transitional and permanent affordable housing for families. Shelters for families with children are currently overcrowded; with no next step for these families, they remain in shelter longer and limit spaces for other families who find themselves in housing crisis.

Under HUD's Faircloth limit, Minneapolis Public Housing Authority (MPHA) has the authority to operate additional public housing units over its current stock and receive additional subsidy for the units. MPHA is using its MTW authority to create a supportive 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 serve as an on-going resource for homeless families. MPHA hopes that this program will create 30 to 50 units in the first five years of the program, bringing relief to families who are stuck in shelter and freeing up shelter space for other families facing urgent need. Families targeted for the program will receive ongoing supportive services.

In May 2018, MPHA and our many partners broke ground for the Minnehaha Townhomes. MPHA will develop, own, and manage these 16 townhomes for families experiencing homelessness. Families will come as referrals from the Hennepin County homeless shelter system, with the units reserved for families below 30 percent of area median income. The four buildings will revitalize a long-vacant site, donated by the City of Minneapolis. The development includes four two-bedroom and 12 three-bedroom units, along with a playground, ample green space, community patio, storm-water management, and connections to the city sidewalk and trail system. Four units will be permanent supportive housing, reserved for families experiencing long-term homelessness.

The families who will live at the Minnehaha Townhomes will receive services from the county and a rapid rehousing provider. These supportive services will emulate Hennepin County's Stable Families Initiative Pilot Program, including the highly successful Young Parents Program and Integrated County Service components, which focus on families at risk of repeat shelter stays.

Over the longer term, MPHA may also work 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 would be dependent upon the developer receiving other non-public housing financing.

Changes to Activity, Metrics, or Data Collection – Planned (Annual Plan) or Actual (Annual Report)

MPHA plans no updates to this activity in the plan year.

Soft Subsidy Initiative (2011 – 2)

Approved in 2011, Implemented in 2013

Description/Update

In traditional housing assistance programs, whenever a participant increases their income, their rent portion increases. The goal of this initiative is to reverse that relationship so that when a participant starts working or attending job training, their rent portion decreases to incentivize work. Under this activity, MPHA entered into a subsidy agreement with a service-provider partner that rehabbed 20 units for participating families. The partner expected the family to commit to a path off government assistance and into the workforce; the family receives a rent subsidy in return. MPHA provides a fixed subsidy payment to the partner. The participating families came from multi-generational poverty, with poor rental histories and little to no work experience. Services provided to families housed under this initiative included intensive weekly coaching on setting and achieving goals. Once participants start working, partner staff worked with them on furthering their education or training to move beyond entry-level jobs.

The 20 families that moved into the units that opened in 2013 generally made progress on at least one goal. Despite the tough job market, almost all of the families were employed. The initial partner under this initiative experienced funding challenges in 2017 and announced that it needed to discontinue the program with the start of 2018; the program was briefly suspended. However, we are in ongoing discussions with the partner and anticipate reactivating the program in 2019.

Changes to Activity, Metrics, or Data Collection – Planned (Annual Plan) or Actual (Annual Report)

MPHA does not plan any changes to this activity in the plan year.

Targeted Project-Based Initiative (2011 – 1)

Approved in 2011, Implemented in 2012

Description/Update

Under this activity, MPHA project-bases vouchers for the specific purpose of creating additional affordable housing for low-income families in the City of Minneapolis. MPHA's objective is to expand the locations of PBV programs, and to strategically deploy voucher awards to leverage the creation of additional non-PBV affordable housing (affordable to families with 80 percent of Area Media Income or below). MPHA limits the number of vouchers that were awarded to any development to 20 vouchers.

MPHA's initial goal was to facilitate 120 new affordable units. MPHA first awarded vouchers under this initiative in early 2012. Here are the totals to-date:

Development Name	Total Affordable Housing Units	MPHA Project-Based Vouchers
Emanuel Housing	101	17 (includes 11 VASH PBVs)
The Rose	101	15
Spirit-on-Lake	46	5
Lonoke	19	4
TOTAL	267	41

Changes to Activity, Metrics, or Data Collection – Planned (Annual Plan) or Actual (Annual Report)

MPHA plans no changes to this activity in the plan year.

B. ACTIVITIES NOT YET IMPLEMENTED

None.

C. ACTIVITIES ON HOLD

Alternate Income Verifications (2013 – 2)

Approved in 2013, Not Implemented, Placed On-Hold in 2017

Description

The 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. MPHA proposed that if an applicant was eligible and has income information 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. However, MPHA found in practice that it did not need to implement this initiative to successfully house persons in the agency's new acute assisted living/memory care programs. The activity may, however, be relevant to future efforts.

Reactivation Update (Plan) or Actions Taken (Report)

MPHA's plans and timeline are indeterminate at this time. The activity was placed on-hold in 2017, and we continue to assess its future potential need.

Changes or Modifications Since Approval

None.

Public Housing Earned-Income Disregard (2009 – 4)

Approved in 2009, Implemented in 2010, Placed On-Hold in 2017

Description

HUD regulations allow families a full income disregard for one year and a 50% disregard for the second year in certain circumstances (including employment of a previously unemployed household member, participation in a self-sufficiency program, and if the household receives welfare payments). As families move in and out of employment, the disregard is postponed. Monitoring this standard arrangement 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.

Since implementing this initiative, 353 MPHA residents have completed MTW EIDs. This number reflects the percentage of elderly and disabled residents in our population. However, households who participated in this program had a meaningful incentive to work and continue working as the EID is targeted to reward families who maintain their employment for a full two years. MPHA also

found the initiative reduced staff time and mitigated possible errors as the policy implements EID for two full years without having to deal with the intermittent, cumbersome tracking and communications issues related to the HUD standard 48-month program. Residents reported that they were able to follow and understand this program better.

The activity was by most measures successful. In light of the PIH Notice 2016-05, MPHA is placing this activity on-hold as it no longer needs MTW Authority to continue it. However, we believe there may be circumstances in which we would reactivate it in the future.

Reactivation Update (Plan) or Actions Taken (Report)

MPHA's plans and timeline are indeterminate at this time. The activity was placed on-hold in 2017, and we continue to assess its future potential need.

Changes or Modifications Since Approval

None.

D. CLOSED OUT ACTIVITIES

Absence from Unit Initiative (2011 – 3)

Approved in 2001, Implemented in 2011, Closed in 2017

Why the activity was closed out

The absence-from-unit initiative continues the rent obligation for tenants whose income is temporarily reduced during an absence from the unit for more than 30 days. Under this initiative, tenants who temporarily lose income were required to pay rent as if the income continued. Residents could request a hardship to pay minimum rent during their absence, along with an agreement to repay the difference over the next 12 months.

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 the United States. After several years of experience and 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.

Biennial Housing Quality Standards Inspections (2012 – 1)

Approved and Implemented in 2012, Closed out in 2014

Why the activity was closed out

This activity gave MPHA 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. However, two years later Section 220 of the 2014 Congressional Appropriations Act allowed "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 closed out this activity as MTW authority was no longer required.

Block Grant and Fungible Use of MPHA Resources (2009 – 1)

Approved 2009, Implemented in 2009, Closed in 2017

Why the activity was closed out

HUD does not require this to be reported in the same format as other initiatives. The MTW Sources and Uses provides the detail of the Combined Fund. This Activity was moved to the "Closed Out" Section of the 2017 MTW Plan per HUD instruction.

Combine Homeownership Programs (2009 – 3)

Approved and implemented in 2009, Closed out in 2012

Why the activity was closed out

MPHA discontinued this initiative in 2012 due to funding shortfalls, and closed out the program. With the phase-out of MPHA's Homeownership Made Easy (HOME) program in June 2012, two families received homeowner education and mortgage readiness counseling in 2012. Of these, one family closed on their home in Northeast Minneapolis in June 2012. No families were assisted through the Moving Home program. No families were referred by Twin Cities Habitat for Humanity or Neighborhood Housing Services of Minneapolis for the Section 8 Mortgage Foreclosure Prevention Program.

Earned Income Disallowance Simplification - HCV (2012 – 2)

Approved and Implemented in 2012, Closed out in 2016

Why the activity was closed out

In the Housing Choice Voucher Program, HUD regulations allow families whose head of household is 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 created a two-year full income disregard for eligible families and eliminated the administrative hardship and time-consuming monitoring. MPHA eliminated the Earned Income Disregard in implementing its Rent Reform program, but permitted current participants to complete their two-year eligibility under his initiative.

Foreclosure Stabilization Project-Based Voucher Demonstration Program (2010 – 5)

Approved in 2010, Implemented in 2011, Closed in 2017

Why the activity was closed out

This initiative was a partnership with a local non-profit that purchased and rehabilitated four- and six-unit properties that had gone through foreclosure. MPHA project-based 21 vouchers at these units. Implementation began in May 2011 and was complete by August 2012 when all 21 units were occupied. The units have remained occupied and active in 2016 as preserved units of affordable housing. The activity's objectives have been fulfilled.

MPHA – Hennepin County Transitional Housing Demonstration (2013 – 1)

Approved in 2013, Implemented in 2014, Closed out in 2016.

Why the activity was closed out

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 are in need of transitional housing for brief periods from a few days to a few months. 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. This activity did not live up to its promise. The county medical center ultimately could not secure adequate funding to support the concept. Even though it was more costly to address the repeated health needs of homeless people who visited the hospital, Minnesota Medical Assistance (Medicaid) paid for medical costs and could not reimburse for housing. Since implementation in 2014, only two units were occupied by seven individuals, which fell considerably short of our expectations. The key lesson learned is to continue to work on ways that Medicaid might reimburse for housing related costs.

Public Housing Self-Sufficiency Program (2009 – 5)

Approved and implemented in 2009, Closed out in 2012

Why the activity was closed out

MPHA discontinued this program in 2012 due to federal funding cutbacks in its housing programs. This program was developed to support MPHA’s homeownership initiatives which were also discontinued in 2012.

(V) SOURCES AND USES OF MTW FUNDS**ANNUAL MTW PLAN****A. ESTIMATED SOURCES AND USES OF MTW FUNDS****i. Estimated Sources of MTW Funds**

The MTW PHA shall provide the estimated sources and amount of MTW funding by Financial Data Schedule (FDS) line item.

FDS LINE ITEM NUMBER	FDS LINE ITEM NAME	DOLLAR AMOUNT
70500 (70300+70400)	Total Tenant Revenue	\$21,827,000
70600	HUD PHA Operating Grants	\$71,492,000
70610	Capital Grants	\$13,440,425
70700 (70710+70720+70730+70740+70750)	Total Fee Revenue	\$0
71100+72000	Interest Income	\$260,000
71600	Gain or Loss on Sale of Capital Assets	\$0
71200+71300+71310+71400+71500	Other Income	\$3,196,000
70000	Total Revenue	\$110,215,425

ii. Estimated Uses of MTW Funds

The MTW PHA shall provide the estimated uses and amount of MTW spending by Financial Data Schedule (FDS) line item.

FDS LINE ITEM NUMBER	FDS LINE ITEM NAME	DOLLAR AMOUNT
91000 (91100+91200+91400+91500+91600+91700+91800+91900)	Total Operating - Administrative	\$11,529,000
91300+91310+92000	Management Fee Expense	\$8,600,000
91810	Allocated Overhead	\$0
92500 (92100+92200+92300+92400)	Total Tenant Services	\$866,000
93000 (93100+93600+93200+93300+93400+93800)	Total Utilities	\$7,743,000
93500+93700	Labor	\$573,000
94000 (94100+94200+94300+94500)	Total Ordinary Maintenance	\$14,810,000
95000 (95100+95200+95300+95500)	Total Protective Services	\$2,200,000
96100 (96110+96120+96130+96140)	Total Insurance Premiums	\$1,274,000
96000 (96200+96210+96300+96400+96500+96600+96800)	Total Other General Expenses	\$2,500,000
96700 (96710+96720+96730)	Total Interest Expense & Amortization Cost	\$818,000
97100+97200	Total Extraordinary Maintenance	\$120,000
97300+97350	HAP + HAP Portability-In	\$41,155,000
97400	Depreciation Expense	\$15,000,000
97500+97600+97700+97800	All Other Expense	\$0
90000	Total Expenses	\$107,188,000

Please describe any variance between Estimated Total Revenue and Estimated Total Expenses:

Description As presented in the MTW Budget section, MTW Sources equals MTW Uses. However, Generally Accepted Accounting Principles (GAAP) classify sources and uses differently from revenues and expenses. The variance in Total Estimated Revenue and Total Estimated Expenses is the result of the classification difference. In 2019, MPHA is estimating spending \$16.4 million in capitalized expenditures and receiving current year revenue to pay for these expenditures. Those current year capitalized expenditures are not classified as an expense but instead depreciation of previous years' capitalized expenditures are shown. The difference between the revenue needed for \$16.4 million in planned capital expenditures and \$15 million in depreciation of previous years' capital expenditures creates a \$1.4 million variance of revenue over expense. Additionally, revenue of \$1.6 million is planned to cover the principal payment on loans owed by MPHA. The payment of the principal amount on the loan is not shown as an expense; only the associated interest as required by GAAP. Because of this, there is \$1.6 million more in revenues than expenses. The total variance between estimated revenues and expenses of \$3 million is because revenue for capital expenditures and debt service payments exceeds capital asset depreciation and interest on loans.

iii. Description of Planned Use of MTW Single Fund Flexibility

The MTW PHA shall provide a thorough narrative of planned activities that use only the MTW single fund flexibility. Where possible, the MTW PHA may provide metrics to track the outcomes of these programs and/or activities. Activities that use other MTW authorizations in Attachment C and/or D of the Standard MTW Agreement (or analogous section in a successor MTW Agreement) do not need to be described here, as they are already found in Section (III) or Section (IV) of the Annual MTW Plan. The MTW PHA shall also provide a thorough description of how it plans to use MTW single fund flexibility to direct funding towards specific housing and/or service programs in a way that responds to local needs (that is, at a higher or lower level than would be possible without MTW single fund flexibility).

PLANNED USE OF MTW SINGLE FUND FLEXIBILITY

Description: MPHA does not have any activities that utilize only MTW single fund flexibility.

MPHA plans to use approximately \$6.1 million from its HCV HAP Subsidy to augment other programs in accordance with the needs of our local community. Of this amount: \$2.7 million is planned for MPHA's Public Housing Capital Budget; \$1.2 million for the Public Housing Operating Budget; \$1.6 million to HCV Administration; \$276,000 to Capital Improvement Administration Fees; and \$335,000 to MTW Local Initiatives (primarily research, reporting, and administration related to MPHA's MTW status). Among other things, these transfers allow significant building rehabilitation and repair of essential systems that would not be possible under the federal capital fund alone; help augment security services to provide public housing residents with a safer living environment; and support a higher level of responsiveness and customer service to Housing Choice Voucher participants and property owners than would not have been possible under deeply prorated HCV administrative funding.

B. LOCAL ASSET MANAGEMENT PLAN

i. Is the MTW PHA allocating costs within statute?

No

ii. Is the MTW PHA implementing a local asset management plan (LAMP)?

Yes

iii. Has the MTW PHA provide a LAMP in the appendix?

Yes

iv. If the MTW PHA has provided a LAMP in the appendix, please describe any proposed changes to the LAMP in the Plan Year or state that the MTW PHA does not plan to make any changes in the Plan Year.

Description: The amended LAMP will clarify maintenance supervision activities and permit MPHA's Quality Maintenance Program to operate a maintenance team that serves multiple AMPs as a front-line cost.

C. RENTAL ASSISTANCE DEMONSTRATION (RAD) PARTICIPATION

i. Description of RAD Participation

The MTW PHA shall provide a brief description of its participation in RAD. This description must include the proposed and/or planned number of units to be converted under RAD, under which component the conversion(s) will occur, and approximate timing of major milestones. The MTW PHA should also give the planned/actual submission dates of all RAD Significant Amendments. Dates of any approved RAD Significant Amendments should also be provided.

RENTAL ASSISTANCE DEMONSTRATION (RAD) PARTICIPATION

MPHA has not converted any properties using RAD. By the time of this plan's submission to HUD, we anticipate having applied for RAD for one property: the Elliot Twins, consisting of two towers with 174 units of public housing. We are proposing to perform major rehabilitation under RAD, retaining all units in their current configuration. The objective is to preserve the housing for the long-term, for the residents who live there. To secure the maximum funding for preservation, the conversion may use the RAD "blend" option including both RAD and Section 18. Timing depends upon HUD approval of the application and the subsequent assembly of a financing plan. MPHA will pursue further RAD applications as indicated by our underlying financial and capital needs data, and in line with the priorities under our Strategic Vision.

ii. Has the MTW PHA submitted a RAD Significant Amendment in the appendix? A RAD Significant Amendment should only be included if it is a new or amended version that requires HUD approval.

No

iii. If the MTW PHA has provided a RAD Significant Amendment in the appendix, please state whether it is the first RAD Significant Amendment submitted or describe any proposed changes from the prior RAD Significant Amendment?

N/A

VI. ADMINISTRATIVE

A. Board Resolution and Certifications of Compliance

See Appendix A, Board Report/Resolution and Certifications of Compliance.

B. Documentation of Public Process

The draft plan was available for public review on July 20, 2018. The MPHA Board of Commissioners held our public hearing on August 22, 2018.

See Appendix B for detailed documentation of MPHA's public process and a summary of public comments.

C. Planned and Ongoing Evaluations

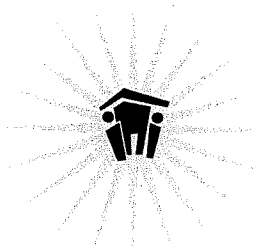
MPHA has no planned or ongoing MTW PHA-directed evaluations of the MTW demonstration and/or of any specific MTW activities.

D. Lobbying Disclosures

See Appendix C for Certification of Payments (HUD Form 50071). Form SF-LLL is not relevant to MPHA's activities.

APPENDIX A: Board Resolution and Certifications of Compliance

These items begin on the following page.



APPROVED

September 26, 2018

Agenda Item 3

REPORT TO THE COMMISSIONERS

FROM: Gregory Russ, Executive Director/CEO

SUBJECT: Approval of MPHA 2019 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 6, 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 Resident Advisory Board (RAB) will review and act on its recommendations to the board regarding the 2019 Annual Plan prior to the September 26, 2018 board meeting.

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

Recommendation: It is recommended that the Board of Commissioners adopt a resolution approving the MPHA FY 2019 MTW Annual Plan and submit it to HUD pursuant to the requirements in the MTW Agreement.

MPHA strives in its public process to exceed the requirements of the MTW Agreement. MTW agencies are required by the Agreement to hold one public hearing, make the draft plan available for comment for at least 30 days, and allow at least 15 days between the public hearing and board approval.

MPHA made a draft of its plan available beginning July 20, 2018, along with a Somali translation of the plan's Section 1 (Introduction). These were available on MPHA's website (on an "MTW" page prominently advertised on our home page), at the front desk of MPHA's central office, and for printing upon-request at all MPHA property management offices. Prior to the draft plan's release, MPHA provided notice by mail, in English and Somali, to all public housing residents. This notice included: the July 20 release date, where to obtain the plan, dates and times of upcoming public meetings, how to provide comments by email or regular mail, the deadline for comments, and how to request language or other accommodation. MPHA property managers were directed to post this notice in a visible place.

MPHA also mailed this notice to a random selection of 500 households with Housing Choice Vouchers and placed advance notices of the plan and public hearing in multiple print and online outlets.

MPHA's Resident Advisory Board (RAB) met in late June to propose their priorities for the inclusion in the draft plan. The RAB met twice in July; once to continue its discussion, and again to approve the priorities (included in the plan as an appendix).

MPHA's Board of Directors held a public hearing on the draft MTW Annual Plan on August 22, 2018. One week prior to this, MPHA also held two informational meetings (daytime and evening) that were open to the public, at a public housing building with a commons room suited to the event. These meetings featured a presentation on the MTW Annual Plan contents, followed by an opportunity for public comment. At these informational meetings, the multiple MPHA senior staff in attendance answered questions and concerns, in addition to the necessary task of documenting public comments. At all meetings and the public hearing, MPHA provided interpretation in Somali, Oromo, Hmong, and American Sign Language, in anticipation of the possible need for these services. MPHA was prepared to accommodate additional languages upon advance request.

Meeting attendance at the informational meetings is difficult to estimate precisely, as some people came late or left early and certain attendees actively discouraged residents and members of the public from utilizing our sign-in sheets. We estimate daytime attendance at around 100 people, and evening attendance around 30 people. Attendance at the public hearing was around 50 people.

MPHA's deadline for comments was August 27, 2018, five days beyond the public hearing and 38 days after the draft plan became available. MPHA has included a summary of public comments and MPHA responses in an appendix to the plan.

A copy of the recommended Board Resolution is attached to this report. This report was prepared by Jeff Horwich, Director of Policy and External Affairs (jhorwich@mplspha.org).

RESOLUTION No. 18-182

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 MTW Agency; and

WHEREAS, the full-status MTW Agreement requires MPHA to create an annual MTW Plan; and

WHEREAS, MPHA is required to submit the MTW Annual Plan at least 75 days prior to the start of the fiscal/calendar year;

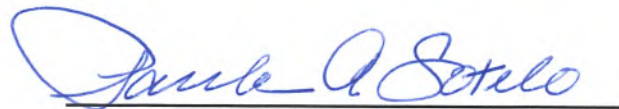
NOW THEREFORE, BE IT RESOLVED by the Board of Commissioners of MPHA that the 2019 MTW Annual Plan is approved and that the Executive Director is authorized to submit it to HUD for approval as required.

C E R T I F I C A T E

I, **Paula Sotelo**, Executive Assistant to the Executive Director and Board of Commissioners of the Minneapolis Public Housing Authority in and for the City of Minneapolis, do hereby certify that the attached **RESOLUTION** was duly adopted at a regular meeting of the Board of Commissioners of said Authority, held on September 26, 2018, and is a true and correct copy of the **RESOLUTION** adopted at said meeting and on file and of record in the official Minutes of said Authority.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of said Authority this 26th day of September 2018.

I DO HEREBY CERTIFY THAT I AM DULY AUTHORIZED TO EXECUTE THIS CERTIFICATE.



Paula Sotelo

(SEAL)

CERTIFICATIONS OF COMPLIANCE

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT OFFICE OF PUBIC 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 Moving to Work Public Housing Agency (MTW PHA) listed below, as its Chairman or other authorized MTW PHA official if there is no Board of Commissioners, I approve the submission of the Annual Moving to Work Plan for the MTW PHA Plan Year beginning 1/1/2019, 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 MTW 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 MTW PHA conducted a public hearing to discuss the Plan and invited public comment.
- (2) The MTW 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 MTW 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 (or successor form as required by HUD).
- (4) The MTW 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 MTW PHA's jurisdiction and a description of the manner in which the Plan is consistent with the applicable Consolidated Plan.
- (7) The MTW PHA will affirmatively further fair housing by fulfilling the requirements at 24 CFR 903.7(o) and 24 CFR 903.15(d), which means that it will take meaningful actions to further the goals identified in the Assessment of Fair Housing (AFH) conducted in accordance with the requirements of 24 CFR 5.150 through 5.180, that it will take no action that is materially inconsistent with its obligation to affirmatively further fair housing, and that it will address fair housing issues and contributing factors in its programs, in accordance with 24 CFR 903.7(o)(3). Until such time as the MTW PHA is required to submit an AFH, and that AFH has been accepted by HUD, the MTW PHA will address impediments to fair housing choice identified in the Analysis of Impediments to fair housing choice associated with any applicable Consolidated or Annual Action Plan under 24 CFR Part 91.
- (8) The MTW PHA will comply with the prohibitions against discrimination on the basis of age pursuant to the Age Discrimination Act of 1975.
- (9) In accordance with 24 CFR 5.105(a)(2), HUD's Equal Access Rule, the MTW PHA will not make a determination of eligibility for housing based on sexual orientation, gender identify, or marital status and will make no inquiries concerning the gender identification or sexual orientation of an applicant for or occupant of HUD-assisted housing.
- (10) The MTW 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.
- (11) The MTW 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.
- (12) The MTW PHA will comply with requirements with regard to a drug free workplace required by 24 CFR Part 24, Subpart F.
- (13) The MTW 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.

OMB Control Number: 2577-0216
Expiration Date: 01/31/2021

- (14) The MTW 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.
- (15) The MTW PHA will take appropriate affirmative action to award contracts to minority and women's business enterprises under 24 CFR 5.105(a).
- (16) The MTW 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 MTW 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.
- (17) With respect to public housing and applicable local, non-traditional development the MTW 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.
- (18) The MTW PHA will keep records in accordance with 24 CFR 85.20 and facilitate an effective audit to determine compliance with program requirements.
- (19) The MTW PHA will comply with the Lead-Based Paint Poisoning Prevention Act and 24 CFR Part 35.
- (20) The MTW 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 200.
- (21) The MTW 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.
- (22) 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 MTW PHA in its Plan and will continue to be made available at least at the primary business office of the MTW PHA.

Minneapolis Public Housing Authority

MN002

MTW PHA NAME

MTW 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

Chair, MPHA Board of Commissioners

NAME OF AUTHORIZED OFFICIAL

TITLE

SIGNATURE

DATE

* *Must be signed by either the Chairman or Secretary of the Board of the MTW PHA's legislative body. This certification cannot be signed by an employee unless authorized by the MTW 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.*

APPENDIX B: Documentation of Public Process and Summary of Public Comments

PUBLIC PROCESS: 2019 MTW ANNUAL PLAN

MPHA strives in its public process to exceed the requirements of the MTW Agreement. MTW agencies are required by the Agreement to hold one public hearing, make the draft plan available for comment for at least 30 days, and allow at least 15 days between the public hearing and board approval.

MPHA made a draft of its plan available beginning July 20, 2018 (along with a Somali translation of the plan Introduction), with the comment period ending 38 days later on August 27. Materials were available on MPHA's website (on an "MTW" page prominently advertised on our home page), at the front desk of MPHA's central office, and for printing upon-request at all MPHA property management offices. Prior to the draft plan's release, MPHA provided notice by mail, in English and Somali, to all public housing residents. MPHA property managers posted this notice, which included: the July 20 release date, where to obtain the plan, dates and times of upcoming public meetings, how to provide comments by email or regular mail, the deadline for comments, and how to request language or other accommodation. MPHA also mailed this notice to a random selection of 500 households with Housing Choice Vouchers and placed advance notices of the plan and public hearing in multiple print and online outlets.

MPHA's Resident Advisory Board (RAB) met in late June to propose their priorities for the inclusion in the draft plan. The RAB met twice in July; once to continue its discussion, and again to approve the priorities (included in the plan as Appendix D).

MPHA's Board of Directors held a public hearing on the draft MTW Annual Plan on August 22, 2018. One week prior to this, MPHA also held two informational meetings (daytime and evening) that were open to the public. These meetings featured a presentation on the MTW Annual Plan contents, followed by an opportunity for public comment. At these informational meetings, multiple MPHA senior staff in attendance answered questions and concerns. At all meetings and the public hearing, MPHA provided interpretation in Somali, Oromo, Hmong, and American Sign Language, in anticipation of the possible need for these services.

MPHA estimates 100 people attended the daytime informational meeting and 30 people attended the evening meeting. Meeting attendance at the informational meetings is difficult to estimate precisely, as some attendees declined to utilize our sign-in sheets. Attendance at the public hearing was approximately 50 people.

SUMMARY OF PUBLIC COMMENTS

MPHA thanks all who took time to submit comments. MPHA has reviewed these comments in their entirety and with due consideration prior to submitting the MTW Annual Plan for board approval. By the comment deadline, MPHA received a total of 39 emailed comments, five mailed or personally delivered written comments (including a hand-delivered petition), and 25 oral comments at three public meetings. MPHA also received an official response from the Minneapolis Highrise Representative Council (MHRC), which is reproduced at the end of this appendix section. This summary represents an overview of key topics evident in the comments and is not an exhaustive list of all comments received.

With the notable exception of comments from the MHRC, many comments were similarly themed, including the 70 percent of written comments that consisted of the same form-letter. These expressed concern about the perceived loss of public housing and MPHA's application for HUD's Rental Assistance Demonstration (RAD) program. The common statements closely reflected an ongoing campaign of incorrect information circulated by third-parties. Such comments are valuable to the agency in understanding areas of misunderstanding and identifying communication priorities. Insofar as they are based in mistaken or deliberately misleading interpretations of federal and local programs and regulations, MPHA's mission and intentions, and the text of the plan, their use is limited in informing the plan itself.

Not all comments fit this template. Some comments advocated for attention to specific details in any capital investments MPHA makes (such as broadband and wireless Internet access, accessibility for seniors and the disabled, elevator modernization, and exercise space). MPHA looks forward to working closely with residents to understand design priorities and make informed decisions in our modernization projects. Our vision extends beyond just repairs to include "livability" improvements that enhance comfort, a sense of community, and the ability of seniors to age-in-place.

Other comments encouraged MPHA to emphasize scholarship, apprenticeship, and employment opportunities for public housing residents and HCV participants, and to bring a greater focus on chemical dependency and mental health issues. MPHA shares these values, and hopes our approach to the "Education, Employment, and Health" and "Growing MPHA's Organizational Capacity" sections in our plan embody this, including re-launching a Resident Services department. Another comment encouraged MPHA to employ more skilled union workers; MPHA is optimistic that the job opportunities created by investment in our housing in future years will create many such jobs.

Some comments spoke specifically to MPHA public housing procedures, which do not pertain to the content of an annual plan. MPHA has received and forwarded the comments to our operational team.

Some commenters voiced their support for MPHA's materials, communication, and vision. A number of these comments recognized the potential for the RAD program to bring funding stability and building upgrades to MPHA's public housing. These comments also acknowledged the ongoing need to educate and inform about RAD, especially in light of persistent outside efforts to misinform and stoke fears around the program. The comments from MHRC requested additional materials and simplified explanations to continue to build confidence in the program and its protections for residents. MHRC's comments expressed support for specific items emphasized in the plan, including energy efficiency, exploring the use of accessory dwelling units on land MPHA owns, health and wellness, and a commitment to prioritize security to the extent our budget allows. MHRC also invited MPHA to work

closely with them to increase the push at the local, state, and federal level to maintain and increase support for public housing that “has been sorely lacking.” MPHA looks forward to partnering ever more closely to ensure public officials understand the importance of what we do and hear the stories of those we serve.

Comments critical of MPHA either consisted solely of the aforementioned form-letter or mirrored it closely. These comments featured a few distinct themes, which we will address briefly here. One of these is MPHA’s “hidden plans” to harm or end public housing, displacing the families we serve. MPHA has been clear and public in our intention to preserve all of our units, protecting the rights and housing benefits of current residents while assuring our ability to serve low-income families into the future. We are a transparent, public institution with no unseen intention to the contrary, which would violate our mission.

A second theme attacks MPHA’s public and approval processes with regard to our MTW Plan and our recent application for HUD’s RAD program. MPHA is scrupulous in assuring that our public processes satisfy all meeting and disclosure requirements, and often exceed them; this includes our own policies as well as any requirements of federal, state, or local law. MPHA’s Board of Commissioners is solely charged with approving the agency’s MTW Annual Plan and applications for HUD programs such as RAD. A third theme seeks to sow confusion about the relationship of HUD’s public housing-related programs (RAD and Section 18) and tenant-based Section 8 Housing Choice Vouchers. Any suggestions that MPHA’s capital plans will require families to use tenant-based vouchers are fully incorrect; they are supported neither by MPHA’s own statements nor the workings of federal programs such as RAD. A final theme asserts that MPHA has (or has access to) sufficient public funds to preserve our housing without exploring programs such as RAD and Section 18. While MPHA is deeply engaged in pursuing additional public funds at all levels of government, this perspective shows a deliberate disregard for the reality of public housing funding, the depth of the need, and prudent actions needed today as responsible stewards of low-income housing essential to our Minneapolis community.

FULL COMMENTS FROM THE MINNEAPOLIS HIGHRISE REPRESENTATIVE COUNCIL (MHRC)

Regarding MPHAs’ Strategic Vision and Capital Plan

The MHRC has, for many years, joined with local and national housing advocacy organizations to urge the federal government to meet its obligation of preserving and expanding public housing. The Rental Assistance Demonstration (RAD) program is a response to the failure of the federal government to fulfill this obligation and the primary way available to housing authorities to save and expand their housing. Highrise residents share the same concerns as many about how a RAD conversion will impact them and their communities. We have had countless discussions with MPHA staff, have been involved in developing guiding principles for redevelopment work that clearly state tenant protections and expectations for tenant involvement, and just yesterday highrise resident leaders participated in a RAD training. Questions will continue to come up as MPHA moves forward with various aspects of its strategic vision and capital plan but we are more confident now, than at the beginning, about guaranteed tenant protections and guaranteed permanent affordability of our housing.

Additional requests and comments:

- We request that the MPHA hold more than the HUD-required number of meetings throughout the RAD process to thoroughly address and satisfy resident questions and concerns;
- We request that MPHA provide a more simplified explanation about the conversion of public housing to project-based Section 8, including a description and comparison of Project Based Section 8, Housing Choice Vouchers and Tenant Protection Vouchers;
- We request that MPHA continually state its commitment to deeply affordable housing and that this commitment carries into all redevelopment efforts;
- We support proposed energy efficiency improvements in RAD conversions and other new developments;
- We support exploring innovative approaches to building additional family housing on land already owned by MPHA and purchasing and rehabbing naturally occurring affordable housing;
- Security remains the number one priority for highrise residents and we appreciate MPHA's commitment to address security considerations in its capital improvement work.
- We applaud MPHA for understanding the importance of addressing health and wellness in its strategic plan and request that you work closely with our Active Living Committee which has been promoting walking clubs, community vegetable gardens, exercise programs and more, as you develop your resident services program. We also want to encourage you to work closely with us on efforts to better address resident chemical dependency issues and develop initiatives to better support residents who have mental illness or who are experiencing a mental health crisis.

Regarding Planned Physical Improvements in the Capital Fund Program

- Residents recognize that the vast majority of limited capital improvement dollars must go toward maintaining and repairing critical building systems. Elevator breakdowns continue to be a major resident concern in many buildings and we are pleased that elevator maintenance is addressed in next year's capital budget. Residents also request that MPHA be mindful of the need for space in the highrises for exercise equipment. Many residents are focused on optimizing their health and areas for exercise in the buildings, especially in the winter months, are in high demand.
- We urge MPHA to provide shelters for residents who smoke, similar to the one at 2728 E. Franklin Ave. Enforcement of the smoking ban is a challenge for MPHA and shelters will be an encouragement for residents to go outside to smoke, especially during bad weather.

Regarding MPHA FY2019 Budget

It is clear that MPHA faces continued major funding challenges in FY2019 and into the near future. As MPHA considers cost-saving measures we urge MPHA to keep these two things in mind:

- 1) MPHA should avoid cuts to programs and services that directly impact residents including management, maintenance and security as well as resident-run programs. A positive resident perception of our homes and our quality of life in our buildings must be maintained in order to preserve public housing.

2) It is more important now, than ever, that MPHA partner with the MHRC and other groups to go after local and state support of public housing that has been sorely lacking. Public housing is an asset to Minneapolis and to neighborhoods and should be supported more vigorously at all levels of government. The City, alone, could provide over \$8 million to support MPHA's security and capital needs through a mill levy, if there was the will to do so. MPHA and MHRC need to improve our partnership in this effort. Additionally, State legislators need to hear more from MPHA about the critical unfunded capital needs MPHA is facing and be urged to pass a bonding bill that helps to adequately address them. For years, residents and the MHRC have brought resident voices to City Hall, the State legislature and Washington DC. We know there is room for more collaboration and new ideas on how to move this important agenda forward.

**Certification of Payments
to Influence Federal Transactions**U.S. Department of Housing
and Urban Development
Office of Public and Indian HousingOMB Approval No. 2577-0157 (Exp. 01/31/2017)
2019 MTW Annual Plan

Applicant Name

Minneapolis Public Housing Authority

Program/Activity Receiving Federal Grant Funding

publicly owned housing and housing choice voucher programs

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, Disclosure Form to Report Lobbying, in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all sub recipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

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)

Name of Authorized Official

Title

Executive Director

Signature

Date (mm/dd/yyyy)



9-14-18

Previous edition is obsolete

APPENDIX D: Resident Advisory Board 2019 MTW Annual Plan Priorities

MPHA's Resident Advisory Board (RAB) drafted and approved the following priorities to guide MPHA's actions in 2019.

- ❖ Define and maintain high standards and accountability for maintenance staff and management, and apply them consistently across MPHA properties. Create a protocol for residents to comment and address their concerns.
- ❖ Advocate for and use MTW fungibility as much as possible to provide adequate funding for maintenance of buildings.
- ❖ Continue to incorporate MPHA's *Guiding Principles for Redevelopment and Capital Investments as MPHA pursues its Strategic Vision and Capital Plan to preserve public housing*
- ❖ Maintain a policy of one-for-one hard unit replacement of public housing.
- ❖ Create and define a comprehensive security program, including:
 - Investing in cameras and other security measures where it makes the most difference.
 - Enforcing MPHA's guest/visitor policies to ensure unauthorized people are not entering the buildings.
 - Protecting the anonymity of residents/Project Lookout volunteers who report other residents.
- ❖ Pursue restoration of the full tax levy, as allowable under state law, and reinstate \$1.2 million of this levy for resident security.
- ❖ Do not increase rent over 30% of income.
- ❖ Do not implement housing time limits.
- ❖ Focus on the most needy: homeless, children, elderly, disabled, and ex-offenders.
- ❖ Create collaborations that increase affordable housing and/or services for residents.
- ❖ Focus on resident employment opportunities, including Section 3, as part of all MPHA activities, including:
 - A Section 3 "job bank";
 - Posting and publicizing MPHA and Section 3 job opportunities in all buildings;
 - Giving residents a preference for available jobs at MPHA.

APPENDIX E: Local Asset Management Plan (LAMP)

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.

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.

LOCAL DETERMINATION ON FEES

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 the Central Office will bear 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. The management fee charged will be 10% of the HCV-funded capital improvement costs and consistent with the fee amount permitted if the capital improvements were funded by the Capital Fund grant.

LOCAL DETERMINATIONS ON THE ASSIGNMENT OF COSTS

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. Major building systems; like elevators, heating, electrical, and mechanical systems require specialized expertise to maintain. The MPHA employs operating maintenance engineers and other specialized staff that are assigned to the projects and charged directly in accordance with HUD's asset management requirements. However, supervision and daily work inspection and direction as well as contract administration and contractor oversight for such systems are performed by a central manager. The expertise required to oversee this work is not a function that on-site staff can typically provide. MPHA will reasonably prorate the actual labor costs for the central manager when performing work related to those tasks previously described.

MPHA employs pest control specialists to treat properties in prevention and response to pests. In particular the coordination of treatment schedules, treatment of surrounding units, documentation of methods and chemicals applied, scheduling out treatment machines, ordering and controlling distribution of chemicals, determining and insuring proper training, etc. is best done by centralized administration. MPHA will reasonably prorate the actual labor costs for a central supervisor when performing work related to those tasks previously described.

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 "Where it is not economical to have full-time personnel dedicated to a specific AMP, the PHA may establish a reasonable method to spread these personnel costs to the AMPs receiving the service. Shared resource costs are distinguished from front-line prorated costs in that the services being shared are limited to a few AMPs as opposed to being prorated across all AMPs. MPHA will be implementing a new preventive maintenance program in 2019. The Quality Maintenance Program (QMP) will deliver an improved approach to grounds, janitorial, pest control, and major systems maintenance through the establishment of scheduled work tasks that includes modest repairs and replacements due to wear-and-tear. The QMP will prioritize care and servicing of equipment, unit interiors, common areas, and other building components for the purpose of maintaining satisfactory operating condition, by providing systematic inspection, detection, and correction of issues either before they occur or before they develop into major defects. MPHA intends to use maintenance crew(s) that will work across properties within and across asset management projects to perform QMP work. MPHA will consider these costs as shared costs and charge the fully burdened labor costs for these crews based on actual hours work at a project. Materials and other directly related costs for this work; i.e. auto insurance, cell phones, etc., will be prorated to the projects on a reasonable basis.

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

The additional HCV-funded capital improvement fee, the central management of specialized maintenance staff, major building systems, pest control program administration, and the QMP crews would be the only deviations from HUD's asset management guidelines.

APPENDIX F: Planned Capital Expenditures

CAPITAL NEEDS DATA

MPHA's housing stock is comprised of 42 high-rise buildings, 736 scattered site homes, 184 rowhouse units, and three maintenance, administrative, and service facilities. Forty of the 42 high-rise buildings in MPHA's inventory were built in the 1960's and early 1970's; MPHA's single-family homes range from two to 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. 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.

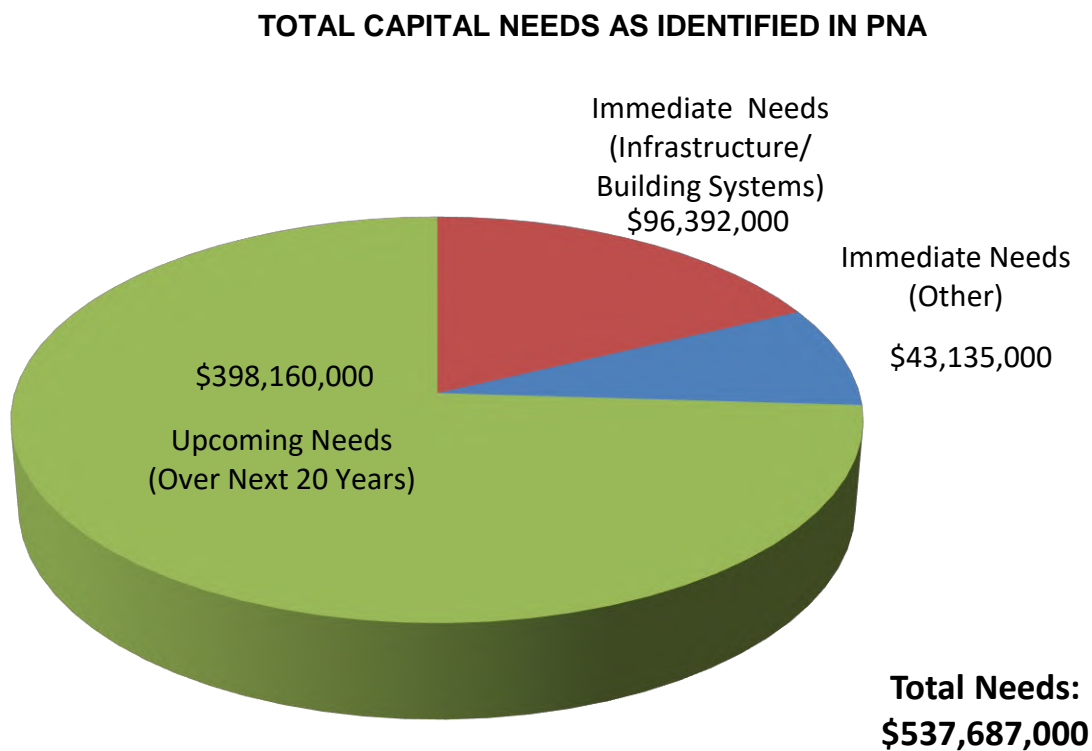
MPHA's comprehensive analysis indicates it has a current unmet need of \$139.5 million (as of 2018) that will grow to over \$500 million over the next twenty (20) years. These figures do not take into account applied capital funding as it is difficult to predict future funding levels and availability. 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 capital needs are illustrated below:



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 life safety requirements such as retrofitting our high-rise buildings with sprinkler systems. MPHA has made infrastructure/building systems a priority and will target these types of improvements over the next several years.

FY2019 SIGNIFICANT CAPITAL EXPENDITURES BY DEVELOPMENT

MPHA bases its capital plans on an expected Capital Fund Program (CFP) allocation of \$14.825 million for 2019. CFP funded activities that were initiated under previous funding cycles, but not fully completed in prior years, will carry over and experience expenditures in 2019. Additionally, a portion of the activities slated for 2019's \$14.825 million budget will not be fully expended in 2019 and will carry into 2020. This expenditure schedule is based on the assumption of receiving the Capital Fund grant by the end of March 2019. Expenditures may vary significantly if grant awards are delayed. MPHA has estimated approximately \$18.7 million in Capital Fund expenditures for FY2019 (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 FUND PROGRAM ACTIVITIES – FY 2019

AMP	PROJ	ADDRESS	WORK ITEMS	BUDGET	2019 EXPENDITURES
N/A	N/A	N/A	Administration	\$1,482,500	\$1,482,425
N/A	N/A	N/A	Audit fee	\$10,000	\$10,000
N/A	N/A	TBD	Pre-development activities	\$500,000	\$100,000
2	Varies	Scattered Sites	Roof replacement, infrastructure, comprehensive modernization	\$1,000,000	\$500,000
3	23	315 Lowry Avenue N	Exterior metal panel replacement	\$250,000	\$225,000
3	28	901 4 th Avenue N	Generator installation	\$400,000	\$350,000
4	10	311 University Ave NE	Switch gear replacement	\$400,000	\$350,000
4	33	828 Spring Street NE	Heating system upgrades	\$400,000	\$375,000
6	6	620 Cedar Avenue S	Façade restoration; roof & window replacement	\$1,500,000	\$1,000,000
6	6	1627 S 6 th Street	Elevator modernization	\$625,000	\$600,000
6	6	1611 S 6 th Street	Piping, apartment upgrades, fire alarm system replacement/fire suppression retrofit, HVAC improvements	\$5,000,000	\$3,000,000
7	17	2728 E Franklin Avenue	Generator & switch gear replacement	\$400,000	\$350,000
7	31	Horn Towers	Elevator modernization	\$1,875,000	\$1,000,000
N/A	N/A	Area-Wide	Contingency	\$982,500	\$200,000
TOTAL – 2019 CAPITAL BUDGET				\$14,825,000	

CARRYOVER CAPITAL FUND PROGRAM ACTIVITIES

(These are activities from a previously approved MTW annual and five-year CFP plan that will incur expenditures during FY 2019)

AMP	PROJ	ADDRESS	WORK ITEMS	BUDGET	2019 EXPENDITURES
N/A	N/A	N/A	Pre-development activities	\$500,000	\$450,000
2	Varies	Scattered Sites	Roof replacement	\$200,000	\$50,000
3	20.4	2415 N 3 rd Street	Security improvements	\$150,000	\$100,000
3	26	1710 Plymouth Ave	Elevator modernization	\$295,000	\$50,000
3	42	314 Hennepin Ave	Fire alarm system replacement, elevator modernization	\$915,000	\$200,000
5	9	Hiawatha Towers	Fire alarm system replacement	\$455,000	\$200,000
6	6	1627 S 6 th Street	Piping, apartment upgrades, fire alarm system replacement, HVAC improvements	\$4,355,000	\$500,000
6	15	1515 Park Ave S	Piping, apartment upgrades, HVAC improvements	\$3,600,000	\$3,000,000
7	18.4	3755 Snelling	Piping, apartment upgrades, fire alarm system replacement, HVAC improvements	\$1,200,000	\$600,000
7	36	2121 Minnehaha	Piping, fire alarm system replacement, apartment upgrades, switch gear/generator replacement	\$3,575,000	\$3,000,000
N/A	N/A	Area-Wide	Quality Maintenance Program	\$2,000,000	\$1,000,000
TOTAL – 2019 PLANNED EXPENDITURES					\$18,692,425

**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 2019-2023.

Minneapolis Public Housing Authority 2019 Five-Year Schedule of Capital Needs						FY19	FY20	FY21	FY22	FY23
AMP 1 - Rowhouses										
AMP	Project	Address	Bldgs	Units						
1	1	Glendale	28	184		15,903,076	1,062,472	0	106,003	0
Total AMP 1			28	184		15,903,076	1,062,472	0	106,003	0
AMP 2 - Scattered Site/Single Family										
AMP	Project	Address	Bldgs	Units						
2	Various	Various	730	730		32,183,319	3,806,188	3,310,931	3,011,354	1,620,623
Total AMP 2			730	730		32,183,319	3,806,188	3,310,931	3,011,354	1,620,623
AMP 3 - North										
AMP	Project	Address	Bldgs	Units						
3	3	800 North Fifth Ave	1	66		1,096,471	177,779	0	162,613	0
3	20.4	2415 North Third Street	1	62		544,288	217,082	423,028	41,950	0
3	20.5	3116 North Oliver Ave	1	31		652,344	46,573	194,019	76,794	36,706
3	23	315 North Lowry Ave	1	193		2,429,736	235,969	187,391	216,719	504,249
3	25	600 North 18th Ave	1	239		3,762,737	1,060,568	0	41,950	0
3	26	1710 North Plymouth Ave	1	84		4,165,566	1,003,546	0	278,765	0
3	28	901 North 4th Ave	1	48		41,950	0	75,881	41,950	78,631
3	37	1314 North 44th Ave	1	220		3,180,695	3,243,290	26,219	41,950	978,755
3	42	314 Hennepin Ave	1	299		4,078,517	1,746,181	901,971	3,701,047	340,845
3	50	350 Van White Memorial Blvd	1	102		330,344	367,901	0	41,950	0
Total AMP 3			10	1,344		20,282,648	8,098,889	1,808,509	4,645,688	1,939,186
AMP 4 - Northeast										
AMP	Project	Address	Bldgs	Units						
4	10	311 NE University Ave	1	49		1,169,095	598,477	52,438	41,950	0
4	15.4	710 NE Second Street	1	35		1,162,773	190,897	13,276	178,827	512,656
4	15.5	616 NE Washington Ave	1	35		1,367,497	192,278	9,253	53,225	276,154
4	21.4	1206 NE Second Street	1	57		1,996,043	370,169	91,241	69,061	5,550
4	21.5	1900 NE Third Street	1	32		1,798,994	338,949	0	41,950	0
4	21.6	809 NE Spring Street	1	32		1,930,282	658,596	0	68,169	52,438
4	32	1717 NE Washington Street	1	182		4,596,546	1,542,513	1,493,779	70,715	41,219
4	33	828 NE Spring Street	1	189		3,601,064	1,120,323	0	298,802	709,474
4	35	1815 NE Central Ave	1	333		1,467,520	2,814,143	284,664	1,070,314	839,002
Total AMP 4			9	944		19,089,814	7,826,345	1,944,651	1,893,013	2,436,493

Minneapolis Public Housing Authority
2019 Five-Year Schedule of Capital Needs

	FY19	FY20	FY21	FY22	FY23
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AMP 5 - Hiawatha

AMP 5	Project	Address	Bldgs	Units					
5	9	Hiawatha Towers	3	281	8,027,781	997,149	509,505	156,879	96,273
5	18.5	2533 South First Ave	1	42	1,354,834	264,286	0	20,975	0
5	19	1920 South Fourth Ave	1	110	2,588,831	158,592	393,823	593,415	0
5	24	1707 South Third Street	1	199	1,945,795	168,175	136,338	41,950	655,471
5	34	2419/33 South Fifth Ave	2	254	1,426,119	398,526	3,298,510	83,900	0
Total AMP 5			8	886	15,343,360	1,986,728	4,338,176	897,119	751,744

AMP 6 - Cedars

AMP 6	Project	Address	Bldgs	Units					
6	6 & 30	Cedars Community	4	539	24,099,889	6,319,964	165,699	717,903	168,515
6	8	Elliot Twins	2	174	7,108,141	582,831	1,503,301	558,142	794,737
6	16	1515 South Park Ave	1	182	5,009,623	365,765	1,291,776	434,942	31,463
Total AMP 6			7	895	36,217,653	7,268,560	2,960,776	1,710,987	994,715

AMP 7 - Horn

AMP 7	Project	Address	Bldgs	Units					
7	14	1415 East 22nd Street	1	129	1,450,438	103,344	0	41,950	206,996
7	17	2728 East Franklin Ave	1	151	6,459,785	1,287,922	694,294	166,815	79,181
7	18.4	3755 South Snelling Ave	1	28	1,150,123	367,044	0	41,950	0
7	22	3205 East 37th Street	1	28	1,039,910	362,390	0	41,950	0
7	31	Horn Towers	3	491	13,487,339	784,738	1,928,099	419,501	170,947
7	36	2121 South Minnehaha Ave	1	110	3,972,417	1,478,910	115,363	160,275	26,219
Total AMP 7			8	937	27,560,012	4,384,348	2,737,756	872,441	483,343

Management, Maintenance, and Special Facilities

Project	Location	Bldgs	Units						
29	1015 North Fourth Ave	1		224,989	0	253,062	0	188,668	
93	1301 Bryant Maintenance Off.	1		128,214	30,705	96,688	0	590,867	
96	1001 Washington Main Office	1		1,914,148	1,159,027	363,624	0	0	
Total MM&S			3	2,267,351	1,189,732	713,374	0	779,535	
GRAND TOTAL			800	5,920	168,847,233	35,623,262	17,814,173	13,136,605	9,005,639

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 through 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 and continuing into 2018, 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. 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.
- 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 2019.
- 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 as well as the neighboring scattered sites family units located within the same city block.
- 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 over 100 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. In 2018, MPHA began construction of its Minnehaha Townhomes Development in south Minneapolis. Due to a combination of public and private funding sources, MPHA will complete construction of this 16-unit public housing development for families experiencing homelessness in 2019.
- 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 \$2.2+ million public housing preservation grant from the State of Minnesota in 2018 to help fund major plumbing replacement, fire protection installation, apartment improvements, and HVAC upgrades at its 1611 South Sixth Street building, and elevator modernization at 1627 South Sixth Street. In 2019, MPHA will 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 with pilot projects. The goal of the pilot projects is, at a minimum, to devise 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.

MPHA will also work to develop an ultra-energy efficient new construction model that could become our "standard" for all new single-family home or multi-unit developments. This will also be a pilot project that

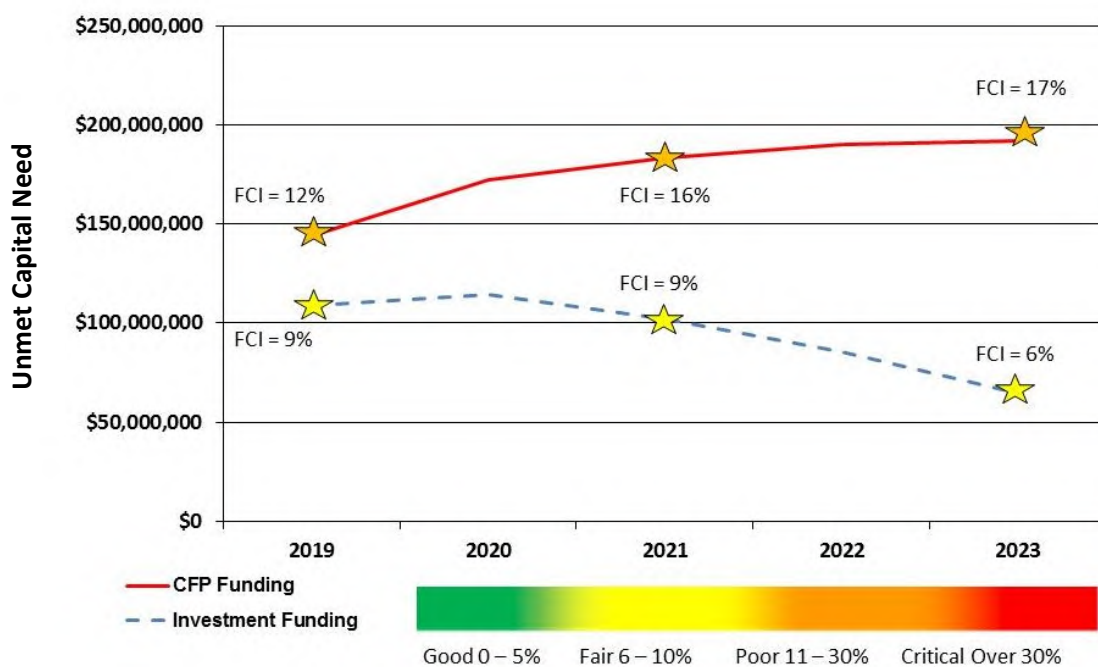
could be developed on an existing vacant lot or as a replacement of an obsolete home with significant capital needs.

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 \$52.2 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 CFP funding levels 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 G

ANNUAL STATEMENT/ PERFORMANCE AND EVALUATION REPORT (HUD Form 50075.1)

Report begins on next page.

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

2019 MTW Annual Plan
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: Minneapolis Public Housing Authority		Grant Type and Number Capital Fund Program Grant No: MN46P00250116 Replacement Housing Factor Grant No: Date of CFFP:			FFY of Grant: 2016 FFY of Grant Approval:
Type of Grant <input type="checkbox"/> Original Annual Statement <input type="checkbox"/> Reserve for Disasters/Emergencies <input type="checkbox"/> Revised Annual Statement (revision no:) <input checked="" type="checkbox"/> Performance and Evaluation Report for Period Ending: 12/31/2017 <input type="checkbox"/> 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	10,229,665	10,229,665	10,229,665	6,861,856
16	1495.1 Relocation Costs				
17	1499 Development Activities ⁴				

¹ To be completed for the Performance and Evaluation Report.

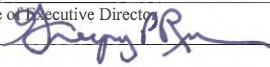
² To be completed for the Performance and Evaluation Report or a Revised Annual Statement.

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

2019 MTW Annual Plan
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: Minneapolis Public Housing Authority		Grant Type and Number Capital Fund Program Grant No: MN46P00250116 Replacement Housing Factor Grant No: Date of CFFP:		FFY of Grant: 2016 FFY of Grant Approval:	
Type of Grant <input type="checkbox"/> Original Annual Statement <input type="checkbox"/> Reserve for Disasters/Emergencies <input checked="" type="checkbox"/> Performance and Evaluation Report for Period Ending: 12/31/2017 <input type="checkbox"/> Revised Annual Statement (revision no:) <input type="checkbox"/> 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)	10,229,665	10,229,665	10,229,665	6,861,856
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 9-12-18	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.

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

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.

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

2019 MTW Annual Plan
 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: Minneapolis Public Housing Authority		Grant Type and Number Capital Fund Program Grant No: MN46P00250117 Replacement Housing Factor Grant No: Date of CFFP:			FFY of Grant: 2017 FFY of Grant Approval:
Type of Grant <input type="checkbox"/> Original Annual Statement <input type="checkbox"/> Reserve for Disasters/Emergencies <input type="checkbox"/> Revised Annual Statement (revision no:) <input checked="" type="checkbox"/> Performance and Evaluation Report for Period Ending: 12/31/2017 <input type="checkbox"/> 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	10,232,133	10,232,133	3,088,834	0
16	1495.1 Relocation Costs				
17	1499 Development Activities ⁴				

¹ To be completed for the Performance and Evaluation Report.

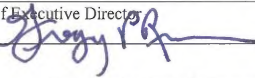
² To be completed for the Performance and Evaluation Report or a Revised Annual Statement.

³ PHAs with under 250 units in management may use 100% of CFP Grants for operations.

⁴ RHF funds shall be included here.

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

2019 MTW Annual Plan
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: Minneapolis Public Housing Authority		Grant Type and Number Capital Fund Program Grant No: MN46P00250117 Replacement Housing Factor Grant No: Date of CFFP:			FFY of Grant:2017 FFY of Grant Approval:
Type of Grant <input type="checkbox"/> Original Annual Statement <input type="checkbox"/> Reserve for Disasters/Emergencies <input type="checkbox"/> Revised Annual Statement (revision no:) <input checked="" type="checkbox"/> Performance and Evaluation Report for Period Ending: 12/31/2017 <input type="checkbox"/> 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)	10,232,133	10,232,133	3,088,834	0
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 9-12-18		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.

² To be completed for the Performance and Evaluation Report.

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U.S. Department of Housing and Urban Development
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Expires 06/30/2017

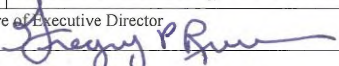

¹ Obligation and expenditure end dated can only be revised with HUD approval pursuant to Section 9j of the U.S. Housing Act of 1937, as amended.

2019 MTW Annual Plan
U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
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Expires 06/30/2017

² PHAs with under 250 units in management may use 100% of CFP Grants for operations.

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

2019 MTW Annual Plan
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 Capital Fund Program Grant No: MN46P00250118 Replacement Housing Factor Grant No: Date of CFFP:			FFY of Grant:2018 FFY of Grant Approval:
Minneapolis Public Housing Authority					
Type of Grant <input type="checkbox"/> Original Annual Statement <input type="checkbox"/> Reserve for Disasters/Emergencies <input type="checkbox"/> Revised Annual Statement (revision no:) <input checked="" type="checkbox"/> Performance and Evaluation Report for Period Ending: <input type="checkbox"/> 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)	14,824,249	14,824,249	0	0
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	
		9-12-18			

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 RHIF funds shall be included here.

² To be completed for the Performance and Evaluation Report.

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

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

2019 MTW Annual Plan
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: Minneapolis Public Housing Authority		Grant Type and Number Capital Fund Program Grant No: Estimated MN46P00250119 Replacement Housing Factor Grant No: Date of CFFP:			FFY of Grant: Est. 2019 FFY of Grant Approval:
Type of Grant <input type="checkbox"/> Original Annual Statement <input type="checkbox"/> Reserve for Disasters/Emergencies <input type="checkbox"/> Revised Annual Statement (revision no:) <input checked="" type="checkbox"/> Performance and Evaluation Report for Period Ending: <input type="checkbox"/> 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	14,824,249	14,824,249	0	0
16	1495.1 Relocation Costs				
17	1499 Development Activities ⁴				

¹ To be completed for the Performance and Evaluation Report.

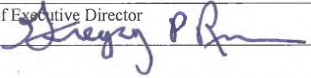
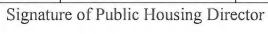
² To be completed for the Performance and Evaluation Report or a Revised Annual Statement.

³ PHAs with under 250 units in management may use 100% of CFP Grants for operations.

⁴ RHF funds shall be included here.

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

2019 MTW Annual Plan
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 Capital Fund Program Grant No: Estimated MN46P00250119 Replacement Housing Factor Grant No: Date of CFFP:			FFY of Grant: Est. 2019 FFY of Grant Approval:
Minneapolis Public Housing Authority					
Type of Grant <input type="checkbox"/> Original Annual Statement <input type="checkbox"/> Reserve for Disasters/Emergencies <input type="checkbox"/> Revised Annual Statement (revision no:) <input checked="" type="checkbox"/> Performance and Evaluation Report for Period Ending: <input type="checkbox"/> 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)	14,824,249	14,824,249	0	0
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	
		9-12-19			

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 RHH funds shall be included here.

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

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.

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. 2577-0157
 Expires 3/31/2020

Part I: Summary					
PHA Name: Minneapolis PHA in and for the City of Minneapolis 1001 Washington Ave N Minneapolis, MN 55401			Grant Type and Number Capital Fund Program Grant No: Replacement Housing Factor Grant No: Date of CFFP:		FFY of Grant: 2018 FFY of Grant Approval:
Type of Grant <input checked="" type="checkbox"/> Original Annual Statement <input type="checkbox"/> Reserve for Disasters/Emergencies <input type="checkbox"/> Revised Annual Statement (revision no:) <input type="checkbox"/> Performance and Evaluation Report for Period Ending: <input type="checkbox"/> 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	\$1,000,000			
16	1495.1 Relocation Costs				
17	1499 Development Activities ⁴				

¹ To be completed for the Performance and Evaluation Report.

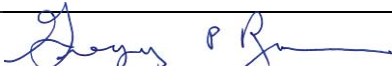
² To be completed for the Performance and Evaluation Report or a Revised Annual Statement.

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 3/31/2020

Part I: Summary					
PHA Name: Minneapolis PHA in and for the City of Minneapolis		Grant Type and Number Capital Fund Program Grant No: Replacement Housing Factor Grant No: Date of CFFP:			FFY of Grant:2018 FFY of Grant Approval:
Type of Grant <input checked="" type="checkbox"/> Original Annual Statement <input type="checkbox"/> Reserve for Disasters/Emergencies <input type="checkbox"/> Revised Annual Statement (revision no:) <input type="checkbox"/> Performance and Evaluation Report for Period Ending: <input type="checkbox"/> 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)	\$1,000,000			
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 03/19/2018		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.

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 3/31/2020

Part II: Supporting Pages								
PHA Name: Minneapolis PHA in and for the City of Minneapolis		Grant Type and Number Capital Fund Program Grant No: CFFP (Yes/ No): Replacement Housing Factor Grant No:			Federal FFY of Grant: 2018			
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	
MN002000002	In 1992, the Minneapolis PHA (MPHA) began evaluating our scattered site portfolio for lead-based paint (LBP) hazards. 426 scattered sites had LBP hazards and were abated. Approved abatement options utilized included encapsulation with a product rated for 20 years. We have now reached the end of this product's expected effective period, so it is time to evaluate the current performance of the abatements. MPHA will hire an LBP-certified contractor to inspect the 426 scattered sites that were abated for LBP 20 years ago. We have good records on which building components were abated, so we can target the inspections appropriately, saving time and	1492	1	\$300,000				

	money. All inspections will be completed within 9 months of award. As a Moving To Work agency, MPHA submits MTW 50058s to PIC and uses account 1492 for our entire capital grant. All grant activities will be conducted in accordance with Section 3 requirements and in compliance with the Regional Analysis of Impediments to AFFH and its addendum.							
MN002000002	Scattered site units that need further LBP abatement will be identified through the inspections described above. The type of abatement needed will be determined by the results of the inspections. MPHA will hire an LBP-certified contractor to perform the abatement work. This contractor will be different from, and independent of, the contractor hired to conduct the inspections. In terms of prioritizing abatements, we will start with units housing children under the age of 6. Next, we will abate units with older children and the highest number of LBP hazards found. After abatement activities are completed, LBP clearance testing will be conducted by a contractor that is different from, and independent of, the contractor who conducted the abatement. This contractor may be the same as the	1492	1	\$700,000				

[illegible]

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.

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.

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.

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APPENDIX H: 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.

Low-Income Family – a family whose annual income does not exceed 80 percent of the area median income, as determined by HUD.

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.

PBVs – Project-Based Vouchers provide rental assistance to families living in privately owned apartments, or in buildings controlled by the housing authority following a RAD-conversion. Using the voucher funding, MPHA enters into a contract to ensure that these units are preserved as affordable housing for up to 20 years (or beyond, in the case of RAD).

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.

TPVs – Tenant Protection Vouchers are issued to ensure there is no displacement of low-income residents as a result of underlying changes to subsidy assistance of a property. TPVs can also provide stability and facilitate an increased funding stream to the property.

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.