

MINNEAPOLIS PUBLIC HOUSING AUTHORITY

MISSION

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

BUSINESS LINES

Low Income Public Housing Overview

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

Low Income Public Housing Performance

High Performer Status. When MPHA first became an independent agency nineteen years ago, it was at risk of being labeled a "troubled" housing authority. It pursued a strategic vision, and with bold and consistent leadership, was able to transform itself. MPHA achieved HUD's highest performance rating, and for over a decade MPHA has maintained that status. Under the Public Housing Assessment System (PHAS), HUD rates public housing authorities across the nation in various performance categories, including the physical condition of property, financial status, and management practices. Through prudent investments and wise operational practices, MPHA has consistently received grades in excess of 90% in all these areas. MPHA's most recent financial audit by the State of Minnesota Auditor shows no findings in its Low Income Public Housing operations.

Section 8 Housing Choice Voucher Program Overview

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

Eligibility for participation in the Section 8 HCV Program is based on income, eligible citizenship status, and the ability to pass a criminal history background check. The amount of the subsidy available to the family is based on the family's income level and the household's composition. In general, the family's income may not exceed 50 percent of the median income for the county or metropolitan area in which the family chooses to live. By law, MPHA must provide 75 percent of its vouchers to applicants whose incomes do not exceed 30 percent of the area median income.

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

In July 2010 we entered into an agreement with the Minneapolis Police Department to assist the Section 8 HCV Program with its program integrity. A Minneapolis Police Sergeant investigates alleged criminal activity, neighborhood complaints, and suspected fraud committed by voucher

holders or program owners who participate in the Section 8 HCV Program. The goal is to clearly demonstrate MPHA's commitment to protecting the Program's integrity when there is reason to believe that any criminal or fraudulent activity is taking place in connection with the Section 8 HCV Program.

Capital Improvements Program

MPHA's Facilities and Development Department works closely with the Executive Director to identify, catalog, and prioritize capital needs and develop an action plan that ensures the preservation of MPHA properties. This department also takes the lead in new development initiatives. With its Moving to Work authority, the infusion of American Recovery and Reinvestment Act (ARRA) funds, and its Energy Performance Contract initiative, MPHA has been able to strategically allocate its resources to make substantial improvements in our managed portfolio of capital assets. These improvements position the agency to make significant progress in its capital needs backlog, and enhance its ability to address energy conservation needs, thereby reducing MPHA's carbon footprint, while ensuring the long-term preservation of its housing stock. Energy Performance Contract. MPHA entered into a \$33.6 million contract with Honeywell International, Inc. in 2007 to implement energy conservation measures throughout MPHA's high-rise apartment inventory. The contract, which is primarily financed through a municipal lease from Bank of America, was authorized under a special HUD incentive program that encourages PHAs to borrow private capital to fund energy improvements. The improvements, now completed, include replacing 40-to-50-year-old boilers, installing low flow toilets and shower heads, and replacing existing stoves with energy efficient models.

This fully implemented project is now in its "guaranteed savings period", which yields over \$2 million of combined water, gas, and electricity savings annually. These savings provide the financial backing for satisfying the Bank of America loan which paid for the conservation improvements.

American Recovery and Reinvestment Act (ARRA) Grants. The American Recovery and Reinvestment Act of 2009 was enacted by Congress and signed into law by President Barack Obama on February 17, 2009. This legislation was enacted to provide a stimulus to the U.S. economy in the wake of the economic downturn brought about by the subprime mortgage crisis and the resulting credit crunch.

In March 2009, MPHA received an ARRA Capital Fund Formula Grant of \$18.2 million. In addition, MPHA successfully competed for three ARRA grants totaling over \$31.6 million, which were awarded in September 2009, for the creation of a new state-of-the-art Senior Center, a first in the nation "green" 48-unit public housing Memory Care–Continuum of Care housing development, and an energy efficient Scattered Site "green" initiative.

Funding Sources and Uses

As in previous years, the MPHA was heavily financed from the federal government. In 2010, federal grants and subsidies made up 80 percent of the MPHA's sources of funds. These funds were provided for general program operation, capital uses for both improvements for existing structures and new public housing development, and Section 8 housing assistance subsidies. The percentage of funding provided from capital grants increased from 13 percent of the sources in 2008 to 21 percent of total sources in 2009 and 2010. The increase in capital grants primarily relates to capital funding from ARRA, implementation of energy conservation measures, and the decision to accelerate capital spending given the financial flexibility afforded by the MTW Program.

The majority of uses of funds were for capital improvements. Uses for public housing capital improvements increased from 25 percent of total uses in 2009 to 43 percent of total uses in 2010.

In most years, the majority of uses were for housing assistance payments (HAP) to Section 8 landlords, which made up 28% of uses in 2010 compared to 37 percent in 2009. The large increase in capital improvements is the result of ARRA funding and the implementation of capital improvements for energy conservation.

2012 Federal Funding Outlook

MPHA is predominantly funded by the federal government through federal grants and subsidies. Although federal appropriations have not been determined for 2012, MPHA anticipates that there will be significant reductions in federal assistance. The President’s 2012 Budget Request to Congress calls for a 17% reduction in public housing operating subsidies (est. \$3.4 million loss) from the 2011 level funded. MPHA’s capital grant funds were reduced in 2011 by \$2.3 million and it is unlikely that the 2012 appropriations for capital grant funds will be any higher.

FINANCIAL ANALYSIS

EXPENDITURE & REVENUE

The City sponsored portion of MPHA’s expense and revenue budgets match at \$434,749.

MAYOR’S RECOMMENDED BUDGET

The Mayor recommended no tax levy for MPHA, but recommended no changes to the MPHA budget, which includes a PILOT reduction of \$434,000.

COUNCIL ADOPTED BUDGET

Council approved the Mayor’s recommendation.

Security Services		Citizen Participation		Total Budget Request	
Sources		Sources		Sources	
Tax Levy ¹	\$0			Tax Levy ¹	\$0
CDBG	\$0	CDBG	\$0	CDBG	\$0
PILOT Reduction ²	\$434,749			PILOT Reduction ²	\$434,749
Uses		Uses		Uses	
Security Guards	\$434,749	Citizen Participation	\$0	Security Guards	\$434,749
				Citizen Participation	\$0
				Total Request	\$434,749

¹ City Council eliminated any taxes payable to MPHA in 2012.

² By State Statute MPHA is exempt from real and personal property taxes, but through the Cooperative Agreement with the City, MPHA is required to make payment in lieu of taxes. The City has agreed to reduce MPHA’s PILOT by 50% since the inception of the High-rise Security program. MPHA would use the savings to fund public housing costs.

MPHA

Staffing Information

Division	2009 Budget	2010 Budget	2011 Budget	2012 Budget	% Change	Change
PUBLIC HOUSING	298.00	313.86	318.00	292.00	-8.2%	(26.00)
TOTAL	298.00	313.86	318.00	292.00	-8.2%	(26.00)

Positions 2009-2012

