

# MINNEAPOLIS PUBLIC HOUSING AUTHORITY

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## **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 twelve consecutive years 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.

Most recently, MPHA entered into an agreement with the Minneapolis Police Department to assist the Section 8 HCV Program with its program integrity. At the most basic level, a Minneapolis Police Sergeant will investigate 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 capital needs, make improvements, complete modernizations, and ensure the preservation of our properties. This department also takes the lead in new development initiatives pursued by MPHA. 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. 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, is authorized under a special HUD incentive program that encourages PHAs to borrow private capital to fund energy improvements. The improvements include replacing 40-to-50-year-old boilers, installing low flow toilets and shower heads, and replacing existing stoves with energy efficient models. This "green" project is expected to be fully completed by the end of 2010 and is anticipated to save 124 million gallons of water, 119 million cubic feet of gas, and 3.3 million kilowatt hours of electricity annually.

### **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, MPHA continues to be heavily financed by the federal government. In 2009, federal grants and subsidies made up 85 percent of the MPHA's funding sources. These funds were provided for general program operation, capital uses for both improvements to existing structures and new public housing development, and Section 8 housing assistance payments. Capital grants increased significantly from 2008 levels. The increase in capital grants primarily relates to ARRA funding.

As in previous years, the majority of these funds were used for housing assistance payments to Section 8 landlords. The most significant increase in uses of funds relates to capital spending. MPHA expended over \$10 million in ARRA funds on public housing building improvements. In addition, due to spending flexibility provided under the Moving To Work Demonstration Program, MPHA accelerated its normal capital improvements spending and dedicated increased funding to keeping its public housing properties viable for the long-term.

**FINANCIAL ANALYSIS**

**EXPENDITURE**

The department’s expense budget is \$617,304.

**REVENUE**

The department’s revenue budget is \$617,304.

**MAYOR’S RECOMMENDED BUDGET**

The Mayor’s recommends reinstating the MPHA tax levy at \$1.4 million and awarding \$178,000 in CDBG funds.

**COUNCIL ADOPTED BUDGET**

The City budget reduces the MPHA tax levy by \$1.424M for taxes payable in both 2011 and 2012. MPHA is awarded \$178,000 in CDBG funds.

Security Services		Citizen Participation		Total Budget Request	
Sources		Sources		Sources	
Tax Levy <sup>1</sup>	\$0			Tax Levy <sup>1</sup>	\$0
CDBG	\$110,000	CDBG	\$68,000	CDBG	\$178,000
PILOT Reduction <sup>2</sup>	\$439,304			PILOT Reduction <sup>2</sup>	\$439,304
				<b>Total Sources</b>	<b>\$617,304</b>
Uses		Uses		Uses	
Security Guards	\$549,304			Security Guards	\$549,304
		Citizen f	\$68,000	Citizen Participation	\$68,000
				<b>Total Uses</b>	<b>\$617,304</b>

<sup>1</sup>The City budget eliminated the MPHA tax levy by \$1.424M for taxes payable in both 2011 and 2012. MPHA is awarded \$178,000 in CDBG funds.

<sup>2</sup>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 Highrise Security program. MPHA would use the savings to fund public housing costs.

**Staffing Information**

Expense	2008 Budget	2009 Budget	2010 Budget	2011 Budget	% Change	Change
PUBLIC HOUSING	287.00	298.00	313.86	318.00	1.32%	4.14
<b>TOTAL</b>	<b>287.00</b>	<b>298.00</b>	<b>313.86</b>	<b>318.00</b>	<b>1.32%</b>	<b>4.14</b>

**Positions 2008-2011**

