



Greg Russ  
Executive Director

Materials accompanying an interview  
with the Civic Caucus

November 16, 2018



# Housing Assistance Programs

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

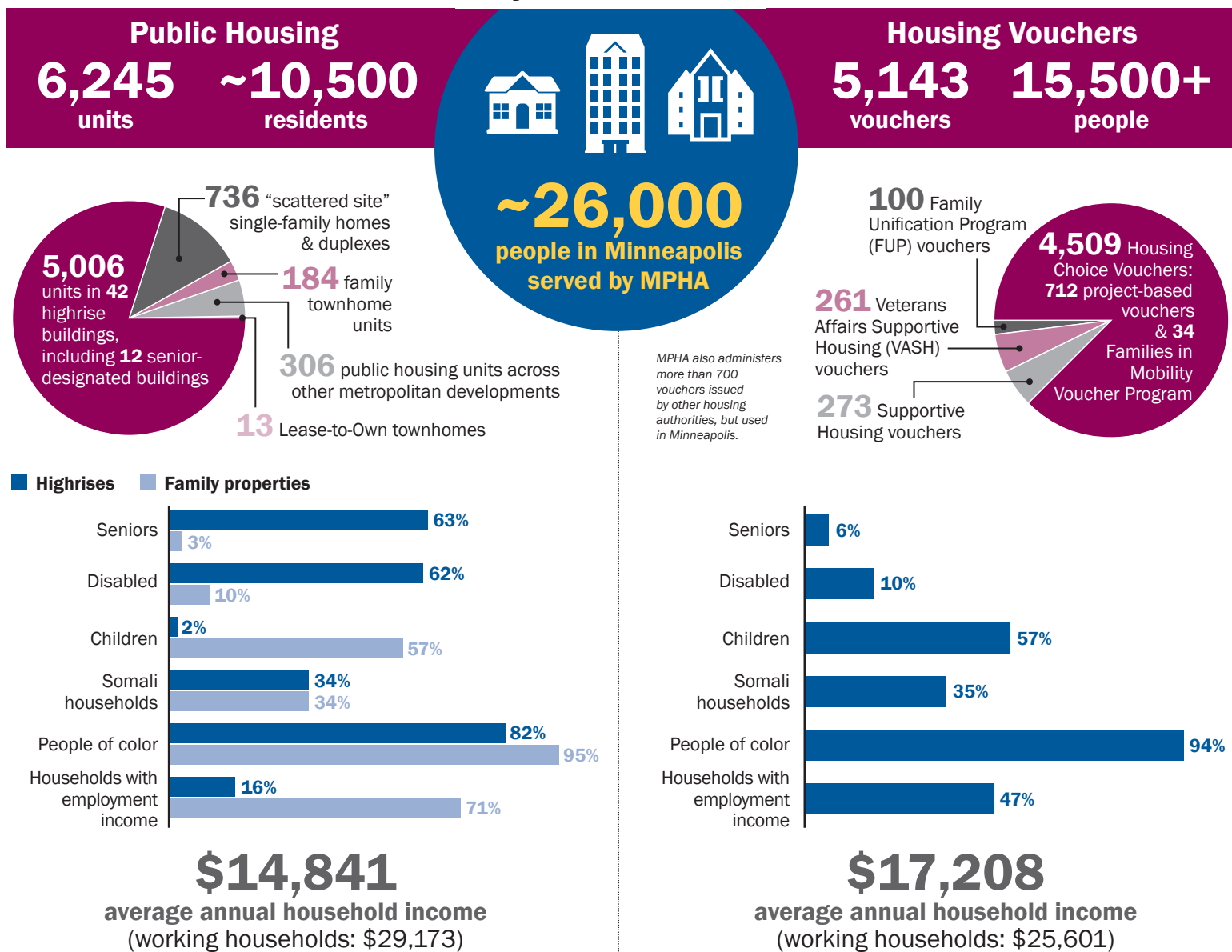
## Public Housing

These are homes MPHA owns and manages. 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. An MPHA partner provides assisted-living and memory care at two facilities.

## Housing Choice Voucher (HCV)

Voucher programs are also commonly known as “Section 8.” Under MPHA’s “tenant-based” voucher program, 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. Other vouchers are “project-based,” in which MPHA contracts with property owners to attach a voucher to specific units and assure those units provide deeply affordable housing. MPHA administers over 5,000 vouchers, including special vouchers for veterans and the disabled.

## By the Numbers





# MPHA's Funding & Finances

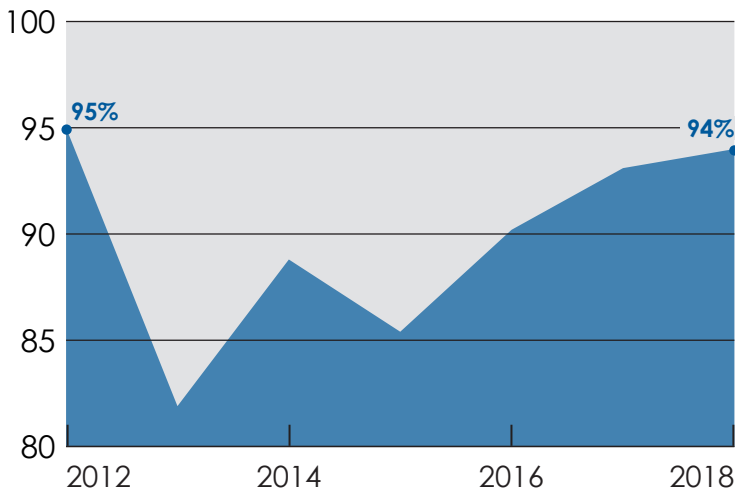
The Minneapolis Public Housing Authority is **98 percent federally-funded**. Congress appropriates funds that are administered by the Department of Housing and Urban Development (HUD). During 2018, MPHA anticipates receiving \$114 million in federal funds. Our housing programs (Low-Income Public Housing and Housing Choice Vouchers) **have been underfunded and unable to grow for many years**. Lack of sufficient funding for essential public housing capital projects—major repairs, upgrades, and redevelopment—is especially severe.

## Public Housing Operating Subsidy

The federal **Public Housing Operating Subsidy** funds property management and routine maintenance of our 6,000 public housing units. A HUD formula calculates the money we should receive; Congress has for many years appropriated less. We currently receive 94% of the formula amount, although this gap varies widely from year to year (see below).

Rent from tenants (who pay 30 percent of their income) supplements the federal subsidy. Rents comprise about half of the revenues for our owned-and-operated public housing.

### Federal Subsidy for Public Housing Operations (percent of full funding)

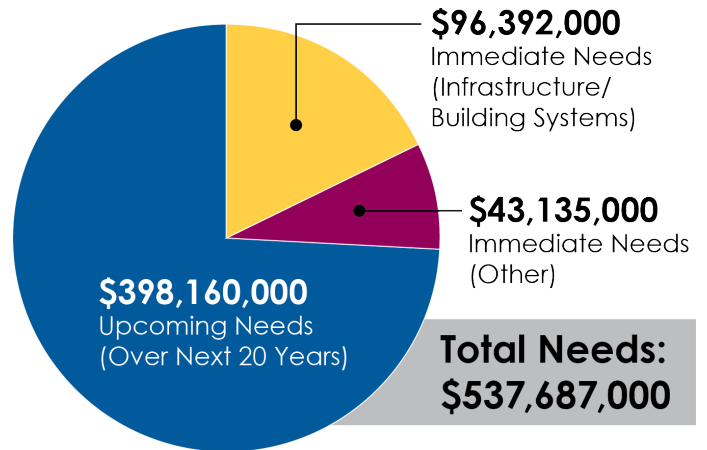


## Housing Choice Vouchers (Section 8)

MPHA's approximately 5,000 housing vouchers are funded via **Housing Assistance Payments** (or HAP, which is the money MPHA pays to landlords toward rent on a family's behalf) and the **Section 8 Administrative Fee**, which supports administration of the program (eligibility, landlord outreach, inspections, etc.). For many years, Congress funded the HAP at a level intended to keep the number of vouchers flat, but in recent years has shifted to slightly underfunding the program. **Congress has dramatically reduced the voucher program Admin Fee, which is presently at 80 percent of its full level.**

2018 Federal Capital  
Funding for MPHA

**\$14 million**

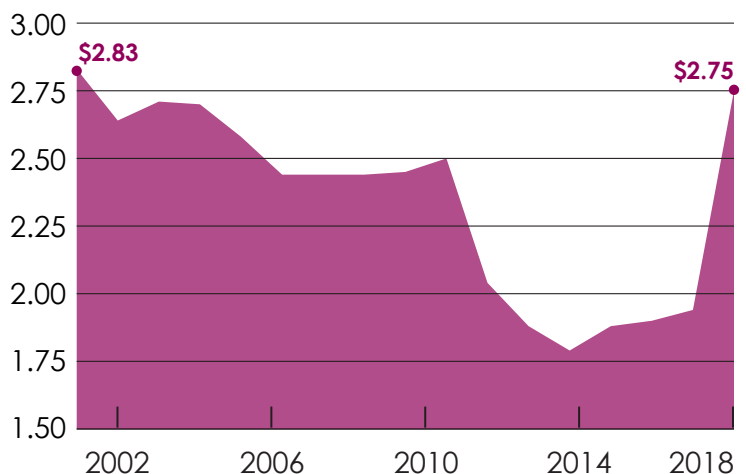


## Public Housing Capital Fund

Congress appropriates money separately for major repairs, renovations, and redevelopment of public housing. This **Public Housing Capital Fund** is volatile and has declined for decades (see below). Many of our buildings are more than 50 years old, and capital funding falls far short of what we need to preserve our housing for the future (see above).

MPHA is committed to working with state and local officials, investors, and nonprofit partners to pursue alternate funding to preserve our housing for today's and tomorrow's families.

### Annual Federal Capital Fund Appropriations (in \$ billions)



*As a HUD-designated "Moving to Work" (MTW) housing agency, MPHA can and does combine funding from the above sources to meet our most urgent needs and best serve our community.*



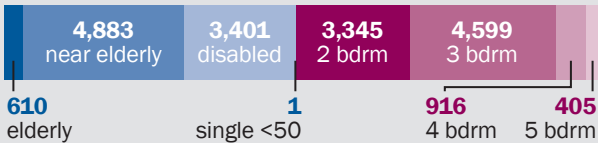
# Need for Low-income Housing in the Twin Cities Metro Area



## MPHA Public Housing & Housing Choice Voucher Applicant Waiting Lists

**18,345** applicants for **public housing** as of September 2018

**8,982** applicants for **highrise public housing**      **9,363** applicants for **family public housing**

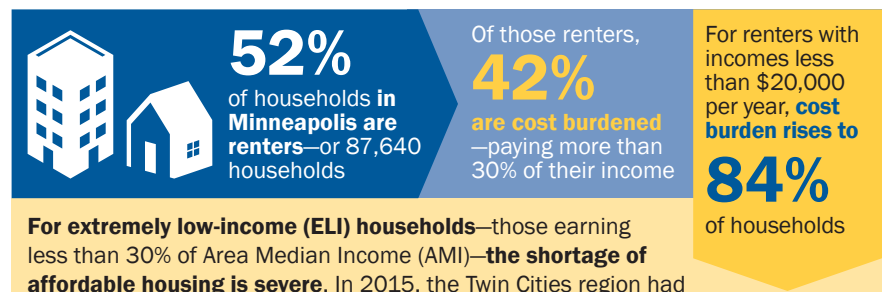


**514** applicants on waiting list for **housing choice vouchers** as of October 2018

This waiting list has been closed since 2008, when 16,000 people signed up over three days.

## State of Housing in the Twin Cities Region

The following data is from the Minnesota Housing Partnership's State of the State's Housing report for 2017.

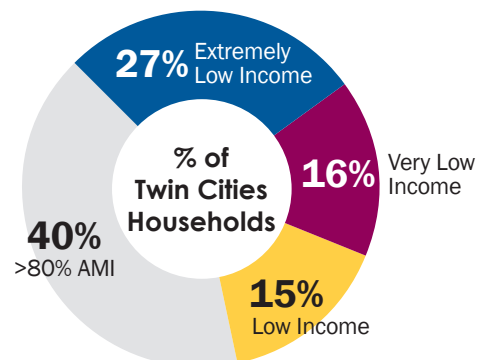


For extremely low-income (ELI) households—those earning less than 30% of Area Median Income (AMI)—the shortage of affordable housing is severe. In 2015, the Twin Cities region had **3 in 10** units affordable & available to extremely low-income people—or 34,000 units for 102,100 ELI households

## Income Ranges in the Twin Cities in 2018

MPHA primarily serves families below 30% of area median income (AMI). Families above 80% of AMI are ineligible for our programs. In 2018 in the Twin Cities, **AMI for a family of four is \$94,300.**\* HUD defines income ranges of Extremely Low (30%), Very Low (50%), and Low (80%).

2018 Income Category	Persons in Family				
	1	2	3	4	5
30% AMI (\$)	19,850	22,650	25,500	28,300	30,600
50% AMI (\$)	33,050	37,750	42,450	47,150	50,950
80% AMI (\$)	50,350	57,550	64,750	71,900	77,700

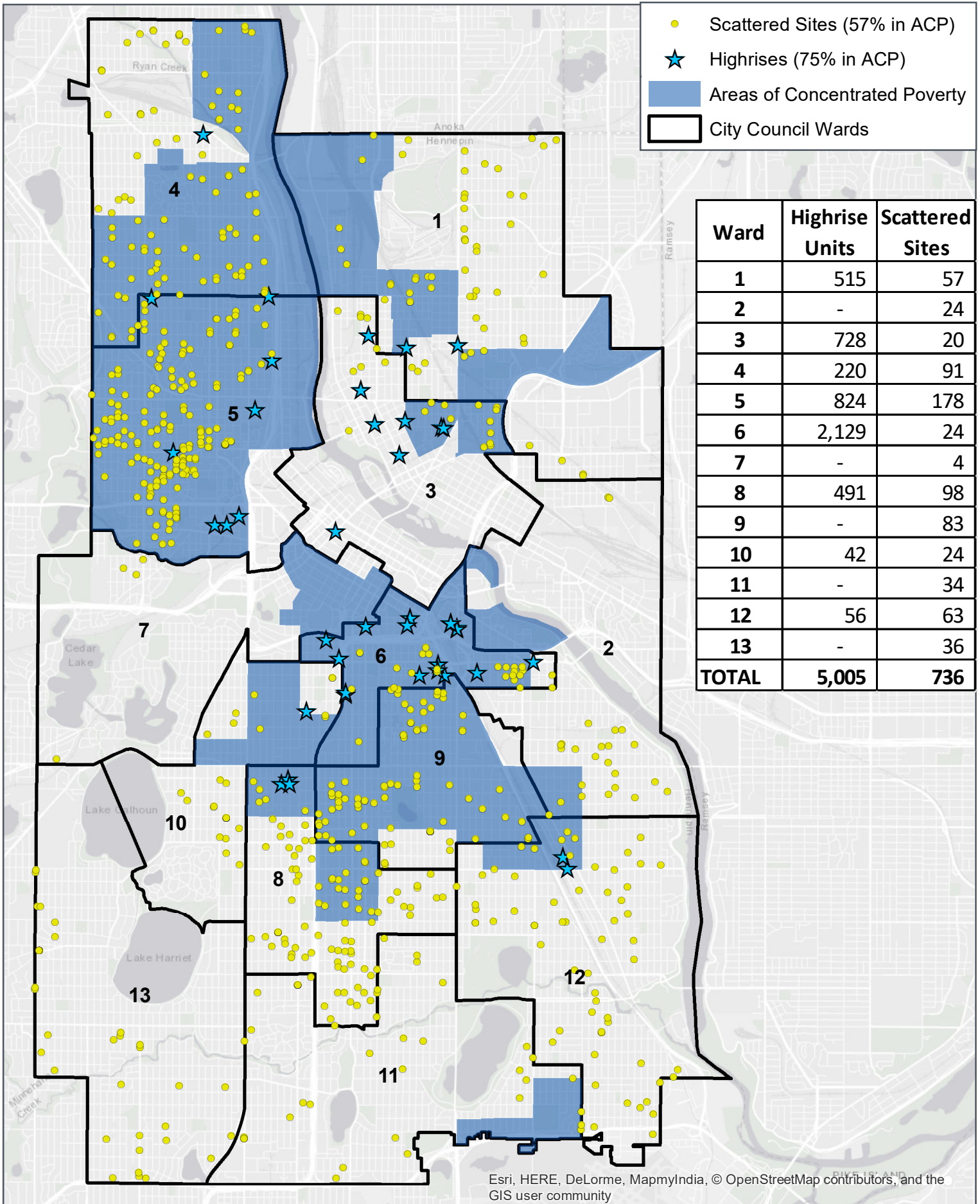


\*The Minneapolis-St. Paul-Bloomington, MN-WI HUD Metro FMR Area contains the following areas: Anoka County, MN; Carver County, MN; Chisago County, MN; Dakota County, MN; Hennepin County, MN; Isanti County, MN; Ramsey County, MN; Scott County, MN; Sherburne County, MN; Washington County, MN; Wright County, MN; Pierce County, WI; and St. Croix County, WI



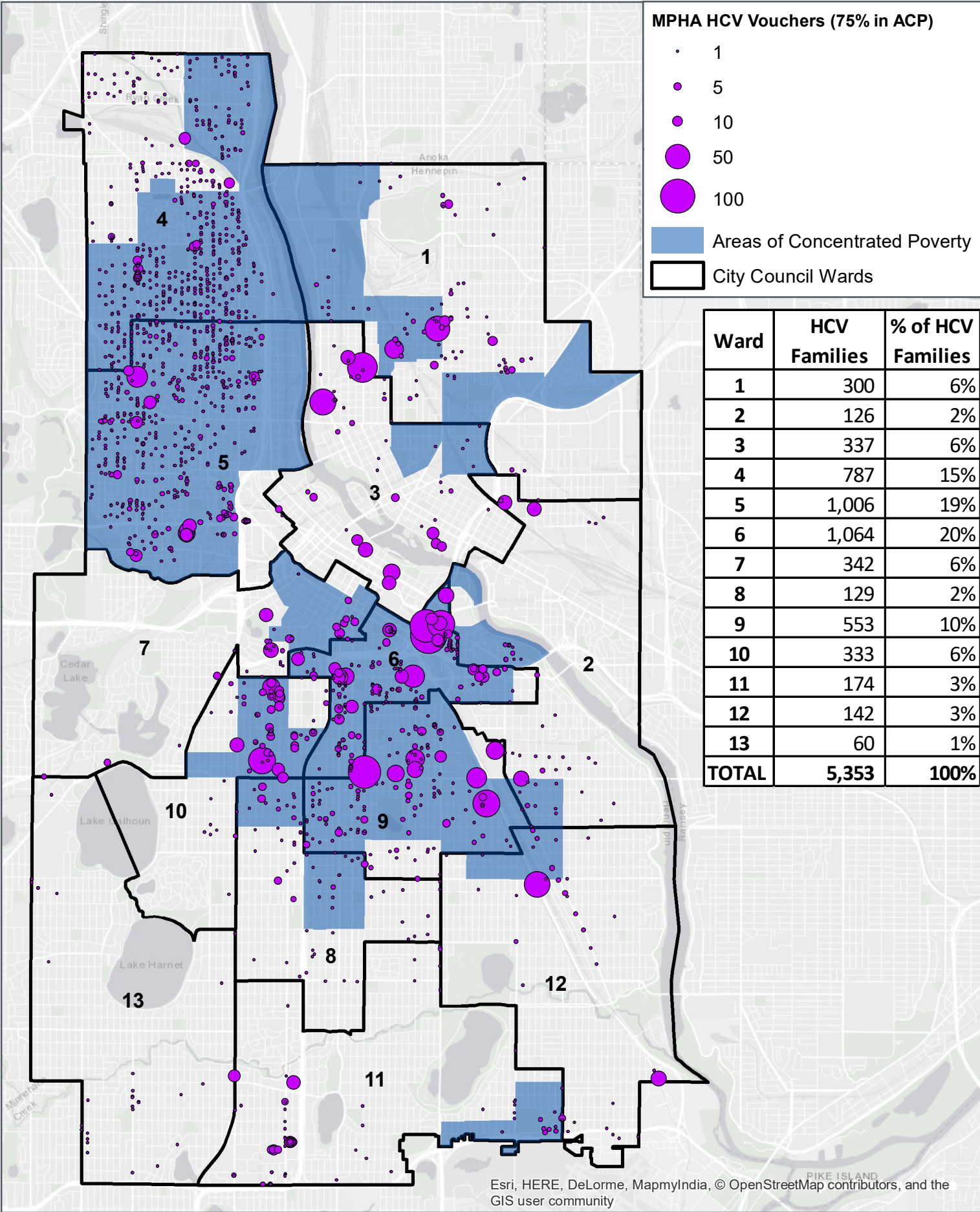
# Minneapolis Public Housing Authority

## Low Income Public Housing Program



# Minneapolis Public Housing Authority

## Housing Choice Voucher Program (HCV)







# Minneapolis Public Housing Authority's Strategic Initiatives for 2019



## Housing Preservation & Creation

Repair and modernize with **public control** and **public management**

Redevelop and reinvest **without displacement**

**Create new** when we can

- New housing for local needs, including 16-unit Minnehaha Townhomes for homeless families and up to 400 new Project-Based Vouchers
- Preserve public housing using HUD programs, including transfer of Scattered Sites to an MPHA-controlled nonprofit and converting some highrises to the Rental Assistance Demonstration (RAD) program. Both tools provide more stable financial funding and money for repairs
- Energy-efficiency pilot programs to create savings
- Housing more families with existing property
- Innovations in maintenance and security to maximize livability and resources



## Education, Employment & Health

Housing is the foundation for:

**Stable Families**  
**Education Success**  
**Wellness**

- Partner with the city and school district for Stable Homes, Stable Schools initiative to provide local vouchers for families of homeless elementary students
- Expand mobility and regional collaboration through work with neighboring housing authorities to reduce barriers and increase choice
- Proposing a regional Moving-to-Work Agency and expanding Mobility Vouchers to cover rents in areas of opportunity
- Improve health and wellness including partnerships to lower cost and improve outcomes, new supportive services at our properties, and re-establish our resident services program



## Operational Excellence

Leads to savings we can apply to our other priorities—and **better customer service** to our families and communities

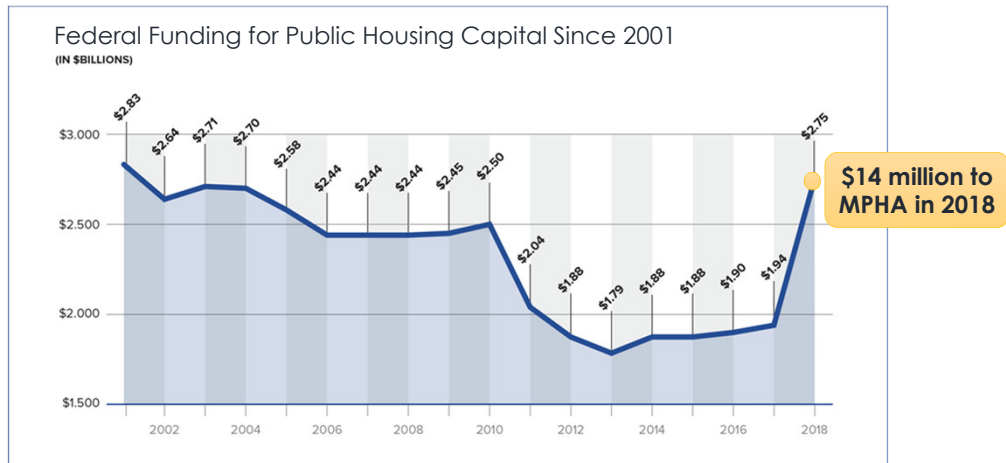
- New technology including migrating to a single software platform for our asset management and housing programs
- Reviewing policies and procedures to streamline processes
- Continuous Improvement Teams bring together front-line employees to offer frank insights to department leaders—helping us problem solve
- Recruit the expertise to succeed, including enhancing our ability to grow from within while attracting and retaining the best talent
- Pursue the creation of internship and Section 3 jobs programs



## Resident & Community Engagement

Our three initiatives are built upon strong relationships. We will nurture these by working as closely as ever with resident leadership, brainstorming with residents on design and livability, and investing in vital relationships in the community and government.

## Falling funding inspires new approaches



Source: Public Housing Authority Directors Association

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Federal capital funding is dwarfed by current needs.

MPHA Capital Needs  
(2018, est.)  
**\$140 Million**

\$14 million  
in 2018  
capital  
funding

Within 20 years under the status quo, capital needs will exceed **\$500 million.**



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## Strategic Initiatives



**Housing  
Preservation &  
Creation**



**Education,  
Employment  
& Health**



**Operational  
Excellence**



**Resident & Community  
Engagement**



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## *Focus on:* **Housing Preservation & Creation**



Repair and modernize with **public control** and **public management**.

Redevelop and reinvest **without displacement**.

**Create new** when we can.



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# Housing Preservation & Creation

New era → new strategies and sources

## Subsidy/Funding Conversion under HUD programs



- Transfers subsidy of units to a more stable source of funding: project-based vouchers.
- Enables external investment to upgrade the property.
- Locks-in long-term low-income affordability (via Land Use Restriction Agreement, or LURA).

## Transfer of Properties to MPHA-controlled non-profit



- Triggers Tenant Protection Vouchers, increasing subsidy-per-unit by a factor of three.
- Locks-in long-term low-income affordability via LURA.

## Minneapolis City Tax Levy for Public Housing



- Enables bond issuance, by using levy to service the bond obligations.
- Leverage could be worth \$95 million in capital funding.
- Requires long-term commitment from the city.

## Grants and loans (banks, foundations, bonding)



- Any debt service must be paid from subsidy & rent.
- Low-income housing is eligible for Program-Related Investments (PRI) by foundations.

## Energy Savings



- Savings from energy efficiency yield additional cash-flow to invest and/or leverage.

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# Housing Preservation & Creation

## Preserving Public Housing using HUD Programs



The Elliot Twins



## Rental Assistance Demonstration (RAD) for certain MPHA Highrises

Converting to different federal funding under RAD means:

- **Stable federal funding**
- **Major building improvements**

WITH...

- No resident displacement.
- No loss of housing benefits.
- No change in rent calculation
- No change in management.



RAD resident meetings

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## Housing Preservation & Creation

### Preserving Public Housing using HUD Programs

#### "Section 18" for MPHA Scattered Sites

*Transfer to an MPHA-controlled nonprofit would mean:*

- Much more money for repairs.
- Stable financial footing.
- No day-to-day change for most residents.
- Potential to create homes for additional low-income families.



Stepping-stone to homeownership

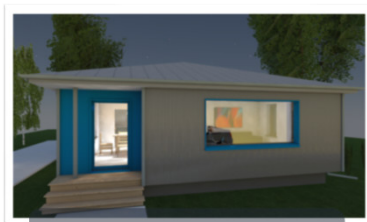
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## Housing Preservation & Creation

### Renovating with a Focus on Energy Efficiency

**Savings *today* = \$\$ to invest in housing *tomorrow***



Imagining a scattered-side energy retrofit



- Energy-efficient single-family demonstrations
- Energy-efficient fourplex
- Partnerships to replace appliances and make energy upgrades



New A/C for highrises

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## Housing Preservation & Creation

### Residents: Ongoing Input, Built-in Protections

- No resident will lose housing.
- Rent will not go up because of redevelopment.
- MPHA will continue to manage the properties.
- All residents will have the first right-of-return to their site.
- We will fully inform residents of any possible changes and involve them deeply in the planning process.
- Residents will have choices, options, and assistance in the event of any change.



*From MPHA's "Guiding Principles for Redevelopment and Capital Investment":*

These and other protections not only match our mission and values.  
Many are required by HUD.



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## Investing in Families with Vouchers



- "Stable Homes, Stable Schools"
- Focus on mobility and economic opportunity
- Regional Collaboration
- Renewing our emphasis on health and wellness



## Education, Employment & Health

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# Public Housing in Minneapolis & the U.S.: Key Developments

## MPHA Timeline

- 1930s:** U.S. Housing Act of 1937 takes root with Sumner Field Homes, the first public housing in Minneapolis and Minnesota.
- 1940s:** The Minnesota State Legislature enables local jurisdictions to establish their own public housing and community development agencies. Mayor Hubert H. Humphrey creates the Minneapolis Housing and Redevelopment Authority (MHRA).
- 1950s:** MHRA constructs Glendale Townhomes, which still provide homes to 184 families today.
- 1960s:** Public housing grows to include apartments for low-income adults in 28 highrise apartment buildings across the city. Minnesota Senator Hubert Humphrey becomes a high-profile advocate for federal funds to fuel this new direction in public housing development.
- 1970s:** Family housing expands with hundreds of new scatter-site homes developed through acquisition and rehab. MHRA becomes one of the first housing authorities to use the Section 8 rental assistance program.
- 1980s:** The MHRA merges with Minneapolis Industrial Development Commission to form Minneapolis Community Development Agency (MCDA). A reorganization mid-decade creates the Minneapolis Public Housing Authority as a department of city government.
- 1991:** MPHA becomes independent from city government, with an independent board appointed by city officials and Cora McCorvey as its first Executive Director. At the time, MPHA is rated "At Risk" by HUD. MPHA transforms itself in following years to become one of nation's premier public housing authorities.
- 1992:** MPHA opens Signe Burckhardt Manor as the one of the first public housing facilities with assisted living services for seniors.
- 1993:** MPHA is one of the first housing authorities to institute an elderly housing plan, using a change in federal law to designate senior-only buildings. MPHA and Minneapolis Rep. Martin Sabo had championed this change in Washington as necessary to serve the growing low-income elderly population.
- 1995:** The landmark settlement of the Hollman vs. Cisneros lawsuit generates more than \$100 million to replace concentrated, deteriorating housing in North Minneapolis with newly-built and acquired units, both in that neighborhood and around the metro area.
- 1997:** MPHA's public housing program earns its first "High Performer" rating from HUD, which it retains to this day.
- 2002:** Growing out of the Hollman settlement, Heritage Park opens in Near North Minneapolis, featuring 500 new homes including public housing, market-rate rental units, and affordable houses for sale.
- 2005:** MPHA receives a \$14 million HOPE VI program grant to build Heritage Commons, an assisted living public housing facility using green technologies.
- 2007:** MPHA's Section 8 HCV Program achieves a "High Performer" rating from HUD.
- 2008:** MPHA, already a partial Moving to Work (MTW) agency, is granted full Moving-to-Work (MTW) status.
- 2009:** MPHA applies \$50 million in American Recovery and Reinvestment Act funds to create the nation's first public housing for dementia and memory care, Feeney Manor.
- 2011:** MPHA celebrates its 20th Anniversary as an independent agency.
- 2017:** After more than 25 years, MPHA's long-time Executive Director Cora McCorvey retires. The MPHA board hires Greg Russ, an industry leader with more than 40 years working in public and affordable housing.
- 2018:** MPHA's board approves a Strategic Vision and Capital Plan that commits to a long-term effort to reinvest in deteriorating public housing, support economic opportunities for families, and protect the rights of residents.



## U.S. Public Housing Timeline

- **1934:** Public housing begins under President Roosevelt with a law creating the Housing Division of the Public Works Administration.
- **1937:** U.S. Housing Act of 1937 provides government subsidies for local housing agencies; limits new housing by requiring that for each unit created, an older, substandard unit must be razed.
- **1940s:** Congress authorizes more direct federal involvement to house returning veterans. The Federal Housing Act of 1949 provides money for 800,000 new apartments.
- **1950s:** Congress creates programs that leverage private investment to create new affordable rental housing.
- **1960s:** Highrises come to dominate the new approach to public housing. The Department of Housing and Urban Development (HUD) is established. Scattered-site housing is first implemented, including single-family homes and smaller apartment complexes. New federal law ties public housing rent to tenant income.
- **1970s:** The second and final decade in which public housing construction continues to expand. Congress creates various programs under "Section 8," including the concept of rental housing vouchers.
- **1980s:** The Reagan administration cuts public housing funding. A general decline in support for programs serving the low-income is accompanied by an increase in homelessness.
- **1990s:** The National Commission on Severely Distressed Public Housing reports 86,000 of the country's public housing units are nearly uninhabitable. HUD introduces HOPE VI program for the demolition and rebuilding of more than 100,000 public housing apartments nationwide. In 1996, Congress creates the Moving to Work (MTW) demonstration, allowing the 39 housing authorities who ultimately apply to waive certain regulations and combine their funding streams to better serve their communities.
- **2016:** Congress reauthorizes the MTW program, and authorizes its expansion to 100 more agencies.

*While there have been changes to the structure of many federal housing programs, there has been no significant investment in new housing affordable to the lowest-income people in more than 30 years.*