

HOUSING AUTHORITIES IN MINNESOTA

JOINT HEARING CAPITAL INVESTMENT AND HOUSING FINANCE AND
POLICY COMMITTEES

MINNESOTA CHAPTER OF THE NATIONAL ASSOCIATION OF HOUSING
AND REDEVELOPMENT OFFICIALS

JANUARY 23, 2023



MINNESOTA

NAHRO

SERVING MINNESOTA'S HOUSING &
COMMUNITY DEVELOPMENT NEEDS

OUR SPEAKERS

Minnesota NAHRO Board
members:

- **Melissa Taphorn,**
Executive Director of
Washington County CDA
- **Jill Bengston,**
Executive Director of
Kandiyohi County HRA &
McLeod County HRA



Role of Housing Authorities



Public Housing



General Obligation Bonds

WHO IS MINNESOTA NAHRO?



Statewide housing and community development membership organization



400 individuals, 150 housing agencies, 50 other organization members



Run by member-elected Board of Commissioners



Education and training for housing authority employees



Promote strong, viable communities

Purpose of Housing and Redevelopment Authorities

- 1) to provide a sufficient supply of adequate, safe, and sanitary dwellings in order to protect the health, safety, morals, and welfare of the citizens of this state;
- 2) to clear and redevelop blighted areas;
- 3) to perform those duties according to comprehensive plans;
- 4) to remedy the shortage of housing for low and moderate income residents, and to redevelop blighted areas, in situations in which private enterprise would not act without government participation or subsidies; and
- 5) in cities of the first class, to provide housing for persons of all incomes.
Minneapolis, St. Paul, Duluth, and Rochester

WHAT WE DO

Invest	Invest Locally
Preserve	Preserve Affordable Housing
Stabilize	Increase Housing Stability
Partner	Partner with private and nonprofit organizations
Vitalize	Ensure economic vitality

Housing Spectrum

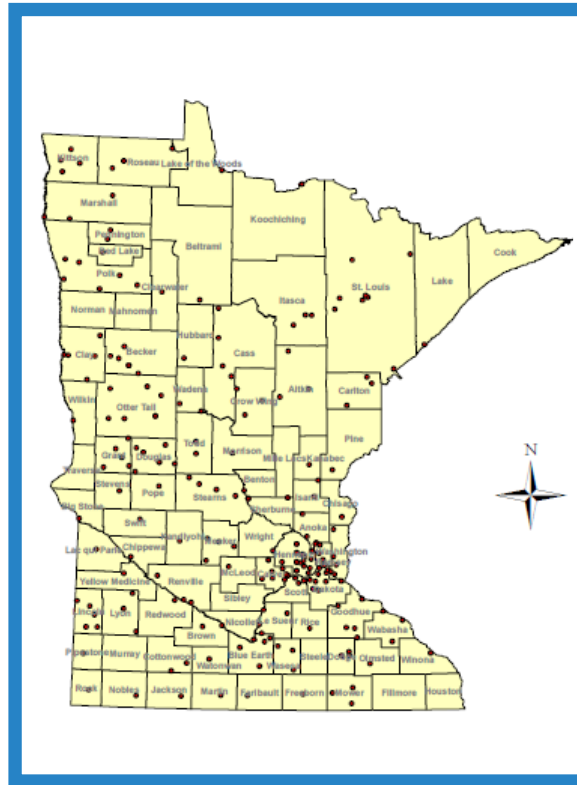


Emergency Shelter	Supportive Housing	Affordable Housing	Rental Housing	Home Ownership	Rental Housing	Home Ownership
Special Needs	Assisted		Naturally Occurring Affordable		Market	
<ul style="list-style-type: none"> • Direct funding and programs to help those with special needs • Address high barriers • Includes support services, transitional housing and emergency shelter 	<ul style="list-style-type: none"> • Public funds needed to enhance affordability for lower-income households • Operated by non-profit and cooperative sector (community housing) • Affordability is typically secured longer term 		<ul style="list-style-type: none"> • Housing cost represents 30% or less of low and mid-incomes household incomes • Affordability is not subsidized, but is influenced by land-use policy, age of housing, location, property conditions 		<ul style="list-style-type: none"> • Private market dictates rents and sale prices • Amenities reflect community • Can be influenced by local land use policies or design standards 	

Public Housing

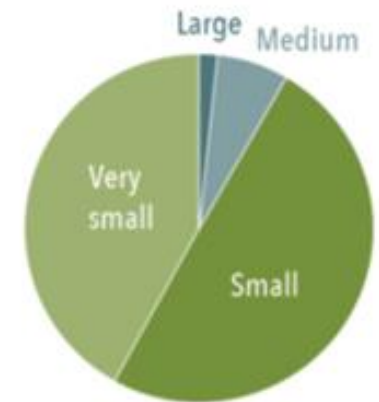
SERVING THE LOWEST INCOME MINNESOTANS

Minnesota's Public Housing

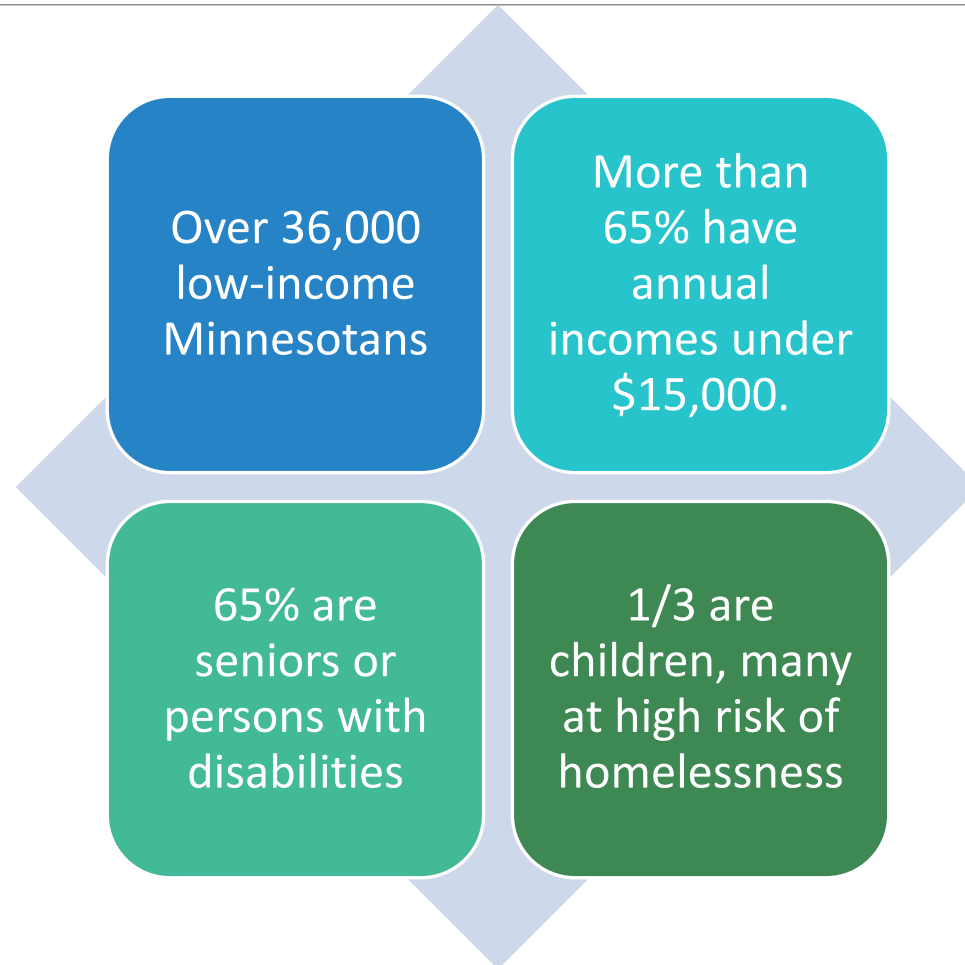


SIZE	HAs	UNITS
Large 1,250-10K units	2	10,520
Medium 250-1,249 units	8	3,254
Small 50-249 units	58	5,432
Very small 1-49 units	49	1,586

MN Housing Authorities



Who We Serve in Public Housing



How it Works

Residents pay 30% of their income for rent and utilities.

HUD pays the gap between that rent and the cost to operate the unit
“Public Housing Operating Fund”

HUD also provides funds for maintenance and repairs “Public Housing Capital Fund”

Underfunding Threatens Health and Safety

Both funding streams have long been deeply underfunded.

In all but 3 years since 2000, the federal government provided less Operating Funds than were due.

Inadequate Capital Funds have resulted in deferred maintenance and a backlog of significant renovation needs.

Projected Public Housing Critical Needs				
	Immediate (2019)	5 years (2024)	10 years (2029)	Total
Survey	\$187,702,015	\$103,089,867	\$136,011,290	\$426,803,172
Extrapolation	\$167,250,418	\$91,700,037	\$121,153,199	\$380,103,654
Total	\$354,952,433	\$194,789,904	\$257,164,489	\$806,906,826

Public Housing Preservation Tools

Federal Tools: “Repositioning” options which allow PHAs to leverage public and private debt and equity to rehabilitate the properties, shifting the properties to a Section 8 funding platform.

State Tools: Publicly Owned Housing Program (POHP) which allows PHAs to rehabilitate the properties with extremely low-rate financing. POHP can be funded by General Obligation (GO) bonds because all owners are governmental entities. GO bonds usually attract lower interest rates due to strong market acceptance as a result of the full faith and credit pledge from the state.

Local Tools: PHA equity

Cedar High Rise Apartments, Minneapolis



State Preservation Funds are Successful

General Obligation Bonds for Publicly Owned Housing Program (POHP)
leverages federal subsidies and preserves housing

Example: Washington County CDA

BEFORE: Whispering Pines, Forest Lake. Built in 1971 40 one-bedroom units for elderly and disabled

AFTER: new roof, corrected structural issue with parapet, improved entryway



Example: Washington County CDA

Code Compliance

- Backup generator
- Roof ventilators
- Elevator modernization

Exterior Repairs

- Fix structural parapet problem
- Replace roof and skylights
- Add insulation

Interior Rehabilitation

- Asbestos abatement
- Kitchen and Bath Renovations
- Flooring replacement
- Common Area Paint and Carpet



Example: Washington County CDA

Sources	Amount	Percent of Total
Minnesota Housing	\$389,200	38%
Capital Funds	\$150,000	15%
HRA Levy	\$474,100	47%
	\$1,013,300	



Example: Washington County CDA

Since then, we have used Capital Funds to renovate the commercial kitchen, community room, and expand the parking lot.



Example: Kandiyohi County HRA

LAKEVIEW APARTMENTS, WILLMAR, MN



- 8-story building constructed in 1971.
- 127 households. Average income of \$17,000. Primary sources of income are SS/SSI and wages.

Example: Kandiyohi County HRA

	MINNESOTA HOUSING POHP FUNDS (General Obligation Bonds)	Other Funds	TOTAL FUNDS
2014 POHP	\$1,906,813	\$577,937	\$2,484,750
2017 POHP	\$649,113	\$270,492	\$919,605
2018 POHP	\$747,000	\$2,972,745	\$3,719,745
TOTAL INVESTMENTS	\$3,302,926.00	\$3,821,174.00	\$7,124,100.00
% OF TOTAL INVESTMENT	46%	54%	

- General Obligation Bonds were crucial in allowing us to complete each project.
- General Obligation Bonds allowed us to efficiently use limited federal dollars to preserve and provide decent housing for our community members.

Example: Kandiyohi County HRA

2014 Plumbing Project



- Replaced all building copper water supply lines, galvanized waste piping and system isolation valves
- Installed low flow kitchen faucets, bathroom faucets and toilets;
- Replaced all bathroom shower units, sinks, cabinets, flooring;
- Installed energy efficient bathroom lighting;
- Fire safety improvements
- ADA improvements to handicap unit bathrooms, tub rooms, and public restrooms
- Asbestos abatement

Example: Kandiyohi County HRA

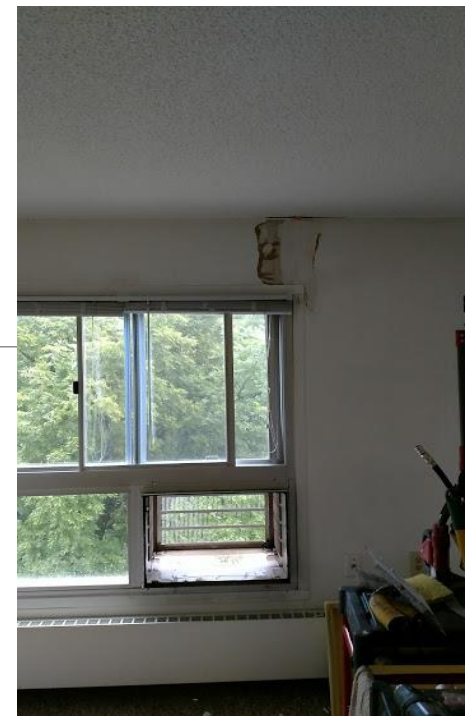
2017 Heat Project



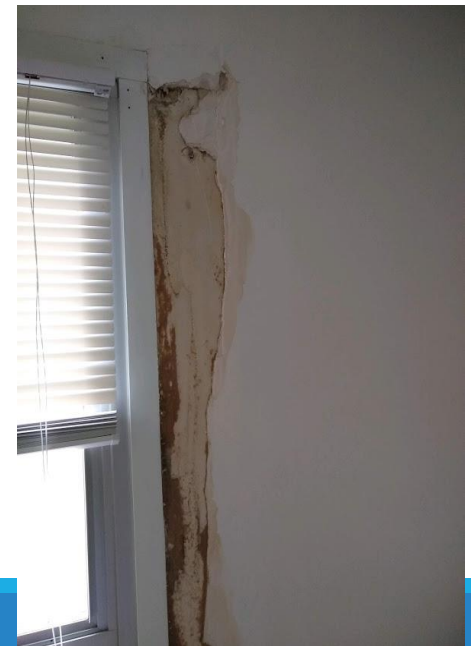
- Willmar Municipal Utilities' District Heat System was decommissioned which required the HRA to install a gas boiler system to become the source of heat for the hot water heat system.
- Electronic thermostats to replace malfunctioning pneumatic thermostats were installed in each room.

Example: Kandiyohi County HRA

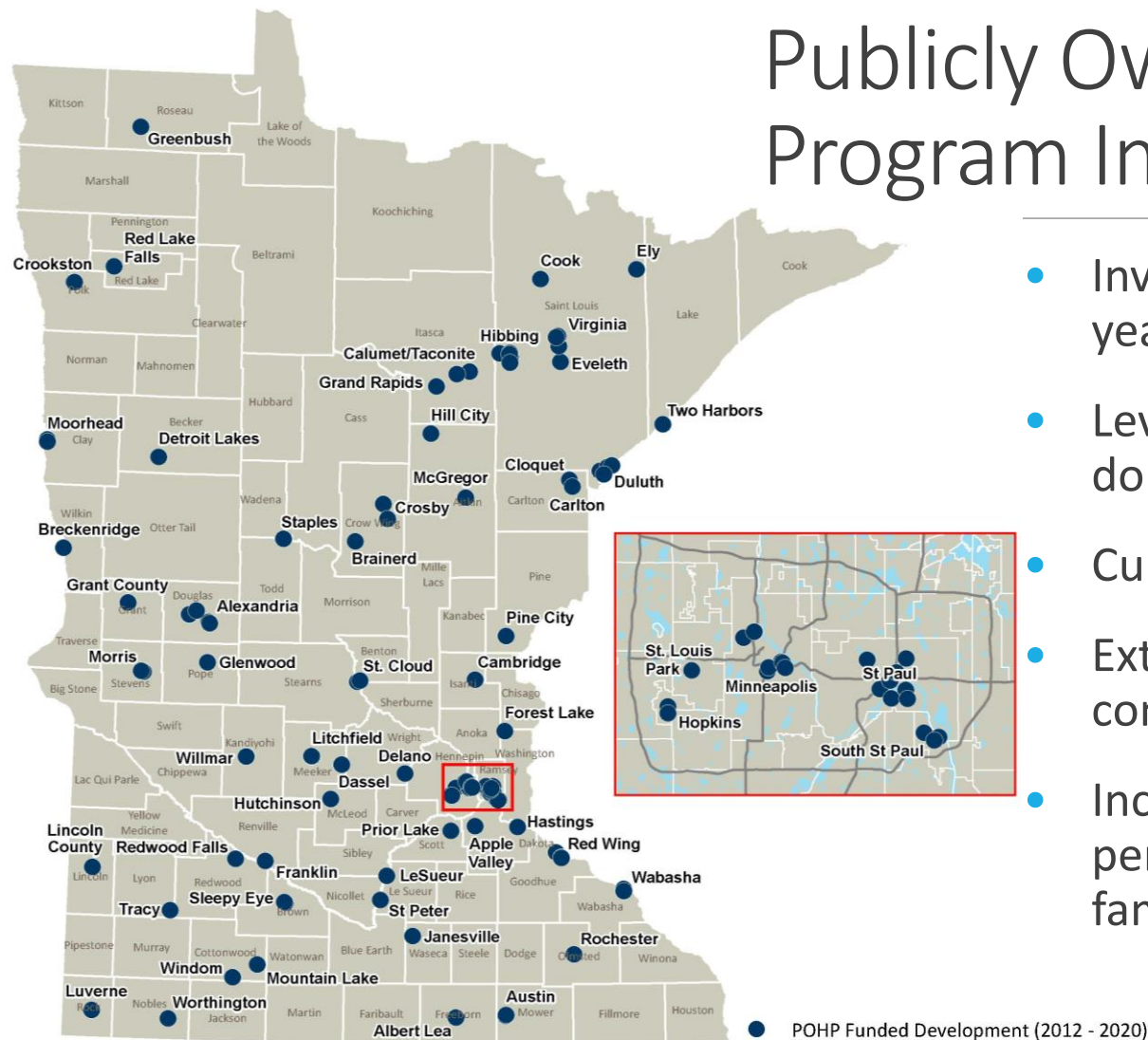
2018 Window Project



- Replace All Windows
- Apply sealant over the entire concrete exterior of the building.
- Remove Asbestos
- Stop water infiltration and create energy savings.



Publicly Owned Housing Program Impacts



- Invested \$61.5 million over 5 years of allocations.
- Leveraged federal and local dollars.
- Cured health and safety concerns.
- Extended the life of 116 community assets.
- Increased the pride 8,689 seniors, persons with disabilities, and families have in their home.

Our Ask: \$250M General Obligation Bonds

Purpose: Fund POHP to preserve and improve publicly owned housing, a critical community asset, that provides stable homes for our most vulnerable residents, including seniors, children, and those with disabilities.

Why: General Obligation Bonds leverages federal subsidies and preserves our housing infrastructure



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