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Brainerd Housing and Redevelopment Authority

Public Housing

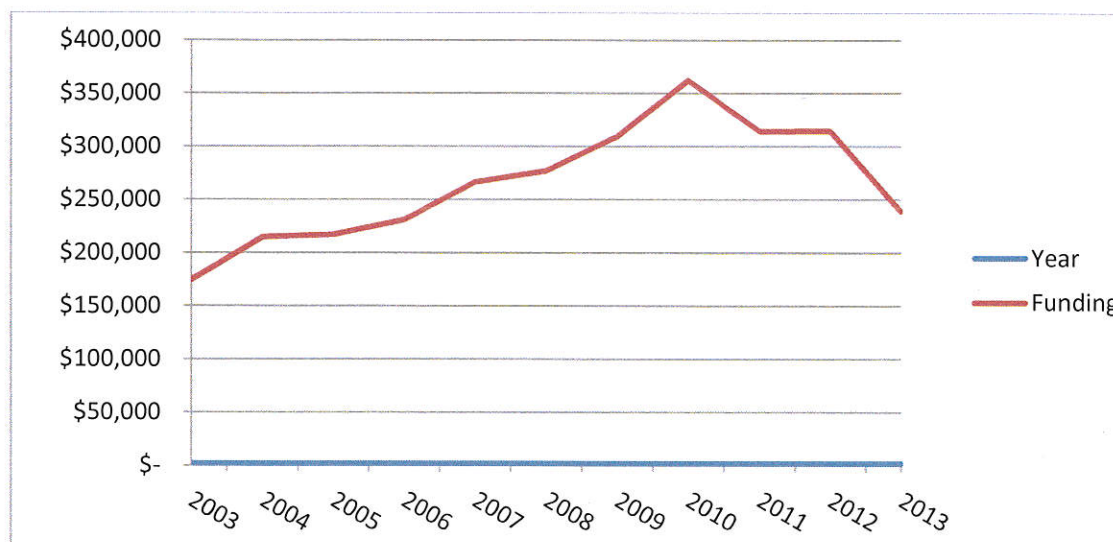
Public Housing was established to provide decent and safe rental housing for eligible low-income families, the elderly, and persons with disabilities. Residents of Public Housing pay 30% of their gross adjusted income towards their rent leaving our agency with a gap between revenue and expenses to operate our housing. Below is a snapshot of the Brainerd HRA:

- 203 units of Public Housing for 301 individuals
- Average household income: \$12,409
- Average Tenant Rent: \$224
- Turnover rate of 2%

Operating Subsidy

The Brainerd HRA receives funds for Operating Subsidy from HUD which bridges the gap between the tenant rental revenue and operating expenses. Each year, the Brainerd HRA must submit a calculation to HUD which determines our eligibility for Operating Subsidy to run our Public Housing*. The chart below shows the amount of Operating Subsidy we have received since 2003. Based on sequestration and the Continuing Resolution, we will receive funds at the 2005 funding levels; however, costs to operate continue to increase due to inflation and declining tenant incomes.

Operating Subsidy

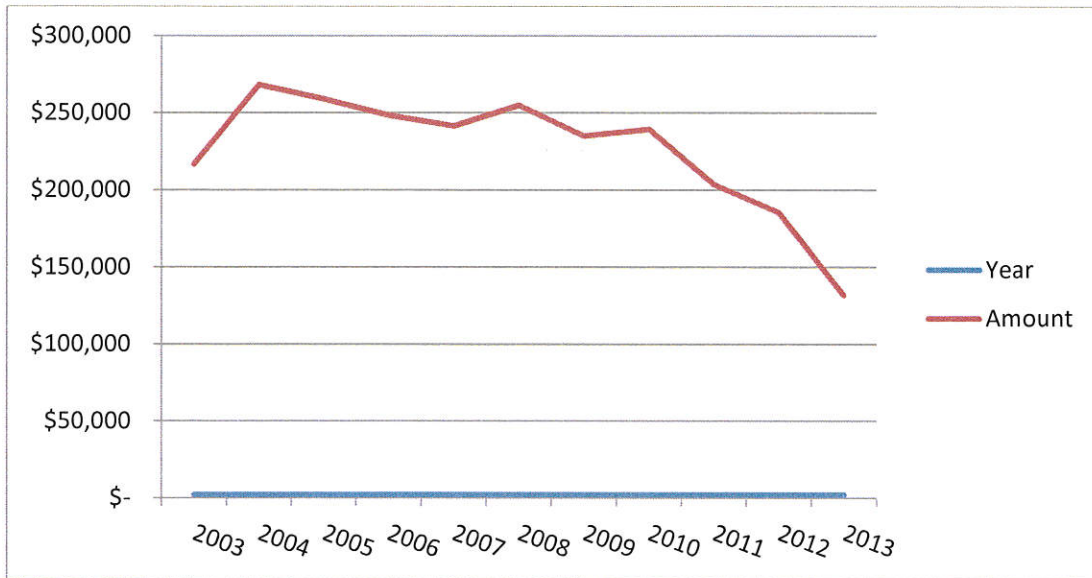


*This calculated eligibility amount is often funded at a lower pro-rated level causing significant shortfalls in funding.

Capital Fund

The Brainerd HRA also receives funds from HUD for non-routine maintenance and capital improvements to Public Housing rental properties. Such improvements could include window replacement, roofs, appliances, hot water heaters and boilers. This funding is necessary to provide and maintain decent and safe rental housing to low income families, the elderly and persons with disabilities.

Capital Fund



As you can see, the Brainerd HRA has seen a significant reduction in our Capital Fund dollars since 2008. This impacts our ability to adequately maintain our properties. Physical improvements such as plumbing, roofing, and electrical continue to increase as our funds decrease.



Housing Choice Voucher (HCV) – Section 8

The Housing Choice Voucher (HCV) program is a rental subsidy program which provides low-income families with a voucher that can be used in the private market. The tenant pays 30% of their gross adjusted income towards rent and utilities; the HRA pays the difference (HAP). Each unit must be inspected and meet Housing Quality Standards both at move-in and annually. Below is a snapshot of the Brainerd HRA HCV program:

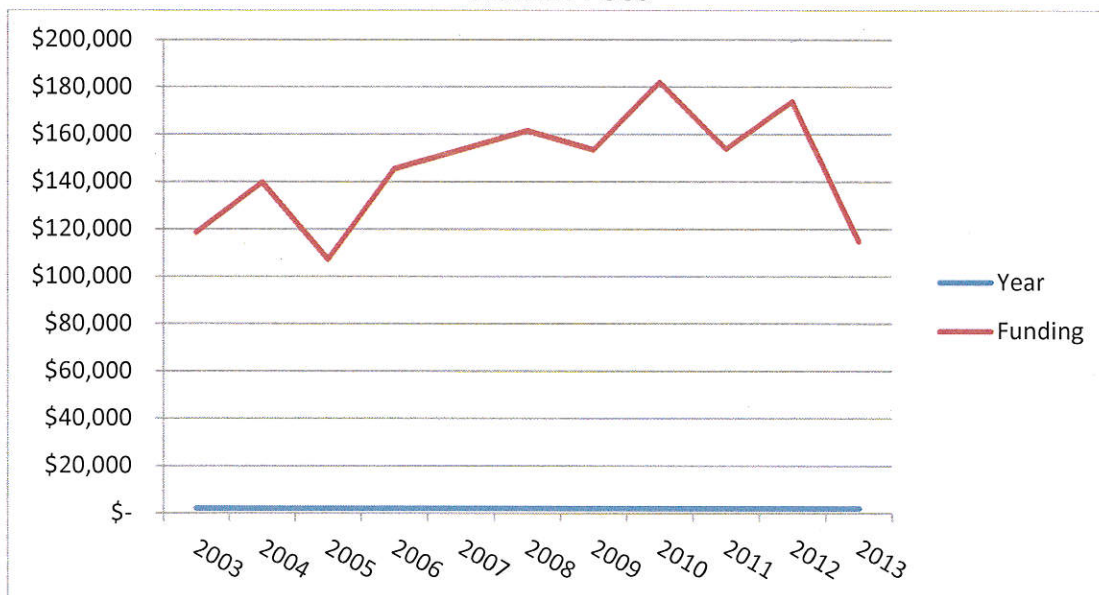
- 320 Vouchers
- Average Household Income: \$13,863
- Average HAP Payment: \$320
- Waiting List: 515 households
- In 2012 only 35 families were issued a Voucher

HRA’s are provided two pools of funds from HUD for our HCV program: (1) Administrative Fees to run the program, and (2) Housing Assistance Payment (HAP) funds to pay the rent on behalf of our clients to private landlords.

Administrative Fees

Admin Fees are used for the Brainerd HRA to fund operating expenses for administering the HCV/Section 8 program. As you can see from the chart, we are now operating our program based on funding levels from 2006. Our Admin Fees are based on the number of vouchers we issue annually and if our HAP is reduced, our Admin Fees are also reduced.

Admin Fees

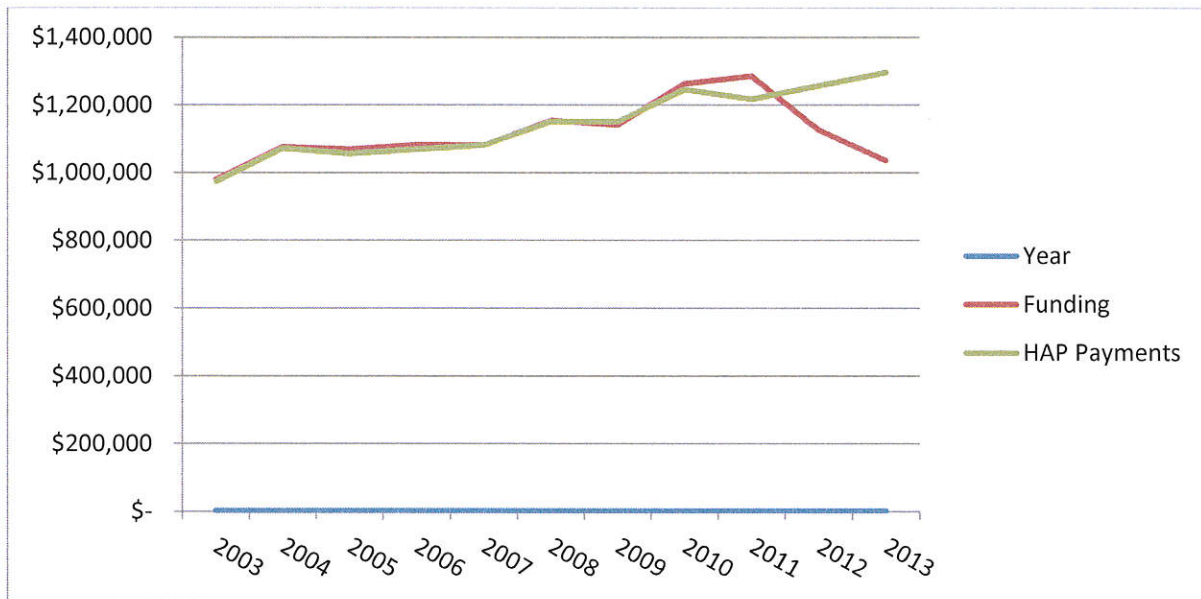


Housing Assistance Payments (HAP)

The Brainerd HRA receives HAP funds from HUD to pay the difference between the Tenant Rent (30% of their gross adjusted income) and the rent charged by the landlord. HAP revenue is generally based on the utilization from the prior year.

The red line indicates the funding we receive from HUD and the green line indicates the payments we have made to landlords. Since 2011, we have paid more in HAP payments than we have received from HUD. As a result, the Brainerd HRA has HAP reserves that have been drastically reduced and will be completely eliminated in 2013.

HAP Funds



The Brainerd HRA will continue to struggle to efficiently operate our programs and provide safe, decent affordable housing to our eligible residents who are in desperate need of this housing if Congress continues to make cuts to our funding.