

Community Development Committee

Meeting date: May 20, 2019

For the Metropolitan Council meeting of May 22, 2019

Subject: Metro HRA Moving to Work Program: Board Resolution 2019-9

District(s), Member(s): All

Policy/Legal Reference: 24 CFR Part 982

Staff Prepared/Presented: Terri Smith, Director, Housing and Redevelopment Authority (651) 602-1187

Division/Department: Community Development / HRA

Proposed Action

That the Metropolitan Council adopt Resolution 2019-9 (attached) as required by the U.S. Department of Housing and Urban Development to submit a Letter of Interest for the Moving to Work Program expansion under the Rent Reform cohort.

Background

The U.S. Department of Housing and Urban Development (HUD) has the authority to designate agencies administering federal rent assistance as Moving to Work (MTW). Agencies with MTW designation are granted program flexibilities to design and test innovative strategies and seek exemptions from program rules to test more efficient ways to administer federal rent assistance.

There are 3,300 housing authorities in the country; 39 have MTW designation. The Minneapolis Public Housing Authority (MPHA) is already designated as an MTW agency. The goals of obtaining MTW designation are to expand housing choice, create efficiencies in service delivery, and shift the focus from administrative process to family success. This designation would provide the Council's HRA with great flexibility to operate the Housing Choice Voucher program in a less administratively burdensome manner. Program flexibilities can range from simple process changes to full rent reform to complete program re-design.

There are two potential strategies for the Council's Housing and Redevelopment Authority (HRA) to obtain MTW designation.

1. Congress authorized the HUD Secretary to extend MTW status to one or more adjacent public housing agencies in the same area through Public Law 114-113. The Council and the MPHA submitted a formal request to HUD in August 2018 to have MPHA's MTW status extended to the Council's HRA. Although conversations with HUD are progressing on this, it is moving slow.
2. Congress authorized an MTW expansion to an additional 100 agencies. The expansions are offered in 4 separate cohorts, each offered separately and testing one specific policy change.
 - a. MTW flexibility overall – This cohort was offered in 2018 only to small agencies. The Council's HRA is considered a large agency.
 - b. Rent Reform – Letters of Interest are due June 12th for this cohort.**
 - c. Work Requirements – Notice not issued yet
 - d. Landlord Incentives – Notice not issued yet

The Rent Reform cohort has three options for testing rent reform:

- Tiered Rent
 - Establish income-based tiers in \$2,500 increments
 - Tenant rent portion is equal to the tier that reflects 30% of household income
- Stepped Rent – 3%
 - Year one rent corresponds to income-based rent in prior year
 - Rent increases each year by 3% - not income based
- Stepped Rent – 5%
 - Year one rent corresponds to income-based rent in prior year
 - Rent increases each year by 5% - not income based

Applying for MTW designation does not commit the Council to anything. If approved by HUD, Council staff would seek Council approval on associated agreements and program design. There would also be extensive community engagement, including a public hearing process, prior to any implementation.

Rationale

The MTW designation would provide administrative efficiencies and allow for local control of the Council's federal rent assistance programs. Obtaining this designation would be a win-win for the Council and the families it serves.

Thrive Lens Analysis

The MTW designation request would support the Thrive outcomes of equity, livability, and stewardship. By using a Thrive Lens, discretionary policies of the HRA promote equity and choice, while ensuring that the federal resources to fund the Housing Choice Voucher Program are maximized to serve families efficiently.

Funding

Funding for the Housing Choice Voucher program is provided by the U.S. Department of Housing and Urban Development. An MTW designation would provide flexibilities in how federal funds are spent.

Known Support / Opposition

There appears to be federal support for this concept as it is included in the 2016 Consolidated Appropriations Act language.

METROPOLITAN COUNCIL
390 Robert Street North, St. Paul, MN 55101
RESOLUTION NO. 2019-9

RESOLUTION AUTHORIZING THE DIRECTOR OF THE METROPOLITAN COUNCIL HOUSING AND REDEVELOPMENT AUTHORITY (METRO HRA) TO SEND A LETTER OF INTEREST TO THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT FOR THE MOVING TO WORK PROGRAM DESIGNATION, RENT REFORM COHORT

WHEREAS:

Congress authorized the U.S. Department of Housing and Urban Development to expand the Moving to Work Program by 100 agencies.

WHEREAS:

The U.S. Department of Housing and Urban Development issued a Notice on March 14, 2019 requesting Letters of Interest under the Moving to Work Program for Fiscal Year 2019: Cohort #2 – Rent Reform.

WHEREAS:

The Metropolitan Council authorizes the Director of the Metropolitan Council Housing and Redevelopment Authority, to send a Letter of Interest to the U.S. Department of Housing and Urban Development expressing interest in the Moving to Work expansion, Rent Reform, to test tiered rent and 3% and 5% stepped rent policies.

WHEREAS:

The Metropolitan Council understands submitting a Letter of Interest does not commit the Metropolitan Council to participation in the Moving to Work expansion and allows the Metropolitan Council additional decision-making ability during the application process.

WHEREAS:

The Metropolitan Council intends to comply with the Moving to Work Objectives and statutory requirements, if the Metropolitan Council becomes a Moving to Work agency.

NOW, THEREFORE, BE IT RESOLVED BY THE METROPOLITAN COUNCIL

That the Director of the Housing and Redevelopment Authority of the Metropolitan Council is authorized to submit a Letter of Interest to the U.S. Department of Housing and Urban Development showing interest in the Moving to Work expansion, Rent Reform.

Adopted this 22nd day of May 2019.

Nora Slawik, Metropolitan Council Chair

Elizabeth Sund, Recording Secretary