

Community Development Committee

Meeting date: December 21, 2020

For the Metropolitan Council meeting of December 23, 2020

Subject: Metro HRA Moving to Work Program Application Submittal: Board Resolution 2020-32 and Board Resolution 2020-33

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 2020-32 and Resolution 2020-33 (attached) as required by the U.S. Department of Housing and Urban Development (HUD) authorizing the Director, Metropolitan Council Housing and Redevelopment Authority (Metro HRA), to:

- submit a Full Application for the Moving to Work Program Expansion, Rent Reform; and
- continue conversations with HUD toward forming a Regional Moving to Work Voucher program through the Minneapolis Public Housing Authority

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.

Of the 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 and shift the focus from administrative process to resident success. Program flexibilities can range from simple process changes to full rent reform to complete program redesign.

The Metro HRA has been working to obtain MTW status for several years. The Council has passed business items associated with the MTW program on [August 22, 2018 MTW Authorization](#), [May 22, 2019 MTW Board Resolution](#), and [August 28, 2019 MTW Program Resolution](#).

Metro HRA has two potential strategies to obtain MTW designation. The attached two Board Resolutions approve the Metro HRA to move forward on both MTW tracks.

1. **Regional MTW Designation through MPHA**

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. HUD approved the two agencies to

move forward in concept in January 2020. HUD is ready to continue dialogue toward forming a regional MTW program between the two agencies.

The MPHA and Metro HRA partnership would be initially limited to families that are enrolled in a joint mobility program, working through portability (living across jurisdictional lines), or living in a pooled project-based voucher unit.

2. MTW Designation through Expansion Cohort, Rent Reform

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 Metro HRA is considered a large agency.
- b. Rent Reform – Metro HRA submitted a Letter of Interest in June 2019 and has been invited to submit a full application, due January 8, 2021.
- c. Work Requirements – Notice not issued yet
- d. Landlord Incentives – Notice not issued yet

The MTW Expansion allows for testing different types of rent reform including stepped rent systems and tiered rent. The stepped rent systems would disconnect the rent calculation from income completely. Tenants would be initially placed in a step paying 30% of their income. In future years, the rent would increase by 2% or 4%, regardless of income. After further evaluation, staff determined that the stepped rent system to have severe negative impact on voucher holders so the Metro HRA will not be moving forward with this option of rent reform.

Metro HRA proposes to test a tiered rent structure. Tiered rent is a simplified way to calculate tenant rent portions in \$2,500 income tiers rather than the traditional rent calculation method which is complicated and administratively burdensome for the tenant and the Metro HRA. During year one, tenants would be placed in the tier associated with 30% of income. Rent would remain the same for a three-year period, allowing time for self-sufficiency activities, tenant empowerment, and wealth building. In year four, income would be re-verified, and tenants would be placed in the tier associated with 30% of the new income. Rent would remain in this new tier for the next for three years. Hardship policies will be developed and adopted to address tenants whose incomes decrease during either three-year period.

Metro HRA has significant work to complete before it can receive either MTW designation. Table 1 below is a comparison of the MTW options.

Table 1. Comparison of MTW Options

Regional MTW Designation through MPHA	MTW Designation Expansion, Rent Reform
MTW flexibilities would only apply to a small # of vouchers (<1,000) - Voucher holders working through portability, a mobility program or pooled project based vouchers	MTW flexibilities apply to entire program (7,000). Voucher holders will be randomly assigned to be placed on a tiered rent structure while others will remain on a traditional rent calculation
Designation comes through MPHA	Metro HRA has its own MTW designation
Aligns nicely with MPHA / Metro Collaboration efforts already in the works	Can also align nicely with the MPHA / Metro HRA collaboration efforts already in the works

Regional MTW Designation through MPHA	MTW Designation Expansion, Rent Reform
To date, no MTW agency has been approved under this statute	Expansion cohort awarded to 100 agencies - but only 3 are large (including Metro HRA) – very competitive
Complicated to work out the details and agreements	Robust research component to test success of rent reform

Applying for MTW designation under either above option does not commit the Council to anything. If approved by HUD, Council staff would seek Council feedback and approval on associated agreements and program design. Metro HRA would initiate extensive community engagement, including a public hearing process, prior to any implementation or formal approval.

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 the and families it serves, allowing tremendous flexibility in program operation and design.

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. The efficiencies gained can shift the focus from spending funds on administrative process to resident success.

Known Support / Opposition

The Metro HRA held two resident meetings in October 2020 to gain feedback and comment on the MTW rent reform initiative. Meeting materials can be found at [MTW Resident Meetings](#). Nearly 200 voucher holders attended the virtual meetings. There was general overall support for the MTW initiative. Comment and questions themes included:

- How will the cost savings be spent?
 - Decisions will be made in conjunction with policy makers and voucher holders if MTW is awarded. Options could include provision of more tenant service for upward mobility, providing assistance to more families, and goal setting assistance.
- What if someone’s income goes down?
 - There will be hardship policies developed for families that are on a tiered rent and experience an income decrease.
- How will this impact my family specifically?
 - Several 1:1 conversations occurred to explain individual circumstances
- What is the impact to a household containing persons living with disabilities?
 - Persons with disabilities are excluded from the rent reform study but could still receive the benefit of other MTW flexibilities adopted.

Extensive resident engagement will occur regarding specific program design and MTW Plan development if the Metro HRA is awarded an MTW designation.

METROPOLITAN COUNCIL
390 Robert Street North, St. Paul, MN 55101
RESOLUTION NO. 2020-32

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

WHEREAS:

The Metro HRA submitted a Letter of Intent to HUD on June 12, 2019 for the Moving to Work Program Expansion, Rent Reform, and was invited by HUD on Friday, July 31, 2020 to submit a Full Application for further consideration, due on January 8, 2021, and

WHEREAS:

The Metropolitan Council understands submitting a Full Application under Rent Reform does not commit the Metropolitan Council to participation in the Moving to Work program and allows the Metropolitan Council additional decision-making ability during the formal approval and MTW Plan development process, and

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,

WHEREAS:

The Metropolitan Council makes the following required certifications and agreements with HUD:

(1) The PHA will adhere to the MTW Operations Notice or successor notice and all requirements therein. (2) The PHA will adhere to HUD guidance in the MTW Operations Notice or successor notice in continuing to ensure at least 75% of families assisted are very low-income as defined in Section 3(b)(2) of the 1937 Act throughout the PHA's participation in the MTW Demonstration Program. (3) The PHA will adhere to HUD guidance in the MTW Operations Notice or successor notice in establishing a reasonable rent policy that is designed to encourage employment and self-sufficiency. (4) The PHA will adhere to HUD guidance in the MTW Operations Notice or successor notice in continuing to assist substantially the same total number of eligible low-income families as would have been served absent MTW throughout the PHA's participation in the MTW Demonstration Program. (5) The PHA will adhere to HUD guidance in the MTW Operations Notice or successor notice in continuing to maintain a comparable mix of families (by family size) as would have been provided had the funds not been used under the MTW Demonstration Program throughout the PHA's participation in the MTW Demonstration Program. (6) The PHA will adhere to HUD guidance in the MTW Operations Notice or successor notice in continuing to ensure housing assisted under the MTW Demonstration Program meets housing quality standards established or approved by the Secretary throughout the PHA's participation in the MTW

Demonstration Program. (7) The PHA published a notice that a hearing would be held, that the application and all information relevant to the public hearing was available for public inspection for at least 30 days, that there were no less than 15 days between the public hearing and the approval of the application by the Board of Commissioners, and that the PHA conducted a public hearing to discuss the application and invited public comment. (8) The PHA took into consideration public and resident comments (including those of its Resident Advisory Board or Boards) before approval of the application by the Board of Commissioners or Board of Directors in order to incorporate any public comments into the application. (9) The PHA certifies that it will carry out its application in conformity with: Title VI of the Civil Rights Act of 1964 (42 USC 2000d-2000d-4); the Fair Housing Act (42 USC 3601-19): Section 504 of the Rehabilitation Act of 1973 (29 USC 794); Title II of the Americans with Disabilities Act of 1990 (42 USC 12101 et seq.); all regulations implementing these authorities; other applicable Federal, State, and local civil rights laws; and that it will affirmatively further fair housing, which means that it will: (i) take meaningful actions to further the goals identified by the Assessment of Fair Housing (AFH) conducted in accordance with the requirements of 24 CFR 5.150-5.180 and 903.15; (ii) take no action that is materially inconsistent with its obligation to affirmatively further fair housing; and (iii) address fair housing issues and contributing factors in its programs, in accordance with 24 CFR 903.7(o)(3) and 903.15(d). Note: Until the PHA is required to submit an AFH, and that AFH has been accepted by HUD, the PHA must follow the certification requirements of 24 CFR 903.7(o) in effect prior to August 17, 2015. Under these requirements, the PHA will be considered in compliance with the certification requirements of 24 CFR 903.7(o)(1)-(3) and 903.15(d) if it: (i) examines its programs or proposed programs; (ii) identifies any impediments to fair housing choice within those programs; (iii) addresses those impediments in a reasonable fashion in view of the resources available; (iv) works with local jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement; and (v) maintains records reflecting these analyses and actions. (10) The PHA will carry out its plan in conformity with HUD's Equal Access Rule at 24 CFR 5.105(a)(2). (11) The application is consistent with the applicable Comprehensive Plan (or any plan incorporating such provisions of the Comprehensive Plan) for the jurisdiction in which the PHA is located. (12) The application certifies that according to the appropriate State or local officials that the application is consistent with the applicable Consolidated Plan, which incorporates a fair housing strategy that reflects the jurisdiction's AFH or Analysis of Impediments to Fair Housing Choice (AI), as applicable, and a description of the manner in which the PHA Plan is consistent with the applicable Consolidated Plan. (13) The PHA complies with the prohibitions against discrimination on the basis of age pursuant to the Age Discrimination Act of 1975 and HUD's implementing regulations at 24 C.F.R. Part 146. (14) The PHA complies with the Violence Against Women Act and its implementing regulations at 24 C.F.R. Part 5, Subpart L and Parts 960 and 966. (15) The PHA complies with the Architectural Barriers Act of 1968 and its implementing regulations at 24 CFR Part 41, Policies and Procedures for the Enforcement of Standards and Requirements for Accessibility by the Physically Handicapped. (16) The PHA complies with the requirements of Section 3 of the Housing and Urban Development Act of 1968, Employment Opportunities for Low-or Very-Low Income Persons, and with its implementing regulation at 24 CFR Part 135.

(17) The PHA complies with requirements with regard to a drug free workplace required by 24 CFR Part 24, Subpart F. (18) The PHA complies with requirements with regard to compliance with restrictions on lobbying required by 24 CFR Part 87, together with disclosure forms if required by this Part, and with restrictions on payments to influence Federal Transactions, in accordance with the Byrd Amendment and implementing regulations at 49 CFR Part 24. (19) The PHA complies with acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and implementing regulations at 49 CFR Part 24 as applicable. (20) The PHA will take appropriate affirmative action to award contracts to minority and women's business enterprises under 24 CFR 5.105(a). (21) The PHA will provide HUD or the responsible entity any documentation needed to carry out its review under the National Environmental Policy Act and other related authorities in accordance with 24 CFR Part 58. Regardless of who acts as the responsible entity, the PHA will maintain documentation that verifies compliance with environmental requirements pursuant to 24 Part 58 and 24 CFR Part 50 and will make this documentation available to HUD upon its request. (22) The PHA will keep records in accordance with 2 CFR 200.333-200.337 and facilitate an effective audit to determine compliance with program requirements. (23) The PHA will comply with the Lead-Based Paint Poisoning Prevention Act and 24 CFR Part 35. (24) The PHA will comply with the requirements of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR Part 200. (25) The application and all attachments are available at the primary business office of the PHA and at all other times and locations identified by the PHA in its Plan and will continue to be made available at least at the primary business office of the PHA.

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 Full Application under the Moving to Work Expansion, Rent Reform program to HUD and make the above certifications and agreements program with HUD.

Adopted this 23rd day of December 2020.

Charlie Zelle, Metropolitan Council Chair

Elizabeth Sund, Recording Secretary

METROPOLITAN COUNCIL
390 Robert Street North, St. Paul, MN 55101
RESOLUTION NO. 2020-33

RESOLUTION AUTHORIZING THE DIRECTOR OF THE METROPOLITAN COUNCIL HOUSING AND REDEVELOPMENT AUTHORITY (METRO HRA) TO CONTINUE CONVERSATIONS WITH THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT TOWARD FORMING A REGIONAL MOVING TO WORK VOUCHER PROGRAM THROUGH THE MINNEAPOLIS PUBLIC HOUSING AUTHORITY

WHEREAS:

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

WHEREAS:

The Metro HRA and the Minneapolis Public Housing Authority (MPHA) submitted a joint letter to HUD on June 18, 2018, requesting a Regional MTW designation, and

WHEREAS:

The Metro HRA and the MPHA received a letter from HUD on January 15, 2020 expressing “support of this proposal in concept”. The letter laid out basic requirements that need to be met in order to set the groundwork and move forward with preparing legal documents or other action items related to planning and implementation for the initiative, and

WHEREAS:

The Metropolitan Council understands continuing dialogue toward obtaining a Regional MTW designation with MPHA does not commit the Metropolitan Council to participation in the Moving to Work program and allows the Metropolitan Council additional decision-making ability during the formal approval and MTW Plan development process, and

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 continue conversations with HUD toward forming a Regional Moving to Work Voucher program through the Minneapolis Public Housing Authority.

Adopted this 23rd day of December 2020.

Charlie Zelle, Metropolitan Council Chair

Elizabeth Sund, Recording Secretary