

Metropolitan Council Housing and Redevelopment Authority

Moving to Work Request

December 21, 2020

Community Development Committee



What is the Moving to Work Program?

- Moving to Work (MTW) is a demonstration program created by Congress that allows flexibility in how the Housing Choice Voucher program is operated.
- Moving to Work agencies have the ability to:
 - waive certain federal regulations and program rules
 - design strategies to meet the local market condition
 - shift focus from administrative process to family success
- There are currently 39 Moving to Work Agencies – including Minneapolis Public Housing Authority (MPHA)



Statutory Requirements

- MTW Agencies must meet the following statutory requirements
 - Achieve greater cost effectiveness
 - Increase housing choices for low-income families
 - Help residents make progress toward economic self-sufficiency
 - Ensure at least 75% of families assisted are very low-income
 - Assist substantially the same number of families
 - Ensure assisted units meet health and safety standards



Moving to Work (MTW) Potential

1. Regional MTW Designation through Minneapolis Public Housing Authority (MPHA)

- Congress authorized the HUD Secretary to expand existing MTW designations to adjacent agencies
 - The Council and MPHA submitted a formal request to HUD in August 2018 to approve a Regional Moving to Work designation
 - HUD approved the two agencies to move forward in concept and HUD is ready to continue dialogue toward forming a regional MTW program

2. MTW Designation through Expansion Cohorts

- Congress authorized HUD to expand the MTW program to an additional 100 PHAs
 - Expansions are offered in 4 separate cohorts
 - MTW Flexibility Overall
 - Rent Reform – Metro HRA submitted a letter of interest and is invited to submit a full application
 - Work Requirements
 - Landlord Incentives

Rent Reform Options

- Tiered Rent
 - Establish income-based tiers in \$2,500 increments
 - Minimum rent is \$50
- Stepped Rent – 2% or 4%
 - Year one rent corresponds to income-based rent in prior year
 - Tenant pays 30% of income in year one
 - Rent increases by 2% or 4% each year
 - Rent is disconnected from income
 - Would have severe negative impact to voucher holders
 - Not being considered



What is Tiered Rent?

- Tiered Rent creates a simple chart to calculate rent portions in \$2,500 Income Tiers

Tier	Minimum Income	Maximum Income	Tenant Rent	Impacted Households
1	\$0	\$2,499	\$50	311
2	\$2,500	\$4,999	\$94	98
3	\$5,000	\$7,499	\$156	212
4	\$7,500	\$9,999	\$219	284
5	\$10,000	\$12,499	\$281	232
6	\$12,500	\$14,999	\$344	191
7	\$15,000	\$17,499	\$406	186
8	\$17,500	\$19,999	\$469	202
9	\$20,000	\$22,499	\$531	185
10	\$22,500	\$24,999	\$594	204
11	\$25,000	\$27,499	\$656	167
12	\$27,500	\$29,999	\$719	141
13	\$30,000	\$32,499	\$781	127
14	\$32,500	\$34,999	\$844	98
15	\$35,000	\$37,499	\$906	110
16	\$37,500	\$39,999	\$969	101
17	\$40,000	\$42,499	\$1,031	88
18	\$42,500	\$44,999	\$1,094	58
19	\$45,000	\$47,499	\$1,156	38
20	\$47,500	\$49,999	\$1,219	35
21	\$50,000	\$52,499	\$1,281	39

Tiered Rent Tenant Benefits

- No rent increases or recertifications for a 3-year period
 - If income increases, rent will not increase
- Tenant spends 3-year period on tenant empowerment activities
 - Goal setting
 - Debt tackling
 - Work on getting ahead
 - Prepare for increased income (and potentially increased rent) in 3 years
- Hardship policies will be developed for tenants whose incomes decrease

Tenant Impact

- May result in a rent increase, initially, for some households
 - The standard tiered rent model removes all deductions
 - However, rent will then not change for 3 years
- Will result in subsidy cost savings
 - Serve more families?
 - Provide upward mobility supports to families?
- Random selection to participate in the rent simplification study
- ½ will be selected to participate in tiered rent
 - Other ½ will remain on traditional rent calculation
- Rent simplification = easy to understand rent process
- There will be a hardship process for families who are unable to pay their rent

Description	Change in Tenant Portion	# of Tenants
Increased Tenant Rent	>+\$100	81
	\$75-\$99	159
	\$50-\$74	667
	\$25-\$49	916
	\$10-\$24	530
	\$1-\$9	240
	0	229
Decreased Tenant Rent		396
	Total	2822
Financial Impact - Annual Subsidy Savings		\$1,135,422.75
Number of Families that can be served		115

Comparison of MTW Options

- Continue both tracks for obtaining MTW designation

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
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

Voucher Holder Engagement

- Metro HRA held two resident meetings in October 2020
- Nearly 200 Voucher Holders attended the virtual meetings
- General overall support for MTW
- Comment and question themes included:
 - How will the cost savings be spent?
 - What if someone's income goes down?
 - How will this impact my family specifically?
 - What is the impact to a household containing persons living with disabilities?

Next Steps

- Submit a full application for the MTW Expansion Cohort, Rent Reform
 - Due January 8, 2021
- Continue dialogue with MPHA and HUD toward obtaining a Regional MTW designation
- If either is approved by HUD
 - Obtain formal Council approval
 - Develop a Moving to Work Plan
 - Engage with the Council, public, voucher holders, and communities
 - Collaborate with educational and research institutions
- Enter into an Agreement with MPHA (if this is the option chosen)



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

Moving to Work Designation

Questions?

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