

Information Item

Community Development Committee



Meeting Date: October 16, 2023

Topic

Metropolitan Housing Opportunities Program Unit Transfer from Minneapolis Public Housing Authority to the Metropolitan Housing and Redevelopment Authority

District(s), Member(s):	All
Policy/Legal Reference:	U.S. Department of Housing and Urban Development Notices PIH 2014-24 and PIH 2019-05
Staff Prepared/Presented:	Terri Smith, Director, Metropolitan Housing and Redevelopment Authority (Metro HRA), (651) 602-1187, Dominic Mitchell, Deputy Executive Director, Minneapolis Public Housing Authority (MPHA)
Division/Department:	Community Development / HRA

Background

The Metropolitan Housing Opportunities Program (MHOP) was established by the Minneapolis Public Housing Authority (MPHA) in 1998 as part of the Hollman Consent Decree. The Consent Decree required MPHA to demolish 770 Public Housing program units and provided funding for the development of replacement Public Housing units within the City of Minneapolis and metropolitan-area suburban locations.¹

These 770 units were developed, and MPHA now holds the federal funding agreement for 106 units in 16 sites and 11 cities around the region. While these are considered Public Housing units, MPHA neither owns nor manages the units directly, and all are privately owned and operated. This is a unique one-of-a-kind product in the country; the process of managing and operating these scattered Public Housing units alongside other types of rental assistance has proven onerous and costly for both the property owners and the agency. This product also does not afford meaningful choice for participants, as they must remain in their public housing unit or risk giving up their assistance. As a result, MPHA is interested in pursuing a conversion of the Public Housing program units to vouchers, by voluntarily transferring the units to the Council's Housing and Redevelopment Authority (Metro HRA) as contemplated in the original Consent Decree.

Council staff last discussed this program and potential partnership with [the Community Development Committee on June 5, 2023](#). Committee members expressed a desire to retain as many of the units as possible as affordable units. Council staff has since been working with MPHA to develop an approach that advances that goal. At the Committee meeting, Council staff and MPHA staff will describe the proposed approach (detailed below) and seek feedback.

¹ The Metropolitan Council separately developed 150 of these units, known as the Family Affordable Housing Program.

Proposed Approach

The process would include a [Streamlined Voluntary Conversion](#) (SVC) application to the U.S. Department of Housing and Urban Development (HUD), which would result in an award of 106 new housing vouchers to the Metro HRA. The new vouchers would provide continued rent assistance to the current unit occupants who are able to remain in their current unit or move to another unit of their choice. There will be little disruption to the residents as a result of the process: there will be no temporary or permanent displacement, and their rent portions would remain nearly the same.

Why should the Metro HRA collaborate with MPHA on this initiative?

- Streamlined Voluntary Conversion is only available to agencies that have fewer than 250 Public Housing Units. The Metro HRA does not have Public Housing so meets this threshold requirement. (MPHA has 5,057 public housing units.)
- The Metro HRA would receive new vouchers from HUD to provide continued rent assistance to current unit occupants.
- Vouchers are more flexible for existing residents, allowing opportunities to exercise choice.
- Current owners would receive more revenue while streamlining administration under Section 8 rental assistance.
- Metro HRA already works with many of the properties in their administration of HCVs and Project Based Vouchers.
 - 79 out of the 106 units are located in Metro HRA's voucher service area.
 - 19 units are located in Plymouth; 8 units are located in Minneapolis.

High Level Overview of Next Steps

The following list outlines the process of converting the MHOP units from Public Housing to Section 8 through partnership with MPHA. Components of the work will require Council approval prior to submitting the requests to HUD. The target date for the partial voluntary transfer is June 1, 2024. The two agencies will simultaneously work to prepare the Streamlined Voluntary Conversion application to have the entire sequence of activities completed as close together as administratively possible.

1. MPHA leads engagement with current residents and unit owners on the conversion process in conjunction with Metro HRA.
2. Metro HRA revises its Public Housing Agency Plan to add the conversion action.
3. MPHA (divesting agency) and Metro HRA (receiving agency) submit a partial voluntary transfer request to HUD to transfer the 106 public housing units from MPHA to Metro HRA.
4. MPHA and Metro HRA enter into a Joint Powers Agreement to allow MPHA to continue operating the units as Public Housing until the conversion process is complete.
5. The Metro HRA submits a Streamlined Conversion Plan Application to HUD. This application will be prepared in partnership with MPHA and will be led by a consultant contracted by MPHA.
6. Once approved by HUD, the Metro HRA receives vouchers from HUD to provide continued rent assistance for the current unit occupants.
7. The Metro HRA will transfer those units outside of their jurisdiction back to Minneapolis (8 units) and Plymouth (19 units)
8. The Metro HRA then intends to Project-Base the remaining vouchers (79 units)

- a. A 20-year PBV contract provides long-term unit affordability for the units that were previously public housing.
- b. HUD provides exceptions to the PBV cap for conversion actions so this action will not impact the current 20% PBV policy cap.

