

Community Development Committee

For the Metropolitan Council meeting of September 25, 2019

Subject: 2020-2024 Public Housing Agency (PHA) Plan Approval

Proposed Action

That the Metropolitan Council:

1. Approve the 2020-2024 5 Year Public Housing Agency (PHA) Plan and the 2020 Annual Public Housing Agency Plan, including changes to the Housing Choice Voucher Administrative Plan.
2. Direct staff to submit the final Plan to the U.S. Department of Housing and Urban Development.

Summary of Committee Discussion/Questions

Terri Smith, Director of the Metropolitan Council Housing and Redevelopment Authority (Metro HRA), and Jennifer Keogh, Manager, Metro HRA, presented the staff report to the Committee. There was extensive discussion and debate on the biennial inspections and proposed minimum rent changes to the PHA Plan and supporting documents.

Biennial Inspection

This proposed change would expand instances where units occupied by Housing Choice Voucher program participants are inspected every two years instead of every year. The primary purpose of this proposed change is to create administrative efficiencies in program operation. Committee member questions focused on ensuring units remain safe for families while providing relief on the burden of inspections. Committee members also expressed concern regarding the potential for units to fall into disrepair between biennial inspections. Staff assured Committee members that there will be a special inspection process in place that will be fully communicated to program participants. Staff also explained that criteria will be established that landlords will need to meet in order to be put on a biennial inspection schedule. This is also presented as a landlord incentive for program participation.

Minimum Rent

This proposed policy change generated a lengthy discussion. Staff proposed a change in minimum rent for Housing Choice Voucher program participants from \$0 to \$50, consistent with the discretion provided by the U.S. Department of Housing and Urban Development. Staff explained that 88% of housing authorities in the county and 7 out of 9 agencies in the Twin Cities have a minimum rent, including the other large agencies of Minneapolis and St. Paul. This was presented as one cost containment strategy that would result in cost savings of approximately \$162,000. Concerns expressed by Committee Members were about potential evictions for families that could not pay the minimum rent and putting the burden of rent payments on families with limited income.

Staff responded by explaining details of the required exemptions for families whose income decreases or for families that fall under hardship situations. Staff also explained the limited number of exceptions requested by housing agencies nationally and locally.

Committee member Wulff moved to approve the proposed actions as presented in the staff report. The motion was seconded. Committee member Chamblis moved to amend the motion and reduce the proposed minimum rent from \$50 to \$25, seconded by Committee member Lee. Committee members discussed the impacts and consequences of a reduced minimum rent. The motion to amend failed. Council Member Atlas-Ingebretson moved to amend the original motion and direct staff to remove the proposed minimum rent policy from the Plan and leave it at \$0. The motion was seconded by Committee member Muse. The motion failed.

The Committee then considered the original motion to approve the proposed actions as presented in the staff report and unanimously approved the proposed action.

Community Development Committee

Meeting date: Monday, September 16, 2019

For the Metropolitan Council meeting of September 25, 2019

Subject: 2020-2024 Public Housing Agency (PHA) Plan Approval

District(s), Member(s): All

Policy/Legal Reference: Code of Federal Regulations Title 24, Part 903

Staff Prepared/Presented: Jennifer Keogh, Metro HRA Manager, (651-602-1584)

Division/Department: Community Development / Metro HRA

Proposed Action

That the Metropolitan Council:

1. Approve the 2020-2024 5 Year Public Housing Agency (PHA) Plan and the 2020 Annual Public Housing Agency (PHA) Plan, including changes to the Housing Choice Voucher Administrative Plan.
2. Direct staff to submit the final Plan to the U.S. Department of Housing and Urban Development.

Background

As an administrator of the U.S. Department of Housing and Urban Development (HUD) Housing Choice Voucher program, the Council's Housing and Redevelopment Authority (Metro HRA) is required to prepare and submit an annual update to its Public Housing Agency (PHA) Plan. Additionally, the Metro HRA must submit a Five (5) Year Plan every five years, last submitted for the period 2015-2019.

The PHA Plan serves as a guide to the Metro HRA programs, policies, operations and strategies for serving the needs of very low and extremely low-income households. The PHA Plan is intended to be a convenient source of information for program participants, HUD and the general public.

There are two parts to the PHA Plan. The Five (5) Year Plan (last approved in 2014 for the years 2015-2019) describes the mission of the agency and the agency's long-range goals and objectives for achieving its mission over a five-year period. The Annual Plan (last approved in 2018 for the year 2019) is an update relating to the general policies and procedures for providing service in the coming year.

The Housing Choice Voucher Administrative Plan, the main policy document of the Metro HRA, is reviewed and updated annually as HUD adopts new or revised regulations and as the agency determines a need for policy revisions. The Administrative Plan becomes an attachment to the PHA Plan. Staff has prepared updates to the Annual PHA Plan and the Housing Choice Voucher Administrative Plan.

The [Draft 2020-2024 5 Year Public Housing Agency Plan](#) and [2020 Annual Public Housing Agency Plan](#), [2019 Draft Administrative Plan](#) with all changes red-lined, and [Summary of Proposed Changes](#) are attached and available for review online.

Staff recommends approval of the 2020-2024 Five Year PHA Plan, 2020 Annual PHA Plan and the amendments to the Housing Choice Voucher Administrative Plan as proposed.

Rationale

Federal regulations for the Housing Choice Voucher Program require submittal of the Five (5) Year PHA Plan and the Annual Plan.

Thrive Lens Analysis

The PHA Plan and Housing Choice Voucher Administrative Plan 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

Developing the Public Housing Agency Plan is a regular part of the Metro HRA's annual workload and ensures compliance with the Department of Housing and Urban Development.

Known Support / Opposition

As required by HUD, the draft Plan was open for a 45-day public comment period. HRA staff hosted three meetings with Resident Advisory Board to review the PHA Plan elements and provide comments on proposed policy changes. A summary of their comments can be found as Attachment E of the PHA Plan. Written comments were received from Mid-Minnesota Legal Aid which are addressed in Challenged Elements, Attachment H of the PHA Plan. A public hearing was held at the Community Development Committee meeting on Monday, August 19, 2019. No comments were received at the public hearing.

2019 Housing Choice Voucher Administrative Plan

Summary of Changes

Metropolitan Council, Metro HRA

The Summary of Changes provides an overview of the recommended red-lined changes to the 2019 Housing Choice Voucher Administrative Plan.

CHAPTER 4: APPLICATIONS, WAITING LIST AND TENANT SELECTION

4-III.C. SELECTION METHOD

LOCAL PREFERENCES [24 CFR 982.207; HCV P. 4-16]

The HRA is proposing to revise its local preferences policy to include a “Move-Up” Preference. This preference would be in partnership with Hennepin, Ramsey and Suburban Metro Area Continuums of Care (COC’s) to provide a preference for individuals or families transitioning or “moving-up” from Permanent Supportive Housing Units. HUD issued PIH Notice 2013-15, with guidance on strategies for PHA’s to expand housing opportunities for individuals and families experiencing homelessness.

DISCRETIONARY CHANGE: This policy implementation would assist the Metro HRA in meeting its goals to end homelessness in the State of Minnesota.

CHAPTER 5: BRIEFINGS AND VOUCHER ISSUANCE

5-II.E. VOUCHER TERM, EXTENSIONS, AND SUSPENSIONS HUD Performance and Acceptability Standards Extensions of Voucher Term [24 CFR 982.303(b)]

This proposed policy change is to provide cleaner language that will match current procedure.

DISCRETIONARY CHANGE: Clarifying language

CHAPTER 6: INCOME AND SUBSIDY DETERMINATIONS

6-III.A. OVERVIEW OF RENT AND SUBSIDY CALCULATIONS

Minimum Rent [24 CFR 5.630]

The HRA is proposing to implement a minimum rent of \$50, with provisions for hardship exemptions. The Quality Housing and Work Responsibility Act (QHWRA) of 1998 granted PHAs flexibility in setting a minimum rent of up to \$50. The law also requires any PHA with a minimum rent to implement a hardship policy that, in certain circumstances, exempts people from the minimum rent.

Approximately 270 of the 6697 (4%) of current voucher holders would be impacted by this policy change. Implementation of a \$50 minimum rent would save the HRA \$162,000 per year in Housing Assistance Payments.

DISCRETIONARY CHANGE: The minimum rent policy would encourage self-sufficiency and would generate revenue to serve more families.

CHAPTER 7: VERIFICATION

The HRA is updating HUD reference from PIH Notice 2010-19 to 2017-12.

MANDATORY CHANGE: HUD Requirement

CHAPTER 8: INSEPTIONS AND RENT REASONABLENESS

8-I.B. ADDITIONAL LOCAL REQUIREMENTS

The HRA is removing unnecessary requirements to reduce administrative burden and will assist with owner recruitment and retention

Thermal Environment

The HRA is removing the requirement for tenant to refer to their local ordinances for locally enforced dates. The HRA will follow PHA policy that requires a functioning heating system of 68 degrees Fahrenheit between October 1 and May 1

Clarifications of HUD Requirements

As permitted by HUD, PHA's can adopt specific requirements that elaborate on HUD standards. The HRA is revising policy language for standards on walls, windows, floors, bathrooms, security, bedrooms, electrical and infestation.

DISCRETIONARY CHANGES: Removing unnecessary requirements will reduce administrative burden and will assist with owner recruitment and retention.

8-II.B. INITIAL HQS INSPECTION

Utilities

The HRA is revising policy language to state that the utilities must be turned on at the initial HQS inspection.

DISCRETIONARY CHANGES: The HRA is revising policy language to remove unnecessary requirements and to match current procedure.

8-II.C. ANNUAL/BIENNIAL HQS INSPECTIONS

In 2014, HUD passed FY 2014 appropriations bill that allows PHAs to inspect assisted units during the term of the housing assistance payment (HAP) contract at least biennially instead of annually. This rule making was an effort by HUD to streamline program operations to reduce costs and enhance efficiency while still maintaining HUD's core program oversight functions. The Metro HRA has been piloting biennial inspections, but under a policy that is challenging to administer and not required by HUD. Rather than continuing with this policy process, the HRA is looking to simplify the process and conduct biennial inspections on all units under contract.

HUD's purpose of biennial inspections to achieve a reduction in administrative costs. This policy would result in a reduction of approximately 3,034 inspections per year.

DISCRETIONARY CHANGES: The implementation of biennial inspections would be a reduction in administrative staff time and would allow the HRA to use some of the saved time for owner education and a streamlined approach for inspection completion.

8-II.F. INSPECTION RESULTS AND REINSPECTIONS FOR UNITS UNDER HAP CONTRACT

The proposed policy changes in this section are to provide cleaner language and to match current procedure.

DISCRETIONARY CHANGE: Clarifying language

CHAPTER 14: PROGRAM INTEGRITY

The proposed policy changes in this chapter are updated HUD references from PIH Notice 2010-19 to 2017-12.

MANDATORY CHANGE: HUD Requirement

CHAPTER 16: PROGRAM ADMINISTRATION

16-II.B. PAYMENT STANDARDS

HUD issued PIH 2018-01 which provided guidance to PHA's regarding the implementation schedule for payment standard revisions.

MANDATORY CHANGE: HUD Requirement

CHAPTER 17: PROJECT BASED VOUCHERS

HUD issued PIH 2017-21 which provided guidance and technical clarification for the Project Based Voucher program. The changes made in Chapter 17 updates required HUD references and language for compliance with PIH 2017-21.

MANDATORY CHANGE: HUD Requirement

17-VII.C. MOVES

The proposed policy changes in this section are to provide cleaner language and to match current procedure.

DISCRETIONARY CHANGE: Clarifying language

CHAPTER 18: PROJECT BASED VOUCHERS UNDER THE RENTAL ASSISTANCE DEMONSTRATION PROGRAM

HUD issued PIH 2017-21 which provided guidance and technical clarification for the Project Based Voucher program. Changes in Chapter 18 required updated HUD references and language for compliance with PIH 2017-21.

18-VII.C. UTILITY ALLOWANCES

HUD issued PIH 2018-11 which Notice provides supplemental program instructions for Rental Assistance Demonstration amends Notice PIH 2012-32.

MANDATORY CHANGE: HUD Requirement