

Metropolitan Council Housing and Redevelopment Authority (Metro HRA)

Moving to Work Program Resident Meetings

October 27 – 29, 2020

Webex



Agenda and Housekeeping

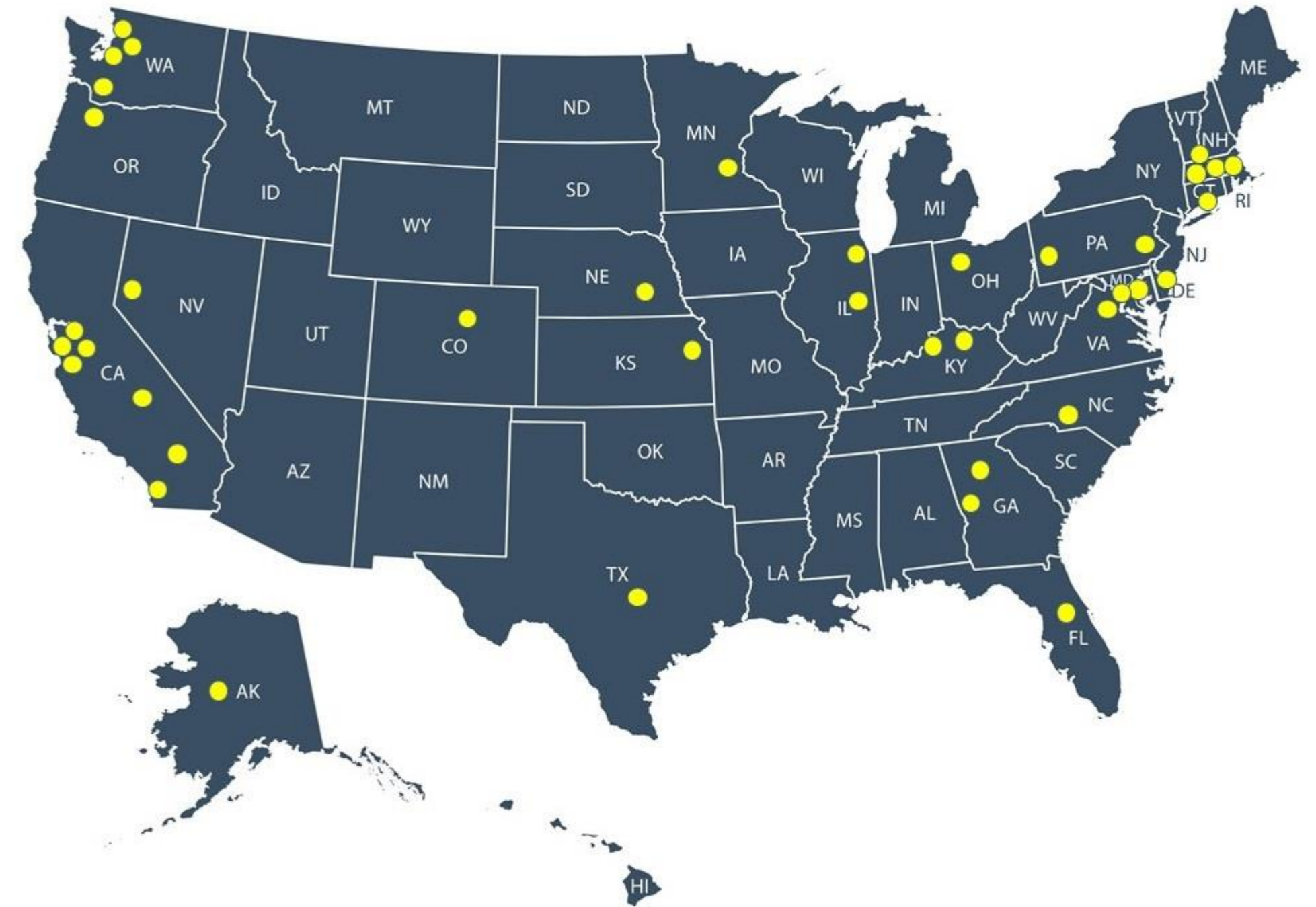
- Agenda
 - Introduce Panelists
 - Review Moving to Work Program
 - Question and Answer
- Housekeeping
 - Participant's audio is muted
 - Use the “chat” feature to submit questions to panelist during the presentation
 - Dial in participants use *3 to raise you hand during the Question and Answer segment

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.
- The program provides the opportunity to design and test innovative, locally designed strategies
- Moving to Work agencies have the ability to:
 - waive certain federal regulations and program rules
 - design strategies to meet the local market condition
 - shift the focus from administrative process to family success

Moving to Work Program

- There are currently 39 Moving to Work Agencies
- Congress approved an expansion to an additional 100 agencies to test certain MTW initiatives
 - Overall Impact of MTW Flexibility
 - **Rent Simplification**
 - Work Requirements
 - Landlord Incentives



Current Status

- The Metropolitan Council Housing and Redevelopment Authority (Metro HRA) submitted a Letter of Interest in March 2019 to be considered for MTW.
- Metro HRA has been invited by HUD to submit a Full Application – due January 8, 2021
- Competitive Application process
 - No guarantee we will win

Why are we excited and why should you care?

- The Moving to work program will allow us to serve a greater number of households and serve them better.
- The goals of the MTW program are to:
 - Expand housing choice for your family
 - Improve our service delivery
 - Assist you in making progress towards your goals
- The Moving to Work program will allow us to operate more efficiently

Not all Households will be part of the Study

- This will be a formal, 6 year, Rent Simplification Study
- Households 56 and older and disabled households are excluded (47%)
 - Then only ½ - random selection for treatment or control group
- The Metro HRA must have a Control Group and a Treatment Group.
 - Control Group – will remain on the traditional rent calculation
 - Treatment Group – will be moved to the Tiered Rent system
- A random lottery will determine which group you will be in
 - You will join the control or treatment group at your next recertification

Metro HRA's Vision for Moving to Work

- Metro HRA applied under cohort 2 of the Moving to Work expansion
 - We must test a rent simplification initiative
- Metro HRA could select a “Stepped Rent” program or a “Tiered Rent” program
 - We believe a Tiered Rent program is the best choice for residents (you)
- We will also be able to make other changes that will improve the program and make it more effective for you and landlords
- The Rent Simplification will only apply to a portion of Non-Elderly (under 56 years), Non-Disabled Households

What is Stepped Rent?

- Stepped Rent – Rent amount is disconnected from Income
- Year one – Tenant will start out paying 30% of income towards rent
- Each year, Tenant rent will increase by a stepped amount – between 2% and 4% - unrelated to income

2% Stepped Rent

Percent of Income Paid	Year 1 # Households	Year 2 # Households	Year 3 # Households
30%	2964	1078	159
31-35%	6	1719	2147
36-40%	10	119	491
41-45%	2	46	78
46-50%	7	8	41
>50%	229	248	302
Total	3218	3218	3218

4% Stepped Rent

Percent of Income Paid	Year 1 # Households	Year 2 # Households	Year 3 # Households
30%	2964	159	3
31-35%	6	2147	1448
36-40%	10	491	855
41-45%	2	78	358
46-50%	7	41	133
>50%	229	302	421
Total	3218	3218	3218

This option is not being considered due to extreme negative tenant impact



What is Tiered Rent?

- Tiered Rent creates a simple chart to calculate your rent portion 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



Tenant Benefits

- No rent increases or recertifications for a 3-year period
 - If your income increases, your 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
- If you experience a hardship and a drop in income, your rent can be reduced through a hardship process

Household “A” Example

- Parent– 35 years old, not disabled
 - Child– 10 years old
 - Child – 3 years old
- 2 Bedroom Apartment
 - \$1150 rent + \$57 Utility Allowance (electricity) = **\$1207 Gross rent**
- Payment Standard is \$1110.00 for the zip code 55109 (Maplewood)
- Employment Income = **\$16,250 gross income per year.**

Household “A” Example – Current Calculation

- Deductions
 - \$480 per child = \$960 total
- \$16,250 (Gross Annual Income) - \$960 = \$15,290 (Adjusted Annual Income)
- Adjusted Monthly Income = \$1274
- 30% of adjusted monthly income = \$382.
 - If rent is within the payment standard, tenant would pay \$382
 - But . . . Payment Standard is \$1110 and Gross Rent is \$1207 (\$97 difference)
 - Tenant pays \$382 PLUS the difference of \$97
- $\$382 + \$97 = \$479 - \57 (tenant paid) Utilities = **\$422 rent**

Household “A” Example – MTW Calculation

- \$16,250 gross annual income = \$406 on the tiered chart
 - PLUS \$97 (the amount the gross rent was over the payment standard) = \$503
 - MINUS \$57 (tenant paid) utilities = **\$446 rent**

Tier	Minimum Income	Maximum Income	Total Tenant Payment
1	\$0	\$2,499	\$50
2	\$2,500	\$4,999	\$94
3	\$5,000	\$7,499	\$156
4	\$7,500	\$9,999	\$219
5	\$10,000	\$12,499	\$281
6	\$12,500	\$14,999	\$344
7	\$15,000	\$17,499	\$406
8	\$17,500	\$19,999	\$469
9	\$20,000	\$22,499	\$531
10	\$22,500	\$24,999	\$594
11	\$25,000	\$27,499	\$656



Household “A” Example Year 2

- A new job results in increased income = \$29,190 gross per year

Traditional Calculation	Moving-To-Work Calculation
<p>\$29,190 Gross Income</p> <ul style="list-style-type: none"> • Deductions: \$480 per child = \$960 • Deduction: Child Care CoPays = \$676 <p>-\$29,190 MINUS 960 MINUS 676 = \$27,484 Adjusted Annual income</p> <ul style="list-style-type: none"> - Adjusted <u>Monthly</u> income is \$2209 - 30% of adjusted monthly income = \$663 <ul style="list-style-type: none"> • BUT the Gross Rent of \$1207 is \$97 above the Payment Standard of \$1110 • so the family would pay 30% of their income PLUS the \$97 difference 	<p>- No recalculation of rent based on new income</p>
<p>Bottom Line: \$663 + \$97 = \$760 - \$57 (tenant paid) Utilities = \$703 Rent</p>	<p>Bottom Line: Based on Previous Year’s Calculation, \$446 Rent</p>

Tenant would have 3 years to build wealth

- Goal setting
- Debt tackling
- Work on getting ahead
- Prepare for increased income (and potentially increased rent) in 3 years

Tenant Impact

- This 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
- This will result in subsidy cost savings
 - Serve more families?
 - Provide upward mobility supports to families?
- We don't know who will be randomly selected to participate in the 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

	Change in Tenant Portion	Tiered Rent	\$480 dependent allowance	\$480 dependent allowance, no \$50 Minimum TTP
Increased Tenant Rent	>+\$100	81	31	31
	\$75-\$99	159	2	2
	\$50-\$74	667	167	11
	\$25-\$49	916	337	448
	\$10-\$24	530	666	686
	\$1-\$9	240	402	406
	0	229	200	194
Decreased Tenant Rent		396	1413	1440
	Total	2822	1805	1778
Financial Impact - Annual Subsidy Savings		\$1,135,422.75	\$190,617.60	\$127,005.60
Number of Families that can be served		115	19	12

Discussion – MTW Rent Reform

- The goals of the MTW program are to:
 - Simplify rent calculations
 - Expand housing choice for your family
 - Improve our service delivery
 - Assist you in making progress towards your goals
- Question?
 - Panelists will answer questions submitted in chat
 - Call in users enter *3 to raise hand, Panelist will call on you and unmute your line

How Do You Get More Involved?

- Metro HRA will be creating a working group made up of Housing Choice Voucher households.
 - Help us create the Moving to Work Plan . . . If we are selected for the study.
- If you would like to be part of the workgroup
 - Email Ryane.Leifheit@metc.state.mn.us
- If you would like to submit written feedback, please submit to:
 - Email Ryane.Leifheit@metc.state.mn.us

Next Steps?

- Develop a Full application that will be posted for public review and comment
- Conduct Public Hearing on November 16th
- After reviewing all comments and making adjustments, final application will be presented to the full Council for approval in December
- Submit application on January 8th
- If approved for participation, develop a Moving to Work Plan with your help

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