March 21, 2017

MEMORANDUM TO: MPHA Board of Commissioners

FROM: Kyle Hanson, HCV Managing Director

SUBJECT: Quadel Consulting & Training, LLC - Enhancements and Best Practices Designed to Expand Resident Choice and Mobility in Minneapolis

In 2016, the Family Housing Fund contracted with Quadel Consulting & Training, LLC to study ways for expansion of resident choice and mobility in the Twin Cities metro region. The study found that MPHA has an experienced and knowledgeable staff and a commitment to provide quality services and expand housing choice.

Currently 46 percent of the HCV program participants are employed and incomes have been steadily increasing since 2015. Of those employed, the average income has risen to almost $20,000. Further, MPHA’s Mobility Voucher Program has a full-time Mobility Coordinator who is now working to expand the program and has successfully enrolled eight additional families.

Quadel Consulting cited several challenges and proposed 38 recommendations for MPHA’s consideration. MPHA has reviewed these recommendations and has developed a number of immediate and longer term strategies for implementation. In the attached document, you will find MPHA’s responses to the specific recommendations.

The Quadel Study identified three general areas for improvement:

- Review of Administrative Policies, including revisions to MPHA’s Mobility Program
- Image and communications
- Collaborative relationships with regional partners

MPHA is taking active steps to change and improve its Administrative Policies through exploring opportunities to further expand its Moving to Work (MTW) authority and modifying its Administrative Plan and procedures. In MPHA’s responses to the recommendations, you will see some of the more immediate actions we are planning to adopt.

The HCV program intends to review all external communications and will implement changes aimed at building a more positive image with participants, property owners and our partners. In addition, the HCV program will identify technological solutions to help improve communications and expand data analysis.
MPHA has already embarked in a collaborative process with area PHAs and other partners with the goal of exploring regional initiatives that will result in additional affordable housing in ‘opportunity areas’.
Enhancements and Best Practices Designed to Expand Resident Choice and Mobility in Minneapolis
Quadel Recommendations / MPHA Responses

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Quadel Recommendations / MPHA Responses

Project-Based Vouchers

1. **Recommendation**: Use the location of project-based vouchers as a strategy to expand housing opportunities for families. When implemented, MPHA should target assistance to units that will qualify for the 10% exception, which will maximize the agency’s flexibility as it determined what number of units it will ultimately attach project-based assistance to. Additionally, MPHA should collaborate in planning with local stakeholders seeking to increase affordable housing in opportunity areas in order to maximize the impact of this assistance.

   - MPHA currently has 710 project-based vouchers in operation.
     - 24% of PBV units are already located in Areas of Opportunity
     - More PBV units in Areas of Opportunity are in development
       - 40 in the North Loop “Reintegration of Offenders” program
   - MPHA is exploring new opportunities with other PHAs to project-base vouchers in opportunity areas throughout the metro region.
   - Use MTW flexibility to secure units in Areas of Opportunity
   - Increase collaboration with Minnesota Housing Finance Agency (MHFA)
   - MPHA will issue an RFP by the end of April to update and review market rental information by census tract and neighborhood.

Voucher Term

2. **Recommendation**: Amend the policy and allow an initial voucher term of 120 days. Conduct an audit of extension requests to determine if policy is applied consistently, and train staff as needed.

   - MPHA will change the Administrative Plan to allow a 120-day voucher term at issuance for all voucher holders by August 2017
     - MPHA currently has a 77% success rate under its current policy, with an average time until voucher expiration of 153 days.
     - The VASH and Mobility Programs already allow 120 days.

Housing Quality Standards

3. **Recommendation**: To offer the greatest flexibility for both inspector and owner, consider allowing inspections [without the owner and/or the family present] in occupied units (a re-inspection may be required) or if the owner has a lock box.
• Inspectors conduct inspections with anyone 18 or older in the unit.
• For move-in inspections MPHA will accept waivers to enter a vacant unit.

4. **Recommendation:** Prioritize mobility participant RFTAs (Resident for Tenancy Approval) to have a faster turnaround time to process inspections. Consider same day approval and HAP contract execution for passed inspections which will allow for quicker occupancy and reduce vacancy loss for landlords. Additionally, HUD issued a notice to implement (effective no earlier than April 18, 2017, but potentially 60 days later) a regulation allowing for initial occupancy of a unit that fails HQS but does not have any life-threatening deficiencies. MPHA would need to amend it administrative plan to take advantage of this flexibility and should prepare to do so.

• Currently VASH and Mobility inspections are prioritized.
• MPHA plans to consider exceptions for property owners whose inspection history is positive.
• Will amend Administrative Plan for HOTMA (Housing Opportunity Through Modernization Act) implementation to ease owner burden.
• Continue to work with the City of Minneapolis to share information about problem properties.

5. **Recommendation:** Work with landlords and tenants to revise the policy on tenant-caused inspection fails in such a way that does not discourage landlord participation. Audit tenant HQS violations to determine how the current policy is enforced, and train staff as necessary.

• In 2016 MPHA had only 26 formal complaints of tenant-caused damages.
• We will invite property owners to discuss complaint process and potential revisions by the end of April 2017.
• MPHA will continue to explore the proposal for an incentive fund for owners.

6. **Recommendation:** MPHA should evaluate the options as they have been authorized by HUD to determine if the approval of units before full compliance with HQS will increase the availability of affordable housing units in low poverty/opportunity neighborhoods.

• See comments on #4 above.

7. **Recommendation:** Communicate revisions to inspection requirements in writing to all property owners/managers and hold regular information sessions for landlords to provide a forum for program orientation and an opportunity for landlords to ask questions.

• Continue bimonthly Owner Workshops.
• Develop electronic information sessions (live streaming, workshops, online FAQs, and email blasts).
• Emails will direct owners to a “one stop” contact with the Community Engagement Specialist.

Moves with Continued Assistance

8. **Recommendation: Amend the policy to conduct the briefing presentation and voucher issuance on the same day.**

• MPHA already does same day issuance for new admissions.
• MPHA has flexible voucher issuance for special situations that allow for same day issuance of vouchers.
• For families transferring with a voucher, briefings are held weekly, typically with 25 to 40 families; this makes immediate, individual meetings with each impossible. However, we will revisit our large-group meeting approach and explore possible uses of technology to expedite the process.

Portability

9. **Recommendation: Develop a portability process that promotes consistency. Review process and eliminate unnecessary steps. Coordinate with regional housing authorities to develop policies and practices that encourage adequate housing search time and moves to opportunity areas.**

• MPHA will initiate meetings with regional agencies to discuss a regional MTW agreement to expand portability rules area wide.

10. **Recommendation: Eliminate the criteria for portability moves and provide improved information about the benefits of moving less frequently and moving to opportunity areas.**

• Portability criteria is focused on ensuring successful and productive moves.
• We will review our data of transfers within the city and port outs to other communities to determine if further policy changes are warranted.
• Only one participant was denied a port out in 2015, and fewer than five were denied in 2016.
• MPHA will review handouts and other port out materials.
• Maps and guidance for Areas of Opportunity are provided in the briefings, and will be expanded.
• We will explore expanded community partnerships for counseling options.
• The group briefing currently promotes moving to Areas of Opportunity in Minneapolis, and one-on-one briefings further promote the concept. We will review this concept as we revisit our briefing materials more generally.

Payment Standards

11. Recommendation: Compare the current payment standard policy with the data from HUD’s Hypothetical Small Area FMR’s and MPHA’s knowledge of the local housing market. For families currently living in the opportunity areas, rent burden should also be evaluated. Based upon the outcome of the evaluation, MPHA could adopt higher payment standards in some neighborhoods while reducing them in others (to limit the financial impact of the higher standards). The overall goal of this recommendation should be to establish payment standards that offer higher payment standards in high cost neighborhoods and lower payment standards in more affordable neighborhoods. If implemented this recommendation should be cost neutral (i.e. the savings from reduced payment standards in low cost neighborhoods can offset the increased costs in higher costs neighborhoods).

• MPHA will issue an RFP to evaluate Small Area FMRs, neighborhood and local housing markets by the end of April 2017.

Payments to Owners

12. Recommendation: Allow prorated monthly payments to owners to begin on the day the HAP (Housing Assistance Payment) contract is approved.

• Explore flexible, prorated disbursements of rental payments.
• Research budgetary impact of prorated HAP change in policy.

Perceptions of Programs and Families Served

13. Recommendation: Our observations indicate that creating regular and frequent opportunities for representatives of MPHA, the City, Met Council and other housing authorities in the seven county area to meet around specific issues would promote innovative regional coordination and lead to greater collaboration to solve the challenges confronted by all of the participants.

• See Response #9 regarding Regional MTW Agency.

Property Owner Perceptions and Program Understanding

14. Recommendations: Develop and implement several strategies to ensure that property owners and managers receive consistent and good customer service, have accurate information and opportunities to provide feedback and ask questions. These could
include an information owner brochure, a regular newsletter, forums held regularly in different locations around the city, and written policy updates and briefs provided through the owner portal and MPHA website. Additional staff training may be required along with the development of a customer service policy oriented to landlords that clarifies the elevation of issues to specific positions within the agency.

- MPHA is holding Enhanced Customer service training for all HCV staff in late May.
- We are implementing a new training program during staff meetings, titled “Who We Serve.”
- MPHA will review and revise current communications and expand electronic opportunities.
- We intend to hire our Community Engagement Coordinator by mid-May.

HCV Participant Perceptions and Program Understanding

15. Recommendations: Expand the information provided at briefings (written and oral) to include more about what “opportunity areas” means, the benefits of moving to opportunity, provide examples, data and success stories. Consider conducting a briefing specifically for families eligible for the mobility program or providing a short mobility briefing following the regular briefing for anyone interested. Consider reconfiguring the briefing room so participants face the screen rather than viewing from the side. All HCV Program participants would benefit from the messages currently communicated only to mobility program participants.

- See MPHA Response to #10, above.

Written Materials

16. Recommendation: Use positive language in all communications. Consider including success stories, photos of actual participants, video clips in PowerPoint presentations, and invest in professional branding if necessary to promote moves to opportunity neighborhoods. (See Best Practices)

- Conduct a thorough program review with the goal of refining the HCV program message.
- Investigate rebranding of the mobility program.
- Review and revise HCV Programs communication materials.
- Integrate plan to expand use of positive language and messages related to HVC program.
Analysis of Impediments

17. **Recommendation:** MPHA should examine the potential benefits of a homeownership Program in connection with reducing the disparity in homeownership among protected classes.

- MPHA will explore new initiatives to encourage homeownership support focused on Family Self Sufficiency (FSS) participants or other participants with demonstrated capacity for home ownership.
- Identify community resources aimed at home ownership, and refer HCV participants.
- MPHA will make policy recommendations regarding homeownership support for participants by the end of June 2017.

18. **Recommendation:** MPHA should educate participants and landlords on the subjects of expungements and using criminal records in decision-making.

- MPHA currently refers participants to resources knowledgeable about the expungement process.
- Strengthen partnership with HOMELine and explore opportunities with other outside entities.
- Include resources in briefing materials

Transit

19. **Recommendation:** MPHA should closely examine development opportunities along the proposed new LRT routes and collaborate with local partners to ensure the inclusion of affordable housing in future projects. MPHA should also consider this future development when awarding project based vouchers in advance of the completion of these transit projects.

- MPHA owns land near a proposed LRT line.
- PBV plans will include conversations with affordable housing providers.
- Consider development options as funding allows.

Location of HCV Families

20. **Recommendation:** MPHA should evaluate the census tracts that appear affordable in Map 2 and are highlighted in Map 4 closely to determine availability of rental housing and form partnerships with landlords to make housing available to HCV families.

- Most listed census tracts are in Areas of Concentrated Poverty.
• Will explore “micro-targeting” methods to identify more accessible Areas of Opportunity.
• RFP will focus on mapping Areas of Opportunity.
• Study Small Area FMRs.

21. Recommendation: Given the rent data for tracts 1113 and 1114 does not show that these areas are greatly unaffordable to HCV families, areas such as these should be examined for other barriers to HCV mobility, including lack of interest from participants.

• Develop micro-targeting methods.
• MPHA will issue an RFP by the end of April to update and review market rental information by census tract and neighborhood (see also Recommendations #1 and #11).

Poverty

22. Recommendation: As MPHA looks to refine its definition of an area of opportunity, it should also examine the prospects and probabilities for families seeking to move to nearby suburban communities which would supplement the areas families can access through MVP.

• MPHA has committed to participating in Creating Moves to Opportunity (CMTO), a partnership of housing authorities and Chetty Research Team. MPHA will look to adopt the CMTO definition of “Opportunity Areas.”

Schools

23. Recommendation: MPHA should determine the extent to which their families educate their children outside of the public school district to ensure the definition of opportunity reflects their families’ practices.

• See above, #22.

Staffing

24. Recommendation: Reconsider the idea that counselors will have full caseloads, and be prepared to reduce non-counseling related responsibilities as needed.

• MPHA’s financial outlook will determine staffing levels

Rent Reform

25. Recommendation: Ensure the rent reform program contains the flexibility to adequately assist MVP families seeking housing in high-cost opportunity areas. MPHA
should explore providing a bonus subsidy to families in the Mobility Voucher Program that move to higher cost areas. The amount of the bonus should be determined through the analysis of micro rental markets.

- Look at market data from consulting report and determine if payment standards should be revised.
  - Current Mobility Payment Standards are already substantially higher than our HCV payment standards:
    - Current Mobility Payment Standards allow 107% of FMR;
    - Current HCV Rent Reform Payment Standards set at 93% of FMR.

Other

MPHA received 13 additional recommendations in a summary at the end of the Quadel Report. Most of the summary recommendations are already addressed in the responses above. Staff will review the table and provide any needed additional responses to the Board at a later date.