EXPANDING ACCESS TO HOUSING CHOICE IN MINNEAPOLIS

ENHANCEMENTS AND BEST PRACTICES DESIGNED TO EXPAND RESIDENT CHOICE AND MOBILITY IN MINNEAPOLIS

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Executive Summary

The Family Housing Fund (FHF) requested an assessment of the Minneapolis Public Housing Authority (MPHA) Housing Choice Voucher (HCV) Program to identify strategies to expand the use of vouchers and maximize resident choice and mobility, and to review best practices nationally to highlight how other PHAs have addressed barriers to create effective mobility options.

In response, the Quadel team conducted an assessment including a site visit to interview stakeholders and MPHA staff. We also reviewed documents and data, conducted a review of applicable research and best practices, and conducted focus groups with property owners and program participants. A review of MPHA policies focused on HCV program areas that most impact moves, movers and landlords to identify ways to make the program more “mobility friendly,” i.e., easier for landlords and families. We also reviewed communication and education efforts.

We learned that MPHA has an experienced staff, demonstrating solid knowledge of the HCV Program and a commitment to provide quality services, expand housing choice and to encourage greater participation on the part of property owners and managers. The assessment also revealed challenges including some outdated administrative practices, lack of collaborative relationships outside the agency and a less desirable image in the community than other housing agencies.

With several key leaders retiring in early 2017, MPHA should look to build on the many good works and commitments made by exiting leaders while allowing new leadership the opportunity to encourage innovative thinking and the establishment of partnerships throughout the city and region.

Our assessment of MPHA policies led us to make a number of recommendations, most of which could be easily implemented at little or no cost. These include the following:

- Using the location of project-based vouchers as a strategy to expand housing opportunities for families
- Allowing families more time to search for housing and streamlining the process for new units by prioritizing mobility participant RFTAs and considering same day approval for passed inspections
- Ensuring consistent enforcement and increased communication between MPHA and landlords
- Conducting applicant and participant briefing presentations and voucher issuance on the same day
- Developing a portability process that promotes consistency; reviewing the process and eliminate unnecessary steps; and coordinating with regional housing authorities
- Eliminating the current criteria for portability moves and providing improved information about the benefits of moving less frequently and moving to opportunity areas
- Prorating rent to begin on whatever day of month the HAP contract is approved

In the area of communication and education, our observations indicate that creating regular and frequent opportunities for representatives of MPHA, the City, Met Council and other housing
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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. Recommendations include:

- The development and implementation of 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
- We recommend expanding the information provided at briefings (written and oral) to include more about what “opportunity areas” means, the benefits of moving to opportunity, providing examples, data and success stories
- The use of positive language in all communications
- The use of success stories, photos of actual participants, video clips in PowerPoint presentations, and investment in professional branding to promote opportunity moves

The outcomes of the data review and analysis demonstrate the need to reevaluate the mobility program, establish a clear mission and redefine opportunity areas. Current thinking defines opportunity areas as those areas to avoid; we recommend defining opportunity neighborhoods by utilizing criteria such as poverty rate, racial and ethnic make-up and quality-of-life characteristics like education, health, employment opportunities, transportation, safety, etc.

Recommendations include:

- Explore development opportunities
  - along the proposed new LRT routes and collaborate with local partners to ensure the inclusion of affordable housing in future projects
  - when awarding project based vouchers in advance of the completion of transit projects
- Evaluate census tracts and/or zip codes
  - that appear affordable to determine availability of rental housing and form partnerships with landlords to make housing available to HCV families
  - that appear affordable for other barriers to mobility including participant lack of interest
  - in nearby suburban communities which would supplement the areas families can access through the current mobility program
- Determine the extent to which families educate their children outside of the public school district to ensure the definition of opportunity reflects their families’ practices
- Consider implementing a homeownership program
- Educate participants and landlords on the subjects of expungements and using criminal records in decision-making

MPHA’s recent redesign of the Mobility Voucher Program raises some questions that MPHA should consider as it prepares to begin counseling families again. Concerns raised in the
assessment include staffing levels, rent reform, incentives, and other program design components. Recommendations include:

- Staff program with full-time counselors responsible for mobility-related work only, independent of HCV administration
- Ensure the rent reform program contains the flexibility to adequately assist MVP families seeking housing in high-cost opportunity areas
  - Explore the viability of multiple payment standards and/or providing a bonus subsidy to families in the Mobility Voucher Program that move to higher cost areas, determined through the analysis of micro rental markets, or utilize some other method of addressing rent levels

Research shows that comprehensive mobility counseling programs result in program participants gaining access to neighborhoods that are safer, healthier, have better schools and numerous other positive attributes. Many of the policies that have been developed for mobility counseling programs can be integrated into the overall management of the HCV program. We recommend making housing mobility an integral part of the MPHA HCV program operations which involves effective messaging and some direct activity by every staff person in every HCV program department to ensure that mobility concepts become institutionalized.

Best practices are presented as policies or practices that have worked well for locations that have implemented them and are options for consideration. Not all would necessarily be appropriate or effective for Minneapolis. Areas that will be important for MPHA to consider by looking at best practices include:

- Create a “culture of innovation”
  - Reorganize to make operations more like a large non-profit housing provider rather than a HUD-centric housing authority focused solely on federal program compliance
  - MTW empowers agencies to think creatively about how to maximize the utility of their resources and focus on long-term outcomes rather than short-term outputs
- Consider various rent strategies responsive to the economic complexities of the Minneapolis and Hennepin County region
- Establish partnerships and collaborate on a regional approach
- Identify ways to addressing owners’ concerns
- Replicating successful programs
- Implement effective communication strategies
- Implement effective performance management strategies

MPHA operates a compliant HCV program and has used its MTW authority in some innovative ways. If some of the recommendations of this report are adopted, MPHA will greatly assist its voucher program participants gain access to communities of opportunity in greater Minneapolis region.
Background and Context

The Family Housing Fund (“FHF”) contracted with Quadel Consulting and Training, LLC (“Quadel”) to conduct an assessment of the mobility initiatives in Minneapolis. As a part of this work, Quadel was tasked with conducting an assessment of the Housing Choice Voucher and Mobility Programs at the Minneapolis Public Housing Authority (“MPHA”) to identify possible enhancements to policies and procedures that may lead toward increased resident choice and mobility. Quadel was also asked to prepare a report that summarized our findings and based upon an assessment of best practices nationally, identify effective strategies to increase options adaptable in Minneapolis and the broader Minneapolis/St. Paul region.

The Minneapolis Public Housing Authority’s (MPHA) jurisdiction is the city of Minneapolis. MPHA operates 5,943 public housing units and 5,076 Housing Choice Vouchers (HCV), including 4,407 with Moving to Work Demonstration (MTW) authority and 669 non-MTW vouchers. The agency serves a diverse community of approximately 24,300 people - a little more than 6% of the City's population. Eighty percent of HCV families have incomes less than 30% of Area Median Income (AMI), and the average income of HCV families is $14,470. MPHA employs more than 200 people. Fifty-one percent of employees represent diverse ethnicity and racial groups.

Hollman Consent Decree
On July 29, 1992, the Hollman v. Cisneros lawsuit was filed by the Minnesota Legal Aid Society and the NAACP on behalf of a number of public housing and Section 8 families alleging historical patterns of segregation in the placement of public housing on the basis of race and income. The lawsuit was filed against the Minneapolis Public Housing Authority (MPHA), the City of Minneapolis, the Minneapolis Community Development Agency (MCDA), the U.S. Department of Housing and Urban Development (HUD), and later, the Metropolitan Council. In many ways, the lawsuit stems from a 1950s decision by the City of Minneapolis to locate hundreds of new low-income family housing units on Minneapolis’ near northside, rather than scattered throughout the city. By 1992, these units were in increasingly distressed condition and the near northside was heavily concentrated with low-income families of color. The lawsuit sought more locational choice and improved housing conditions for families in public housing and Section 8 programs. In 1995 a settlement was reached with national HUD leaders in a meeting facilitated by Congressman Martin Sabo in his Washington, D.C. office. In April 1995, this settlement was formalized in Federal Court under Judge James Rosenbaum and named the Hollman Consent Decree. The decree required:

- Four north side public housing projects and dozens of scattered-site public housing units to be reviewed for possible demolition or disposition. Relocation assistance to displaced residents
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- Development of up to 770 replacement units for families, including 200 units on the near northside, 80 units in other areas of Minneapolis, and 490 units in suburban communities
- The redevelopment of a 73-acre northside site
- Issuance of 900 new HCVP tenant-based vouchers to provide additional locational choice for families living in areas of concentrated poverty
- Creation of a centralized housing information system or clearinghouse that is designed to make it easier for low-income families to locate affordable housing in the metro area
- Recruitment of more landlords to participate in the Section 8 program
- Provision of housing mobility counseling to families

While the full vision of Hollman has not yet been completely realized, many accomplishments have been achieved, including 900 Holman vouchers having been leased in “non-concentrated” areas.

MPHA HCV Program by the Numbers: 2016¹

- Approximately 2500 applicants on the HCV waiting list
- The current success rate of applicants issued a voucher is 77% (leased within 90 days of voucher issuance)
- Average monthly turnover is 24 vouchers (approximately 30% are involuntary program terminations for program violations, 20% are the result of the expiration of the voucher term without leasing, and 50% for other reasons including death, family left the country, voluntarily gave up voucher, etc.)
- The average number of vouchers issued monthly in 2016 was seven
- The average number of families porting into Minneapolis per month during the last year was 59
- The average number of families porting out of Minneapolis each month was 25

Moving to Work Demonstration

Moving to Work (MTW) is a demonstration program for public housing authorities (PHAs) that provides them the opportunity to design and test innovative, locally-designed strategies that use Federal dollars more efficiently, help residents find employment and become self-sufficient, and increase housing choices for low-moderate households.

MPHA has used its MTW authority to make program revisions including the following:

- Implement a Flat Subsidy
- Implement Minimum Rent of $75 as part of flat rent tables
- Eliminate the 40% affordability cap (under rent reform affordability becomes the responsibility of the family)

¹ Source: Minneapolis Public Housing Authority
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- Revised Asset Income Calculation and Verification policies
- Limit HCV participant families to one discretionary interim re-examination between regular annual recertifications
- Implement a Working Family Incentive and streamlined deductions and exclusions, streamlining deductions and exclusions with a 15% exclusion of earned income for families with minor children
- Eliminate childcare, medical expenses, and dependent deductions when calculating adjusted income
- Implement a waiver of the requirement that the agency conduct reasonable rent determinations on all HCV units when there is a 5% decrease in the FMR in effect 60 days before the contract anniversary as compared with the FMR in effect one year before the contract anniversary.
- Revise portability policies, restricting ports-out of Minneapolis only for reasons related to employment, education, safety, medical/disability, VAWA (status as a victim of domestic/dating violence), RCAP within the Twin Cities Metro, or housing affordability.
- For families with mixed immigration status, MPHA will deduct 10% from the flat subsidy amount. This 10% deduction is a flat deduction from the subsidy amount, regardless of the number of ineligible family members in the household.

MPHA Faces Challenges
As a Public Housing Authority, MPHA is bound to follow Federal regulations in the management of its HCV program. Additionally, the Federal government provides around 70% of MPHA’s funding. As it strives to serve the Minneapolis community and HCV families in particular, MPHA must contend with the following:
- Decreased and insufficient Federal funding
- Significant property repair needs far outpacing available funding
- The region’s need for affordable housing opportunities remains well-above the agency’s capacity
- Minneapolis does not have any more affordable housing than it did 25 years ago
- The Low Income Housing Tax Credit program is a major source of investment in new affordable housing but its targets for housing affordability do not make affordable housing accessible to extremely low income families
- Naturally occurring affordable housing (units available at an affordable price without any subsidies, vouchers or other interventions) are disappearing fast
- The placement of new affordable housing units in high poverty communities
- A low vacancy rate of 2.5% pushing rental costs higher

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2 MPHA Report to Mayor of Minneapolis, July 26, 2016
3 Source: MPHA By the Numbers (http://mphaonline.org/about/agency-overview/by-the-numbers/)
• A vacancy rate of less than 1% for extremely low income families
• Increasing number of high-needs residents, particularly those with disabilities and mental illness
• Potential for victimization of residents in high-crime communities
• Large population of homeless families with children

Impediments to Fair Housing
The Twin Cities Metro Area Fair Housing Implementation Council (FHIC) is a cooperative of local governments and stakeholders focused on affirmatively furthering fair housing in the Twin Cities region. It prepares the Analysis of Impediments to Fair Housing Choice (AI) which both identifies barriers to fair housing and provides recommendations to remedy those barriers. Among others, the February 2015 AI lists the following impediments:
• Limited number of rental units with 3+ bedrooms.
• High rental application denial rate in communities of color and those with disabilities based on rental selection criteria (criminal background, credit history, rental background).
• Inability to place tenant based rental assistance vouchers for those with disabilities, households with children, and households of color, including but not limited to Housing Choice Vouchers
• NIMBY-ism with regard to siting and placement of affordable housing

Protected Classes in Minneapolis
• Federal fair housing protected classes include race, color, national origin, religion, sex, familial status, and disability.
• Protected classes covered by the Minnesota Human Rights Act are race, color, creed, religion, national origin, sex, marital status, familial status, disability, public assistance, age, and sexual orientation.
• Protected classes according to the City of Minneapolis’ Civil Rights Ordinance are race, sex, religion, familial status, disability, national origin, color, creed, sexual orientation, ancestry, marital status, and receipt of public assistance.

Mobility Voucher Program
Implemented in 2010, the MPHA Mobility Voucher Program (MVP) was designed to support families in voluntarily moving from high-poverty areas of Minneapolis. Since its inception, MVP has struggled to meet expectations in facilitating residential mobility due to significant staff turnover, a tight rental housing market, and a lack of affordable rental housing in opportunity areas among other factors. Since inception, 60 families made moves to opportunity areas with the support of MVP counseling, and 21 families are currently under contract. Recognizing the need for improved outcomes, a program redesign was drafted in 2016 expanding staff and services. While the program initially served only waiting list applicants, the redesign plans to include
HCV program participant movers. Staffing MVP continues to be a challenge for MPHA, and at the time we completed our assessment, there was no dedicated staff.
Assessment

To assess the MPHA Housing Choice Voucher Program including the Mobility Voucher Program, the Quadel team completed a document review, focusing on relevant policies, plans, and communication materials. To determine how those policies and plans are implemented and what their impact is on the operations and perceptions of the programs, we conducted separate focus groups with landlords and Housing Choice Voucher Program participants, and interviewed MPHA staff members from various departments and levels of responsibility as well as representatives from the City’s Department of Community Planning and Economic Development and the Metropolitan Council. To ensure consistency between multiple interviewers, and maximize efficiency in the information collection process during the onsite meetings, Quadel prepared and used interview guides and other assessment tools. The questions in these guides were designed to encourage honest conversation and provide a glimpse into the inner workings of MPHA and its HCV and mobility programs.

Through the assessment phase of the project, Quadel learned that MPHA has an experienced staff which demonstrated solid knowledge of the Housing Choice Voucher Program and a real commitment to provide quality services, expand housing choice, and to encourage greater participation on the part of property owners and managers. Senior staff expressed consistent and positive messages relating to their desire to enhance choice and mobility for the families they serve, and to collaborate with city and regional agencies to do so. With several key leaders retiring in early 2017, MPHA should look to build on the many good works and commitments made by exiting leaders while attempting to add and encourage innovative “big-thinking” with its new leaders.

MPHA is challenged by the traditional stereotypical perceptions of their programs and the families they serve by landlords, the public and in some cases, elected officials. Agency leaders expressed some frustration with efforts to collaborate with these groups, observing that assisted housing programs are often perceived as the problem. MPHA views itself as part of the solution to solving local issues particularly concerning increasing access to affordable housing, however staff expressed that MPHA is not always viewed as a full partner or brought to the table to help resolve community-wide issues. Assuming the agency retains a commitment to solutions-oriented partnerships, the transition of leadership should provide an opportunity to refresh relationships with local partners.

A review of MPHA policies reveals a fairly traditional and standard approach to administration of its programs, most of which are effective and consistent with many public housing authority practices. Some, however, are perceived by landlords and participants alike as overly “bureaucratic” and cumbersome. Based on our conversations with all stakeholders and observations of MPHA briefings, it is clear that some of these practices discourage the
participation of property owners and make leasing housing in what are considered opportunity neighborhoods difficult for participating families. The following section details our review of relevant policies, and contains recommendations for increased efficiency and effectiveness.

**MPHA Policy Review**

As a part of the assessment, Quadel evaluated multiple policies and procedures in effect at MPHA. Our analysis was focused on HCV program areas that directly impact moves, movers and landlords. Additionally, based on this review, our experience, and what we learned during our onsite meetings, we provide recommendations aimed at making the program more “mobility friendly” for both landlords and families.

**Project-Based Vouchers**

MPHA currently administers 712 project-based voucher units. This assistance subsidizes units directly rather than tenants, and is often a crucial part of financing the preservation or construction of affordable housing units.

A request for proposals was issued by MPHA recently for 50 units targeting families coming out of shelters, however only one proposal was received. At the time of Quadel’s onsite meetings with MPHA, no action had been taken (or planned) to accept that proposal. That RFP allowed extra points for locations outside of areas of concentrated poverty, however, based on conversations with partners outside of the agency, there is no evidence to support a claim by MPHA staff that project-basing is viewed as a way to increase the number of affordable units in opportunity areas. In fact, there is some indication that the recent RFP was a missed opportunity to work with the City, where capital resources could have been made available. MPHA can project-base up to 20% of its vouchers, or approximately 300 more in addition to the 712 units currently administered. (New HUD regulations proposed but not yet implemented will allow for an additional 10% allocation of project-based vouchers for units designated for certain vulnerable populations, or located in areas where vouchers are difficult to use and the poverty rate is 20% or less.

**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.*

**HCV Administrative Plan**
We have identified several policies in the 2016 HCV Administrative Plan that can be revised to encourage mobility and greater participation from landlords.

**Voucher Term**
The voucher term policy states that “The initial voucher term will be 90 calendar days. The PHA will approve additional 30 day extensions.” One policy applies to both HCV and Mobility programs. In addition, focus group comments indicate that implementation of the policy of granting requests for extensions seems to lack consistency.

**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.

**Housing Quality Standards**
The policies relating to Housing Quality Standards state “If the owner or his or her representative is not present for the initial Move-In Inspection or if the unit is being occupied (during time of scheduled inspection) by any person other than the assisted family the Section 8 Inspection will not be conducted.”

**Recommendation:** To offer the greatest flexibility for both inspector and owner, consider allowing inspections under these circumstances, in occupied units (a reinspection may be required) or if the owner has a lock box.

The policy also states “To the extent practicable, the PHA will complete the initial inspection, determine whether the unit satisfies HQS, and notify the owner and the family of the determination within 15 days of submission of the Request for Tenancy Approval (RTA).”

**Recommendation:** Prioritize mobility participant RFTAs 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 its administrative plan to take advantage of this flexibility and should prepare to do so.

The administrative plan also includes the following language: “Families are responsible for correcting any HQS violations listed in paragraph 8.I.D. If the family fails to correct a violation within the period allowed by the PHA (and within any approved extensions), the PHA will require attendance at HQSE Class and the right to an Informal Hearing if program violations have been determined.” During a focus group landlords expressed that families are not held accountable for tenant-caused HQS fails and that this discourages program participation by landlords.
**Recommendation:** Work with landlords and tenants to revise this policy 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.

HUD issued an implementation notice for some of the provisions authorized by The Housing Opportunity through Modernization Act (HOTMA) on January 18, 2017. Among other provisions, HOTMA authorizes PHA’s to approve occupancy before a unit fully complies with HQS, with some limitations.

**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.

While the administrative plan includes language that lists items the housing authority has adopted as specific requirements that elaborate on HUD standards, and language explaining when annual or biennial inspections are required, property owners and managers do not seem to have an understanding of these requirements. Some practices are changing and staff indicated that owners are advised by word of mouth at inspections so information may not be reaching landlords in a consistent manner.

**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.

**Subsidy Standards**
Subsidy standards, or the policies related to determining the unit size allowed, are reasonable and flexible. In fact, MPHA subsidy standards are more lenient that surrounding jurisdictions.

**Recommendation:** None

**Moves with Continued Assistance**
The Administrative Plan policies related to moving with continued assistance states, “After confirmation of attendance at the mandatory Briefing Presentation, the PHA will schedule the participant with a Voucher Issuance appointment within five business days.” This process requires two visits to the housing authority by the participant and staff time for both which is excessive and inefficient.

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

**Portability**
MPHA portability policies follow HUD requirements. Actual practice includes informal agreements within the seven-county region to “swap,” or agree on absorption/billing in order to lessen the administrative burdens to each of the PHA’s. In actual practice there also appears to be
little communication between PHAs resulting in families having less time to search for housing in the jurisdiction to which they plan to move. A ‘walk-through’ of the step by step process by staff leads one to believe that the process for porting is not consistent from one community to another and that staff is probably doing more than necessary.

Recommendations: 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.

In an effort to reduce the costs associated with portability moves, in 2014 limitations were placed on portability and families desiring to port out of Minneapolis must have a verifiable and acceptable need to move, including one that concerns education, employment, or housing affordability. Moving to an opportunity area has been added to the list of acceptable reasons. Since the data do not indicate a dramatic reduction in moves, this policy creates an unnecessary workload that does not reduce moves, while discouraging mobility moves to opportunity neighborhoods.

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

Payment Standards
As a part of its Rent Reform MTW activity, MPHA has one payment standard for all participants in the HCV program. In recent years, HUD’s Office of Policy Development and Research (PD&R) has calculated “Small Area Fair Market Rents” at the zip code level. The objective behind the concept of Small Area FMR’s is to provide a higher payment standard in areas where rental housing costs are greater and a lower payment standard in areas that cost less. While the HUD determined Small Area FMR’s may not be practical, in its current form, MPHA could have more than one payment standard for the entire jurisdiction, as a way to incentivize leasing in some of the opportunity neighborhoods that may also have higher rents.

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).
Payments to Owners
The MPHA policy of leasing and beginning housing assistance payments to owners only on the first and fifteenth of the month was an issue raised in numerous conversations. This practice was viewed as negative by participants and landlords alike as well as some staff.

Recommendation: Amend this policy to allow prorated monthly payments to owners to begin on the day the HAP contract is approved.
Communication & Education Efforts

Perceptions of Programs and Families Served
Interviews with staff and other representatives from housing related organizations in the city and region, and focus groups with program participants and landlords resulted in a typically “mixed bag” of perceptions of the MPHA programs and the families they serve. There are stereotypical perceptions of their programs and the families they serve by landlords, the public, and in some cases elected officials, that include “hard-to-work-with government agency, and families that are large and bring behavioral issues such as crime and drugs”, etc. At the same time there is a genuine respect for MPHA by housing professionals as a housing authority with a history of high quality operations and knowledgeable and experienced staff. During a focus group, landlords who have worked with MPHA for several years and have established relationships with staff were also quite complimentary of the responsiveness and efficiency of the agency.

However, MPHA is not viewed as a collaborative organization, nor do MPHA staff believe that they are viewed as collaborative or asked to be a full participant in problem-solving with the city or regional sister organizations. There was an expressed desire on the part of everyone interviewed to work together to resolve community issues, improve housing options, and expand opportunities in higher income areas.

**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.

Property owner perceptions and program understanding
There were several key take-aways from a landlord focus group. These included:

- A strong feeling that MPHA does not hold program participants accountable,
- Rents are not adequate in many areas of the city,
- Communication between the housing authority and property owners and managers needs improvement, and
- A better understanding of the termination of participation and eviction processes is needed among the legal and judicial community as well as property owners and managers.

Landlords expressed that MPHA is larger, less personal and less efficient than other PHAs in the region, and that other PHAs process payments and conduct inspections without the same delays. It was our impression that a large part of this response was about communication and not always based on fact.

**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.

**HCV Participant perceptions and program understanding**

Participating families appear to have a good grasp of how the voucher program works based on information gathered through the participant focus group and attendance at a briefing. Where we observed issues they were, again, related to how information is communicated to families. Many of the comments in the focus group concerned the stress associated with searching for housing, the lack of time allowed, and a lack of knowledge about how the location where they use their voucher can affect their lives. They also expressed that some landlords do not take Section 8, rents are not affordable, transportation is limited in many areas and the costs of security deposits and moving expenses are a problem for them. Participants expressed the need for support in several areas in particular including health issues, employment, information about neighborhoods, and more housing options.

**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.

**Written materials**

We noted that most people we talked with – staff, landlords, participants, and others – use the terminology Section 8 rather than Housing Choice Voucher and that presentations, briefings as well as brochures, tend to incorporate other negative language (impacted, areas of concentrated poverty, etc.) and terms that are not always defined. While housing professionals are familiar and comfortable with industry jargon, many highly successful organizations employ marketing strategies recognizing that how information is presented to landlords, participants and the public can make a tremendous difference in the level of acceptance. For example, the mobility program is called the Minneapolis Public Housing Authority Mobility Voucher Program rather than developing branding for the initiative with a name, colors and logo that would create interest as many programs have done.

**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)
Data Review and Analysis

Analysis of Impediments (AI)
The Minneapolis Metro area has 42 Racially and Ethnically Concentrated Areas of Poverty (R/ECAPs), by federal definition\(^4\), including 22 in Minneapolis. By this definition, a census tract is a R/ECAP if its poverty rate exceeds 40% or three times the poverty rate of the metropolitan area (whichever is lower). Additionally, these tracts must have a non-white population of 50% or more.

The Metropolitan Council uses a different standard of poverty to account for the region’s higher median local income compared to national data\(^5\). By this local definition there are 80 R/ECAPs (using the local definition) in the Twin Cities region. Based on an analysis of Metropolitan Council’s “Make-A-Map” tool\(^6\), 58.8% of those 80 are in Hennepin County, including 48.8% in Minneapolis.

The 2014 Fair Housing Implementation Council (FHIC) AI details the numbers and locations for Racially and Ethnically Concentrated Areas of Poverty (R/ECAPs) in the Twin Cities region, with respect to how members of protected classes are impacted. Specifically, the AI considers the burden of concentrated poverty in Minneapolis. Of the 80 identified R/ECAPs in the region, almost 60% are located in Hennepin County, and almost half of all R/ECAPs in the county are located in Minneapolis. Within Minneapolis, foreign-born and disabled residents are overrepresented in Concentrated Areas of Poverty (CAPs). While just over 10% of the Minneapolis population has a disability, 53.3% of them live in a CAP. Under 15% of Minneapolis residents were born outside the U.S. but over 70% of them live in a CAP. MPHA is impacted by these overall trends as 36% of HCVP participant families are foreign-born, and 39% of participant families are disabled. At this time, further analysis is required to determine the share of HCV participants residing in CAPs.

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\(^5\) MPHA has decided to use Metro Council’s standard for Concentrated Area of Poverty (regardless of racial composition) for its MVP program.
\(^7\) http://giswebsite.metc.state.mn.us/publicmaps/makeamap/
Table: Population Share of Particular Groups\(^8\)

<table>
<thead>
<tr>
<th></th>
<th>Minneapolis</th>
<th>Minneapolis CAPs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disabled</td>
<td>10.2%</td>
<td>53.3%</td>
</tr>
<tr>
<td>Foreign-Born</td>
<td>14.6</td>
<td>70.4</td>
</tr>
<tr>
<td>Families with Children</td>
<td>49.9%</td>
<td>48.3%</td>
</tr>
<tr>
<td>Single-Mother Families</td>
<td>17.2%</td>
<td>67.1%</td>
</tr>
</tbody>
</table>

Because a disproportionate share of members of certain protected classes live in CAPs, FHIC members are incentivized to reduce these concentrations to diminish the possibility of future Fair Housing Act complaints and adverse rulings. Jurisdictions must agree that they share the burden to reduce the segregation of disabled, foreign-born and other protected classes in CAPs. Additionally, the AI included two factors that MPHA may be able to directly positively impact: homeownership and rental application rejection rates.

MPHA has the ability to create a homeownership program within its HCV program. Doing so would facilitate homeownership for an underrepresented population, providing financial literacy and management skills, and more to participants. Having a homeownership program could also facilitate greater collaboration with local entities in the industry, and would diversify MPHA’s portfolio of interests regarding policymaking in the region. 

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

Rental application rejection rates, particularly for minority and disabled applicants have received increased attention recently. In April 2016, The U.S. Department of Housing and Urban Development issued guidance on using criminal records when making housing-related decisions. Aside from ensuring its own guidelines conform with HUD’s guidance, MPHA can assist HCV participants in the rental market by educating families about Minnesota’s criminal record expungement policies and working to ensure landlords are informed about their responsibilities under the Fair Housing Act (and applicable state and local laws) concerning criminal records.

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

**Analysis**

For its Mobility Voucher Program, the MPHA relies on the Metropolitan Council’s data and mapping resources\(^9\), particularly in determining the Areas of Concentrated Poverty (ACPs). We

\(^8\) While the share of families with children residing in CAPs does not raise concerns for potential fair housing liability for that protected class, the concentration of single-mother families is significant and therefore included in the table.

\(^9\) [http://giswebsite.metc.state.mn.us/publicmaps/makeamap/](http://giswebsite.metc.state.mn.us/publicmaps/makeamap/)
also used this data in our analysis. MPHA has decided that its Mobility Voucher Program will seek to enable families to move out of ACPs in Minneapolis. We therefore will seek to understand whether the local geography of opportunity aligns with this policy choice by examining the location of factors that affect prospects for economic advancement including schools, jobs, housing, transit, and safety.

**Transit**
While touring Minneapolis neighborhoods, we learned of future developments in public transit, including light rail, which promise to drive residential and commercial growth in the Twin Cities region. Since many of these improvements will not be completed for several years, this is a unique opportunity to locate affordable housing in areas of opportunity. The 2040 Transportation Policy Plan adopted by the Metropolitan Council in 2015 provides significant guidance related to projects currently in development. Of particular interest may be the Southwest LRT (METRO Green Line Expansion) which is projected to serve residential and job-rich areas in Minneapolis and suburban Hennepin County.

**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.

**Location of HCV families**
The current location of HCV families in Minneapolis (see Map 1) is the foundation for understanding the local barriers to mobility. The local geography of opportunity for the purposes of this analysis contain relative poverty rates, cost of housing, job supply and job trends, and school quality. Using the Affirmatively Furthering Fair Housing (AFFH) Mapping and Data Tool, we were able to access data that describes the percent of voucher holders in Minneapolis Census Tracts among all renters. While we were unable to obtain data with the precise location of voucher holders from MPHA, the AFFH data will provide significant insight into the location of voucher families.

The data makes clear the correlation between the location of voucher holders and HUD-defined racially and ethnically concentrated areas of poverty (R/ECAPs). This confirms anecdotal and experiential knowledge that voucher holders are not only concentrated in areas of poverty, but the areas with the highest poverty rates. This is also borne out in our maps. The highest areas of poverty in Minneapolis are in the northwest, and portions to the south and east of the city center, particularly portions of zip codes 55412, 55411, 55404, 55407, 55454, 55408, 55455, 55414, and 55413. With the exception of the areas east of the Mississippi River, these high poverty areas also contain the highest percentages of voucher families.

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10 [https://egis.hud.gov/affht/](https://egis.hud.gov/affht/)
Aside from the location of rental housing, the most natural boundary to the location of voucher families may be the cost of housing. PHAs use HUD’s Fair Market Rent determinations to develop their payment standards, which set limits on the cost of housing families can rent with the voucher. Under MPHA’s rent reform, families are provided a subsidy based on their income and family size, and are free to add up to 40% of their family income to the subsidy to spend on housing costs. The allowable rent burden increases to 50% for participant families making a move with the voucher. We do not know how this policy has affected the decision making of MPHA families, but using available data on MPHA contract rents and payment standards, we may be able to make assumptions about what choices are being made.
According to data provided to Quadel by MPHA, in 2016, the average voucher size was 2.06. The payment standard for a two bedroom for FY 2016 was $1,027 while the average contract rent for MPHA was $976. In Minneapolis, the average gross rent for all units is $946.50 while the average gross rent for a 2 bedroom apartment is $1115.43. Map 2 displays this information, with blue tracts having rents under the city’s average, and green tracts having rents above the city average. The ACS does not have 2-bedroom rent data for many Census Tracts of interest, particularly tracts in zip codes 55411, 55404, 55454, and 55412 (among others) that have significant amounts of renter occupied housing and/or voucher holders which reiterates the need for deeper analysis by entities with local knowledge of the rental markets in order to reach a desired level of specificity.

11 American Community Survey, 2015 5-year estimates
Map 3 provides a rough analysis of housing affordability prospects for voucher holders in Minneapolis. These maps suggest narrow areas of affordability, however, as we used the same ACS data, there are tracts we lack data for. Additionally, some of the data have large margins of error further limiting its applicability.

While the ACS does have complete data for median gross rents for all units regardless of size, using that data also presents limitations for the purposes of our analysis as it does not reveal how closely the MPHA HCVP participants’ need for housing aligns with the cost of housing. While it might seem contradictory, using this data to perform an analysis of the census tracts with median gross rents (regardless of bedroom size) between the average MPHA contract rent and the two bedroom payment standard is useful. The data appears to show some areas of low poverty and affordable rents with low rates of HCV families, particularly in the 55409 and 55408 zip codes. This data’s (see Table 1 and Map 4) potential usefulness is bolstered as only two of the identified
Census Tracts (1009 and 22) have two-bedroom gross rents above the range between the 2016 MPHA two-bedroom payment standard ($1027) and average contract rent amount ($976). Those tracts are highlighted in the table and circled on the map.

Table 1

<table>
<thead>
<tr>
<th>Census Tract</th>
<th>Median Gross Rent</th>
<th>2-BR Median Gross Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1009</td>
<td>1094</td>
<td>983</td>
</tr>
<tr>
<td>68</td>
<td>779</td>
<td>985</td>
</tr>
<tr>
<td>1.02</td>
<td>993</td>
<td>985</td>
</tr>
<tr>
<td>1008</td>
<td>970</td>
<td>990</td>
</tr>
<tr>
<td>1070</td>
<td>793</td>
<td>992</td>
</tr>
<tr>
<td>85</td>
<td>902</td>
<td>997</td>
</tr>
<tr>
<td>22</td>
<td>1130</td>
<td>1000</td>
</tr>
<tr>
<td>1062</td>
<td>847</td>
<td>1018</td>
</tr>
<tr>
<td>24</td>
<td>860</td>
<td>1018</td>
</tr>
<tr>
<td>1258</td>
<td>927</td>
<td>1012</td>
</tr>
<tr>
<td>1102</td>
<td>1023</td>
<td>1025</td>
</tr>
</tbody>
</table>
Based on this analysis and without having access to detailed rental market information, we do expect dispersed (and often pocketed) affordable rental housing throughout much of Minneapolis. Our maps of Census rent amount data show that the areas of Minneapolis previously mentioned as potential opportunity areas in southern Minneapolis are mixed in terms of affordability, but should be examined closely by MPHA to find areas that HCV families can afford to rent in.

**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.

A second observation related to the distribution of HCV families is that high poverty areas directly south of the city center have less concentrations of vouchers than areas of high poverty
in the northwest of the city even though they seem as affordable (if not more) and have high rates of renter-occupied housing. While we are not encouraging more voucher holders move into those areas, the phenomena is puzzling and calls for further examination. Such an examination should provide greater insight into the location patterns of HCV families which may have positive effect for their mobility.

**Rental Housing Location, Availability, and Cost**

Minneapolis has only recently become a majority renter-occupied city. According to 2011-2015 census data, just under 81,000 housing units were occupied by owners and over 87,000 housing units were occupied by renters in the city. Looking at historical 5-year census data, renters have been a growing majority of Minneapolis residents since the 2008-2012 data.\(^{12}\) Additionally, based on the 2011-2015 census data, in 48% of Minneapolis census tracts (56 census tracts) at least 50% of housing units are occupied by renters. This data bolsters our previous expectation of wide geographic distribution of rental housing in Minneapolis.

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\(^{12}\) These 5-year data sets are released annually, with the 2011-2015 data set being the most recent.
Owner-occupied housing seems to be largely concentrated in the far south of Minneapolis (namely zip codes 55410, 55419, 55417, and 55406), with exception to a few census tracts outside of that area. Still, most of those southern tracts are comprised of between 12.5% and 24.3% rental housing. Therefore, the location of rental housing appears widespread enough throughout the city to provide diverse choices for anyone seeking rental housing. However, two additional factors must be examined to have any understanding of the prospects for HCV families to find housing outside areas of concentrated poverty – cost and availability.

Using this same Census data, we are able to look closely at vacancy rates for rental housing across Minneapolis. While we were provided with anecdotal information suggesting very low

13 2011-2015 American Community Survey
vacancy rates for the city, it is most important to examine micro areas to understand differences in neighborhood rental markets. Census data does substantiate that in some areas of Minneapolis – particularly the southern parts of the city – rental vacancy rates are quite low. However, there appear to be a few affordable, low poverty areas with moderate vacancy rates in the south west corner of Minneapolis, particularly census tracts 1113, 1115, and 110 (See Map 6).
Recommendation: While vacancy rates alone will not drive the definition of opportunity, MPHA should create a definition of opportunity that considers where families are likely to be able to find available housing. Additionally, these low vacancy rates may necessitate policy changes such as the search time afforded voucher holders, which is consistent with our recommendation concerning MPHA’s voucher term policies as outlined in its Administrative Plan.
Availability
In addition to considering the rental vacancy rate of rental housing in Minneapolis, it is also important, to the extent possible, to determine where appropriate housing (by bedroom size) can be found for HCV families. Maps 7 and 8 show the percent and number of two-bedroom units of rental housing in Minneapolis, respectively. This data point was chosen as MPHA’s average voucher size in 2016 was 2.06.

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14 2011-2015 American Community Survey
15 Additional maps containing this same information for other bedroom sizes can be found in the appendix.
We note the lack of a strong correlation between census tracts with the highest percent of voucher holders and the ratio of two-bedroom units in the tract. While some tracts (1.01, 1041, and 17) have both high percentages of voucher holders and two-bedroom rental units, some (1016 and 1028) have high percentages of voucher holders, but are in the bottom fifth of tracts in terms of the ratio of two-bedroom units. This is a reminder of the limits of census data, and the need for closer examination to uncover the nexus of Minneapolis’ housing supply and the needs of all MPHA families.
Map 8: Number of Two-Bedroom Rental Units

Map 8 shows that while those areas in the southwest of Minneapolis have lower numbers of two-bedroom rental units than much of the city, the numbers of such units are comparable to census tracts in north Minneapolis where voucher holders are concentrated (see Table 2).

**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.
<table>
<thead>
<tr>
<th>Census Tract</th>
<th>% Voucher Holders (Range)</th>
<th>Number of 2-BR Units</th>
<th>2-BR Median Gross Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>North MPLS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.01</td>
<td>27.82 - 100</td>
<td>357</td>
<td>1184</td>
</tr>
<tr>
<td>1007</td>
<td>27.82 – 100</td>
<td>407</td>
<td>No data</td>
</tr>
<tr>
<td>1008&lt;sup&gt;17&lt;/sup&gt;</td>
<td>27.82 – 100</td>
<td>640</td>
<td>990</td>
</tr>
<tr>
<td>South MPLS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1113</td>
<td>2.7 or less</td>
<td>365</td>
<td>1104</td>
</tr>
<tr>
<td>1114</td>
<td>17.17 – 27.82</td>
<td>383</td>
<td>1093</td>
</tr>
</tbody>
</table>

<sup>16</sup> This AFFH Mapping Tool is the source of this data and only provides ranges.
<sup>17</sup> While this tract has far more housing units, we included in the table to provide an estimate of the gross rents in neighboring census tract 1007, for which we have no data.
Poverty

MPHA defines an opportunity area as one that is not an Area of Concentrated Poverty (ACP), rather than because of the presence of desired features. This definition leaves the door open to the possibility that through MVP, families may move to areas of high poverty in Minneapolis and the surrounding communities, or to areas where they are no more likely to gain the expected benefits of moving to an opportunity area than if they were to not move. This definition of opportunity may function primarily as a means of poverty deconcentration instead of the facilitation of families’ access to opportunity. We do not criticize this characteristic, but rather encourage MPHA to explore the potential effects of its definition. However, our analysis of the data reveals some significant concerns with the current definition.

The 2015 *Concentrations of Poverty: Growing and Suburbanizing in the Twin Cities Region* report from Metropolitan Council detailed the expansion of ACPs since 2000 from 61 census tracts to 112. Additionally, in 2000, 7% of Twin Cities region residents lived in ACPs, but Census data from 2010 to 2014 show that share of the population has almost doubled and now stands as 13%. While some new ACPs emerge in isolated areas, it appears that it is more often the case that existing ACPs grow in size. Without examining that phenomenon deeply, absent the presence of buffers such as high housing costs or the predominance of owner-occupied housing, a casual observation will produce an expectation for the continued geographic growth of ACPs without intervening economic conditions.

Minneapolis contains 49 Census Tracts that qualify as ACPs. This represents 42% of the total census tracts in the city. Therefore, by using ACPs as the standard for opportunity, almost half of the city census tracts are already off-limits for families seeking opportunity through MVP. Further reductions to the number of census tracts that MVP families may move to by narrowing the definition of an opportunity area may seem unreasonable and counterintuitive to program success.

**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.

To determine the utility of MPHA’s current definition of opportunity, we explore the following question: By using a census tract’s ACP status as a barometer of opportunity, will families make moves to areas that actually offer a measure of economic or educational opportunity? We completed an analysis of two factors of traditional mobility programs - poverty deconcentration and access to better schools.
We expect the census tracts adjacent to current ACPs to be targets for MVP families based on an assumption of aggregate (clumped) dispersal patterns in the location of HCV families around centers of affordability and housing availability. We base this assumption on expected locations of affordable housing and the data on the growth of ACPs in the region.

If this assumption holds, the fact that most of the Census Tracts adjacent to ACPs have poverty rates under 20% is positive, but without indications that those communities are experiencing economic resurgence, we are not satisfied. We are concerned that without identifying target communities, MVP families may not have access to communities with better schools or improved proximity to jobs. Additionally, as there are few suburban ACPs, movers seeking to
port outside Minneapolis have little guidance. Without articulating the factors that constitute an opportunity community, families are left to conduct extensive research on their own or form their own conclusions of factors that make one area preferable to another that may not align with MPHA’s goals.

An analysis of census tracts adjacent to ACPs show they have an average poverty rate of about 15% compared to a slightly lower average poverty rate of 14.4% for tracts not adjacent to ACPs. This difference does not seem significant and therefore does not raise any concerns for families moving to the adjacent tracts.

MPHA may choose to design MVP as a poverty deconcentration initiative instead of a traditional mobility program. A program focused on poverty deconcentration requires much less in the way of resources from the MPHA and could be implemented mostly through the strategic use of incentives for both landlords and participant families. Mobility counseling is most needed and successful when the goal is to help families move into areas that voucher holders traditionally have a difficult time accessing.

**Schools**

In discussions with MPHA staff, we learned that the idea of including school performance in a definition of opportunity was discouraged because of poor performance of schools across the district. While this may be accurate, and in fact, according to the Minnesota Department of Education, no more than 45% of district students scored proficient or better in any year since 2012, we believe that discounting school performance in a definition of opportunity limits one of the core benefits for families participating in a housing mobility program. Additionally, it is reasonable to expect that some number of families with children will want or need to live in Minneapolis and access high-performing schools, and the design of the MVP should accommodate their needs.
There are two methods to evaluate school quality for the purpose of contributing to a definition of opportunity. School performance can be evaluated against an absolute measure, and schools are selected for movers that perform better than that standard. Alternatively, you can include school performance in your definition of opportunity in a way that compares schools in Minneapolis against each other, and accept some portion of schools with performance above a designated benchmark.

It is important to note that particularly in an urban school district, school performance is only important to the definition of opportunity to the extent that a residential address constricts
children to attending schools serving their neighborhood. In jurisdictions with liberal enrollment policies or a high proportion of children attending non-public schools, this is less important.

According to data provided on the 2016 Minnesota Report Card website (http://rc.education.state.mn.us/), 44.1% of Minneapolis Public School District (MPSD) students scored at least “Proficient” on state standardized tests. However, in reviewing school-level data provided on the same website, we found the average of individual school scores in MPSD is lower, at 37.76%. Statewide, 59.5% of Minnesota students scored at least “Proficient” on these tests for the same time period. To consider school performance in the local definition of opportunity, any of these benchmarks might be utilized, in addition to any other standard of scoring that will relate an acceptable level of performance, such as schools in the 80th percentile or higher.

Through our analysis, we found that the highest performing schools in the MPSD are clustered in southern Minneapolis (see Map 11). Of the 12 district schools where at least 60% of students rank as proficient or better, 11 are located in the six most southern zip codes in Minneapolis, which happen to be where some of the lowest poverty rates (by census tract) are located. It is important to note that those 12 schools do not include any high schools to offer families with older children. However, research suggests that younger children receive the greatest benefits via a move to an opportunity area, and therefore the 60% benchmark would not be unreasonable.
While we did analyze the data that MPHA provided on MVP moves and compared that to the location of high-performing schools (see Map 12), without family-level information on school enrollment, we cannot make any determination as to the importance of schools in the decision making process.
Map 12: MVP Move Census Tracts and High-Performing Public Schools

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.
EXPANDING ACCESS TO HOUSING CHOICE IN MINNEAPOLIS

MPHA/MVP Policy
The MPHA’s redesign of the Mobility Voucher Program does raise some questions that MPHA should consider as it prepares to start counseling families again, namely concerning staffing, rent reform, incentives, and other program design components. Below we comment on these issues.

Staffing
With MVP staff maintaining full caseloads, counseling services will not likely be provided at more than a moderate level of intensity, and therefore families may not have the support needed to access the areas with lowest poverty and greatest opportunity.

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

Financial Incentives
MPHA has created incentives for families enrolled in the MVP program such as transportation and security deposit assistance. These incentives are geared towards making the decision to seek housing in opportunity areas more attractive, but do not impact whether a family can afford to live in opportunity areas with a voucher. Our recommendation concerning how to incentivize participation through increasing affordability is below, in the Rent Reform section.

Rent Reform
The rent reform program MPHA initiated appears to be incongruent with a framework that encourages moves to opportunity areas. Rental housing in opportunity areas, particularly when the rental market is as tight as it is in Minneapolis, costs more than housing in moderate and high poverty areas. Under rent reform, families are provided a subsidy based on their income and family size, and are then able to shop around. Because the effects of rent reform are unclear, we cannot assess how this policy has impacted the decision making process of HCV families. However, through understanding the micro rental markets in Minneapolis, (possibly through the use of a tool such as Small Area FMR data) the MPHA can provide the flexible subsidy families need.

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.
Landlord Outreach
A robust landlord outreach strategy will increase the success of MVP families. MVP counselors must forge partnerships with landlords by finding rental housing in low poverty, high opportunity communities with affordable rents. Subsequently, on a case by case basis, counselors should work with landlords to negotiate an affordable rent for interested families that meets MPHA rent reasonable parameters. This is an intensive process but should yield positive results.

Opportunity Areas
There was some debate at MPHA pertaining to the expected benefit of choosing all ACPs as sending areas instead of racially-concentrated ACPs. Of 112 in the Twin Cities region, only 32 (just under 29%) meet the definition of racially-concentrated. While allowing families to move to ACPs that are not racially-concentrated will expand the areas that participants are able to move into, the high poverty rates in those communities do not bode well for improved outcomes for families.

Summary
The following table is a summary of our assessment of the MPHA Mobility Program with recommendations for improvements:

<table>
<thead>
<tr>
<th>Mobility Program Design Element</th>
<th>Current Mobility Program</th>
<th>Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Mission</td>
<td>Unclear</td>
<td>Develop clear mission and purpose of program. What would success look like?</td>
</tr>
<tr>
<td>Definition of Opportunity</td>
<td>Areas that are not Areas of Poverty (ACP), defined as census tracts where 40% or more of its residents live at 185% of the US poverty level and 50% or more of its residents are of color</td>
<td>Define opportunity areas as a positive; utilizing nor more than 20% poverty and appropriate data for any other program focus such as schools, employment, crime, etc.</td>
</tr>
<tr>
<td>Payment Standards</td>
<td>110% of FMR; higher than MPHA’s rent reform payment standards for HCV Program</td>
<td>See analysis above and best practices for strategies to increase payment standards in opportunity areas.</td>
</tr>
<tr>
<td>Who is Served by the Mobility Program</td>
<td>HCV Program waiting list applicants who are working or enrolled in a job training program, have minor children and currently live in an ACP</td>
<td>Serve both applicants and participants but consider making the employment and training requirement flexible to acknowledge that the right move might lead to employment opportunities</td>
</tr>
<tr>
<td>Program Contract and Limitations</td>
<td>Mostly same/ with a few revisions including program features and language related to goal setting and reporting progress; participants must locate and lease in opportunity areas for a minimum of three years.</td>
<td>Develop separate contract for mobility program participants; reduce requirement to reside in an opportunity area to one year; re-state training and employment requirement to allow flexibility.</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>-------------------------------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Services</td>
<td>Assessment, action plan, counseling, referrals to community resources, housing search assistance, Metro passes and financial assistance with application fees, security deposit and moving expenses.</td>
<td>Develop more specific counseling tasks, especially in the area of housing search and post move support; consider adding more group educational opportunities (perhaps in partnership with programs currently offered by other community organizations) and credit reports and counseling</td>
</tr>
<tr>
<td>Performance Measure and Goals</td>
<td>Logic model 50 family goal for one year</td>
<td>Consider something simpler than logic model and a good monthly report format; consider using a case management application to track activity and outcomes</td>
</tr>
<tr>
<td>Counseling Staff and Caseloads</td>
<td>Two staff positions currently budgeted: Mobility Community Services Coordinator and Mobility Community Engagement Coordinator. The expectation is for mobility program staff to also handles HCV administrative tasks (recerts, etc.)</td>
<td>The number of staff should relate to program goals and the resulting caseload(s). It may require 2.5 or 3.0 FTEs to achieve 50 moves, responsible only for counseling and outreach. Recommend using simpler more straightforward titles (Coordinator or Counselor and Outreach Specialist or something similar)</td>
</tr>
<tr>
<td>Budget and Resources</td>
<td>Excluding subsidy, the current budget appears to be $36,925 in incentives plus the cost of two staff positions</td>
<td>Develop more detailed budget</td>
</tr>
<tr>
<td>Recruitment of Families</td>
<td>Letter and brochure to applicants followed by briefing; outreach to participants in ACP/RACP with children, information at briefing</td>
<td>Recommend strong relationship between FSS and mobility programs. See best practices for marketing ideas.</td>
</tr>
</tbody>
</table>
Making Mobility an Integral Part of the HCV Programs
Research shows that comprehensive mobility counseling programs result in program participants gaining access to neighborhoods that are safer, healthier, have better schools and numerous other positive attributes. Many of the policies that have been developed for mobility counseling programs can be integrated into the overall management of the HCV program. Making housing mobility an integral part of the MPHA HCV program’s operations involves effective messaging and some direct activity by every staff person in every HCV program department. This approach includes staff training to ensure an understanding of the mobility concept and taking advantage of point-of-contact opportunities to encourage families to explore a move to opportunity.

To ensure that mobility concepts become institutionalized at the agencies, it is important that current and future employees are clear on their role in helping families move to opportunity areas. This is most effectively achieved when employees’ job descriptions reflect how their position can specifically contribute to this goal. For example, a leasing specialist may be required to discuss the benefits on considering opportunity areas when a client expresses their desire to move, and then provide the client with available resources. Additional efforts might involve developing performance standards by position, developing scripts for point-of-contact communication, and developing content ideas for newsletters to staff, tenants and landlords.

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Outreach to property owners in opportunity areas, fliers for participants to give to landlords, e-mail blasts, outreach to RE and community organizations

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See best practices for marketing ideas.
National Best Practices

The Best Practices presented here come from reports and briefings published by research organizations on housing mobility and the Moving to Work Demonstration; papers presented at conferences with housing mobility, affordable housing, and fair housing themes; and from Quadel’s experience with direct management of the HCV Program, MTW, and designing and managing housing mobility programs for more than 20 years. These are presented as policies or practices that have worked well for locations that have implemented them and are options for consideration. Not all would necessarily be appropriate or effective for all communities.

MTW and a Culture of Innovation

As a direct or indirect result of participating in MTW, agencies including Cambridge MA, King County WA and Portland OR, have fundamentally changed their culture and systems in many ways. These include reorganizations designed to make operations more like large non-profit housing providers rather than HUD-centric housing authorities focused solely on following the rules of federal programs. A name change in Portland—from the Housing Authority of Portland to Home Forward—reflects this broadening of mission.

MTW has empowered the agencies to think creatively about how to maximize the utility of their resources and focus on long-term outcomes rather than short-term outputs. Over time, these agencies have moved away from an approach that reacts to HUD’s existing regulations to a more proactive approach. Staff reports that MTW has led to a breakdown in programmatic silos as staff across the different departments have focused on aligning resources to achieve common goals. They also report that they now invest more energy in solving problems that they previously may have assumed were unsolvable.

Strategies that Recognize Economic Complexities and Sub-Markets

“In the nation as a whole, we find weak correlations between rents and upward mobility. However, in large metro areas – especially those with high levels of segregation and sprawl – counties that offer better prospects of upward mobility are much more expensive.”

In order to make it possible for voucher holders to afford units in opportunity areas, MTW PHAs have

- Raised or removed the 40 percent cap on the percentage of income a household may pay when first using a voucher
- Made changes to their payment standards to advance the goal of expanding geographic location

• Created voucher payment standards that authorize higher or lower subsidy levels than permitted under the standard voucher program in order to better reflect the value of housing in different parts of their jurisdiction, and/or
• Allow for exceptions to the normal payment standards in certain specific geographic areas.\textsuperscript{19}

Regional Approaches
In Dallas, Inclusive Communities has operated a successful regional mobility counseling program in response to the Walker lawsuit. The Baltimore Special Mobility Program resulting from the partial and final Thompson Consent Decrees has seen great success with the regional administration of vouchers and implementation of a mobility counseling program by the same contractor. Recently the Baltimore program has also implemented a project based voucher pool similar to the Regional Housing Initiative (RHI) in Chicago. RHI involves a regional project based voucher pool with nine participating housing authorities. A recent regional pilot program also included central portability administration, mobility counseling, a test of cash incentives and a regional waiting list for subsidized rental housing located in opportunity areas in the Chicago metro area. Regional approaches may expand opportunity areas, have demonstrated dramatically fewer inconsistencies in voucher program administration, and create an environment allowing strategic approaches to setting payment standards.

Community characteristics found to improve upward mobility within a given commuting zone include (1) less segregation by income and race, (2) lower levels of income inequality, (3) better schools, (4) lower rates of violent crime, and (5) a larger share of two-parent households\textsuperscript{20}

Innovative Approaches to Address Concerns of Private Landlords
The Washington State Legislature this year provided the Department of Commerce with funds and authority to reimburse eligible landlords from $500 to $5,000 to cover damages found to have been caused by Section 8 or VASH tenants. To qualify, landlords must have a court judgment against the tenant, and the damaged property must be in a jurisdiction that prohibits denial of tenancy based on source of income. The Met Council Flexible Damage and Cost Fund is a similar program but with greater flexibility for funds to be used for purposes other than damages.

An Owner Resource Council, comprised of 13 property owners, was created by the Chicago HCV Program in 2002. The purpose was to establish an on-going focus group of owners to assist the HCV administrator to increase the number of high performing owners knowledgeable about the voucher program requirements and about good property management. Council

\textsuperscript{19} MTW Innovations Report/ HAI Group & Abt Associates
\textsuperscript{20} Chetty, Hendren, Katz; May 2015
members advised about owner issues, provided ideas for solutions, gave feedback on owner incentives, owner workshops and informational materials and acted as a sounding board for new initiatives designed to improve the quality of the program for owners. As contractors administering the HCV Program have changed through the years, some form of owner organization has continued to exist and new initiatives introduced to engage property owners.

MTW agencies have also used MTW funding flexibility to create landlord recruitment and retention incentives including cash incentives (offering a holding fee as a way to pay landlords for their lost rent while waiting for the time to complete the HQS inspection) and streamlined administrative processes. Technology solutions for HQS inspection scheduling and direct deposit payment have assisted many housing authorities to attract landlords to their programs.

Using permit data to recruit new landlords has been recommended. Utilizing municipal data, housing agencies reach out to all multifamily rental property owners in a given municipality to identify the supply of opportunity area-located affordable rental housing. Learning from other programs has also resulted in success for some agencies that have surveyed other relocation programs such as those intended for homeless individuals to learn what strategies counselors have found effective to recruit landlords, and the level of effort required for those strategies. Offering post-move support and exceptional customer service to resolve tenant-landlord issues are valuable services to landlords.

**Replicable Mobility Programs that Efficiently and Cost-Effectively Deliver Outcomes Related to Mobility**

Based on extensive analysis of the eight nonprofit counseling agencies that worked in the Moving to Opportunity Fair Housing Demonstration (MTO) the following five characteristics were identified as “vital” for opportunity moves:

- motivating families to move to low-poverty places;
- informing families about suitable neighborhoods;
- locating units on behalf of clients;
- helping clients search effectively on their own; and
- intervening with landlords and the PHA to ensure a lease-up occurs

Taken together, the five characteristics indicate a fairly intensive counselor-led search process involving tours to expose clients to new neighborhoods, encouraging clients to keep up morale for opportunity moves, and, in some cases, providing services that a real estate agent would typically provide to find specific homes on behalf of clients (as opposed to generic lists of available rentals), and then acting in an advocate role on behalf of tenants by interacting with landlords and PHA during the lease-up phase. MTO counseling agencies also indicated as

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essential the post-move check-ins to help families integrate into their receiving neighborhoods for those needing the most intensive services, which has been confirmed in other research examining the longevity of post-move residency in the opportunity area (Boyd et al., 2010).

While there are numerous examples around the country, here are two examples with somewhat different approaches:

- The San Diego Housing Commission (SDHC) has developed a mobility program, Choice Communities, to encourage voucher holders to move to areas of low poverty. This program uses MTW authority to implement higher payment standards in these areas, to allow households to pay more than 40 percent of their income on rent at the time of initial lease up, and to provide mobility counseling and security deposit funds. SDHC has assisted 244 households to move into areas of lower poverty, connected 730 participants to a mobility counselor, and provided 141 tenants with security deposit loans.

- Baltimore’s Special Mobility Program is one of the most successful programs in the country and includes regional voucher administration; a comprehensive family assessment; a focus on group counseling and family education, placing greater responsibility on participants vs intensive individual case management; an auto purchase initiative; security deposit assistance; neighborhood tours; a holistic family approach including a teen initiative; and strong landlord recruitment and post-move support elements. To date the program has assisted more than 3,400 families to move to opportunity areas and recruited more 1,100 new landlords over twelve years.

Effective Communication Strategies

Good communication among staff, program participants, property owners, and the general public is at the very heart of a successful Housing Choice Voucher Program. CHAC, the Quadel subsidiary under contract to the Chicago Housing Authority to administer HCV and mobility program developed Communication Strategies and Tools that improved the image of the program and provided accurate information to landlords and tenants. CHAC’s Communication Office provided media relations, such as press releases, marketing collateral including promotional brochures for Special Programs, and administrative tools, such as a Departmental Resource Guide. These materials presented CHAC and CHA as professional, proactive resources for participants, owners, and the City of Chicago.

Resource Rooms are valuable information centers. Conveniently located off CHAC’s reception and waiting area, this example of a Resource Room offered clients and visitors Internet access to job and housing sites, newspapers, neighborhood information, resources for people with disabilities, and transportation routes and schedules. The Resource Room was staffed full time and included access to a computer workstation, telephones and work area. Resource Room served more than 15,000 visitors, including Mobility Counseling and Family Self-Sufficiency
Program participants, Section 8 applicants and participants, landlords, and staff. The room served more than 500 individuals a month.

Other PHAs have incorporated user resource areas and promotional materials into their programs but none as comprehensive or robust as these examples.

**De-concentration Strategies**

CHAC was challenged to find new de-concentration strategies to slow the growth of the Housing Choice Voucher Program in six community areas highly concentrated with very low income families assisted by rental subsidies. Through an initiative entitled “Expanding Resources” CHAC implemented a number of new strategies and laid the groundwork for reduction in the number of families moving to the targeted neighborhoods. These strategies, which included a rental market study and resulting payment standard changes, aggressive inspection strategies related to neighborhood and site conditions, and theater presentations and a magazine, led to a shift in voucher program participants’ moves away from the targeted neighborhoods. The growth rate of vouchers in the targeted areas has been reduced from 9.85% prior to 2003 to 4.79% in 2004 and minus 2.2% in 2004. The growth rate was minus 2.8% in 2005.

**Effective Performance Management Measures**

King County Housing Authority (KCHA) values data and uses it to improve its understanding of its programs. KCHA has a number of mechanisms in place to track outcomes of its MTW program including analyses of resident characteristics, resident surveys, and data-sharing agreements with other agencies. While KCHA is still refining its performance measurement approach, current mechanisms include a dashboard focused on key outcomes relative to a pre-MTW baseline.