

Amendment No. 1 to Moving to Work Agreement

This Amendment No. 1, dated as of December 14, 2000, ("Amendment No. 1") to the Moving to Work Demonstration Agreement, dated August 27, 1998 (the "MTW Agreement"), is entered into by and between the U.S. Department of Housing and Urban Development ("HUD") and the Minneapolis Public Housing Authority ("MPHA").

WHEREAS, the parties now desire to amend the MTW Agreement and Appendix A to the MTW Agreement;

NOW, THEREFORE, the parties do hereby agree as follows:

1. Notwithstanding Article I.G. of the MTW Agreement, the public housing units developed using Section 8 voucher and certificate program reserves pursuant to this Agreement will be subject to standard public housing income targeting rules under Section 16 of the United States Housing Act of 1937 (the "1937 Act"). In accordance with Article I.G. of the MTW Agreement, at least seventy-five percent (75%) of the families assisted by MPHA under the MTW section 8 homeownership demonstration program will be very low-income families (as defined in the 1937 Act).
2. Section I. of Appendix A to the MTW Agreement is hereby deleted in its entirety and replaced with the following :

I. MTW ACTIVITIES AND TERM OF AGREEMENT

- A. This Moving to Work Plan ("MTW Plan") describes the activities that the Minneapolis Public Housing Authority ("MPHA") may carry out under the Moving to Work Demonstration program, subject to the terms and conditions of the Moving to Work Demonstration Agreement ("MTW Agreement") between MPHA and the U.S. Department of Housing and Urban Development ("HUD").
- B. MPHA is authorized to design and carry out a demonstration of the use of Section 8 tenant-based assistance for homeownership for eligible families in accordance with the MTW Agreement and MTW Plan.

This demonstration will provide assistance for up to fifty (50) families, who will receive assistance from available funding under the Consolidated Annual Contributions Contract ("CACC") for the MPHA's Section 8 certificate and voucher program.

- C. The term of the MTW Agreement and of MPHA's Section 8 demonstration homeownership program is nine (9) years, commencing on the Date of Execution of the MTW Agreement by HUD. However, the MTW Agreement does not affect or extend the Annual Contributions Contract term of any funding increment under the CACC
- D. "Homeowner" means the member or members of the assisted family who own the home.
- E. MPHA is authorized to undertake a demonstration providing for a more efficient use of its tenant-based Section 8 resources to help meet its responsibilities under the Consent Decree entered by the Court on April 21, 1995 in the matter of *Hollman v. Cisneros*, No. 4-92-712 (D. Minn.) (the "Consent Decree"). The Consent Decree obligates MPHA to develop seven-hundred-seventy (770) replacement public housing units. One purpose of this MTW Plan and MTW Agreement is to permit certain tenant-based Section 8 resources that otherwise would be recaptured by HUD for federal fiscal years 2000 through 2003 to be utilized to further the purposes of the Consent Decree, especially to assure timely completion of development of the seven-hundred-seventy (770) replacement public housing units provided for in the Consent Decree. Nothing in this agreement is intended, in any way, to alter the obligations of the parties under the Consent Decree.
- F. MPHA is also authorized to undertake demonstration activities to assure that opportunities for economic self-sufficiency of MPHA tenants are fully realized by providing for activities to remove barriers to employment for persons who move to replacement units in suburban locations, as well as other assistance in adjusting to their new environments

Add-ons

3. Appendix A to the MTW Agreement is further amended by adding the following Provision II:

II. USE OF SECTION 8 VOUCHER AND CERTIFICATE PROGRAM RESERVES

- A. Within a reasonable time period after HUD's receipt of the MPHA's Year End Section 8 Statements for each federal fiscal year 2000 through 2003, HUD will calculate the amount of program reserve funds for the fiscal year that otherwise would be subject to recapture by HUD, including, but not limited to, the Section 8 resources provided pursuant to the Consent Decree. Under the authority of Article I.B. of this MTW Agreement, MPHA may use these funds to develop replacement public housing units required by the Consent Decree. HUD shall not recapture Section 8 funds from the MPHA for fiscal years 2000 through 2003 except that, HUD is permitted to recapture any such funds which exceed the amount necessary to complete such replacement units and to provide the services provided for in Article II.C. of this MTW Agreement.
- B. MPHA shall use its best efforts to utilize its Section 8 voucher and certificate resources as tenant-based assistance, and to minimize the amount of such resources that would be subject to recapture by HUD in the absence of this Amendment No. 1 to the MPW Agreement. At the beginning of each fiscal year, MPHA will produce a schedule and plan acceptable to HUD for the use of tenant-based Section 8 resources for the coming year. This schedule and plan will include, without limitation: using such resources as rapidly as feasible; counseling families on the use of Section 8 vouchers; and continuing to use all other means to use Section 8 voucher and certificate resources as tenant-based assistance to accomplish the goals of the Consent Decree and HUD's Section 8 voucher program. MPHA may use its Section 8 vouchers for project-based and homeownership assistance, where appropriate, consistent with HUD rules. HUD's agreement to permit MPHA to retain and use Section 8 reserves to

develop replacement public housing units is expressly conditioned on MPHA's compliance with the provisions of this paragraph.

C. MPHA shall provide employment counseling, supportive services, and other self-sufficiency assistance to families from the MPHA waiting lists moving into the replacement public housing units developed pursuant to this MTW Agreement. Such families will be guaranteed participation in the Family Self-Sufficiency ("FSS") program, which provides employment counseling and case management services, as well as making families eligible for establishing an escrow account once they meet personal and program goals. Furthermore, MPHA will provide, directly or through contract with local agencies administering the Temporary Assistance for Needy Families ("TANF") program, additional services to residents who receive TANF assistance. Current contracts with such agencies under the Economic Development/Supportive Services program ("ED/SS") will be extended to include these new residents. MPHA will make One Thousand Dollars (\$1,000.00) available for each MTW family to use for education, job training, job support, and/or other services necessary to support FSS goals established by the FSS case manager and the resident. MPHA residents receiving services under the MTW program also will receive priority for other services offered through MPHA and its community partners including: Section 3 employment training, Section 3 entrepreneurial business development training, and MPHA's various homeownership programs. MPHA may use up to One Million Dollars (\$1,000,000.00) of Section 8 voucher and certificate program reserves other than those provided through the Consent Decree, through federal fiscal year 2003, for the self-sufficiency activities described in this paragraph.

4. This MTW Agreement does not modify, in any way, any of the parties' obligations under the Consent Decree, or applicable law, regulations, or rules, as now in effect or as may hereafter be in effect. Further, this Agreement is not intended to be, nor may it be construed as, a concession by HUD that HUD has any obligation, under the

Consent Decree, to allow the MPHA to retain and use the Section 8 funds that are the subject of this Agreement, or to make available to the MPHA in the future any other funds for any Decree-related purpose, including the purpose of assisting the MPHA in constructing the 770 units of replacement public housing the MPHA is obligated to construct under the Consent Decree.

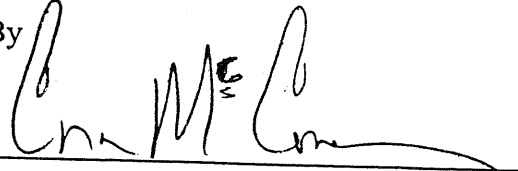
5. Appendix A to the MTW Agreement is hereby amended to reflect subsequent numbering and renaming of the provisions as follows:

- III. **PURPOSE OF SECTION 8 HOMEOWNERSHIP ASSISTANCE**
- IV. **AMOUNT OF SECTION 8 HOMEOWNERSHIP ASSISTANCE**
- V. **LENDER FUNCTIONS AND ESCROW FOR REPAIR & REPLACEMENT**
- VI. **OCCUPANCY OF SECTION 8 HOMEOWNERSHIP UNITS**
- VII. **SECTION 8 PROGRAM REQUIREMENTS FOR SECTION 8 HOMEOWNERSHIP**
- VIII. **ADMINISTRATIVE FEES FOR SECTION 8 HOMEOWNERSHIP**
- IX. **HUD AUTHORITY**
- X. **FAMILY SELF SUFFICIENCY PROGRAM AND SECTION 8 HOMEOWNERSHIP**

6. Except as expressly provided in this Amendment No.1, every term and condition contained in the MTW Agreement and the MTW Plan shall continue to apply with the same force and effect as if it were fully set forth herein, with such corrections, variations and modifications thereof as may be appropriate to make the same conform to this Amendment No. 1.

This Amendment No. 1 is effective upon execution by HUD.

MINNEAPOLIS PUBLIC HOUSING
AUTHORITY


By 

Its Executive Director

Date of Execution by Agency

Dec. 13, 2000

UNITED STATES DEPARTMENT OF
HOUSING AND URBAN
DEVELOPMENT

By 

Its Assistant Secretary

Date of Execution by HUD

12/14/00