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## NOTICE OF PROGRAM AND POLICY COMMITTEE MEETING

**Date:** Monday September 11, 2017

**Time:** 3:00 p.m.

Minnesota Housing  
Northwest Conference Room- 4<sup>th</sup> Floor  
400 Wabasha Street  
St. Paul, MN 55102

**Call In Number:** 1-888-742-5095

**Participant Code:** 4014552918

**\*Please identify yourself when joining the call.\***

### Agenda

1. Call to Order
2. Discussion, Public Comments on the Draft 2018 Affordable Housing Plan
3. Approval of Any Necessary Related Administrative Matters
4. Adjournment

The Agency may conduct a meeting by telephone or other electronic means, provided the conditions of Minn. Stat. §462A.041 are met. In accordance with Minn. Stat. §462A.041, the Agency shall, to the extent practical, allow a person to monitor the meeting electronically and may require the person making a connection to pay for documented marginal costs that the Agency incurs as a result of the additional connection.

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**Item: Public Comments about the Draft 2018 Affordable Housing Plan****Staff Contact(s):**

John Patterson, 651.296.0763, john.patterson@state.mn.us

**Request Type:**

- |                                     |  |
|-------------------------------------|--|
| <input type="checkbox"/> Approval   | <input checked="" type="checkbox"/> No Action Needed |
| <input type="checkbox"/> Motion     | <input checked="" type="checkbox"/> Discussion       |
| <input type="checkbox"/> Resolution | <input type="checkbox"/> Information                 |

**Summary of Request:**

We have attached for your review and discussion:

1. Summary of Public Comments about the Draft 2018 Affordable Housing Plan
2. Draft 2018 Affordable Housing Plan - Full Public Comments

Based on the public comments, we are not recommending changes to the proposed funding levels or the descriptions of the program and policy initiatives.

No Board action is required today, but any changes that members of the Board may suggest will be incorporated into the final draft of the 2018 Affordable Housing Plan that will be presented for adoption to the Board at its regular meeting on September 28, 2017. Staff may also have some additional refinements to the final AHP before it is brought to the Board.

**Fiscal Impact:**

None

**Meeting Agency Priorities:**

- Address Specific and Critical Local Housing Needs
- Finance Housing Responsive to Minnesota's Changing Demographics
- Preserve Housing with Federal Project-Based Rent Assistance
- Prevent and End Homelessness
- Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

**Attachment(s):**

- Summary of Public Comments about the 2018 Affordable Housing Plan
- 2018 Affordable Housing Plan - Full Public Comments

# Summary of Public Comments about the Draft 2018 Affordable Housing Plan

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The development of the 2018 Affordable Housing Plan (AHP) involved extensive public engagement. Last May, 69 people provided initial input before we started developing the plan, and our Community Development Director interviewed 16 organizations that serve historically underrepresented populations. Finally, 173 people participated in last's month's webinar that provided an overview of the AHP. For this final comment period, we received feedback from 14 people, which is a typical number.

- Alan Arthur - Aeon
- Sarah Berke – Northcounty Cooperative Foundation, Board Member
- Lori Boisclair – Boisclair Corporation
- Sharon Bring, Marshall County, Commissioner
- Richard DeBeau
- Rick Goodemann – Southwest Minnesota Housing Partnership
- Chip Halbach – Minnesota Housing Partnership
- Randal Hammerlin – Red Wing HRA
- MerryLee Lerberg
- S. Dhakshina Murthy
- Jen Shadowens – Northcounty Cooperative Foundation, Board Member
- Julie Urban – City of Richfield, Housing Manger
- Jeff Washburne - City of Lakes Community Land Trust and MN CLT Coalition
- Sue Watlov Phillips – Metropolitan Interfaith Council on Affordable Housing (MICAH)

At this time, we are not recommending any budgetary or programmatic changes in the 2018 AHP, based on these comments. Many of the issues raised were also raised during the initial comment period in May, and we fully considered them as we developed the AHP. The additional comments and concerns are valuable and will be taken into account as we implement the AHP.

## Comments Supporting Specific Initiatives

1. Overall, the Agency has identified the correct set of priorities and goals within the plan. We support the following: (1) addressing the homeownership disparity through the Home Mortgage Program and the Enhanced Homeownership Capacity Initiative, (2) addressing the challenges faced by program delivery partners in rural Minnesota, (3) launching Homework Starts with Home, (4) funding Capacity Building Grants, (4) preserving federally-assisted rental housing, (5) supporting small rural rental projects and manufactured housing. [Rick Goodemann – Southwest Minnesota Housing Partnership]

2. Strengths of the plan include: (1) \$33.9 million in Pool 3 investments, (2) more flexible rental housing loans, (3) \$250,000 for manufactured home parks, (4) funding for non-profit capacity building, (5) the \$130 million bonding request, (6) \$750,000 of Pool 3 funds for the Enhanced Homeownership Capacity Initiative, and (7) the holistic preservation strategy. [Chip Halbach – Minnesota Housing Partnership]
3. The City of Richfield supports two of the preservation and rehabilitation initiatives – addressing Naturally-Occurring Affordable Housing (NOAH) and revising the Home Improvement Loan program – and would like the Agency to take an active and lead role. Both of these efforts address critical issues in the city. [Julie Urban, Housing Manager – City of Richfield]
4. Bridges is a very good program. [Randal Hammerlin – Red Wing HRA]

**Response:** We appreciate the favorable comments about the 2018 AHP and our programs. We created the AHP to address a wide range of affordable housing needs across the state with limited resources, which is a significant challenge

## Allocating Resources between Rental and Homeownership and Among Programs

5. A range of housing options is needed in all Minnesota communities, and the state must do more to address racial disparities in homeownership. But the need to preserve and produce affordable rental housing is what stands out in its urgency, and the AHP should reflect that reality. [Chip Halbach – Minnesota Housing Partnership; Lori Boisclair – Boisclair Corporation]
6. Minnesota Housing should increase the use of tax-exempt bonds for rental housing and finance homeownership with taxable bonds. [Chip Halbach – Minnesota Housing Partnership]
7. Minnesota Housing needs to efficiently use tax-exempt bonding authority on rental housing to access 4% credits, while not excluding affordable homeownership and also keeping the Agency financially strong. [Rick Goodemann – Southwest Minnesota Housing Partnership]
8. The home-buying market is not working for low- and moderate-income households, and larger sums of money are required to make homeownership work for these Minnesota households. This trend speaks loudly to the need to invest more heavily in long-term affordable homeownership (including CLTs), which the Agency should consider adding as one of its commitments to action in 2018.
9. The concept of preserving “Naturally Occurring Affordable Housing (NOAH)” should be extended beyond rental housing to homeownership. We believe the definition, policies, and funding that support NOAH rental housing should be available to the numerous types of ownership housing models (Community Land Trusts, Co-ops, Manufactured Housing, etc.). [Jeff Washburne - City of Lakes Community Land Trust and MN CLT Coalition]

10. Community land trusts are a cost-effective strategy for creating long-term affordable homeownership. In addition, while much lower in comparison to the \$20+ million annually spent on rental preservation, MN CLTs are requesting that Minnesota Housing set aside \$500,000 of Multiple Use Resources to support MN CLT's stewardship functions. MN CLTs are already able to demonstrate at least \$2 million per year in taxpayer savings/benefits through CLT resales statewide. [Jeff Washburne - City of Lakes Community Land Trust and MN CLT Coalition]

**Response:** Allocating resources (including tax-exempt bonding authority, federal and state appropriations, Pool 3, etc.) between rental housing and homeownership and among various needs and strategies is very challenging. There are great needs across the board, but limited resources. The 2018 AHP increases resources for both rental housing production and homeownership, but we know more is needed. We are requesting \$130 million in Housing Infrastructure and General Obligation Bonds in the 2018 bonding bill (our largest request ever), with the vast majority of the funds likely going to rental housing but with community land trusts being eligible for some of the funds.

While tax-exempt bonding authority is not identified as a separate funding source within the AHP, it is part of the "Agency Bond Proceeds and Other Mortgage Capital" outlined in the plan. For 2018, we intend to reserve tax-exempt bonding authority both for rental housing developments selected through the Consolidated RFP process and home mortgage loans.

## Resources for Senior Rental Housing

11. The State should fully recognize and prioritize the importance of preservation of senior affordable housing. The State's emphasis is on families and housing with services. [Lori Boisclair – Boisclair Corporation]
12. There needs to be opportunities for single retired or semi-retired seniors without children. There are many choices for families, but almost nothing for singles. [MerryLee Lerberg]
13. Minnesota Housing should use some of the tax-exempt bonding authority for senior rental housing (which will free up homes for first-time homebuyers). [Chip Halbach – Minnesota Housing Partnership]
14. Minnesota Housing should identify strategies for producing senior (age restricted) rental housing. The draft 2018 AHP does not identify strategies for producing senior rental housing. [Chip Halbach – Minnesota Housing Partnership; Lori Boisclair – Boisclair Corporation]

**Response:** Current affordable rental housing (including project-based Section 8 and public housing) disproportionately serves seniors. Nevertheless, with the growing senior population, we recognize the growing need for additional senior rental housing. As the draft 2018 AHP states, in our 2018 bonding request, we are asking that senior rental housing be made an eligible use of Housing Infrastructure Bonds. This will help finance the development and preservation of senior rental housing. Also, income-eligible seniors can choose to live in the rental units we finance.

## Development of Rental Housing in Greater Minnesota Towns, including Workforce Housing

15. Minnesota Housing should support the development of new rental housing in Greater Minnesota towns. Because tax credit projects often do not work well at a smaller scale that is appropriate in many rural communities and the USDA 515 program is essentially no longer financing new units, there needs to be a significant rural rental production initiative. While the new Workforce Housing Program will meet some of this need, the Agency should develop more programmatic tools for rural rental production. [Chip Halbach – Minnesota Housing Partnership]
16. It is good to have a variety of housing. Some for young families who do not have a lot of income and work in local factories and with other employers; and some for executive type positions, who are looking for short-term and long-term options. Housing is a big need in our bedroom communities that support work in Thief River Falls, Roseau, and Greenbush. [Sharon Bring, Marshall County Commissioner]
17. Minnesota Housing needs to go further in addressing workforce housing, particularly in smaller and more rural workforce centers. [Rick Goodemann – Southwest Minnesota Housing Partnership]

**Response:** Since 2013, about half of the 750 rental workforce housing units that we have financed in Greater Minnesota have been in communities with less than 20,000 people. While intense competition for scarce resources has limited our ability to meet needs across the state, we will always look for ways to better serve small, rural communities. We have also assumed responsibility for the Greater Minnesota Workforce Housing Development program, which was previously administered by the Department of Employment and Economic Development and annually provides \$2 million for the development of rental housing without income limits.

Preserving rental housing in these communities is also critical. We are identifying and evaluating ways to make the Rental Rehabilitation Deferred Loan (RRDL) program more efficient and effective.

## Other Comments

18. The two-week public comment period is too short, particularly when it included a holiday. [Chip Halbach – Minnesota Housing Partnership; Lori Boisclair – Boisclair Corporation ]

**Response.** Given the timing of critical information becoming available (including the amount of Pool 3 resources available) and the time it takes to thoughtfully develop the AHP, a two-week public comment period is the maximum time that fits in the schedule to meet the deadline of the Board approving the AHP at its September meeting. To address this concern, for the last few years, we have included an initial three- to four-week public comment period at the start of the AHP in May.

19. Reduce the maximum eligible income from 80% of area median income to 60%. Government has no role in subsidizing housing for the middle class. [S. Dhakshina Murthy]

**Response:** The majority of the households that we serve have incomes below 60% of the median income. For example, only three programs in the 2018 AHP have a median income for the households served that is above 60% of the statewide median family income.

20. To address the issue of the large subsidies needed to serve extremely-low income households, consider piloting alternative housing types, including single-room occupancy units and manufactured housing. [Randal Hammerlin – Red Wing HRA]

**Response:** In the continuum of affordable housing that we finance, we will continue to support the development of single-room occupancy units and the use of manufactured housing.

21. There is a strong need for manufactured-home park preservation. It is good to see the \$250,000 of Pool 3 funds being made available, which should be used for zero-interest, deferred loans or grants. This should represent the first pilot and seed money for a broader effort that makes resources available on a rolling, as-needed basis. [Alan Arthur – Aeon, Jen Shadowens – Northcounty Cooperative Foundation, Board Member; Sarah Berke – Northcounty Cooperative Foundation, Board Member ]

Minnesota Housing should allocate resources for long-term personal property financing for purchase of single-family mobile homes by both residents and nonprofit partners. [Alan Arthur – Aeon]

**Response:** The purpose of the \$250,000 is to fund a pilot that could be brought to a larger scale; however, the specific use of the funds has not yet been determined. We will take into consideration the comments received before implementing them.

With respect to the comment about long-term personal property financing, we will investigate and evaluate a range of strategies for preserving and improving manufactured home parks.

22. The state may have gone too far in encouraging local contributions to affordable rental housing, including TIF, SAC and WAC waivers, donated land, and other local subsidies. Do these contributions really have an impact on the bottom line and total development costs? [Randal Hammerlin – Red Wing HRA]

**Response:** With a growing need and very limited resources, every contribution is critical. For example, donated land can reduce the TDC of new construction rental developments by 5% to 10%.

23. Minnesota Housing should commit more resources to public education that would reinforce the value of affordable housing. [Chip Halbach – Minnesota Housing Partnership]

**Response:** We market our programs and participate in as many education events as we can throughout the year.

24. The Metropolitan Interfaith Council on Affordable Housing (MICAHA) submitted extensive comments that covered about three dozen issues with follow-up questions. The issues included:

- The Analysis of Impediments to Fair Housing Choice
- Low-Income Housing Tax Credit investments
- Manufactured housing
- Investing in naturally-occurring affordable housing
- Minnesota’s homeless count for HUD
- The success of homebuyer education, counseling, and coaching
- The homeownership disparity
- Financial and housing education for high school students
- Senior rental housing
- HUD’s defunding of shelters and transitional housing
- The state’s continued investment in supportive housing
- Funding the Homeless Management Information System (HMIS)
- The success of the Landlord Risk Mitigation Fund pilot
- Reclamation of foreclosed homes
- Requiring landlord accept Housing Choice Vouchers
- Other issues

**Response:** Many of MICAHA’s comments, as well as others, address operational issues that are outside the scope and purpose of the Affordable Housing Plan. It is best to address those issues through a different venue.

**Draft 2018 Affordable Housing Plan**  
**Full Public Comments**

**From:** Sarah Berke  
**Sent:** Tuesday, September 05, 2017 4:33 PM  
**To:** MN\_MHFA MN Housing  
**Subject:** Affordable Housing Plan

Dear Minnesota Housing:

As a member of Northcountry Cooperative Foundation's Board of Directors, I am deeply interested and concerned about manufactured housing park preservation, and a supporter of the resident-owned model for preservation. As you know, across Minnesota, manufactured home parks are threatened by closure due to redevelopment pressure and failing infrastructure systems.

I appreciate Minnesota Housing's support for preservation through the inclusion of \$250,000 in Pool 3 funds for infrastructure in resident-owned parks in the new Affordable Housing Plan. I hope that such funds, made available as 0%, deferred debt, and/or grants, can help strengthen efforts to preserve these communities. I also hope that this initial investment can represent the first pilot and seed money for broader soft debt and grant investments that the Agency can make toward preserving this critical housing resource.

Based on my experience serving on the NCF board, I would also suggest these kinds of funds be available on a rolling, as-needed basis, so that resident organizations might have market responsive and timely access to the resources in the acquisitions and/or improvement process, as a traditional RFP process can interfere with the feasibility of preservation efforts, which often operate in a market-based timeframe.

I also encourage Minnesota Housing to explore, as other agencies have done around the country, allocating resources for long-term personal property financing for purchase of single-family homes in resident-owned communities with long-term leases and capital improvement plans.

Thank you for considering these comments.

Best,

Sarah Berke

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**From:** Lori Boisclair  
**Sent:** Tuesday, September 05, 2017 3:59 PM  
**To:** MN\_MHFA MN Housing  
**Subject:** comments to the 2018 AHP

Comments to the 2018 AHP

- 1- The comment period is too short. Two weeks is not adequate time to review especially when the timeframe falls within a holiday.
- 2- The plan should increase the use of tax-exempt bonds for rental housing (affordable and workforce)
- 3- The plan should continue production of age restricted senior housing as it did with its two demonstration projects in 2017.
- 4- The reality and urgency for housing in MN is the need for preservation of existing affordable rental housing and the production of new affordable rental housing.
- 5- The State should fully recognize and prioritize the importance of preservation of senior affordable housing. The State's emphasis is on family and housing with services.

Respectfully,

Lori Boisclair  
**President**



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**DIRECT:** 952-905-2448

**CELL:** 612-222-6192

**FAX:** 952-922-3071



**From:** Sharon Bring  
**Sent:** Tuesday, August 22, 2017 10:56 AM  
**To:** MN\_MHFA MN Housing  
**Subject:** Comments

I think it is very important to have a variety of housing, some for young families that may not have a lot of income who live in our communities and work in local factories or other employment. Nice to have some also for more executive type positions who may be looking for short term or long term homes. Housing is a big need in our bedroom communities that support and work in Thief River Falls, Roseau, and Greenbush in factory positions or Digi Key in Thief River Falls.

Sharon Bring  
Marshall County Commissioner

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From: R. DeBeau  
Sent: Tuesday, August 22, 2017 12:17 PM  
To: MN\_MHFA MN Housing  
Subject: 2018 Affordable Housing Plan

It is vitally important that the lack of affordable housing be addressed. The 2018 plan is a good start but more needs to be done for the various low-income populations

Richard DeBeau  
Northfield

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**From:** Hemmerlin, Randal  
**Sent:** Tuesday, August 22, 2017 11:45 AM  
**To:** MN\_MHFA MN Housing  
**Subject:** 2018 Affordable Housing Plan

Dear Minnesota Housing:

I agree with the following statement from your AHP:

*“Serving extremely-low-income families and individuals, who have the greatest need for affordable housing. There are far more households in this category (incomes at or below 30 percent of area median income) than there is housing available that they can afford. High costs and insufficient incomes are the primary barriers, and developing or rehabilitating housing for the lowest-income households requires larger subsidies. Consequently, with limited resources, we face the tradeoff between financing fewer housing units for extremely low-income households or more units for households with slightly higher incomes, who also lack affordable housing.”*

Should we be encouraging alternative housing types (Single Room Occupancy housing and/or manufactured housing) with a much reduced cost per unit? Could pilot projects be considered?

Another comment I would like to share is that I am seeing what I call a “co-dependency financing model” that we all seem to be encouraging. What I mean by this is that developers **expect** the local governments to offer TIF, SAC and WC waivers, free sites and other local subsidies before they even begin developing a project. Perhaps we have went too far and we need to pull back our priority points on local contributions. The developers are imputing the sources and uses into the pro forma right up front. Here then is my question: Does it really help the bottom line on Total Development Cost?

The Bridges program is a very good program. Some of what we are doing is not about the actual housing itself but about the social services that people need to be successful.

Thanks for all you do for Minnesota.

*Randal*

Randal E. Hemmerlin, Executive Director  
Red Wing HRA  
428 West Fifth Street  
Red Wing, MN 55066  
651-301-7028

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From: Lerberg  
Sent: Wednesday, August 23, 2017 8:54 AM  
To: MN\_MHFA MN Housing  
Subject: Affordable Housing Need

There needs to be opportunities for single retired or semi retired seniors without children. There are many choices for families, but almost nothing for singles.  
Think about it. If you were a senior and spending all your social security on housing where do you find income for food, transportation or medical????

Thanks, MerryLee Lerberg

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**From:** S. Dhakshina Murthy  
**Sent:** Tuesday, August 22, 2017 10:56 AM  
**To:** MN\_MHFA MN Housing  
**Subject:** Affordable Housing Plan

I do not Support this program.

The Minimum Household Income should be brought to 60% or Below of Average HouseHold Income of Mpls/St.Paul Area.

Keeping it at 80% is too high. Govt should not make available the Affordable Housing for Middle Class and People of on level Below Middle class.

The meaning of Affordable Housing has been lost by making 80% of household income as criteria to be eligible for this program.

Govt has no business to offer Housing to Middle Class and Below-Middle Class. It should be available only to Poors.

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**From:** Jen Shadowens  
**Sent:** Thursday, August 31, 2017 8:24 PM  
**To:** MN\_MHFA MN Housing  
**Subject:** AHP Feedback

Dear Minnesota Housing:

As a resident of Northeast Minneapolis, which just lost Lowry Grove to a developer, and as a board member of Northcountry Cooperative Foundation, I am deeply concerned about manufactured housing park preservation. Across Minnesota, manufactured home parks are threatened by closure due to redevelopment pressure and failing infrastructure systems, but there are lifelong residents there who cannot afford to go anywhere else, including many families with children.

As a professional who understands the urgent need for permanent preservation of manufactured housing parks and supporter of the resident-owned model, I appreciate Minnesota Housing's inclusion of \$250,000 in Pool 3 funds for infrastructure in resident-owned parks.

I hope that such funds, made available as 0%, deferred debt, and/or grants, can help strengthen efforts to preserve these communities. I also hope that this initial investment can represent the first pilot and seed money for broader soft debt and grant investments that the Agency can make toward preserving this critical housing resource.

Based on my experience serving on the NCF board, I would also suggest these kinds of funds be available on a rolling, as-needed basis, so that resident organizations might have market responsive and timely access to the resources in the acquisitions and/or improvement process, as a traditional RFP process can interfere with the feasibility of a preservation effort, often operate in a market-based timeframe.

I also encourage Minnesota Housing to explore, as other agencies have done around the country, allocating resources for long-term personal property financing for purchase of single-family homes in resident-owned communities with long-term leases and capital improvement plans.

Thank you for considering my contributions to the Affordable Housing Plan process.

Jen.

**From:** Julie Urban  
**Sent:** Tuesday, September 05, 2017 4:01 PM  
**To:** MN\_MHFA MN Housing  
**Subject:** Comments on Affordable Housing Plan

Thank you for the opportunity to comment on the 2018 Affordable Housing Plan. We offer feedback on the following two issues, which have a significant impact on our community:

**Preserving Naturally-Occurring Affordable Housing** – A significant portion of the City of Richfield’s apartment housing stock falls into the category of naturally-occurring. The needs are two-fold:

1. Rehabilitate apartment buildings that were primarily constructed in the 1960s, many of which face significant maintenance and modernization needs.
2. Preserve affordability for our residents.

We encourage Minnesota Housing to take a lead role on this important issue by dedicating significant funding resources to both the preservation and the rehabilitation of these units and by assisting local governments on local policy changes and working towards state-level changes, as appropriate.

**Home Improvement Loan Fund** – We welcome your evaluation and continued support of these important rehabilitation resources for homeowners. Richfield is a community with an aging housing stock, and resources are needed to maintain and improve our homes. The Fix-Up Fund addresses the needs of homeowners who make too much to qualify for federally-funded programs (e.g., CDBG-funded Deferred Loan) but not enough to fund home maintenance and improvements without assistance. For several years, Richfield has written down the interest rate of the Fix-Up Fund to 3 percent (through the help of Minnesota Housing’s Impact Fund and its own resources), which has resulted in over \$1.2 million being invested in our homes. We encourage continued support from Minnesota Housing to help maintain and improve the State’s housing stock.

Please contact me if you have any questions or would like more information.



**Julie Urban** | Housing Manager  
**City of Richfield** | 6700 Portland Ave S, Richfield, MN 55423  
Tel: (612) 861-9777 | Fax: (612) 861-8974  
*...A great place to thrive*





Home Changes Everything

September 1, 2017

Minnesota Housing

**Attn:** MH Board Members & Commissioner Mary Tingertal  
400 Wabasha Street North, Suite 400  
Saint Paul, MN 55102-1109

**Re:** Mobile Home Parks

Dear MH Board Members and Commissioner Tingertal -

Aeon is a leading nonprofit affordable housing provider in Minnesota - by the end of 2017 we will own and manage about 4,000 units of affordable housing, including 550 units designated for homeless persons. We are also helping lead efforts to preserve some of the most affordable housing in our communities: mobile homes. You may have noted our recent efforts to save and preserve the Lowry Grove mobile home park in St. Anthony Village - it is just as important to preserve our existing affordable housing as it is to create new. We believe that – without intervention - more than 13,000 affordable mobile homes in the Twin Cities will disappear over the next 20 years.

Because of the critical role of mobile homes in the affordable housing continuum, Aeon plans to work with the community to purchase, re-capitalize and sustain at least one mobile home park each year.

As an organization committed to the permanent preservation of manufactured housing parks, we appreciate Minnesota Housing's inclusion of \$250,000 in Pool 3 funds for infrastructure in mobile home parks. We know that such funds, made available as 0%, deferred debt, and/or grants, can help strengthen efforts to preserve mobile home park communities. We also hope that your initial investment can represent the first pilot and seed money for broader soft debt and grant investments that Minnesota Housing will ultimately make toward preserving this critical housing resource.

We encourage you to continue to focus on the preservation of mobile home parks in your strategic plans, actions and programs. We request that you work to provide significant funding, on a rolling, as-needed basis, so that nonprofits and resident organizations can make a difference on this front.

We also encourage Minnesota Housing to allocate resources for long-term personal property financing for purchase of single-family mobile homes, by both residents and nonprofit partners.

We are absolutely convinced that preserving mobile home parks is perfectly congruent with almost all of Minnesota Housing's 2018 Strategic Priorities, and will:

- Help reduce Minnesota's racial and ethnic homeownership disparity,
- Help prevent and end homelessness,
- Help make MH's financing responsive to Minnesota's changing demographics, and
- Clearly address very specific and critical local housing needs concerning the potential cataclysmic loss of affordable mobile home parks.

Thank you for your consideration, and for all your important work. Please call if you have any questions.

Best always,

Alan Arthur

President & CEO

September 5, 2017

Commissioner Mary Tingerthal  
Minnesota Housing Finance Agency  
400 Wabasha Street North, Suite 400  
St. Paul, MN 55101-1998

RE: Affordable Housing Plan

Dear Commissioner Tingerthal,

We are supportive of much of the Affordable Housing Plan and recognize the difficulty of managing funding priorities across the State of Minnesota with diverse and large needs. We believe that overall the Agency has identified the correct set of priority and goals within the plan. We support the commitment to educating the public and their representatives of the centrality of housing to all Minnesotans. We think that now is the time to use this plan as is acknowledged, as a catalyst to drive greater support and resources to correcting housing gaps and disparities which the plan identifies.

We strongly support the following portions of the Affordable Housing Plan (AHP):

The continued commitment of addressing home ownership disparities and evidenced by the commitment to the Home Mortgage Loan Program, use of Pool 3 funds to support the Enhanced Homeownership Capacity Initiative.

The willingness to understand and commit resources to rural Minnesota program delivery systems.

The strong partnership and collaboration inherent in the commitment to Launch Homework Starts with Home to better address responses to homelessness and the associated community impacts and creative response through the more effective use of Capacity Building Grants.

The continued commitment to preserve existing affordable federally assisted housing stock and other commitments to rural small rental projects and manufactured housing as well as the movement and demonstrated innovation to create more flexible financing tools for rental housing through the use of Pool 3 funds.

Our concerns include the following issues:

While there is discussion and a commitment to addressing the intersection of housing and economic development "workforce housing" we believe that AHP needs to go further

particularly in supporting the development of resources to help our smaller and more rural work force centers.

Efficient use of Private Activity (tax exempt) Bonds and 4% credits to create impact to meet our housing needs to the greatest extent possible while not excluding the need to support affordable home ownership and also keeping the Agency financially strong.

The preservation of naturally occurring affordable rental housing is a relevant issue within our smaller communities largely due to small operating margins and conditional issues. While the AHP makes a commitment to the preservation of that type of housing in Greater Minnesota the tightening of underwriting standards has made the program inefficient and difficult to use.

Thank-you for the opportunity to provide our comments.

Sincerely,

A handwritten signature in blue ink, appearing to read "Rick Goodemann", with a long horizontal flourish extending to the right.

Rick Goodemann, CEO

Southwest Minnesota Housing Partnership



## Comments on the Minnesota Housing 2018 Affordable Housing Plan

Chip Halbach on behalf of Minnesota Housing Partnership, 9/5/2017

There is much to like in the Agency's proposed AHP. Most of all we appreciate the investment of \$33.9 million of Minnesota Housing earnings into programs that benefit lower income households across the state. As a general concern, however, we do believe that the public should have more time to review and comment on the proposed allocation of that investment. The two weeks provided by the Agency is not adequate, particularly when that review period overlaps the Labor Day holiday.

We also consider these points to be **AHP highlights**:

- A commitment to make the Agency's rental housing mortgage programs more flexible and combining rental loans with increased Pool 3 subsidy dollars.
- A commitment of \$250,000 in Pool 3 funds in support of community ownership of manufactured home parks.
- A commitment of \$1.8 million in Pool 3 funds through the Capacity Program in support of innovative nonprofit work.
- The request being made to the governor for \$100 million in Housing Infrastructure Bonds and \$30 million in General Obligation bonds to support a variety of housing and homeless efforts.
- \$750,000 in Pool 3 dollars for the Enhanced Homeownership Capacity Initiative as a step toward reducing racial disparities in homeownership.
- In its discussion of "overarching issues," the AHP narrative ties together the range of preservation challenges facing the state. The Agency is right to take this holistic view on preservation; and elsewhere in the AHP, the Agency makes welcomed commitments to preservation of federally assisted housing, NOAH housing, rural rental rehab, and manufactured housing.

### Concerns and Recommended Changes

There are several areas in which we suggest the AHP provide more clarity or add initiatives.

- Commit to public education steps that would reinforce public understanding of the value of affordable housing to communities. With significant challenges to housing affordability facing lower income Minnesotans, there needs to be greater public backing for initiatives to address the range of housing needs found across the state. But public *education* precedes public *backing*. As the draft AHP includes the Agency's support for Homeownership Opportunity Alliance and the Alliance's planned messaging campaign,

Minnesota Housing should commit to work with others in conceiving and implementing a messaging effort directed at broader housing issues.

- Increase use of tax exempt bonds for rental housing. Others have documented how the Agency can maintain its commitment to homeownership while using its tax exempt bonding to leverage federal housing tax credits and thereby help address the state's shortage of affordable and workforce rental housing. The Agency can make this change and maintain its homeownership lending production at little cost, its critics are saying, by substituting taxable for tax exempt bonds to fund the home purchase mortgages. In addition, by focusing some tax exempt bond resources on senior rental housing the Agency can support those communities who hope to move seniors out of single family homes, thereby making those homes available to families. This would help overcome the very tight supply of "starter homes" in the marketplace. While the Agency maintains that the claimed financial losses would be significantly greater than its critics suggest, there still appears to be room for greater use of tax exempt bonds for rental. Above all, the AHP should state that the Agency will take steps to help the housing community understand the tradeoffs between use of tax exempt bonds for rental versus ownership housing.
- Identify strategies for producing senior (age restricted) rental housing. In 2017 the Agency funded two demonstration projects for new senior housing. The draft 2018 AHP points out that the Agency will continue to collaborate with DHS on addressing the housing needs of seniors, but nothing is stated about continuing the production demonstration or other rental strategies for seniors.
- Commit to support development of new rental housing in Greater Minnesota towns. Because tax credit projects often do not work well at a smaller scale appropriate to many rural communities and the USDA 515 program is essentially no longer financing new units, there needs to be a significant rural rental production initiative. While the new Workforce Housing Program will meet some of this need, the Agency should develop more programmatic tools for rural rental production. Perhaps the reforms and subsidy dollars added to the Agency's rental loan program can be used in support of rural development -- and if that is the intent add that clarification in the AHP.

In closing -- certainly a range of housing options is needed in all Minnesota communities, and the state must do more to address racial disparities in homeownership. But the need to preserve and produce affordable rental housing is what stands out in its urgency, and the AHP should reflect that reality. The Agency's outreach connected with the AHP underscores community support for rental housing initiatives.

"An acute shortage of rental housing that is affordable to low income families is the primary concern raised by people regardless of community or organization type." Major Themes from Targeted AHP Outreach, Minnesota Housing, 6/15/17

"A primary issue at every Housing and Community Dialogue, community convening, or housing summit is the chronic shortage of affordable rental housing." Memo on Major Themes from Housing and Community Dialogues, Minnesota Housing, 6/15/17

September 5, 2017

Commissioner Mary Tingerthal  
Minnesota Housing Finance Agency  
400 Sibley Street, Suite 300  
Saint Paul, MN 55101-1998

Dear Commissioner Tingerthal,

On behalf of the Minnesota Community Land Trust Coalition and its members, we appreciate the opportunity to provide comments to the Minnesota Housing Finance Agency 2018 Affordable Housing Plan Draft. We are incredibly appreciative of the Agency's continued leadership in supporting affordable housing opportunities across the state and grateful for the partnership afforded to Minnesota Community Land Trusts. As the agency addresses many of its goals related to affordable housing and equity in Minnesota, Community Land Trusts (CLTs) statewide are incredibly proud of the alignment we have with these goals in not only our ability create affordable housing opportunities today, but also by taking one-time public investments and leveraging them over generations of low-income Minnesota households.

We would like to submit the following comments to the Affordable Housing Plan:

***Example of Being Responsive: Adjusting Downpayment and Closing-Cost Loans (page 9)***

The need to increase downpayment and closing cost assistance exemplifies the on-going affordability issue surrounding homeownership; the market is not working for low- and moderate-income households, and increasingly greater sums of money are required to make homeownership work for these Minnesota households. This trend speaks loudly to the need to invest more heavily in long-term affordable homeownership to ensure that we are building as large an inventory as possible of homes that will be affordable 10, 20, and 30 years from now. CLT homeownership not only protects the affordability investments made by capital funders but also allows the investments to grow by maintaining the affordability of the homes. In almost all worst cases (i.e. foreclosure), CLT's have demonstrated an ability to maintain the affordability and ownership occupancy of homes for the benefits of the future buyers, their neighborhoods and communities.

**Our Commitment to Action in 2018: General Comment**

We believe it would be appropriate for the Agency to consider adding Long-Term Affordability (LTA) as one of the commitments to action in 2018. As home prices continue to rise, racial disparities worsen, and the need for added levels of affordability gap increase, the realization that we need methods that not only assist low- and moderate-income households into supportive homeownership, but do so in a way that ensures the subsidy and the affordability are maintained for future generations. Minnesota Housing will work to ensure that CLT production and stewardship is maximized both in geographies where CLTs currently exist but also in areas with market conditions similar to successfully operating Minnesota Community Land Trusts.

***Our Commitment to Action in 2018: Assess the loss of naturally-occurring affordable housing, identify Minnesota Housing's role in addressing the issue, and build partnerships (page 9)***

We believe it would be beneficial to the Agency, industry leaders, and stakeholders to recognize there are other forms of "Naturally Occurring Affordable Housing (NOAH)" in Minnesota beyond rental housing. There are neighborhoods and communities in Minnesota where ownership housing is significantly lower than other housing options in those communities and is market-priced at a level much lower than it would cost to build a new home. We believe the definition, policies, and funding that support NOAH rental housing should be available to the numerous types of ownership housing models (Community Land Trusts, Co-ops, Manufactured Housing, etc.).

**Continue supporting and strengthening the Homeownership Opportunity Alliance – an industry-wide collaborative to reduce the homeownership disparity in Minnesota (page 12)**

Minnesota CLTs serve Community of Color households in obtaining responsible, sustainable, affordable homeownership at rates that are two- to three-times the rates of Community of Color homeownership in their respective communities. While it's incredibly important to align households with credit enhancement and pre-homebuyer education, it's all for naught if there aren't sufficient affordability gap resources available and mechanisms are not in place to support homeowners beyond the closing table. In addition to long-term affordability, Minnesota Community Land Trusts provide

long-term support to the households who benefit from walking beside an organization throughout the life of their homeownership.

**Overarching Issues for 2018: Preserving the state’s existing affordable housing (page 16)**

In addition to the other forms of preservation, the MN CLT Coalition believes it’s important to highlight the 1,300+ permanently affordable CLT homes that currently exist in Minnesota. Additionally, it’s worth noting 400+ homes that have remained permanently affordable through CLT resales over the years. The investments made in these homes by MN Housing have been leveraged with other funding sources and over time, the same funds have been utilized to assist multiple generations of low-income households.

**Overarching Issues for 2018: Allocating scarce resources (page 17)**

While it’s important to note the scarcity of resources, it seems equally important to speak to the importance of highlighting and focusing on affordability mechanisms that extend these scarce resources to the maximum ability. As shared previously, long-term affordability, layering MN Housing funds with other sources and leveraging over time are all important ways to demonstrate the effectiveness of these limited resources.

**Table 2: 2017 and 2018 Program Budget Overview (page 19) – Overall Summary Observations**

It is estimated that approximately \$15 million of the \$1.1 billion budget (or 1.5%) of the 2018 MN Housing budget will be directly focused on the creation and preservation of affordable housing that otherwise wouldn’t be available in the marketplace. Breakdown of this analysis is as follows:

Approximately 50% of Impact Fund Awards:	\$8 million
Habitat for Humanity Direct Allocation:	\$2.5 million
Manufactured Housing Loans	\$2.25 million
Approximate 5% of HIBs	<u>\$2.25 million</u>
Total:	\$15 million (approximate)

When Deferred Payment Loans (\$18 million) and Monthly Payment Loans (\$11 million) are included in the calculation, the percentage of the total budget is approximately 4.5% toward affordable homeownership housing across the State of Minnesota. As noted as an example, the Deferred Payment Loans and Monthly Payment Loans, while incredibly helpful to low-income households, are partially seen as a mechanism to make the MN Housing first mortgages more competitive in the marketplace.

**Table 2: 2017 and 2018 Program Budget Overview (page 19) – Need for Supporting Stewardship of Perpetually Affordable Homes**

While much lower in comparison to the \$20+ million per year spent on rental preservation, MN CLTs are requesting that MN Housing set aside \$500,000 of Multiple Use Resources to support MN CLT’s stewardship functions. MN CLTs are already able to demonstrate at least \$2 million per year in taxpayer savings/benefits through CLT resales statewide. The savings and benefit to the state will only increase moving forward. It makes sense to support the necessary capacity and infrastructure to support these community assets.

On behalf of the MN CLT Coalition, we appreciate the opportunity to share our support and recommendations to the 2018 Affordable Housing Plan. Please let us know if you have any questions related to any of the items listed above.

Sincerely,



Jeffrey A. Washburne  
Executive Director, City of Lakes Community Land Trust  
Board Chair-Elect, MN CLT Coalition



September 5, 2017

Thank you for the opportunity to comment on Minnesota Housing Finance Agency's DRAFT 2018 Affordable Housing Plan.

MICAH's Board and Staff appreciate your format and providing a summary of 2018 plan, identification of populations served by race and ethnicity, changes from previous plan and program by program description. We also appreciate you conducting a webinar to provide an overview of the plan.

1. We appreciate the excellent work you do in coordinating your resources with State and Federal appropriations and investment resources. We continue to request greater transparency in identifying how all of our resources are being managed by MHFA including a budget for staff costs, HMIS costs, Plan to End Homeless costs and other special projects that are funded with our investment income.
2. We are very pleased to see that you will be "releasing a new **analysis of impediments** to fair housing choice. The analysis will evaluate factors across Minnesota that restrict housing choice based on race, color, religion, gender, disability, familial status, or national origin and include an action plan to address them." How will this be done? Will you do it with existing staff or hire a consultant? Will you utilize the MHP summary of process we completed with the FHIC in the Metro Area? How will it be done? Will it comply with the revised process for the Assessment of Fair Housing Tool? Will it involve community engagement through agencies representing racial, ethnic, religious, disability, and socioeconomic groups throughout Minnesota? Will it address education, jobs, transportation?
3. MICAH again requests that an accurate listing of all LIHTC units is maintained and open to public inspection. THAT MHFA takes the lead to ensure a coordinated approach with the State, sub allocators and the non-profit set aside to ensure siting is Affirmatively Furthering Fair Housing, that the units are created throughout the Metro area and units provides people choices, opportunities and equity in place in every community
4. We are very supportive of you developing and implementing strategies to preserve and improve manufactured home parks and encourage you to expand the rehabilitation loan program to all manufactured homes whether in a park or not. Improving the infrastructure, creating more cooperatively community owned manufacture home parks, and providing rehab loans for all manufactured homes being utilized as the primary residence is critical to preserving this valuable housing stock. We cannot allow the loss of another park like the Lowry Grove Manor and the impact it had on individuals, families and children in losing their home and community!

5. We are please you will be utilizing One Family One Community to provide listening Sessions, focus groups and tenant education. MICAH was honored to partner with them on a One Minneapolis grant to help train 15 leaders to do this work!
6. We encourage you invest more agency resources into preserving NOAH units now! Estimates by some developers are we are losing 100 affordable units/week in conversion of these units. It impossible to build as many as we are losing at this rate.
7. We are very concerned about the increasing number of people paying more than 30% of their income for housing. We are pleased you are focusing more resources toward people with extremely low incomes. We are very concerned with the undercount and misrepresentation of all people experiencing homeless by the Point in Time Count and HMIS. We disagree with your statement that homelessness has decreased. The number of shelter beds and transitional housing beds funded by HUD have decreased, so previous beds are not available and not counted. Rapid Re-Housing and Supportive Housing, which serve people experiencing homelessness, are not counted in PIT or HMIS. HUD's point system incentivize communities to demonstrate a decrease in homelessness, this discourages many communities from doing a complete unsheltered count during Point in Time (PIT) count. The .U.S. Department of Education has a more inclusive definition of homelessness and identifies thousands of youth as homeless who are not in the PIT count or HMIS.
8. We are pleased to see the agency focus on mismatch of income with rising housing costs. We are concerned that some of the language in the plan and focus of some funding, appears to imply and that if you have a lower income you need supportive housing instead of affordable housing. We disagree with that position.
9. Home ownership: How many individual, couples, families become homeowners through each of these programs: Enhanced Homeownership Capacity Initiative and Home Ownership Center? The number that went through the process are helpful, but what is the outcome of our investment?

10. We are pleased to see the continual focus by MHFA in addressing the disparity in homeownership and your support for additional appropriations to address this critical issue. The funding of the Enhanced Homeownership Capacity Initiative – community based organizations that are representative of the culture they are serving to provide long term homeownership training is critical for more of our people to become homeowners. We support an even more significant increase to Enhanced Homeownership Capacity Initiative and/or HOME Law, It is critical to address the issues in the Targeted Mortgage Opportunity Program since our current First Time Home Buyer loans, while doing better, are not making a significant change in our disparity.

To address the other Home Ownership programs having limited reach into our diverse communities we need legislation and funding of smaller multi-cultural organizations who never get legislative funds (and MHFA funds) because they're still competing with larger mainstream organizations. The communities they serve remain underserved and unserved as a result. We encourage that any expansion of Habitat's work includes these organizations.

Home Ownership Center. We are pleased to see in last plan they would incorporate the strategies from the Enhanced Homeownership Capacity Initiative. We do not believe they are qualified to replace any of the efforts in the Enhanced Homeownership Capacity Initiative.

11. Evictions: MICAH encourages MHFA to support State Legislation which requires classes that include credit, budgeting, background checks and landlord tenant education in high school so that are youth are well prepared to enter the changing rental market. Also that all Landlords be required to provide a copy of the Attorney General's Landlord and Tenant Rights and Responsibilities book to each tenant.

## 12. Rental Housing

MICAH is very concerned about our affordable market rental units now often called Naturally Occurring Affordable Housing Units (NOAH). We are pleased to see the State making some efforts to use some resources to limit the loss from the conversion to a higher market rate- this will limit the further reduction our affordable housing stock. We encourage you to support Cities changing their rental licensing laws to require owners that rehab or redevelopment existing housing to keep current tenants including those on Section 8/Housing Choice Vouchers and other subsidies such as HTF, GRH, Bridges, so we do not have a wave of new people experiencing

homelessness. We also encourage you to support the Housing Justice Recommendations in addressing NOAH units see attached.

Senior Rental Housing:

MICAH is pleased to see MHFA change its position and your support now for the bonding bill to include senior rental housing.

MICAH also encourages MHFA to reinstate the Share A Home Program. Also, to initiate a model being developed that includes matches with a reverse mortgage opportunity so when the senior passes or moves into other housing the individual or family sharing the home is already paying the mortgage.

13. Capacity Building: It appears MHFA continues to fund the same organizations with these resources. These funds should be focused on funding smaller multi-cultural organizations who lack the capacity to successfully compete with larger mainstream organizations that have been funded for years. The communities they serve remain underserved and unserved as a result.
  
14. MICAH is very concerned about HUD's limiting and/or de-funding shelters and transitional housing programs. We encourage the State to use maximum allowed for Emergency Shelters and utilize HOME TBRA to assist in rent subsidies for transitional programs not funded in the last CoC funding cycle. We need a strong Continuum to Housing which includes Prevention, Outreach, Shelters, Rapid Re- Housing, Transitional Housing, Supportive Housing with transition plans to Permanent affordable Housing( Subsidized and unsubsidized). MICAH would like to see state allow the HOME funds to be utilized for Tenant Based Rent Subsidies (HOME-TBRA) we believe 10% of State allocation of HOME funds utilized for rent subsidies would assist people to afford rents now.
  
15. MICAH is very concerned about the State's continual investment into Supportive Housing when there are no expectations with State funding for people to make progress/set goals, etc. We are pleased HUD has some expectations. Neither the State nor HUD have a clear plan how to transition people from supportive housing into other permanent housing. Thus we have the same people living in permanent supportive housing who have been using HUD's Homeless Supportive Housing funding for 10-15 years instead of people currently experiencing homelessness having access to these units. We are also very concerned about the additional funds the State puts into Supportive Housing Units- including Long Term Housing Trust Funds, LIHTC, DHS Supportive Housing Service funding. We request the State itemize the costs of each

person/family unit in housing and current length of stay and percentage of successful transition to permanent housing from these programs. **None of the people in these homeless programs are counted as homeless.**

16. MICAH continues to be very concerned about the cost of funding HMIS and requests an audit of all costs of HMIS- by each State agency, staff time, resources in systems, and provider staff time and costs for systems. We are also concerned about data privacy of people experiencing homelessness and HMIS and other homeless regulations which may be barriers for people accessing homeless services.
  
17. MICAH would like this plan to describe the success of the having the landlord risk mitigation fund.
  
18. We support increase funding for FHPAP – to prevent more families of color from needing to go to shelters or exist in homelessness. MICAH is concerned that focus on FHPAP funds on people with significant issues, limits prevention efforts and immediately addressing situational homelessness. The result which may create a scenario in which a homeless situation could have been prevented or quickly ending homelessness with little financial assistance becomes a long term homeless situations for people. We need prevention, immediate assistance for situational homelessness and resources to assist those with multiple barriers. A MICAH Board Member reported she has heard people speak to deplorable conditions caused by the overcrowding at several Hennepin County emergency shelters and to urge MHFA to increase the means to alleviate this situation.
  
19. The plan should be expanded to include relocation costs and transition costs for people from the metro area to other areas of state with available housing and job opportunities. There are jobs and lower cost housing/rentals that could offer more immediate assistance and help to give families a fresh start outside of Twin Cities sooner. A plan that offers transition costs, counseling, and assistance in job/housing restart in out-state communities would be lifeline to those stuck in homeless cycle in the metro area.
  
20. The Leveraging of resources part of the plan should be expanded. Leveraging with other interests provides a better value on expenditures.

21. More effective reclamation of foreclosed homes (in addition to Habitat for Humanity).

Due to mortgage insurance, lending institutions are not incented to reclaim foreclosed homes so they stay vacant for periods of times while people remain homeless. Mechanisms should be put in place to reverse this trend and reclaim the house and have it add to the rental housing stock or first time home buyers.

This process should be so structured to avoid speculators flipping homes for big profits. Also safeguards to preserve erosion of affordable housing stock in cases of gentrification by profit-oriented development.

22. When the Federal funding numbers are provided to the State, we would like to see an updated plan and opportunity to comment.

Specific Comments:

**Page 7 Holders of Housing Vouchers:** The Housing Choice Voucher program provides voucher holders with rent subsidies that allow them to pay no more than 30 percent of their income for rent, but they must find a rental unit on the open market to use the voucher. In 2016, almost 40 percent of the households moving off the Metro Housing and Redevelopment Authority's waiting list were unable to find housing where they could use their newly acquired Housing Choice Voucher. Finding housing that meets both the program's quality standards and rent limits can be challenging. In addition, some landlords with qualifying units refuse to rent to people using rental vouchers. In contrast, only 12 percent of voucher holders were unable to find housing in 2008. (The success rate improved in 2015 when the Metro HRA updated its waiting list. The previous list was eight years old.)

**Will MHFA support legislation that requires landlords to accept Housing Choice Vouchers?**

**Page 8 Large Families and Immigrants:** In 2015, 39,600 households in the Twin Cities metro area were large families (households with 6 or more people). Of these large families, 44 percent were immigrant families (with the head of household or spouse born outside of the U.S.). Finding affordable housing with at least three or four bedrooms is very challenging. In 2015, 54 percent of large households (21,400 households) were overcrowded or cost-burdened, while 72 percent of immigrant households were.

NOAH – if money is received for rehab, when the home is sold by the rehabber, can the home be made available for rent or purchase first to family with voucher?

**Example of Being Responsive: Adjusting Down payment and Closing-Cost Loans**

In the fall of 2016, we noticed that our home mortgage lending was less than expected. After a careful analysis, we determined that the amount of assistance provided through our down payment and closing-cost loans was insufficient in a market where home prices were rising, fewer sellers were offering to pay closing costs, and interest rates were expected to rise. In response, we increased the maximum loan amount offered under our down payment and closing-cost loan programs and increased the income limit to qualify for one of them. The adjustments were successful. We are now expecting to reach up to \$650 million in mortgage lending for the year, surpassing the original \$600 million goal. With an average mortgage of \$165,000, the changes will help move roughly 300 additional families into

**Assess the loss of naturally-occurring affordable housing, identify Minnesota Housing’s role in addressing the issue, and build partnerships.** Minnesota has recently been losing a significant amount of unsubsidized “naturally-occurring” affordable rental housing. Typically, these are older, dated units with modest rents. With the state’s low vacancy rates and rapidly rising rents, investors are buying these properties, updating them, and raising the rents so that they are no longer affordable. Minnesota has roughly 300,000 rental units that are affordable to households with incomes at or below 50 percent of the area median income. While 100,000 of these units are affordable through rent and income restrictions, 200,000 are naturally occurring. In 2017, we invested \$5 million in an effort of the Greater Minnesota Housing Fund that will finance the acquisition and prevent the loss of this housing. We need to strategically think about next steps, including working with partners on local policy changes.

How will the partners on local policy changes be selected? They should represent ethnic, racial, religious, disability, and socio-economic groups as well as developers, and housing officials.

**Page 12. Strengthen our partnership networks and increase equitable access to housing opportunities for people with the fewest housing choices.** By strengthening our networks, we hope to improve the lives of under-represented populations and people living in areas of the state with limited access to resources.

**Need more culturally qualified agencies to provide housing counseling – cover the cost of application and training – only 2 SE Asian orgs. Need to support Islamic home purchase financing by informing the public and developing more sources of Islamic banking.**

**Page 100. Program Performance Trends:**

For the Program Assessment period of October 1, 2015 – September 30, 2016, Minnesota Housing Funded \$2,579,348 under this program. Past allocations have funded: 1) the Home Ownership Center’s statewide counseling network, 2) the maintenance of HousingLink’s affordable rental housing information system, 3) the state’s HMIS, 4) regional Continuum of Care homelessness assistance

planning, and 5) supporting community based organizations across the state through the Capacity Building Initiative.

1. **Need more culturally qualified agencies to provide housing counseling – cover the cost of application and training – only 2 SE Asian orgs. Need to support Islamic home purchase financing by informing the public and developing more sources of Islamic banking.**
2. **The affordable rental housing information system must include oral multiculturally appropriate and multilanguage CD's for non-literate populations and/or advocates to provide information verbally.**
3. **Large, medium, and small agencies representing racial, ethnic, religious, disability, and socio-economic groups must be involved in the CoC process and accessing resources to service their community.**

Additional items we request be added to the plan

1. Include cities as partners in addressing the loss of NOAH and preventing evictions.
2. Include data on non-metro HRA voucher holders in suburban counties who are not able to use their vouchers.
3. Include the geographic location of households who are burdened by housing costs.
4. Include housing needs of youth and singles and some creative solutions for these households.
5. Include a glossary and define terms such as “workforce housing” in this Plan.

Thank you again for the opportunity to comment on your Draft 2018 Affordable Housing Plan. We would appreciate in the future, the deadline for comments does not occur the day after a major Holiday.

Sincerely,

*Sue Watlov Phillips*

Sue Watlov Phillips, M.A.

Executive Director, MICAH