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NOTICE OF PROGRAM AND POLICY COMMITTEE MEETING

Date: Monday September 17, 2018

Time: 9:00 a.m.

Minnesota Housing
Central Conference Room- 4th 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 2019 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.

Item: Public Comments Regarding the Draft 2019 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:

Attach for your review and discussion are the public comments regarding the draft 2019 Affordable Housing Plan. This includes:

- A summary of the comments
- Staff response to the summarized comments
- The full comments

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):

- Public Comments Regarding the Draft 2019 Affordable Housing Plan

Public Comments Regarding The Draft 2019 Affordable Housing Plan (AHP)

We received 22 sets of comments that spanned a wide range of topics and issues. The comments fall into three broad categories:

1. Supportive comments
2. Concerns or suggested changes/additions to the AHP
3. Specific operational or programmatic issues

We summarize the first two categories. Because the comments in the third category are outside of the scope of the AHP, they are not summarized; however, we appreciate the comments and will share them with program staff for consideration with respect to program design and operations. We are also attaching the full comments from all 22 organizations or people.

Context

Our Strategic Plan sets our strategic direction. The Affordable Housing Plan (AHP) is our annual business plan to execute the Strategic Plan and lays out the work we will do during the year with the resources currently available. The 2019 AHP is the last business plan implementing the 2016-19 Strategic Plan.

The Governor's Task Force on Housing just issued a report with a wide range of recommendations regarding housing in Minnesota. The Task Force was a statewide planning effort that involved all sectors (private, non-profit, and government). Minnesota Housing fully supported the Task Force and served as a lead sponsor. As the draft 2019 AHP states, we will incorporate the recommendations from the Task Force into our work as we develop our 2020-23 Strategic Plan. The 2020 AHP will be the first business plan to implement the new Strategic Plan.

Supportive Comments

- The overall direction of the AHP is good [National Alliance of Mental Illness, Southeast Minnesota Multi-County HRA]
- Overall, the Strategic Priorities and Core Activities set forth in the 2019 AHP are good. [NAHRO]
- Minnesota NAHRO supports the current distribution of tax-exempt private active bonds to both rental and homeownership. The set-aside for the Minnesota Cities Participation Program (MCP) helps address the financing needs for statewide first-time homebuyer programs, especially in Greater Minnesota and small rural communities. [Minnesota NAHRO]
- The expertise and experience that formed the draft 2019 AHP are appreciated, along with the Minnesota Housing's leadership in preventing and ending homelessness. [Catholic Charities]

- Reducing homelessness by 8% is a big deal. Minnesota should be commended as many other states are struggling with large increases in homelessness. [Dominium, Minnesota Housing Partnership]
- We enthusiastically support and appreciate MHFA's prioritization of reducing Minnesota's racial and ethnic homeownership disparity. [Catholic Charities]

Concerns or Suggested Changes/Additions

1. **Comment:** The 2019 AHP is not good enough. Minnesota Housing should call for a substantial increase in funding for housing and provide additional forward-thinking solutions on how to address critical affordable housing issues. The Governor's Task Force on Housing recommended: (1) an increase in funding for affordable housing, including a dedicated funding source, (2) doubling state and local rent assistance, and (3) other solutions. [Project for Pride in Living, Minnesota Housing Partnership, Southeast Minnesota Multi-County HRA, Minneapolis/St. Paul/Duluth PHAs/HRAs]

Response: We agree that more can and should be done, and we will incorporate the recommendations of the Housing Task Force into our work in our upcoming Strategic Plan.

2. **Comment:** Besides an overall production goal for the development of rental and owner-occupied housing, the AHP should provide separate goals for new construction metro, new construction Greater Minnesota, rehabilitation metro, and rehabilitation Greater Minnesota. [Minnesota Housing Partnership, Dominium] Greater Minnesota rental goals are needed because traditional, MHFA tools at 60% of AMI and below are inadequate provide what is needed in many areas of Greater Minnesota. [Dominium]

Response: We award resources for rental and homeowner development through competitive Requests for Proposals (RFPs). The split of resources and unit production between the metro area and Greater Minnesota and between new construction and rehabilitation is largely determined by the quantity and quality of applications submitted and their alignment with the selection criteria. For planning purposes, we focus on an overall statewide production goal, rather than a predetermined regional or activity split. In our [Annual Program Assessment](#) (see Table 5), we track the actual allocation of Agency resources (after loans have closed) by region to monitor the regional distribution. Overall, the regional split of resources through our competitive RFPs matches the regional split of the need.

We agree that the current availability of resources for affordable housing in Minnesota is inadequate to meet the need, which applies to homeownership, rental, new construction, rehabilitation, and all the regions of the state.

3. **Comment:** 4,200 new rental units from 2016 through 2019 do not keep up with population growth. Results should be compared to household growth of income-qualified households. [Dominium]

Response: We agree that the demand for affordable housing across all types outweighs available resources. The number of households has grown, housing costs have increased, incomes have been

stagnant, and affordable housing resources from the state and federal government have not increased significantly. This applies to both rental and homeownership. We have pursued additional funding sources to help bridge that gap. With additional resources, we could support the development of more affordable rental housing, and the report from the Governor's Task Force on Housing has several recommendations for increasing development. In 2019, we will identify the recommendations from the Task Force that we can incorporate into our work.

4. **Comment:** With only 1 MHFA MAP loan in 2017, it may not be worth MHFA staff time to pursue this line of business. [Dominium]

Response: To best serve the developments that we help finance, we want a range of financing options, and MAP loans are an important tool. With our business development activities, we plan to increase our overall level of multifamily first mortgage lending, including MAP loans.

5. **Comment:** The AHP needs to highlight how Minnesota Housing plans utilize its limited annual allocation of approximately \$190 million of private activity bonds. Using these bonds for home mortgages reduces rental production. [Dominium]

Response: When we finance affordable housing with limited resources, we must balance the significant needs that exist for rental and homeownership. Our use of private activity bonds for homeownership helps generate the resources needed to provide sustainable downpayment and closing costs assistance programs, which helps address the wealth gap and Minnesota's significant homeownership disparity. We are proud of our industry leading efforts to prepare families for successful homeownership through downpayment tools and mortgage programs.

We reserve private activity bonds for rental projects selected through the consolidated RFP, (but this doesn't occur until after the AHP has been approved and projects have been selected for funding). We also manage our private activity bond volume cap on an ongoing basis to provide the most flexibility in the types of activities that are financed with these bonds, as well as other bond options (e.g. taxable bonds), and reflect current conditions in the capital markets.

6. **Comment:** Minnesota Housing should consider further writing down interest rates on its home mortgages. The current rates offered by the Agency are similar to conventional market rates. Lower interest rates and additional downpayment assistance might have a greater impact in addressing Minnesota's racial homeownership disparity. [City of Lakes Community Land Trust]

Response: The interest rate we charge on our mortgages is largely determined by the rate at which we can borrow in the bond market and are competitive rates. In the 2019 AHP, we're allocating \$40 million to downpayment programs, which recognizes the need, current market conditions, and generational wealth issues. The programs are sized to support our largest commitment to single family mortgages. We also provide affordability gap resources and downpayment assistance resources to organizations, including several community land trusts, that apply to the Community Homeownership Impact Fund.

7. **Comment:** The AHP should have a section that speaks to how every dollar invested creates or maintains affordability to the maximum duration allowed. [City of Lakes Community Land Trust]

Response: Maximizing the affordability period of our investments has always been a goal of Minnesota Housing. For example, we provide selection points to developments applying for housing tax credits that have extended affordability periods, with 40 years receiving the most points. On the homeownership side, we have a long history of funding community land trusts and Habitat for Humanity programs, both of which provide long-term affordability.

8. **Comment:** Minnesota Housing should contract an outside organization, like Minnesota Housing Partnership, and assess MFHA's current direction. The Governor, Legislature, Counties, Cities, Non-Profits, and Developers should be asked, "Should Minnesota Housing be like a bank or an agency that takes higher risk projects?" [Southeast Minnesota Multi-County HRA]

Response: In 2019, we will be developing our 2020-23 Strategic Plan with input from the public and stakeholders and would appreciate further feedback about our next Strategic Plan and agency priorities.

Minnesota Housing balances its bank-like financing and more mission-oriented activities to meet the dual objectives of funding the most affordable housing activities it can each year while also providing confidence that agency has a sustainable financial future.

9. **Comment:** The AHP needs to prioritize the development of owner-occupied homes. The inventory of entry-level homes has been cut on half since 2014. In many areas, the cost to develop an entry-level home exceeds the appraised value, creating a gap. [Powderhorn Residents Group (PRG)]

Response: The resources to develop new single-family owner-occupied homes come from the Community Homeownership Impact Fund, which uses state appropriations from the Economic Development and Housing/Challenge program. A priority for the Impact Fund is new construction. Over the past few years we have seen a steady increase in the number of proposals to the Impact Fund that are for new construction and we have funded many of these projects. With the recommendations of the Governor's Task Force on Housing and the need to develop more starter homes, we will consider additional strategies moving forward.

10. **Comment:** The AHP should include funding to nonprofit community organizations that are in the process of providing low income housing, for example, constructing and renovating existing homes in the neighborhood. [Aurora/St. Anthony Neighborhood Development Corporation]

Response: This type of funding is currently available through our Community Homeownership Impact Fund, which is available every year through our consolidated RFP.

11. **Comment:** Manufactured homes and communities provide a critical supply of affordable housing. There are numerous actions that Minnesota Housing could take to preserve, expand, and support this important resource. Why aren't infrastructure improvements at manufactured home parks an

eligible use of HIB proceeds this year? [Northcountry Cooperative Foundation, Park Plaza Cooperative, Metropolitan Interfaith Council on Affordable Housing (MICAH), Senator Koran]

Response: We agree that manufactured homes and parks are critical part of affordable housing in communities across the state. We support the rehabilitation of manufactured homes through our Community Homeownership Impact Fund and the Rehabilitation Loan Program. We support manufactured home parks through our Community-Owned Manufactured Home Park program, and we support tenants living in manufactured home parks that will close through the Manufactured Home Relocation Trust Fund. As noted by the commenter, infrastructure improvements at manufactured home parks recently became an eligible use for Housing Infrastructure Bonds. Infrastructure improvements will be included in next year's RFP or as its own RFP.

In addition to working on the new source of funding, we will add to the 2019 AHP a commitment to refine our strategy for supporting manufactured homes and parks in future years.

12. **Comment:** Minnesota Housing should support various strategies in the *Heading Home Together Plan: Minnesota's 2018-2020 Action Plan to Prevent and End Homelessness*. [Catholic Charities]

Response: We support the strategies in the plan and have an agency work plan for activities related to Minnesota Housing. Minnesota Housing financially supports the Office to Prevent and End Homelessness and serves as a home for the Office. We will also support the actions of other organizations and state agencies as they implement other parts of the plan. The Housing Infrastructure Bond program for supportive housing, state Housing Trust Fund, Family Homelessness Prevention and Assistance program, Bridges program, federal HOPWA, federal Housing Trust Fund, and Section 811 rental assistance program are all administered by Minnesota Housing in support of the strategies in the Heading Home Plan.

13. **Comment:** Minnesota Housing's commitment to increasing housing stability for people with mental illness needs to be clarified/enhanced. The new legislative language for Housing Infrastructure Bonds (HIBs) does more than "emphasize" supportive housing for people with behavioral health issues, it stipulates that up to \$30 million will be made available. In addition, in order to support people with mental health needs, more needs to be done to encourage landlords to take Section 8 and Bridges vouchers, as recommended by the Governor's Task Force on Housing. [National Alliance on Mental Illness]

Response: We will clarify the AHP and state that the bonding bill stipulates that up to \$30 million of HIB proceeds will be made available for supportive housing for people with behavioral health needs. We anticipate fully committing these funds to projects in the 2018 and 2019 RFPs. As part of our process for developing our 2020-23 Strategic Plan and assessing the recommendations of the Governor's Task Force on Housing, we will examine strategies for increasing landlord acceptance of housing vouchers. We understand and know that more needs to be done to increase the placement of vouchers and have made some initial changes in our Housing Trust Fund program to address this issue. We are currently piloting a Landlord Risk Mitigation Fund that provides participating landlords

who rent to people with criminal records and other barriers with funds if lost rent, damages, and other losses are greater than the security deposit.

14. **Comment:** The draft AHP fails to emphasize the essential role of public housing in the state's continuum of affordable homes. [Minneapolis PHA / St. Paul PHA / Duluth HRA, Minnesota NAHRO]. For example, the AHP section that covers preserving the existing housing stock focuses just on smaller properties, with no mention of large multifamily properties or public housing. Public housing should be eligible to receive PARIF and HIB funds. Public housing developments that convert to project-based rent assistance under the Rent Assistance Demonstration (RAD) also need to receive and retain assistance under this plan. [Minneapolis PHA / St. Paul PHA / Duluth HRA]

Response: We will clarify that we are concerned about all types of preservation and understand that public housing provides critical housing in all 87 counties. Current maintenance needs are not met by current federal resources. That is why we continue to request resources for our Publicly Owned Housing Program (POHP), which has a budget of \$8.5 million in 2019. To highlight the importance of this program, we will add it to our list of 2019 commitments for action. Because of public housing has exclusive use of POHP, we have not used PARIF or HIB to fund public housing rehabilitation. RAD 2 conversions of public housing are eligible for housing tax credits and are scored under preservation as critical affordable housing units.

15. **Comment:** The state's strategy regarding Publicly-Owned Transitional Housing (POTH) needs to be clarified. [Southeast Minnesota Multi-County HRA, St. Cloud HRA, Minnesota NAHRO]

Response: We realize there are issues with the operation and maintenance of projects financed under the POTH program, and there is a need for additional funding. We will investigate possible strategies for addressing these issues.

16. **Comment:** The Rental Rehabilitation Deferred Loan (RRDL) program needs to be simplified and redesigned. [Minnesota Housing Partnership, Southeast Minnesota Multi-County HRA, St. Cloud HRA] The program should also be expanded to the metro area with a larger budget. [Metro Cities]

Response: We are currently re-assessing the program and looking at ways to redesign it to improve program delivery and effectiveness. We are also evaluating how the program could expand to the metro area and have had conversations with some stakeholders to further define the need and possible options for implementation. This program is funded with state appropriations, and we have requested increased appropriations in the past, without success.

17. **Comment:** Minnesota Housing needs to devote more resources to the preservation of federally-subsidized properties, including USDA Rural Development units in rural communities. In addition, the Agency should put less emphasis on cash flow/underwriting in the funding decisions. [Southeast Minnesota Multi-County HRA, Minnesota NAHRO]

Response: We will continue to prioritize the preservation of USDA Rural Development units with rent assistance and find ways to refine our strategies. This issue is part of our conversation about

the RRDL program. As we evaluate that program, we are looking at the underwriting principles of the program.

18. **Comment:** Additional resources are needed for seniors to age in place in their community, which would include: (1) accessory dwelling units and home sharing, and (2) HIB funds going to senior housing. [Metropolitan Interfaith Council on Affordable Housing (MICAH)]

Response: This coming year, housing for low-income seniors will become an eligible use of Housing Infrastructure Bonds as a result of legislative action in 2018. Seniors will also continue to be a primary beneficiary of the Rehabilitation Loan Program, which provides the lowest-income homeowners with resources for home improvements and modifications. With the growing number of seniors, additional strategies will be needed at Minnesota Housing and other state agencies, including Department of Human Services, which we will discuss as we develop our 2020-23 Strategic Plan.

19. **Comment:** Minnesota Housing's goal for lending to households of color should increase from 35% to 40% of mortgages for first-time homebuyers. [Project for Pride in Living]. Minnesota Housing should set targets and timelines for reducing racial disparities, including the homeownership. [Minnesota Housing Partnership, City of Lakes Community Land Trust]

Response: Our analysis shows that 34% of renter households who are income-ready to buy a home and are between the ages of 25 and 44 (the prime first-time buying ages) are households of color. With 35% of our first-time home mortgages going to households of color, we lead the broader lending industry by a ratio of nearly 3:1. We will continue to refine strategies to help more households of color become homeowners. To address Minnesota's racial and ethnic homeownership disparity, we need to increase the market-wide rate. Minnesota Housing only accounts for about 5% of the overall mortgage market in Minnesota.

We have taken a leadership role with the Homeownership Opportunity Alliance, an industry-wide effort to reduce the overall homeownership disparity. The alliance has been setting market-wide targets.

20. **Comment:** How are you utilizing your new Analysis of Impediments to Fair Housing Choice to direct this plan? [Metropolitan Interfaith Council on Affordable Housing (MICAH)]

Response: Our new Analysis of Impediments (AI) will go to our Board of Directors in September for approval. We will build the actions outlined in the AI into an agency work plan, and we will report on our efforts every year in our Consolidated Annual Performance and Evaluation Report (CAPER) for HUD.

21. **Comment:** We support increased funding for the Homeownership Capacity program and FHPAP. [Metropolitan Interfaith Council on Affordable Housing (MICAH)]

Response: We are proud of the Homeownership Capacity Program and the number of individuals and families it has supported. We welcome supporters as we consider options for additional funding.

22. **Comment:** Under the draft 2019 AHP, Minnesota Housing is decreasing its emphasis on energy efficiency and conservation. Compared with the 2018 plan, the 2019 plan has significantly less discussion about the issues. [Fresh Energy/Midwest Energy Consortium/NRDC]

Response: We value your comments on energy efficiency and conservation. Our Energy Fellow continues to play a critical role within the agency, and many of the details outlined in previous AHPs remain in place today. Minnesota Housing's policies on energy efficiency and conservation and the emphasis we place on them have not decreased.

23. **Comment:** How is Minnesota Housing addressing the issue of visitability in the housing developments that it finances? [Paula Hardin]

Response: Visitability requirements are applicable for certain projects that we finance. For both homeownership and rental development funding, we give points to projects that serve people with disabilities, and we provide incentives for projects that meet universal design standards.

24. **Comment:** One-size-fits all programs don't work well, particularly in Greater Minnesota. Minnesota Housing should decrease program restrictions and allow greater local control. [Southeast Minnesota Multi-County HRA]

Response: We look for ways to streamline and simplify our programs, making them more flexible to meet local needs. However, to ensure that scarce resources are efficiently, effectively, equitably, and appropriately used across the state (meeting legal and fiduciary requirements), some restrictions are needed.

25. **Comment:** Areas outside of cities should be eligible for the Workforce Housing Development program. [Cook County/Grand Marais EDA]

Response: The statute for this program determines eligibility. Areas outside of cities are eligible for funds. Per statute, an eligible project area is any one of the following:

- A home rule charter or statutory city located outside of the metropolitan area with a population exceeding 500
- A community that has a combined population of 1,500 residents located within 15 miles of a home rule charter or statutory city located outside the metropolitan area
- An area served by a joint county-city economic development authority

Priority is given to applicants located in an eligible project area that has a population below 30,000.

26. **Comment:** Minnesota Housing needs to better support the full range of communities in accessing agency resources. The Agency should evaluate what measures it can take to ensure that smaller communities (often rural) and organizations can compete for the resources. [Minnesota Housing Partnership, Senator Goggin]

Response: We agree that we need to offer programs that meet local needs and can be accessed by communities. Local and organizational capacity is a critical issue, particularly in smaller, rural communities. While there is more we can do, we offer technical assistance to anyone who wants to apply for our funds and are working to simplify our programs and processes. To build capacity, we also offer capacity building grants to organizations and local units of government. We are also currently assessing local capacity across all our programs and based on the results of the assessment, we will refine our strategies.

27. **Comment:** We need more culturally-qualified agencies providing housing services in Minnesota.
[Metropolitan Interfaith Council on Affordable Housing (MICAH)]

Response: We agree. We have supported organizations that serve underrepresented populations, have culturally-appropriate services, and are interested in doing more. For example, the Enhancement Homeownership Capacity program is administered through organizations that provide culturally appropriate services. In 2014, this program funded 7 organizations, and now, it funds 16. We have also provided Capacity Building grants to these types of organizations. For example, in 2017, we funded CAPI USA (financial coaching for immigrants and refugees), Karen Organization of Minnesota (homebuyer education and counseling for refugees from Burma), and the Minnesota Tribal Collaborative to Prevent and End Homelessness, and One Family One Community (renter training and advocacy in North Minneapolis).

Public Comments Regarding Draft 2019 Affordable Housing Plan September 7, 2018

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Northcountry Cooperative Foundation

August 29, 2018



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Commissioner Tingerthal
Minnesota Housing Finance Agency
400 Wabasha St., Ste. 400
St. Paul, MN 55102

RE: 2019 Affordable Housing Plan

Dear Commissioner Tingerthal:

The Minnesota Housing Finance Agency has been an early and constant supporter of resident-owned manufactured home communities. But the MHFA's investment in manufactured housing, as displayed in the Agency's 2019 Affordable Housing Plan, has not kept pace with the growing realization that manufactured housing must play a very important role in addressing Minnesota's need for affordable housing, and we have some suggestions on additional actions that the Agency could take to further support that critical housing resource.

As a reminder, manufactured housing is an important source of work-force housing throughout Minnesota. In fact, there are more homes affordable to families earning 50% of area median income or less in manufactured home communities in Minnesota than all of the Section 8 and Rural Development subsidized housing combined. While manufactured housing is an important source of work-force housing, it is being eliminated at increasing rates. Most of the manufactured home communities in Minnesota were developed decades ago with private infrastructure systems. Many of those systems are at or beyond their anticipated useful lives. Often, when such private infrastructure fails, the private owner's rational decision is to close the park, evict the residents and sell the land for redevelopment. In just about every Minnesota community, manufactured housing is the least expensive unsubsidized housing option, so that when a park closes, some residents become homeless because they cannot afford any other option. And moving a home often costs more than the home is worth, so when a park closes, many families lose their only substantial asset.

When residents buy the manufactured home communities that they live in, the risk of regular rent increases and park closure ends. Residents raise rents only when costs increase, so rents drift farther and farther below market as time goes on. And we help the residents to determine and set aside reserves to repair and replace the infrastructure systems serving their communities. The result is increasingly affordable housing, serving hard-working families in the community in

perpetuity. More and more legislators and citizens are coming to see that manufactured housing is a critical housing resource that must be preserved and expanded.

We have been working on a number of initiatives to increase the supply of public, nonprofit and resident-owned manufactured housing. I have attached an outline of those proposals. We hope that you will consider including some or all of them in the Agency's 2019 Affordable Housing Plan. We would be happy to meet with you or members of your staff to discuss any of our proposals.

Sincerely,



Shaun McElhatton
Senior Development Director

Cc Ryan Baumtrog, Julian Loscalzo, Ward Einess, Warren Kramer



Legislative Needs

- A. Opportunity to Purchase (OTP)
- B. Infrastructure Funding--appropriate funds for existing infrastructure fund
- C. Correct Property Tax Renters' Credit law to allow credit for resident-owned manufactured home communities
- D. Reform Right of First Refusal law
- E. Amend Relocation Trust Fund law
 - a. Increase cap
 - b. direct funds in excess of cap to infrastructure fund
 - c. create an enforcement mechanism
 - d. other APAC amendments
- F. Amend state and federal capital gains tax laws to reduce capital gains tax on sales of MH communities to residents
- G. Revise Minn. Stat. Section 428A.11-.21 to clearly extend to MH
- H. MH Home Financing – MHFA & private sector
- I. Secondary Mortgage Market Reforms
- J. Titling Reform
- K. Extend Challenge Fund eligibility to MH
- L. Amend HIB's statute to include MH acquisition as a permitted use
- M. Create dedicated grant or very-low-interest loan pool for resident purchases of MH communities
- N. Provide TA support for resident purchases of MH communities

Administrative Needs

- A. Infrastructure Fund--more flexibility in application process--e.g. Open pipeline and 90-day turnaround

- B. MHFA participation in ROC Capital loans--reduce interest rate to 3 or 4%**
- C. Increase collections on Relocation Trust Fund (now about 50% collection rate)**
- D. Create process for accessing HIB's for MH**
 - a. Access acquisition funds as a land trust**
 - b. Establish process for accessing HIB's for MH infrastructure**
- E. Improve and expand MH data collection practices--based on CURA study**
- F. Dedicate Pool 2 and 3 funds to MH**



I am submitting comments on behalf of NAMI Minnesota regarding the 2019 Affordable Housing Plan from the Minnesota Housing Finance Agency.

People living with mental illnesses and their families face additional hurdles to accessing and maintaining stable housing situations. According to a 2015 survey from the Wilder Foundation, about 60% of adults and 57% of youth experiencing homelessness in Minnesota live with a serious mental illness. In addition to driving poor mental health outcomes, the shortage of housing options also prevents people with a mental illness from moving into less restrictive and expensive settings. NAMI Minnesota appreciates the effort to focus on mental illness in the 2019 affordable housing plan, but we have a few concerns:

1. **Permanent Supportive Housing:** The 2019 Affordable Housing Plan acknowledges that some people, especially people with a mental illness, will require additional supports and services in order to remain in their home. However, we are concerned that language in the plan only refers to the bonding bill “emphasizing” supportive housing for people with a mental illness. The language in the 2018 bill goes further and stipulates that up to \$30 million in bonding dollars are authorized exclusively for permanent supportive housing for people with mental health and substance use disorder needs. NAMI hopes that the use of HIB bonds will reflect this mandate.
2. **Housing Vouchers:** Section 8 and BRIDGES Housing vouchers are both a lifeline for people with a mental illness who have low incomes in order to have a home of their own. However, these vouchers don’t mean anything unless a landlord will accept them. NAMI Minnesota encourages MHFA to consider the Governor’s task force recommendations in this area, such as developing strategies and funding streams that could mitigate the risk landlords assume when accepting public housing vouchers, including payments for damaged property.
3. **Dedicated Funding Stream:** NAMI Minnesota is an active member of the Homes for All Coalition and consistently advocates for increasing funding for Housing. Nonetheless, we are opposed to an effort to create a new dedicated funding stream to develop affordable homes. This would take flexibility away from the Legislature and creates a bad precedent that would encourage other portions of state government to seek a similar source of dedicated revenue.

NAMI Minnesota supports the direction of the 2019 Affordable Housing Plan and its focus on the needs of people with a mental illness. We look forward to supporting the Minnesota Housing Finance Agency and its mission to allow more Minnesotans to have a safe and affordable home.

Thank you for your time and attention,


 Sue Abderholden, MPH
 Executive Director



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 651-645-2948 | 1-888-NAMI-HELPS | www.namimn.org





September 4, 2018

Minnesota Housing Finance Agency
Attention: Affordable Housing 2019 Plan Comments
400 Wabasha Street, Suite 400
St. Paul, MN 55102

RE: Affordable Housing Plan 2019

To whom this may concern,

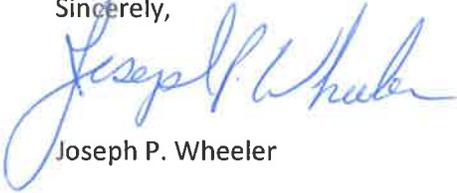
Overall, we agree with MHFA's Affordable Housing Plan for 2019 with the following comments:

- 1.) With a new governor coming into office in 2019, we strongly suggest that MHFA include support of a substantial increase in funding for affordable housing. With the Governor's task force recommendations, arguments most certainly can be made for increase in funding. Two new sources that have been introduced in the legislature last session were state tax credit and housing trust fund to be utilized across the state. Both of the bills were very well received last session and we believe if adequately funded would greatly help Greater Minnesota.
- 2.) POTH Programs continue to be difficult to keep full due to cut back in Federal support service grants. Guidelines should be reviewed to allow other low-income families to occupy in the event of high vacancies.
- 3.) We would like to see more funds appropriated to preservation of federal projects. In particular the USDA Rural Development units. These units are located in small rural communities throughout greater Minnesota and in many cases in need of capital improvements. Would like to see more emphasis on preservation of these units rather than cash flows. Underwriting criteria should be less restrictive especially in communities with low vacancy rates.
- 4.) Rental Rehabilitation Deferred Loan (RRDL) program needs to have guidelines established that are not so restrictive, that it detours owners from participating. From an administrative view point, this program is very restrictive, not user friendly, and major changes to guidelines have been made too many times throughout the four years. There is no incentive for an agency to administer this program due to the up-front cost, loss of local funds, and unfairness given administrators like end loans only. Administrators should be compensated for services up front especially if its providing these services outside its normal service area.
- 5.) More local control needs to be given. One size does not fit all especially in Greater Minnesota. MHFA should develop a process that pre-certifies a private or public non-profit eligible to apply with less restrictions.

- 6.) MHFA should contract with an outside organization, like Minnesota Housing Partnership and assess MHFA's current direction. Question to be asked to Governor, Legislature, Counties, Cities, Non-Profits, and Developers. Should MHFA be like a bank or should it be an agency that takes on higher risk projects.

Thank you for hearing our comments and concerns.

Sincerely,

A handwritten signature in blue ink, appearing to read "Joseph P. Wheeler". The signature is fluid and cursive, with the first name "Joseph" being the most prominent.

Joseph P. Wheeler

cc: Minnesota Housing Partnership
Minnesota NAHRO

To: MN Housing Staff
 From: Project for Pride in Living
 Date: September 6, 2018
 Re: Comments on the Draft 2019 Affordable Housing Plan

PPL appreciates the opportunity to comment on the Draft Plan, and we thank the staff for the detailed information comparing the current year's numbers to the Plan Year, program by program. While all of this information is helpful and constitutes a good plan, in light of the need, it is not good enough.

General Comments:

There is a disconnect between what we know households are experiencing, what the Governor's Task Force data tells us, what the Tent City at Cedar and Franklin shows us, and what the plan calls for. While we understand that the Plan allocates resources that will be available in 2019, it is almost heartless that there is no acknowledgement that the resources available do not come near addressing the needs.

Chapter 1 states eloquently the benefits of a stable home; should it not also state that a stable home is beyond the grasp of a significant portion of the population (with incomes below 30% of the Area Median Income)? For these Households to achieve stable housing, more is needed than an increased number of affordable units. Rental assistance and supportive services, also needed, will require MN Housing to work cooperatively with other agencies to provide coordinated solutions, beyond the scope of current programs. The Plan is very specific about how MN Housing will administer its existing programs, but there is no evidence of forward-thinking solutions to critical affordable housing issues. We would like to see new, dedicated sources of funding for rental assistance and housing with services (whether MN Housing resources or other agencies). What should be MN Housing's role in cultivating a coordinated approach and expanded resources?

We believe that the affordable housing supply should be significantly increased, particularly the number of affordable units across the metro area. We think that scarce housing resources should be focused on those who have the least (below 30% Area Median Income) when possible, to cover the cost of housing construction, rental assistance and supportive services to help those individuals and families succeed.

Specific Comments:

Page 3

- The Plan should address, not just assess, the recommendations of the Governor's Task Force.

Page 8

- The commitment to action to provide mortgages to first-time homebuyers of color should be to increase those mortgages by 5% to a total of 40% rather than just remain at 35% for another year.
- It is important to add that the vacancy rate in the metro area is 2.2 percent, as noted in the Governor's Task Force Report, and this is an important indicator of where the housing shortage is most acute.

Page 13

- Although homelessness has seen a drop since 2014, it is important to note that homelessness increased 4.5% from 2016 to 2017 (<https://www.mprnews.org/story/2018/06/07/what-can-be-done-about-minnesotas-rising-homelessness-rates>)



What can be done about Minnesota's rising homelessness ...

www.mprnews.org

The number of homeless people in Minnesota is rising, according to the U.S. Department of Housing and Urban Development.

- In 2018, homelessness has become increasingly visible with a homeless encampment established along Hiawatha Avenue just south of Franklin. Individuals and families who struggle with addiction, mental health issues and have challenging rental histories are difficult to house. It will take a more concentrated effort to provide housing with services to help everyone living in this encampment.

Page 18

- We greatly appreciate the Minnesota Housing initiative to streamline all the processes in the multifamily division and we think that the online portal worked well in 2018, saving both time and trees. Additional ideas for further process improvements include:
 - Track the amount of time between funding awards and project financial close and set a goal to reduce this time to 3 months on average.
 - Streamline the mortgage credit approval for LMIR loans down to 30 days instead of 60 and 15 days instead of 45 days for HUD form 2530 (Previous Participation Certification) and obtaining a HUD project number.
 - Fund the operating deficit reserve for LMIR loans from the development budget instead of requiring separate funding or a letter of credit. This would greatly simplify the time it takes to set up and monitor this reserve.
 - Allow Guaranteed Maximum Price (GMP) Contracts (AIA102) with general contractors. This type of contract can result in better drawings and more accountability for costs, but is not currently allowed for LIHTC projects.

Page 28

- There are decreases to the Rental Assistance Contract Administration and the Housing Stability for Vulnerable Populations line items at a time when these resources are much needed. It is unclear how many contracts will be taken over by the MN Department of Human Services and if this line item could be increased by shifting funds, but this is where the most need is.
- The plan states that the number of households assisted by the Family Homeless Prevention and Assistance Program has declined because it is targeting harder-to-serve clients but this is an area of great need where the number of clients should be increased as well as the amount per client.

As we all turn our best thinking to trying to address the critical shortage of affordable housing, we appreciate being able to share our perspective. We hope that a 2019 plan, as adopted, will reflect a stronger awareness of greatest needs and allocate resources to alleviate those needs, in addition to assigning resources efficiently.

TO: MINNESOTA HOUSING
FROM: DOMINIUM INC.
SUBJECT: 2019 AHP DRAFT COMMENTS
DATE: SEPTEMBER 6, 2018

We have reviewed 2019 Affordable Housing Plan – Draft for Public Comment and have the following comments:

We believe this plan should have specific numeric multi-family development targets as follows:

- **New construction -metro**
- **Preservation – metro**
- **New construction – greater Minnesota**
- **Preservation – greater Minnesota**

On page 2 of the plan, it states, “In 2019, we will complete the last year of our 2016-19 Strategic Plan. The four years have been successful. We are currently on track to: Finance the construction of 4,196 new rental units”

Comment: 4,200 new units from 2016-2019 does not even keep up with population growth – this is not a good result. Results should be compared to household growth of income – qualified households.

On page 2 of the plan it also states, “We are currently on track to: Reduce homelessness by 8% (the reduction in the three most recent years)”

Comment: Reducing homelessness by 8% is a big deal. Minnesota should be commended for this result as many other states are struggling with large increases in homelessness.

On page 2 of the plan it states, “We are currently on track to: Finance the development of workforce housing in Greater Minnesota”

Comment: This is a very important goal, but too vague to be useful. Traditional MHFA tools at 60% AMI and below are not adequate to supply what is needed in many areas of Greater Minnesota. It would be helpful for Minnesota Housing to have specific production goals in greater Minnesota and report on these goals.

On page 3 of the plan it says, "In 2019 we plan to operate an \$800 million home mortgage program. In 2018, we originally forecasted \$630 million of lending activity. However, through program adjustments, effective implementation, and outreach, we significantly increased it to about \$800 million. We expect to reach a similar level in 2019 and serve 4,324 borrowers."

Comment: MHFA is increasing its purchases of single family loans by almost \$200M/year – to the extent that is financed with Private Activity Bonds (PAB), that means 1,600 units of affordable rental housing will not be built.

On page 9 of the plan under the heading "Our Commitment to Action in 2019", Minnesota Housing discusses how it will use various state and federal resources which have been entrusted to it, including \$60 million of Housing infrastructure Bonds and \$12.4 million of federal low income housing tax credits.

Comment: Minnesota Housing has also been entrusted with approximately \$190 million in federal Private Activity Bonds. This resource, when combined with 4% tax credits, is able to leverage over \$100 million in equity proceeds for our state. This housing plan needs to highlight how Minnesota Housing plans to utilize this limited federal resource for the best effect in Minnesota.

On page B-11, the plan states, "One MAP loan for a development with 75 units closed October 1, 2016 – September 30, 2017. In the current interest rate environment, MAP loan volume is expected to remain level, both through the RFP and on a pipeline basis.

- 1 loan for a development with 75 units
- \$2,662,000 total loan amount
- \$35,493 average MAP assistance per unit"

Comment: Only 1 MHFA MAP loan was closed for \$2.6M – it may not be worth MHFA staff time to pursue this line of business

September 7, 2018

Commissioner Mary Tingerthal
Minnesota Housing
400 Wabasha Street, Suite 400
Saint Paul, MN 55102

RE: Draft 2019 Affordable Housing Plan (AHP)

Dear Commissioner Tingerthal:

Fresh Energy, the Midwest Energy Efficiency Alliance, and the Natural Resources Defense Council respectfully submit these comments regarding Minnesota Housing Finance Agency's ("Minnesota Housing") 2019 Draft Affordable Housing Plan ("AHP"). While we commend Minnesota Housing for its commitment to removing barriers and providing equitable access to programs and opportunities, we are concerned that the 2019 AHP's decreased emphasis on energy efficiency in affordable housing would forgo significant additional opportunities to reduce costs, improve housing stock, and benefit owners and tenants. These comments give an overview of areas of concern in the new plan, while also providing recommendations on why and how the previous emphasis on energy efficiency should be renewed.

I. Organizational Background

Fresh Energy is a nonpartisan, energy policy nonprofit based in Saint Paul, Minnesota with over 20 years of experience advocating for policies that increase the adoption of energy efficiency and renewable energy resources. Fresh Energy's mission is to lead Minnesota's transition to a clean energy economy through advocacy, policy analysis, and public outreach. Since 2014, Fresh Energy has co-convened the Minnesota Multifamily Affordable Housing Energy Network (MMAHEN), a collaboration of stakeholders working to increase energy efficiency in affordable multifamily housing.

Natural Resources Defense Council (NRDC) is an international environmental non-profit that works to safeguard the earth—its people, its plants and animals, and the natural systems on which all life depends. NRDC combines the power of more than three million members and online activists with the expertise of some 500 scientists, lawyers, and policy advocates across the globe to ensure the rights of all people to the air, the water, and the wild. Creating a clean energy future is a priority issue for NRDC, and as such NRDC conducts research and advocacy for resources like energy efficiency.

Midwest Energy Efficiency Alliance (MEEA) is the region's key proponent and resource for energy efficiency policy, helping to educate and advise a diverse range of stakeholders on ways to pursue a cost-effective, energy efficient agenda. Through partnerships, programs and a dynamic annual conference, MEEA curates a forward-thinking conversation to realize the economic and environmental benefits of energy efficiency.

II. Discussion

The draft 2019 AHP includes significantly less discussion of energy, energy efficiency, and energy conservation compared to the 2018 AHP. The table below shows relevant excerpts of the sections discussing energy in each AHP:

2018 AHP ¹	Draft 2019 AHP
<ol style="list-style-type: none"> 1. <u>Home Improvement Loan Program:</u> “It is also effective at financing projects that only involve energy conservation or accessibility improvements.”² “The Home Improvement Loan Program, including the Fix Up Fund and Community Fix Up Fund, provides fully-amortizing home improvement loans to low- and moderate-income homeowners to improve the livability and energy efficiency of their homes.”³ 2. <u>Supporting and improving Minnesota’s rural delivery networks, such as Community Action Agencies:</u> “For example, Community Action Agencies frequently administer several of our programs in addition to energy assistance, weatherization, job training...”⁴ 3. <u>Capacity Building Grants:</u> “Dayton’s Bluff is striving to create lower-cost, high-quality, single-family homes with minimal subsidies, using modular construction techniques to develop affordable Energy STAR homes. Ecolibrium3 is using a different strategy to address the same issue by partnering with the University of Minnesota Duluth to create a small-scale manufacturing facility in Northeast Minnesota to build components for energy-efficient, single family homes.”⁵ 4. <u>Energy conservation work:</u> “Our Energy Efficiency Fellow, hired in 2016 with support from the Energy 	<ol style="list-style-type: none"> 1. <u>Home Improvement Loan Program:</u> “The Home Improvement Loan Program (including Fix-Up and Community-Fix-Up Loans) uses Pool 2 resource to provide fully-amortizing home improvement loans to low- and moderate-income homeowners to improve the livability and energy efficiency of their homes.”⁸ 2. <u>Rehabilitation Loan Program:</u> “The Rehabilitation Loan Program (RLP) provides zero-percent deferred loans to extremely-low-income homeowners at or below 30 percent of area median income (AMI) to improve the safety, livability, or energy efficiency of their homes.”⁹

¹ Available at

<http://mnhousing.gov/wcs/Satellite?c=Page&cid=1358904818352&pagename=External%2FPage%2FEXTStandardLayout>

² 2018 AHP at 11.

³ 2018 AHP at B-12.

⁴ 2018 AHP at 12.

⁵ 2018 AHP at 14.

⁸ Draft 2019 AHP at B-8.

⁹ Draft 2019 AHP at B-9.

<p>Foundation, is leading this work, which will:</p> <ul style="list-style-type: none"> • Strengthen connections between affordable-housing and energy-efficiency organizations; • Leverage energy rebates offered by utility companies and increase the energy efficiency of affordable rental housing by requiring all tax credit and deferred loan applicants to provide an energy rebate analysis; and • Launch a new energy benchmarking pilot, giving 30 energy-inefficient properties in our rental portfolio access to: (1) a benchmarking tool that will track and evaluate their energy and water usage, (2) energy audits, and (3) grant funds for energy and water retrofits.”⁶ <p>5. <u>Rehabilitation Loan Program:</u> “The Rehabilitation Loan Program (RLP) provides deferred loan financing to low-income homeowners needing home rehabilitation to improve its safety, livability, or energy efficiency.”⁷</p>	
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While the draft 2019 AHP anticipates increased funding for the Home Improvement Loan Program and maintains the Rehabilitation Loan Program’s 2018 funding level,¹⁰ the draft 2019 AHP contains considerably fewer examples of specific strategies to invest in energy efficiency and energy conservation in affordable housing.

The draft 2019 AHP mentions the cost burden many low-income Minnesota households face, “roughly 1 in 4, are cost burdened, paying more than 30% of their income on housing.”¹¹ One of the significant cost burdens low-income households in Minnesota face is their energy burden. Low-income households across the country (single family and multifamily) face a higher energy burden than non-low-income households. A 2016 report by Energy Efficiency for All (EEFA) and the American Council for an Energy Efficient Economy (ACEEE) found that low-income households in the Minneapolis metropolitan area had a median energy burden of 5.11%, compared to just 2.32% for the median household in the Minneapolis metropolitan area. One quarter of low-income households in Minneapolis spend over 8.20% of their income on energy utility costs. Additionally, the report found that 42% and 68% of the excess energy burden for African-American and Latino households “was due to inefficient homes.” And for renters, 97%

⁶ 2018 AHP at 15.

⁷ 2018 AHP at B-13.

¹⁰ Home Improvement Loan Program: \$17,000,000 (2019 expected) vs. \$15,300,000 (2018 forecasted); Rehabilitation Loan Program: \$9,494,000 (2019 expected and 2018 forecasted).

¹¹ 2019 AHP at 2.

of their excess energy burden can be attributed to energy inefficiency in their homes. The report concludes by explaining that energy efficiency is a primary solution for relieving excess energy burden: for low-income households, “bringing housing stock up to the efficiency of the median household would eliminate 35% of excess energy burden.”¹²

Energy efficiency in affordable housing provides long term benefits to both the owner and renter of the housing unit. Increasing energy efficiency in affordable housing reduces operating costs for owners, which can help them maintain affordable rents, invest in resident services, and free up capital to preserve additional housing. Improving the energy efficiency of individual units directly reduces the energy burden for low-income renters. It also helps create healthier, more comfortable living environments that can reduce instances of illness such as asthma, which can be a major cause of missed school and work.

We also note that investment in water and energy efficiency, while sometimes having a higher upfront cost, reduces energy costs and increases savings over the long-term. Thus, given the significant focus on housing affordability in the draft 2019 AHP, we urge Minnesota Housing to include specific investments in water and energy efficiency. The Capacity Building Grants, energy conservation work, and support of community action agencies (such as those that provide weatherization services) discussed in the 2018 AHP are just a few examples of ways to help promote water and energy efficiency in affordable housing, and we encourage Minnesota Housing to continue investing in these significant opportunities to maintain affordable housing.

Additionally, we recommend reviewing a recent report by the National Housing Trust which identifies 10 strategies that Housing Financing Agencies use to encourage energy and water efficiency among Low-Income Housing Tax Credit (LIHTC) applicants.¹³ They include: green capital/physical needs assessments, energy/water audits or modeling, performance-based requirements or incentives (usage reduction below a baseline), third-party building standards, required energy professional, energy and water benchmarking, water conservation requirements or incentives, and coordination with utility energy efficiency programs. While Minnesota Housing’s Qualified Allocation Plan (QAP) includes many of these recommendations, we encourage the review of this report for adoption among additional Minnesota Housing programs and activities.

Finally, Fresh Energy and NRDC submitted comments in March responding to the Governor’s Task Force on Housing’s Call for Ideas.¹⁴ The comments included specific ideas to leverage energy efficiency to improve housing options and availability in Minnesota. We encourage Minnesota Housing to consider these ideas and include them to the maximum extent practicable in the final version of the 2019 AHP.

¹² 4 Drehtobl, A. and Ross, L., *Lifting the High Energy Burden in America’s Largest Cities: How Energy Efficiency Can Improve Low Income and Underserved Communities*, Energy Efficiency for All and ACEEE, April 2016.
http://www.energyefficiencyforall.org/sites/default/files/Lifting%20the%20High%20Energy%20Burden_0.pdf.

¹³ Energy Efficiency for All. *State Strategies to Increase Energy and Water Efficiency in Low Income Housing Tax Credit Properties*, 2017. Retrieved from:
<http://energyefficiencyforall.org/sites/default/files/Energy%20Efficiency%20Strategies%20in%20LIHTC%20properties.pdf>

¹⁴ Final report of the Governor’s Task Force on Housing (Summary-Call for Ideas on pp. 49-57) available at https://mnhousingtaskforce.com/sites/mnhousingtaskforce.com/files/document/pdf/Housing%20Task%20Force%20Report_FINALa.pdf

We appreciate the opportunity to comment on this important topic. Please contact Ben Passer at the information below with any questions.

Sincerely,

Ben Passer
Director, Energy Access and Equity
Fresh Energy
(651) 726-7567
passer@fresh-energy.org

Sophia Markowska
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Midwest Energy Efficiency Alliance
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Natural Resources Defense Council
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Comments on the Minnesota Housing 2019 Affordable Housing Plan

As the state's three largest owners and operators of public housing, we support the Strategic Priorities and Core Activities in Minnesota Housing's draft Affordable Housing Plan (AHP). We look forward in 2019 to working with Minnesota Housing to address the state's need to preserve, create, and support deeply affordable rental housing.

The top-line goals of the draft AHP—like the mission of Minnesota Housing—align in fundamental ways with the work of Minnesota's 150+ public housing authorities (PHAs) and Housing and Redevelopment Authorities (HRAs). However, **the draft AHP fails throughout to emphasize the essential role of public housing and vouchers in the state's continuum of affordable homes. Nor does it suitably address the paths by which Minnesota Housing can offer support.**

The draft AHP refers multiple times to incorporating findings of **the Governor's Task Force on Housing**. A primary goal of the task force's final report is "Preserve the Homes We Have," featuring four components including:

Goal 2.4: Substantially increase support for rehabilitation of public housing, much of which is experiencing notable deterioration.

This goal is a consequence of decades of federal disinvestment in housing infrastructure. This infrastructure is nonetheless vital to our Minnesota communities, demanding action at the state and local levels. In its summary of resources, the draft AHP notes the drop in 2019 funding available under the Publicly Owned Housing Program (POHP), resulting from 2019 dollars that were advanced to meet the large amount of 2018 requests. This is clear evidence that the demand for these dollars far exceeds the amount available; the state's public housing infrastructure is deteriorating much faster than federal, state, or local governments are moving to repair it.

Year after year, the federal public housing operating subsidy is consistently underfunded. Most critically, PHAs like ours receive federal funding for major repair and renovation at a level *less than 10 percent of our actual capital needs*. If Minnesota's PHAs do not rehabilitate these units for the long-haul, we will lose them—with catastrophic consequences for urban, suburban, and rural communities.

Yet the draft AHP makes no reference to any plans, goals, or ideas that might address these shortfalls and advance key Goal 2.4 of the Governor's Task Force. The final 2019 AHP should acknowledge how Minnesota Housing will apply its resources to support the preservation of public housing, which reaches thousands of the state's lowest-income families, seniors, and the disabled.

In general, Minnesota Housing in 2019 must apply its current programs and consider new ones that **1) add significant state-backed capital to preserve and rehabilitate public housing** and **2) allow better access to loan funds or other private capital**. In addition, Minnesota Housing should become the state's thought-leader in proposing ways to **inject additional, deep rental subsidies** and help more extremely low-income Minnesota families afford a safe place to live.

Specific changes to the draft AHP could begin to address this:

1. Under the section **Preserve the Existing Housing Stock**, the draft AHP correctly notes that “it is far more cost effective to maintain and improve an existing home than to build a new one.” This statement is nowhere more apt than with public housing—especially for larger, multifamily properties where existing density, economies-of-scale, ongoing operating subsidy, and long-term assurance of affordability make for an optimal investment.

However, this section describes “housing stock” only in terms of smaller properties. It conspicuously omits any mention of public housing—or large multifamily properties at all. This section’s “Commitments to Action in 2019” should **include a bullet committing to explore how Minnesota Housing will leverage its loan and/or other programs to support preservation of deeply affordable multifamily housing, including public and other subsidized housing.**

2. The draft 2019 AHP emphasizes a Strategic Priority to **Preserve Housing with Federal Project-Based Rent Assistance**. The Commitments to Action include dedicating PARIF and HIB funds for “rehabilitating and preserving properties with federal project-based rent assistance.” We see no justification for appearing to direct this priority—and these programs—solely at privately-owned affordable housing. Minnesota’s PHAs and HRAs can and should be able to apply to these programs to invest in homes serving families with the same needs, and the same rights to quality shelter. With that in mind, we urge Minnesota Housing in this section to **omit the phrase “project-based,” and support the preservation of homes receiving all forms of federal rental subsidy—including public housing.**

3. Support from Minnesota Housing in preserving public housing must include **opportunities for PHAs to receive or retain state assistance (POHP, Challenge Grants) for former public housing properties that convert(ed) to other forms of HUD assistance.** Using HUD’s Rental Assistance Demonstration (RAD), PHAs can convert some or all of their public housing properties to “Project-Based Voucher” (PBV) or “Project-Based Rental Assistance” (PBRA) subsidies. In most if not all respects, the properties will continue to operate as before, providing deeply affordable housing for families and individuals with low, very low and extremely low incomes. After the conversion, they will be funded under long-term “Housing Assistance Payments” (HAP) contracts rather than through annually-appropriated Public Housing subsidies

(Operating Fund and Capital Fund). **Converted PBV or PBRA properties will have the same capital needs as they did as public housing (unless the RAD conversion includes major debt financing) and state assistance will be just as essential to preserving those properties.**

4. In addition to the goal to support public housing preservation, we would highlight two other Task Force goals with a bearing on the work of Minnesota's PHAs and HRAs:

Goal 4.1: Enhance and expand state and local rental assistance programs to complement federal programs that are too small to meet the need.

Goal 4.6: Incentivize the acceptance of rental assistance vouchers by the private market.

These goals are insufficiently reflected in the draft AHP. They are embodied in two programs: Homework Starts with Home and the Landlord Risk Mitigation Fund. These are laudable efforts, but small-scale: the first is a pilot expected to serve 237 families; the second will serve just 180 families within limited geographic bounds.

We would not expect Minnesota Housing to launch broad initiatives without new, dedicated funding. However, we would recommend adding language to the AHP to **provide more detail on what role Minnesota Housing foresees in addressing the shortage of federal voucher subsidies—and lowering the barriers families and property owners face when trying to use them.** In the AHP, this could be a matter of connecting the dots between existing Minnesota Housing programs and these goals, and stating a commitment to keep these goals top-of-mind in 2019 in crafting new proposals.

* * *

Minnesota Housing is expected to carry forward the *full range of priorities* from the Governor's Housing Task Force. This includes the unambiguous emphasis by the Task Force Report on preserving the crucial infrastructure of more than 21,000 public housing units across the state. While the draft AHP largely ignores this priority, there is time to rectify this in the final version.

Given our similar missions and record of partnership, the work of the state's PHAs and HRAs should be strongly reflected in Minnesota Housing's stated ambitions in 2019. Thank you for considering our suggestions. We invite you to reach out for any further discussion on these points.

Greg Russ
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September 7, 2018

Mary Tingerthal
Commissioner
Minnesota Housing Finance Agency
400 Wabasha Street, Suite 400
St. Paul, MN 55102

This letter is in response to Minnesota Housing's call for public comment on the draft 2019 affordable housing plan. Metro Cities thanks the agency for its outreach efforts and request for public comment on this plan.

Metro Cities supports a range of housing opportunities for all residents of the region. This includes housing that is appropriate for people at all stages of life. Minnesota Housing's funding programs and policies should be flexible and allow it to fund project applications that meet the full range of needs of metro residents. This includes non-concentrated housing for people with disabilities, workforce housing that is accessible to jobs, housing for low-income seniors as well as seniors who want to age in place, housing for residents with large families and housing for people experiencing homelessness.

Cities have partnered with Minnesota Housing which has supported the construction and preservation of thousands of housing units for Minnesota families. The agency's current funding tools and policies support single family and multifamily homes, rental units as well as owner-occupied homes.

A spectrum of housing stock is key to healthy communities. Cities, responding to local needs, work in partnership with builders, financiers and agencies like Minnesota Housing. Metro Cities recognizes and advocates for the unique housing needs for all communities of people in cities across the metropolitan region.

Metro Cities agrees with the recent task force goal of preserving existing homes. Metro Cities supports community reinvestment programs that protect previous investments and respond to the rehabilitation needs of existing housing inventory. Expanding the Rental Rehab Deferred Loan to the metro region, along with increased state funding for the program, would allow landlords with housing units in the seven-county metro to access funds that would keep existing housing stock viable and affordable for lower income residents.

Additionally, Metro Cities supports state programs that address homeownership disparities; produce more housing units affordable to a range of incomes; and produce housing that is appropriate for people at all stages of life, including seniors. Metro Cities acknowledges the section that identifies addressing specific and critical local housing needs, noting an effective partnership between the state

and local governments recognizes solutions responding to unique community characteristics and priorities.

Metro Cities supports additional state funds, in addition to current state funding levels, to meet the metro region and state's growing housing needs. Metro Cities will work with Minnesota Housing and other housing organizations to advocate for additional resources in the 2019 legislative session.

Thank you for the opportunity to comment on the draft 2019 affordable housing plan. Metro Cities looks forward to working with Minnesota Housing as the agency creates its new 2020-2023 strategic plan in the coming year. We will continue to advocate for ways for cities to partner with Minnesota Housing and ensure the agency recognizes and implements its programs and funds its awards in a flexible manner responsive to the characteristics of Minnesota's cities.

Sincerely,



Charlie Vander Aarde
Government Relations Specialist

Comments on the Minnesota Housing 2019 Affordable Housing Plan

Anne Mavity on behalf of the Minnesota Housing Partnership 9/6/18

The 2019 AHP represents an investment of \$1.3 billion in Minnesota's housing, up from \$700 million just eight years ago. This growing investment reflects both increased support for housing funding by state and federal sources, as well as an investment strategy that brings in additional revenue to Minnesota Housing and benefits low income families across the state. A similar rate of investment growth over the next eight years would add \$1 billion more annually into housing, position the state to maintain its economic competitiveness, and support healthy, stable and vital communities. Even if funds are not immediately available, the 2019 AHP should point to the necessity of such funding and how it might be invested.

Preservation of Naturally Occurring Affordable Housing (NOAH) is a growing challenge for Minnesota. An array of strategies to address loss of NOAH are in high demand. It is more cost effective to preserve these units, than lose them and then produce new units. We support Minnesota Housing's focus on NOAH preservation and its related proposed 2019 investments.

- We support the agency's commitment of \$8.8 million to the Rental Rehabilitation Deferred Loan Pilot Program (RRDL), despite being unable to utilize 2018 funding. We challenge the agency to create program guidelines that ensure eligibility for smaller NOAH units, such as properties of 20 units and less which represent 60% of the rental housing in Minnesota. We also request that the agency engage community partners in creating more workable program requirements that will result in deploying this much needed funding in Greater Minnesota.

Benchmarking – numeric targets and accountabilities.

- Minnesota Housing produces excellent research and analysis of the housing landscape and challenges in Minnesota, including documenting the impact of its programs and investments. In addition to reporting on impact, outlining goals and benchmarks in response to this data would be helpful in focusing the state's strategies and investments. We recommend:
 - Benchmarking to differentiate metro and Greater Minnesota investments, unit production and preservation targets, and rental and homeownership investments.
 - Setting targets and timelines for reducing racial disparities, including in homeownership.

The Governor's Task Force on Housing has helped engage a broader stakeholder community on the investment rationale for more affordable housing. A critical aspect of that work, included detailed data from Minnesota Housing that helped frame and focus on the array of housing needs experienced throughout Minnesota.

- One key take-away from that data is the enormous gap for our state's lowest income families – those with the greatest need - making 30% AMI or less.
 - The 2019 AHP should better reflect those 30% AMI needs, and articulate what changes in strategy or priorities are proposed for 2019 that will respond to this gap. Examples could include how the agency will support in addressing the challenge to increase vacancy to a healthy 5% so that the market increases are flattened out by focusing on increasing rental production; to target resources to rental assistance in order to address the 122,000 cost burdened households at 30% AMI and below; etc.
- A second take-away from that data is the that housing production is not keeping up with population growth. The Task Force recommendation is to increase annual housing production in the state from 20,000 to 30,000.
 - While understanding that the 2019 AHP reflects existing resources, it does not indicate what strategies it is proposing to increase production, nor indicate recommendations where increased resources would be most effective to accomplish increased production goals. Strategies could include increased investments and facilitating more efficient use of 4% credits, including changes to the Tax Exempt Bond program.
 - Additionally, we need strategies to reduce costs to maximize existing resources. The agency should make a commitment to review how added requirements by the agency contribute to increased costs.
- A third take-away from the data is a need to provide a wider variety of ownership models. Preserving the more than 56,000 manufactured homes should be incorporated in preservation strategies. Manufactured homes are significantly less expensive to build than traditional construction. To ensure that the most is made of public resources, the agency should commit more resources to community land trusts, which ensure long-term affordability. Keeping homes affordable in areas of high land costs and high property values provides Minnesotans with choice and opportunity in housing.

Reductions in homelessness are documented in the 2019 AHP and linked to the State's Heading Home Together plan and specific funding programs arising out of those efforts, such as Homework Starts with Home. We applaud the agency's work in this area, and the 8% reduction in homelessness reported, even as we observe ongoing challenges on the ground to this continued progress. This success points to the effectiveness of creating goals, benchmarks and specific strategies, as noted above.

As an organization that works with local communities to facilitate development, MHP recommends including more concrete commitments aimed at helping a range of communities access agency resources. MHP recognizes that agency resources are highly competitive and that

the agency has a duty to award funding to the highest quality and most feasible projects. As the agency adds requirements and awards points, it should evaluate what measures the agency can take to ensure smaller, rural communities can compete for the range of agency resources.

Minnesota Housing has effectively created new financing tools to increased housing opportunities in Minnesota, particularly in homeownership. These strategies present choices not just of direct investments but of how the agency understands and exercises its role vis-à-vis market partners and public partners. An analysis and public discussion about these strategies, impacts and opportunity costs would be informative as a new Administration looks to the agency's next chapter.

METROPOLITAN INTERFAITH COUNCIL ON AFFORDABLE HOUSING

"Do Justice, love mercy, walk humbly with your God." Micah 6:8



September 5, 2018

Thank you for the opportunity to comment on Minnesota Housing Finance Agency's DRAFT 2019 Affordable Housing Plan.

MICAH's Board and Staff appreciate your format and providing a summary of 2019 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 continue to be very concerned about any process that does not include people who have experienced a housing crisis and/or homelessness at the decision making table. While the Governor's task Force included testimony from people impacted and provided opportunity for input, there were no people at the decision making level that had experienced a housing crisis and/or homelessness recently. For plans to work, people impacted must help decide what needs to be done and be involved in the implementation process!

3. How are you utilizing your new **analysis of impediments** to fair housing choice to direct this plan? Please identify each impediment and how it is addressed in this plan. Last year's plan indicated your analysis would "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." We believe the goals and evaluation should be included in each annual plan.

4. 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. We encourage the 4% tax credits also be included in this report.

5. We encourage you to add accessible to your statement safe, stable and affordable homes. Accessibility not only for people with disabilities but also for people with credit, tenant and/or criminal issues to have the ability to successfully obtain housing.

6. Homelessness continues to increase. Your undercount, utilizing the archaic HUD restrictive homeless definition and the one night PIT count, of the number of people experiencing homelessness indicates it has decreased. The US Department of Education identified 15,000 children and youth homeless in Minnesota in 2017. The HUD number is a misleading undercount and misrepresents all the people experiencing homeless by utilizing the Point in Time Count (PIT) 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 incentivizes 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.

7. We support additional resources for seniors to continue to live in their homes. We request you specifically identify Accessory Dwelling Units (ADUs) and encourage cities not to require conditional use permits and to use homeownership rehab funds for their development. We also encourage Housing Trust Fund dollars be used to re-start the Home sharing program, it was defunded in the early 2000s , it connects people in need of housing including people experiencing homelessness with Seniors and people with disabilities to share housing. We also support utilizing part of the \$60 Million of Housing Infrastructure Bonds for affordable senior rental housing.

8. We are very concerned about the increasing number of people paying more than 30% of their income for housing and disparities in rental and homeownership. We are pleased to see the agency focus on mismatch of income with rising housing costs. We are pleased you are focusing more resources toward people with extremely low incomes, preserving NOAH units, maintain the Section 8 contract with HUD, and increasing the rental and homeownership opportunities for our diverse populations. 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. In our comments last year, we encouraged that any expansion of Habitat's work includes these organizations. **Will the \$25 million loan in 2019 plan include partnering with diverse organization developing their capacity to be housing developers?**

- a. **We 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.**
- b. **The affordable rental housing information system must include oral multicultural appropriate and Multilanguage CD's for non-literate populations and/or advocates to provide information verbally.**
- c. **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.**

9. 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.

10. 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 also support utilizing part of the \$60 Million of Housing Infrastructure Bonds for affordable manufactured home parks and tiny homes.

11. A program similar to the Home Works program was run for several years in the mid-2000s after we included the Rental Assistance for Family Stability (RAFS) program and rent subsidies into the Minnesota Housing Trust Fund. We are pleased this program, Homeworks, has been reinstated

12. 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.

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. We are pleased to see a very modest attempt to address the concern about the long term use of supportive housing. We encourage you to support the full implementation of the HEARTH Act amendment to the McKinney Vento Act which would provide new Section 8 certificates for this purpose. We again reiterate last year's comment: "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. 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.

18. 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.

19. The Leveraging of resources part of the plan should be expanded. Leveraging with other interests provides a better value on expenditures.

20. 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.

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

22. We continue to be concerned the number of children and adults at risk of lead poisoning in rental and homeownership. How will you address this in your plan?

23. Research estimates we need to invest at least \$1 billion/ year in the metro area and potentially an additional \$1 billion / year in greater Minnesota to address the actual affordable housing need. In addition to bonding, LIHTC, and property tax deductions are you looking at creative uses of the tax expenditure budget to stimulate the market to produce housing for people under 30% of median income including tax credits directly to landlord/owners?

Specific Comments from MICAH Board Members:

1. There is not much emphasis on strengthening mental health evaluation and treatment as part of dealing with homelessness. Also drug and other drugs such as alcohol evaluation and treatment. This should include requirements for completion of as much education in terms of reading and arithmetic as possible for employment.
2. Limited discussion about housing choice, desegregation, and opportunities within communities and counties is mentioned in the plan
3. P 16 If the median income in the state for a family of 4 is \$80K (I as a PhD chemist retired 14 years did not make that much) and 71.1% of the families make less than \$40K 50% of the median but only 38% of the housing in the entire state is less than \$150K which is unaffordable if you're to buy a home that's only 3 times your annual income, we do have a big problem. There should be a big emphasis in the report on helping outstate business expand to encourage people to live where housing is less expensive.
4. Goal 2 What about a program that if a home is brought up to standard for an older person without resources, that the home sale would lead a return to a revolving fund of the appraised increase in home value at the time of upgrading – not value upon death since that would penalize heirs. The same for those willing to borrow to upgrade naturally occurring affordable housing, TIF or state loan funding zones. Local government aid funding could depend on communities allowing for modular constructed units, NOAH loans funded and awarded by local financial credit unions, banks, S&Ls financed through municipal bonds which would be state tax exempt to investors, etc.
5. P 10 Goal 6.4 why not mandate financial budgeting and income management as high school graduation requirement?
6. P43 6.6 Would state allow banks, savings and loans, and credit unions to qualify people who would then be reviewed by state for state bonded funded down payment assistance. Qualifying locally first and then review would be better than only state application.

7. P 36-37 like recommendations but don't know if money for Housing Support program is distributed according to a counties need to encourage tracking of need statewide. Service organizations may not exist and should be encouraged to form in counties.
8. Don't see specific recommendations on culturally appropriate communication across diverse cultural groups of their current rights and responsibilities and to diverse landlords of their current rights and responsibilities as legislation and regulations change. For example, p 64,S2 B. If done in writing for families that are not English literate or literate in any language.
9. P64 S3 Why not a standard state form as part of all rental agreements with conditions that can lead to eviction? The landlords can add or subtract from these but at least a tenant would know what the state has required as a basis.
- 10.S3B if a tenant does not pay rent for several months and does not negotiate payment, a landlord has to go to court to file, hire an off-duty policeman for the eviction. It seems unfair to require that process without a uniform number of missed payments wherein eviction is then a justified process leading to court record. Are evictions legal without a court judgement – what leads to a public record that a prospective landlord can access? Are there private records of non-court reviewed cases leading to evictions?
- 11.P 64 S3D Would there be a limit on the number of times that emergency resources could be used?
- 12.P65 S10 Why not have the sate start housing voucher programs similar to the Federal with funding from low repayments from developers into a revolving fund. Initially start with State bonding for initial funding.
- 13.P 59 H4F Why set housing development at \$250,000? outstate costs for land and building will be lower than in the metro area.-
14. P 58 and 59 of “encourage” without assigning legislative or regulatory means of doing that.
15. Comments on Governor’s Task Force Report

P 15 “Home improvement and rehabilitation loans for senior homeowners who want to say in the community and live near their families.’

Typo 'stay' not “say” in the community. Also add loans for homeowners who want to rehabilitate or expand their home to allow extended family seniors to live with those who provide care for them.”

“To help all Minnesotans have equitable access to the benefits of homeownership, we and our program partners reach out to households of color to increase their:

- Knowledge and comfort with the home buying process,
 - Savings and credit scores,
 - Access to down-payment and closing-cost loans, and
 - Access to quality and affordable mortgages.

We have created innovative and effective programs, including the Enhanced Homeownership Capacity Initiative (Homeownership Capacity), a program that provides intensive financial coaching to underserved populations. The program has been very successful.

- 87% of clients are households of color.
- Median credit scores have increased from 611 at program entry to 658 at program completion.
- Clients who completed the program improved their financial picture on average by \$3,600 through increased savings and reduced debt collections.
- Nearly 60% of the clients who completed the program with a reported outcome bought a home within a year. “

Work with refugee and specific cultural or language serving groups to train and learn from staff to explain in culturally appropriate manner the financial and legal rights and responsibilities of both the home buyer and seller process. Likewise, work with the range

of credit union, savings and loan, and banks on culturally appropriate communications with various cultural groups.

'At the local level, we have a statewide network of about 400 organizations administering our programs, including lenders, developers, service providers, and community organizations. To ensure that we have a strong capacity in every corner of the state, we fund the Capacity Building Initiative to help communities across Minnesota where a lack of organizational capacity creates the risk that geographic areas and constituencies will be underserved. Through the Initiative, we annually have a competitive process through which we provide local capacity-building projects up to \$40,000 in one-time funding. “

The statewide network should include the cultural and religious organizations generally serving the non-English speaking or literate groups.

Thank you again for the opportunity to comment on your Draft 2019 Affordable Housing Plan.

Sincerely,

Sue Watlov Phillips

Sue Watlov Phillips, M.A.

Executive Director, MICAHA

September 7, 2018

Minnesota Housing Finance Agency
400 Wabasha Street, Suite 400
St Paul, Minnesota 55102
Sent via email to mn.housing@state.mn.us

RE: Comments on the 2019 Affordable Housing Plan (AHP)

Commissioner Tingerthal and the Minnesota Housing Board:

On behalf of Minnesota NAHRO and its members, thank you for the opportunity to provide comments to the 2019 Affordable Housing Plan (AHP). Minnesota NAHRO members own, manage or administer the majority of subsidized rental housing in Minnesota including all public housing units plus the administration of the Housing Choice Voucher/Section 8 program. While the substance of our comments will not be a surprise to the agency, we appreciate the opportunity to address these important strategic priorities especially as our organizations face challenging market environments.

Overall, Minnesota NAHRO supports the Strategic Priorities and Core Activities set forth in the 2019 AHP. Like Minnesota Housing, Minnesota NAHRO and its member agencies throughout the state share the same goal to address the significant lack of quality affordable housing. We look forward to working with Minnesota Housing to invest in our communities and connect all Minnesotans to safe, quality, affordable homes. As noted in the Housing Task Force Report, the strength of our communities and the success of Minnesota depends on creating solutions to the many housing challenges facing Minnesota families.

Ensure Preservation of Publicly Owned Housing Stock

Under the Preserve the Existing Housing Stock, the draft AHP correctly notes that “it is far more cost effective to maintain and improve an existing home than to build a new one.” As the owners and operators of the state’s public housing, we are concerned that the AHP fails to address a number of issues impacting these publicly owned units.

Preservation of Publicly Owned Housing Program (POHP): Both state lawmakers and Minnesota Housing have been critical supporters of the GO Bonds for Public Housing Rehab Program (POHP). This leadership is greatly appreciated, and these funds will continue to be an important resource for PHAs and HRAs across the state as they face reductions to their public housing capital funds while the costs to preserve and maintain these public housing units remain. The members of Minnesota NAHRO will continue to ensure these resources are effectively used to improve the public housing stock across the state. While the vast majority of our members manage properties with very good PHAS scores, in future rounds we request that Minnesota housing consider lowering the PHAS score threshold requirement. There are a few small agencies that want to upgrade and improve their properties to resolve physical deficiencies but cannot do so without help from the POHP program.

Moreover, Minnesota NAHRO supports a significant investment to preserve public housing via the POHP and other investment strategies to preserve this important public asset. We strongly agree with and support Goal 2.4 of the Governor’s Task Force on Housing which states the need to “substantially increase support for rehabilitation of public housing, much of which experiencing deterioration” and serves among the lowest income households in the state.

Preservation of Publicly Owned Transitional Housing (POTH): It is of great concern that the preservation section omits any discussion regarding Publicly Owned Transitional Housing (POTH) properties that were funded by Minnesota Housing in the mid to late 1990’s. There are more than 350 units of POTH funded properties across the state in approximately 15 communities. These properties are typically small in size, publicly owned, and most often leased to a service provider. These projects serve some of our most vulnerable populations including victims of domestic violence, homeless veterans, and homeless youth.

The units are a critical component of the housing continuum in the state and the AHP should address funding necessary to preserve these units and ensure their ongoing viability. Most properties are aging, distressed and have deferred capital needs with no funding source to meet those needs. A group of POTH owners in the state have discussed the common needs of these properties including preliminary dialogue with MHFA staff. The AHP should include a bullet point committing agency funding to preserve these properties across the state such as:

- Establish a dedicated pipeline of funding to address mounting capital needs of POTH properties. (Due to the small scale of these properties, they will not compete well in the Super RFP).
- We urge the agency to explore the potential source and use of rental assistance to ensure the ongoing viability of these units statewide.

Preservation of USDA Rural Development Units: Minnesota NAHRO asks Minnesota Housing to address the preservation of RD units in the state. Minnesota has one of the largest portfolios of RD units in the country and they are located in smaller, rural communities throughout the state. Many of these properties are maturing out of the system, require significant rehab to preserve the units and failure to preserve the units may result in the loss of RD rental assistance. The 2019 AHP should address how the state will work to preserve these units with a funding program that recognizes these projects need capital improvement and consider less restrictive underwriting criteria especially in communities with low vacancy rates.

Bonding Resources Need to Address the Full Continuum of Affordable Housing

Minnesota NAHRO recognizes that Minnesota Housing uses its bonding resources to address various affordable housing needs in the state including the use of the housing pool for the full continuum of affordable housing (both rental and homeownership). Minnesota NAHRO supports the current allocation of these resources which includes a majority of the funds (69%) for the development of affordable rental units. However, it is critical to also maintain the 31% set aside of the housing pool for single family housing programs. This set aside is used to fund the Minnesota Cities Participation Program (MCP) and helps address the financing needs for statewide first-time homebuyer programs, especially in Greater Minnesota and small rural communities.

The program is administered by local community bankers and lenders, and often oversubscribed by over 500% annually. Preserving the resource allocation as currently written ensures these resources are used for both homeownership and rental. In addition, the single family programs are crucial to the state's policy to increase homeownership opportunities and as a means to reduce racial disparities in homeownership.

Address Challenges in Affordable Rental Market

Changes to the RRDL Program: The 2019 AHP mentions changes to the RRDL Program but does not provide specifics or expected outcomes to be achieved with these changes.

Minnesota NAHRO members serve as administrators of the RRDL program and based on this experience, provide the following observations about the current program.

- Establish program criteria and guidelines that are not so restrictive that owners will be deterred from using the program to address the needed improvements
- Unfortunately, the current program is very restrictive, not user friendly and due to many changes to the guidelines in recent years, it has been difficult to promote effectively and consistently with potential owners
- Due to the up front costs to promote the program, loss of local funds and the strong preference for end loans only, local agencies have little incentive to administer the program.
- Without local partners, RRDL resources will not reach the intended audience - owners of smaller rental properties in Greater Minnesota
- Assess how the program can partner better with program administrators to address these concerns and market conditions (i.e. compensate for services provided up front; adequately compensate for activities outside of the normal service area)
- Minnesota NAHRO encourages the agency to continue its efforts to make this product easier to use with attractive terms especially since the AHP proposes to significantly increase the utilization of these funds over the next year.

Program Innovation: Minnesota NAHRO urges the agency to work with stakeholders to identify and pilot incentives at the local level for affordable housing. Program innovations such as local Affordable Housing Trust Funds could be given points in the consolidated RFP as an incentive for a development. With the stark realities of the rental market clearly impacting affordable housing, local jurisdictions are recognizing more and more that they can play an active role in the production and preservation of affordable housing. Developing local tools and supporting pilots utilizing these tools can be effective role of Minnesota Housing in helping to develop leverage at the local level.

Thank you again for the opportunity to submit these comments on behalf of Minnesota NAHRO member agencies. If we can be of further assistance, please do not hesitate to contact me.

Sincerely,



Shannon Guernsey, JD
Executive Director



CATHOLIC CHARITIES
of St. Paul and Minneapolis

1200 Second Avenue South
Minneapolis, MN 55403
612-204-8500
cctwincities.org

September 7, 2018

Commissioner Mary Tingertal
Minnesota Housing Finance Agency
400 Wabasha Street No, #400
St. Paul, MN 55102

Re: Comments to 2019 Affordable Housing Plan from Catholic Charities
of St. Paul and Minneapolis

Dear Commissioner Tingertal,

Catholic Charities acknowledges and values the expertise and experience that formed this draft 2019 Affordable Housing Plan (AHP), and is grateful for the opportunity to participate in the formulation of the Plan through the public comment process. We especially applaud Minnesota Housing's continued leadership and focus on preventing and ending homelessness, and strongly endorse the ongoing work of implementing goals and strategies from Heading Home Together Minnesota's 2018-2020 Action Plan to Prevent and End Homelessness and from the Governor's Task Force on Housing, More Places to Call Home: Investing in Minnesota's Future.

We hope that our feedback on the draft 2019 AHP is helpful to the development of a statewide plan that invests MN Housing resources into the most effective and timely initiatives for the betterment of those most in need.

As you know, Catholic Charities of St. Paul and Minneapolis is the largest service provider in the Twin Cities for people experiencing poverty and homelessness. We will celebrate 150 years of service in 2019, and will continue to serve those most in need, strengthen housing stability and opportunity, well-being for children and families and dignity for older adults and people with disabilities. We offer an array of programs that together help meet people's basic needs while creating pathways for stability and prosperity. As such, our perspective is that of our clients, those individuals and families managing to overcome a broad spectrum of needs and barriers to housing stability.

Catholic Charities serves those most in need. We are a leader at solving poverty, creating opportunity, and advocating for justice in the community.

From this perspective, experience has taught us that we cannot serve our way out of poverty. Rather, we must work diligently to identify root causes of poverty and homelessness and work strategically to find long term solutions, while simultaneously addressing the urgent human needs of those experiencing crisis. With the goals of providing services, preventing homelessness, and creating pathways to opportunity, we offer the following input in response to the draft 2019 AHP.

We concur and support the mission of Minnesota Housing that housing is **the** foundation for success, and collaboration is necessary to create, preserve, and finance affordable housing. We acknowledge and compliment the breadth of Minnesota Housing financial commitment for fiscal year 2019 - \$1.3 billion serving over 69,000 Minnesota households (page 2).

Minnesota has made great strides in preventing and reducing homelessness in the last five years, especially among veterans and families with children, through targeted resources, quality programs and skilled and caring professionals. However, community trends reflect an increase in deep poverty and homelessness among persons with complex mental health issues and trauma. We see this in the continued need for outreach services, shelter resources, housing with support services, and rent assistance throughout the state, and for solutions to the current encampments in the Twin Cities. We applaud the priority to meet the crises and the long term needs of those most in need.

- Housing stability for vulnerable populations (page 27). We commend increases in state and Agency-funded rent assistance and operating subsidies through the Housing Trust Fund and for pilot programs like Bridges, Homework Starts with Homes and the Step Down. Programs like these that prevent homelessness and increase access to affordable housing options should be considered for expansion.
- Family Homeless Prevention and Assistance Program (FHPAP). This funding remains an effective investment in preventing and making homelessness rare and brief for families with children, unaccompanied youth and single adults at risk of homelessness. Diversion programs, rent assistance, rapid rehousing, case management and housing navigation have moved hundreds of families into new stable housing opportunities from coordinated entry and the Catholic Charities Family Service Center in Maplewood.
- Housing Infrastructure Bonds (HIBs). We again applaud the efforts of MN Housing to prioritize the needs of households at risk of homelessness or experiencing long term homelessness through HIBs for the creation or rehabilitation of permanent supportive housing, especially for persons in need of mental health or behavioral supports.

We enthusiastically support and appreciate MHFA's prioritization of reducing Minnesota's racial and ethnic homeownership disparity (page 7 and 8). In particular, we applaud the commitment to continue the Homeownership Capacity Initiative as a permanent program and for the Agency to lead the Homeownership Opportunity Alliance, expanding homeownership for communities of color.

However, we also strongly encourage action to reduce the causes of these disparities and barriers. Our work with people experiencing homelessness tells us that the leading barrier to finding a place to live is the common practice of landlords refusing to rent to people with housing evictions, poor credit and/or criminal records. In a recent needs assessment of 68 men and women living at a Catholic Charities housing site and participating at the Minneapolis Opportunity Center 44 had criminal records and 32 had a housing eviction. Of the 44 persons, 30 stated that the landlords and/or management companies denied them opportunities to rent, even though many had reliable income. While this is a small sample, it reflects the barriers and bias confronting hundreds of persons who are unsheltered, in shelters and in transitional housing situations who desire to move forward, secure stable housing and contribute to the community.

We urge your support of various strategies outlined in the Heading Home Together (HHT) Minnesota's 2018-2020 Action Plan to Prevent and End Homelessness. Strategy 4F highlights efforts to reduce the use of unnecessarily restrictive tenant screening to increase housing access for those with criminal histories, prior evictions or other barriers. Strategy 5A of the same HHT Plan calls for continued collaboration with the Department of Corrections, mental health and substance use treatment programs to ensure successful transitions out of institutions into stable housing. We strongly recommend continued partnership with these agencies and alignment with the coordinated entry system as a key to successful transition to the community.

We commend MHFA's commitment to implement the landlord risk mitigation fund pilot program authorized by the legislature in 2016. Given the tight rental market, these incentives and assurances, along with support services, are still needed, and we urge your support of Strategy 4C of HHT to continue "to build on and expand the work started with the Landlord Risk Mitigation Pilot to encourage landlords to house people with the greatest barriers." We also commend ongoing work to "continue to provide guidance to rental property owners regarding overly restrictive tenant screening policies," which directly relates to our above concern regarding racial disparities in criminal justice involvement.

In addition to the barrier of criminal history used by rental housing providers to screen out tenants, there are two barriers similarly used: use of eviction history and refusal to accept rental subsidies like Section 8 Housing Choice Vouchers as payment. We urge you to

include removal of these barriers among your plans to guide landlords away from overly restrictive screening tactics and toward fair consideration of each and every household.

Finally, we appreciate the draft plan's acknowledgement of the growth of the numbers of seniors in need of affordable housing (Figure 9, page 16). We commend the Plan's commitment to identify additional and more effective ways to link housing and services for seniors and others (page 17). Indeed, Catholic Charities has seen a remarkable increase in the number of seniors among the people we serve, demonstrating that in fact the population shift forecasted is actually happening now. There is a critical and growing need for housing and supportive services for our aging Minnesotans, and for DHS grants such as Live Well at Home to expand independent and affordable housing choices for seniors. We look forward to ongoing collaboration and innovative programs from MN Housing, and the MN Departments of Human Services and Health, in the coming year.

In closing, we thank you for consideration of our feedback, and hope our input is helpful to you as you finalize the 2019 AHP. We look forward to continued collaboration with you in the shared goal of creating better places for families and individuals to thrive.

Sincerely,



Joan Miltenberger
Public Policy Advocate
Catholic Charities of St. Paul and Minneapolis
(651) 647-2586
joan.miltenberger@cctwincities.org

From: LEETTA DOUGLAS
Sent: Tuesday, August 21, 2018 11:34 AM
Subject: Mn housing plan comment

I would like to see the Mn housing plan to include funding to nonprofit community organizations who are in the process of providing some low income housing currently. For example, ASANDC in St. Paul has experience with new construction and renovating existing homes in the neighborhood but really lack the funds to continue on a larger scale. If funds were available directly without the many stipulations and red tape, we could acquire homes, renovate, and find more cost effective ways to build, ie green technology, solar and other 21st century technology. Hope you consider this comment for real. Thanks

Leetta Douglas
ASANDC Board Chair

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From: Natividad Seefeld
Sent: Wednesday, August 22, 2018 11:57 AM
Subject: Affordable Housing

Good Morning,

I thank you for doing this webinar: Affordable Housing Plan Public Review and Comment. I know that we are looking at all the ways possible to help with this need but I am not seeing anything happening with Manufacturer Home Communities. Are we looking at the home stock and space in communities that we could fill? Is there a way to work with Northcountry Foundation to build a community from ground up and start it as a Cooperative. This way you give residents ownership, leadership of being on a Board, control of their rent and a safe, secure place to live. I am the President of Park Plaza Cooperative in Fridley. I have been trying so very hard to meet with our Minneapolis Mayor to talk about this real affordable housing stock that is not being talked about. Is there any chance someone could reach out to me and/or Northcountry Foundation to start a conversation about this?

I hope you are able to help with this request and I get to hear from someone real soon. My hope is to meet with Commissioner Tingerthal to talk more about this.

This is what we are currently working on: <https://kstp.com/news/fridley-mobile-home-park-breaking-ground-on-storm-shelter/5029688/?cat=5>

Thank You
Natividad Seefeld
President of Park Plaza Cooperative

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From: Audrey Moen
Sent: Wednesday, August 29, 2018 12:22 PM
Subject: Comments on MHFA webinar

Thank you for hosting the webinar yesterday. I felt that the overall presentation was spot on. You addressed the State of MN for housing needs, the Governor's plan, and what MHFA supports.

I do not have anything further to add at this time.

I work and live in Rural MN. Our needs for housing are different than Metro. MHFA already knows this.

Thanks for all you do, keep up the good work,

Audrey Moen NCC Housing Manager

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From: Paula Hardin
Sent: Thursday, August 30, 2018 10:22 AM
Subject: Re: Minnesota Housing, 2019 Draft Affordable Housing Plan

[During the AHP webinar], I sent a question on visitability which I don't think was discussed even though I missed a bunch. I hope someone saw it and will have an answer.

I am a disability rights advocate and if you think affordability is a problem, please look at the horrific stats on accessible affordable housing!

Though I hate conflating w "senior" needs, the fact is that incorporating universal design into building codes would do everyone a favor. Age-in-place, functional for temporary disability like broken legs, or heck probably even for pregnant women!

And don't forget GARAGES (attached) especially for people w disabilities who cannot easily or at all shovel their vehicle out from blizzards!

How many elderly die every year after having a fall - on ice in particular while walking to parked car on flat lot or unattached garages? How much harder is it for PwD [people with disabilities] or pregnant women or seniors to perform activities of daily living like grocery transfer from vehicle to kitchen? To do laundry that is not in-home?

Children can't be left alone while parent takes bin of clothes to basement laundry in apt complex.

PwD can't carry laundry basket *down stairs* to basement laundry in homes at all or apartments easily.

Split level homes are developers delight and homeowners' nightmares. All levels have a barrier! Especially even to get groceries in to kitchen for example.

People buy homes and don't have a choice to buy #ACCESSIBILITY because they are as rare as hen's teeth.

So if you have 10 years of equity in split level and become disabled (by the many many many possible diseases and accidents) you are stuck with expensive remodeling (that may not be possible) or moving to an elevator building which likely would be rental so there goes age in place, plus constant rent increases while you are on fixed income.

If bad housing market you lose thousands because of being “underwater” — and you have to pay off balance of mortgage or pay income taxes on any balance “forgiven” or other issues.

If Good housing market, you can sell but there will be nothing you can afford to buy with no down payment and with nothing accessible in existence.

A webinar on accessible housing and universal design is desperately needed to change existing paradigm.

Paula Hardin

From: Louise Reis
Sent: Tuesday, September 04, 2018 10:11 AM
Cc: Shannon Guernsey
Subject: Comments - 2019 Affordable Housing Plan

Comments to the 2019 Affordable Housing Plan

Page 10 - Rental Rehab Deferred Loan Program – the application process is confusing and the approval process takes a long time, both processes need to be simplified and with a faster turnaround for the approval or denial outcome.

The 2019 Affordable Housing Plan makes no mention of the Publicly Owned Transitional Housing (POTH) program. Our agency has four buildings that operate under this program. Three of the buildings provide transitional housing to homeless individuals and families. The other building provides permanent housing for homeless individuals and families. Please include plans for future funding and/or ongoing support for the POTH program.

Thank you,

Louise Reis
Executive Director
St. Cloud Housing and Redevelopment Authority
1225 W. St. Germain Street
St. Cloud, MN 56301

From: Sen. Mark Koran
Sent: Wednesday, September 05, 2018 3:17 PM
Subject: 2019 Affordable Housing Plan Comments

Hello,

Manufactured housing is an important part of the housing continuum the agency continues to neglect. Manufactured housing offers a high quality of life at the lowest cost and provides many naturally occurring affordable housing opportunities across the state. Disappointingly, the agency continues to support higher cost multiunit housing. With a much smaller per unit investment our most affordable communities could continue providing safe, quality housing for years to come. The investment of Pool 2 funds, similar to previous years, remains unable to be accessed by manufactured housing communities. I would hope the agency could invest Pool 3 funds in manufactured home and other ownership opportunities. Further, I am disappointed the agency will not be considering HIBs for manufactured housing this year.

Sincerely,

SENATOR MARK KORAN
Senate District 32



95 University Avenue W
Minnesota Senate Bldg., Room 3101
St. Paul, MN 55155

From: Kathy Wetzel-Mastel
Sent: Thursday, September 06, 2018 9:05 AM
Subject: AHP comments

The AHP seems to address affordable homeownership production only cursorily. I believe there are a number reasons why ownership production should be prioritized:

- The are 27,000 rental units that our affordable to our lowest income residents that are currently occupied by households that could afford ownership.
- At the same time the inventory of entry level homes has be cut in half since 2014.
- The racial homeownership gap and resulting intergenerational wealth gap. Lack of inventory has joined the ranks of savings, income and credit as a primary barrier for lower-income households.
- It appears that single family 1st mortgage lending produces significant revenue which then overwhelmingly supports rental housing.
- In many areas of the state, development costs for entry-level homeownership exceed the fair market value creating a gap.

Thanks for your consideration.

Kathy Wetzel-Mastel
Executive Director
PRG, Inc.

From: Kyle Berndt
Sent: Thursday, September 6, 2018 10:39:24 AM
Cc: Sen. Mike Goggin; Baumtrog, Ryan (MHFA)
Subject: 2019 Draft AHP - Goggin

Below is a submission on behalf of Senator Mike Goggin:

The agency in past years has done well to begin to minimize and streamline their application process. While the agency has done some good work, it has not been enough for small communities and organizations to manage the complexities. If the agency is unable to reduce the complexities, it should designate staff to assist small communities in application of loans and grants for workforce and affordable housing.

Sincerely,

Mike Goggin
MN State Senator District 21
MN Senate Building
Room 3203
95 University Avenue West
St. Paul MN 55155
(651) 296-5612 Office

From: Jeff Washburne [<mailto:jeff@clclt.org>]
Sent: Thursday, September 06, 2018 5:09 PM
To: MN_MHFA MN Housing, . (MHFA) <MN.Housing@state.mn.us>
Subject: 2019 Affordable Housing Plan Comments

Dear MN Housing Finance Agency,

Thank you for providing the opportunity to present comments for consideration.

While it's important to recognize the agency's efforts in providing mortgage loans to homebuyer's in MN, I am hopeful MN Housing would consider further writing down interest rates on it's first mortgages in order to assist in the increasing affordability challenges Minnesotan's are facing as home values increase across the state. At time of responding to this, it appears MN Housing 1st Mortgages are at a similar interest rate as market conventional mortgage loans. While MN Housing provides deferred downpayment assistance to enhance the attractiveness of their first mortgage product and proceeds from these loans benefits other aspects of the agency's programs, I would suggest explicitly disclosing exactly how much of these mortgage loan proceeds assist in funding the affordable housing work of the agency (interest write-down on downpayment assistance, investments in affordable housing, etc.). Additional affordability created (interest rate write-down, additional downpayment assistance)

targeted at lower-incomes might actually greater impact on the racial homeownership disparity that exists.

Do we have an ambitious goal to reduce the racial disparities that exist for homeownership in the State? If not, why not? If there is a goal and a plan, it seems like we need to explicitly state how much of that goal will be achieved in 2019 and how long we project it will take to reduce disparities to a more satisfactory level other than last in the nation. Currently as I read it in the plan, our only goal is to maintain the level of first mortgages to Households of Color at a constant rate of 35%. Given that, it feels like our goal is to maintain 5th position as it relates to homeownership disparities between white households and Community of Color households is the stated goal. There is a reference to it being an industry-wide issue. I suppose I personally believe that an entity with significant capacity (government, regulatory, financial) like the MN Housing Finance Agency should take the lead on these efforts. OK, perhaps we should look at it another way and frame up what a monumental challenge this is and raise our white flag to the effort...how long will it take at the current rate of maintaining the level of Community of Color homeownership assistance will it take us as a state to go from 5th worse to 10th worse? to 25th worse? Let's put it out there to force the discussion and potential action related to racial inequities.

While I further applaud the Agency's participation and efforts in preparing Households of Color for homeownership via financial and credit preparedness, I guarantee that those efforts alone will not yield a significant change in the homeownership disparities that exist across the state of MN. Based on what we see and hear in Minneapolis alone, Households of Color - on average- will need significant (no, not significant, huge!) affordability gap investments in order for us to change the trajectory in the homeownership racial disparities that exist. Without targeting significantly larger amounts toward increasingly deeper affordability investments in our communities, the disparity will not decrease.

Lastly, I'd be remiss to not mention that we are at critical times and it's increasingly important to make sure that every dollar invested in affordable housing be leverage to be as long-term affordable as possible. I believe there should be a section in the Affordable Housing Plan that speaks to how every dollar invested creates and maintains affordability to the maximum duration allowed. And...if it not long enough (deed restrictions or mortgages), let's figure out a way to change the state law to allow for it.

Thank you for the opportunity to comment. Please let me know if you have any question.

Sincerely,

Jeff Washburne
Executive Director
City of Lakes Community Land Trust
1930 Glenwood Avenue, Mpls. 55405

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From: Mary Somnis
Sent: Friday, September 07, 2018 2:56 PM
Subject: Comments

I hope you can accept this email a few minutes late. Housing has been identified as the #1 challenge to economic development here in Cook County. I appreciate the opportunity to review the plan and submit these comments.

-In the bullet points on page 2, THANK YOU for specifically naming Greater Minnesota!

-On page B19 regarding the workforce housing development program - please include projects not in cities. I understand that this is intended to ensure that there are jobs available where workforce housing is to be built. Here in Cook County, we have many jobs outside the city limits. Grand Marais is our only city. The other areas of the county - to the east and the west and the north of Grand Marais have serious workforce housing needs.

-On page B26 regarding the economic development and housing/challenge - what are the standards and strategic priorities? This program may be of interest to us here in Cook County.

Thank you for your consideration. I look forward to your response.

GO COOK COUNTY!

Mary Somnis
Cook County/Grand Marais EDA
PO Box 597
Grand Marais MN 55604