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*Equal Opportunity Housing and Equal Opportunity Employment*

## MINNESOTA HOUSING FINANCE AGENCY BOARD

### NOTICE OF PROGRAM & POLICY COMMITTEE MEETING

**DATE:** **Tuesday, September 3, 2013**

**TIME:** **3:00 p.m.**

**LOCATION:**

**In person:** Minnesota Housing  
Jelatis Conference Room  
400 Sibley Street, Suite 300  
St. Paul, MN 55101

**By phone\*:** 1-888-742-5095; Code: 2680427896  
*\*members will participate by phone*

The topic for discussion at this meeting is:

- A. Discussion, Draft 2014 Affordable Housing Plan and Public Comments.

*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:** Discussion, Draft 2014 Affordable Housing Plan Public Comments

**CONTACT:** John Patterson, 651-296-0763  
john.patterson@state.mn.us

**REQUEST:**

Approval     Discussion     Information

**TYPE(S):**

Administrative     Commitment(s)     Modification/Change     Policy     Selection(s)     Waiver(s)

Other: \_\_\_\_\_

**ACTION:**

Motion     Resolution     No Action Required

**SUMMARY REQUEST:**

Discuss public comments received regarding the 2014 Affordable Housing Plan (AHP)

**FISCAL IMPACT:**

None. Approval of the 2014 AHP will occur at the September 26, 2013 Board meeting.

**MEETING AGENCY PRIORITIES:**

- Promote and support successful homeownership     Preserve federally-subsidized rental housing
- Address specific and critical needs in rental housing markets
- Prevent and end homelessness     Prevent foreclosures and support community recovery

**ATTACHMENT(S):**

- Summary of public comments
- Copy of full comments



# Comments about 2014 Draft AHP

## Supportive Comments

- People commenting on the AHP supported the allocation of \$24 million of Pool 3 resources to: (1) address homelessness, (2) preserve federally-subsidized rental housing, (3) address the homeownership disparity, and (4) fund capacity building and technical assistance at the local level. (*Minnesota Chapter of NAHRO, Minnesota Housing Partnership*)
- Beyond Pool 3 resources, they also supported the Agency's efforts to: (1) champion the development of the new State Plan to Prevent and End Homelessness, (2) reinvigorate the Minnesota Interagency Council on Homelessness (MICH), (3) use resources from the Ending Long-Term Homelessness Initiative Fund (ELHIF) to support rental assistance and operating subsidies, (4) preserve federally-subsidized housing, and (5) develop affordable housing opportunities for communities of color and for persons in Greater Minnesota. (*Hearth Connection*)
- Other people supported the newly refined community-recovery selection criteria under the Community Homeownership Impact Fund and the Agency's consideration of the needs of the growing senior population. (*Metropolitan Consortium of Community Developers*)

## Suggested Changes

- Allocate a one-time investment of Pool 3 funds to maintain the number of Section 8 Housing Choice Vouchers (HCVs) that are financed by HUD. As a result of sequestration, virtually all agencies administering HCVs in Minnesota have stopped reissuing them when clients leave the program. Each month there are fewer households assisted. In June 2013 (three months after sequestration), there were 264 fewer vouchers in use than in June 2012. Fewer vouchers in use lowers the baseline for renewal funding for the next year, creating a downward spiral in funding. A strategic one-time investment to preserve or stabilize the baseline will maintain federal HCV funding going into the future. (*Housing Preservation Project, Minnesota Chapter of NAHRO, Minnesota Housing Partnership, Catholic Charities*)
- Re-prioritize the use of Pool 3 resources. There is a weaker case to use Pool 3 resources for home rehabilitation programs, asset management of the Agency's portfolio, and flexible financing for capital costs. It is unclear that these programs warrant \$7.5 million. The Agency should increase resources for the ever-worsening situation facing extremely low-income households who are not homeless. Just as the Agency took leadership for the Plan to End Long-Term Homelessness, it should lead a comprehensive approach to address this pressing need. (*Minnesota Housing Partnership*)
- Increase resources for homelessness. Only 4% of the AHP funds are allocated to homeless. The Agency should: (1) seek increased appropriations for the Housing Trust Fund and the Family Homelessness Prevention and Assistance Program, (2) provide clear eligibility criteria and targeted services for the rental assistance initiatives for highly mobile families with school-age children and for ex-offenders, and (3) use Pool 3 funds to increase funding for rental assistance. Of the Pool 3 resources, only 16% (\$4.07 million) goes to preventing and ending homelessness, while over 33% (\$8.33 million) goes to homeownership and home improvement. The percentages should be reversed. (*Hearth Connection*)
- Increase housing assistance for people with mental illness by providing additional support to the Bridges program and adding "housing for people with mental illness" as part of the goal to "address specific and

critical needs in rental housing markets" - just as "housing for people with disabilities" is included. (*National Alliance on Mental Illness of Minnesota*)

- Concentrate fewer resources on the development of supportive housing and more resources on rental assistance, which should address the high representation of persons with disabilities in homeless populations and the goals of the Olmstead ruling. (*Hearth Connection*)
- Work with MICH and find ways to coordinate rental assistance (Housing Trust Fund and ELHIF) with supportive services offered through the Minnesota Department of Human Services (Long-Term Homelessness Supportive Housing Fund, Homeless Youth Act, and Medicaid Funding). (*Hearth Connection*)
- Work with MICH to increase service dollars that go with affordable housing units (*Metropolitan Consortium of Community Developers*)
- Find ways to increase funding for rental production (housing infrastructure bonds in the next legislative session). Given the very low vacancy rates, the decrease in rental production investments is concerning. (*Metropolitan Consortium of Community Developers*)
- Commit planning resources to address the increasing number of seniors who are homeless and cost burdened. (*Catholic Charities*)
- When talking about disparities add "indigenous American Indians" along with people of color or Hispanic Ethnicity. (*Integrated Community Solutions*)
- Change the Agency's emerging market lending goal from "strive for 22 percent" to "achieve at least 22 percent." (*Integrated Community Solutions*)
- Include in the AHP funding for Fair Housing Testing and assisting the Human Rights Department, HUD, and the Attorney General's Office in enforcing Fair Housing Laws and following up on all housing discrimination complaints. (*Integrated Community Solutions*)
- Include in the AHP a statement that Minnesota Housing will not do business with financial institutions that "red line". (*Integrated Community Solutions*)
- Allow for more than a two-week comment period for the next AHP (*Minnesota Housing Partnership, Catholic Charities*)

### **General Comments**

- Preservation is taking an increasingly bigger share of the pie, reducing new construction. From the outside, there does not seem to be consideration for the prior stewardship (or lack of) of a development which has now become a preservation project. (*John Duffy*)
- The Agency's increasing number of programs seems to be an attempt to satisfy everyone versus a more concentrated effort. (*John Duffy*)
- The plan to End Long-Term Homelessness is a form of segregated housing. In addition, people shouldn't have to be homeless for entire year or four times in three years to get services. (*Integrated Community Solutions*)
- The Homeless Management Information System (HMIS), which is maintained and operated by Wilder Research, is a costly and inadequate system (*Integrated Community Solutions*)

TO : Minnesota Housing

FROM : Housing Preservation Project, Minnesota Housing Partnership

**RE : Comments on draft 2014 Affordable Housing Plan/ One Time Investment in HCV Program**

DATE : August 30, 2013

We write to raise one issue not currently addressed in the draft 2014 Affordable Housing Plan. Our concern relates to the section 8 Housing Choice Voucher Program in Minnesota and the emerging pattern of downwardly spiraling resources for this critical program. Normally, of course, with all the other demands upon its resources, Minnesota Housing should not expect to have to address the needs of this HUD funded program. However, for the reasons set out below, we think Minnesota Housing has the opportunity in 2014 to make a strategic one time investment in this program which will maintain the programs's funding baseline and pay ongoing dividends for years to come.

As a result of the decreased funding due to sequestration, virtually all agencies administering HCVs in Minnesota have ceased reissuing vouchers when clients leave the program. Each month, there are fewer households assisted. Based on HUD's re-benchmarking process for determining HCV annual renewal funding, the level of funding an agency will receive in the next year is based upon "all validated leasing and cost data" for the current year. When fewer vouchers are in use, that lower number of vouchers then sets the baseline for renewal funding for the next year. This creates a downward spiral in resources, as fewer vouchers at the end of each year translate into a lower baseline of funding the following year. HUD indicates that in June of 2013, after three months of sequestration, there were 264 fewer vouchers in use in the state than in June of 2012. The utilization will continue to decline each month of 2013, so that baseline funding for 2014 will be significantly less than this year. The same is virtually certain to happen through sequestration in 2014. Further data on this disturbing trend is provided in an accompanying email from Dana Kitchen of the local HUD Office.

Minnesota Housing, of course, cannot make up for the failure of Congress to adequately fund this critical program. But we believe there is room, for a strategic one time expenditure of agency resources which will minimize damage to the HVC funding baseline, help families badly in need of these vouchers, and which, perhaps most importantly, should continue to pay off year after year (assuming no fundamental change in the HCV renewal funding system).

HUD procedures clearly allow local funds to be counted as part of the program's funding level in determining the next year's funding baseline. PIH Notice 2012-9 describes the first step in calculating renewal funding for 2012: "Step 1. A new HAP funding baseline will be established based upon all validated leasing and cost data (not to exceed unit months available under the ACC) in VMS for CY2011, **including data that reflects the use of unrestricted net assets, extraordinary administrative fees, or other eligible resources (e.g. such as local funding).**" (emphasis added) We have conferred with the local HUD Office and they agree that if Minnesota Housing or some other entity were to provide "local funding" to supplement federal funding in HCV programs in Minnesota, that increased funding level would support higher renewal funding, not just in the initial renewal year but in each year to follow (at least until

HUD or Congress changes the funding renewal system). Of course, this will not stop Congress from continuing to squeeze HCV programs financially, but the point is that regardless of additional cuts, a one time infusion of “local funds” will keep the baseline higher than it otherwise would have been.

We believe Minnesota Housing should strongly consider a one time infusion of funds in 2014 into Minnesota’s HCV programs. There would be many details to work through with the state’s housing authorities, and the local HUD Office to ensure this expenditure works in the way that is intended, including determining which HCV programs should receive the funds and how they should be received. It may also be possible to build in incentives for the many small struggling HRAs around the state to adopt cost savings strategies in administering the HCV program (greater collaboration and sharing of functions, for example). The goal would be for Minnesota Housing to be in a position to provide the funds early enough in the year so that agencies can lease up the additional vouchers provided for by the end of the year, thus ensuring a higher level of renewal funding.

We understand that Minnesota Housing is interested in being able to quantify the return on investment should they choose to set aside funds for this purpose. That is impossible to do because we have no way of knowing whether at some point Congress or HUD will change the process for determining renewal funding. What we do know, though, is that if, for example, Minnesota Housing provided \$1 million to HRAs for this purpose in 2014, the renewed funding level the following year would be \$1 million higher than if that investment was not made. This would continue to be true each year (based on that one time investment) until such time as Congress or HUD changed the renewal funding system.

We see this as a judicious strategic one time use of Minnesota Housing resources which has the potential to pay off for years to come. Should Minnesota Housing decide this investment is worthwhile, we would welcome the opportunity to work with the agency and other stakeholders to implement this idea.

**Thompson, Tim**

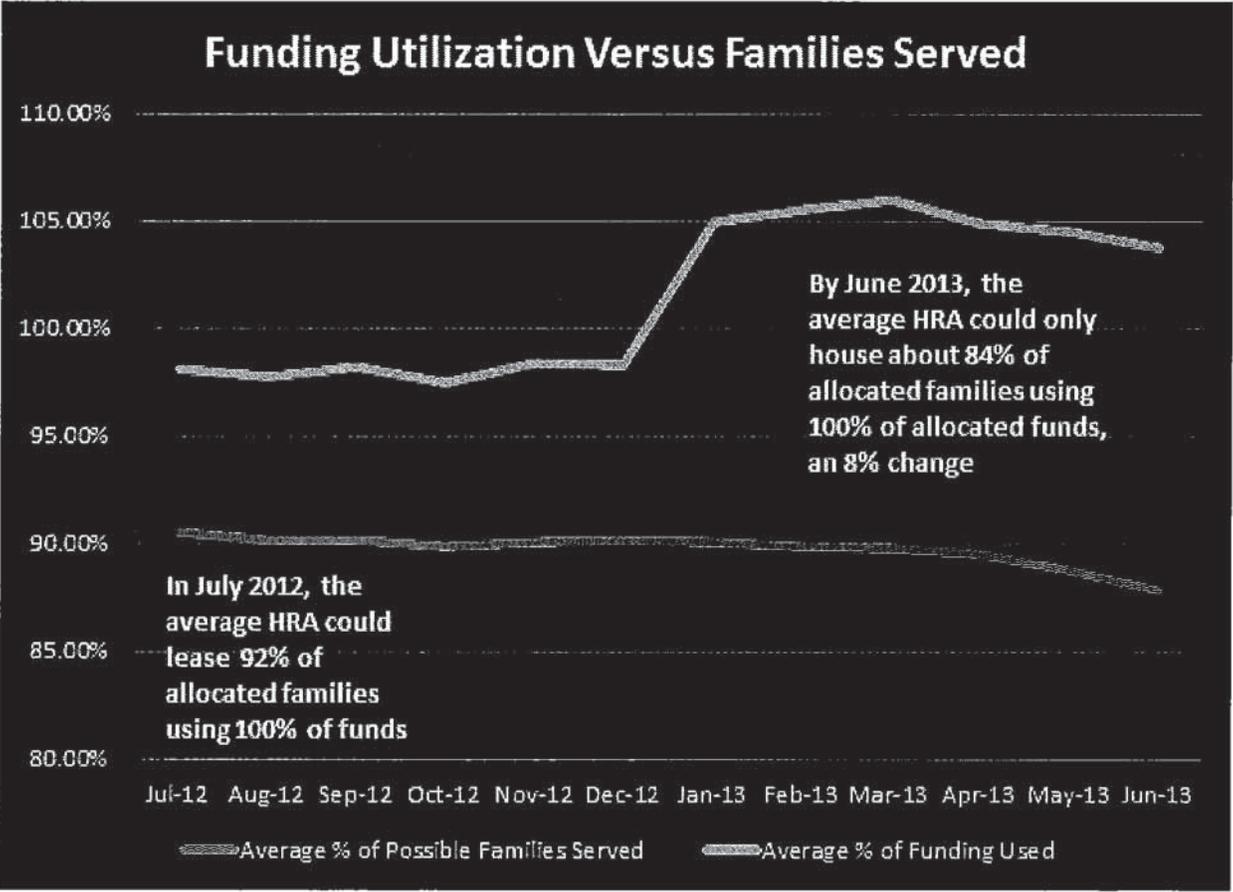
**From:** Kitchen, Dana M [Dana.M.Kitchen@hud.gov]  
**Sent:** Friday, August 30, 2013 11:29 AM  
**To:** 'Chip Halbach'; Thompson, Tim; Julie Lasota; 'Shannon Guernsey'; Cann, Jack; 'Robyn Bipes'  
**Cc:** Clausen, Lucia M; Radosevich, Tara J  
**Subject:** Data on MN HCV Trends  
**Attachments:** MN HCV Data-8-29-13.xlsx

Hello. Thank you all, again, for your interest in pursuing this. I've attached actual data that we spoke about yesterday so that you have numbers comparing 5/12 to 5/13 and 6/12 to 6/13, basic point-in-time data. Very basic numbers to use if you wish.

In addition, we created a visual comparison of a full 12 months to show the impact of lower HAP funding from HUD (allocated by Congress) vs. units leased (see **Exhibit A**), and another aid showing the average funding allocation in the state and the average cuts in that funding, and how it impacts costs/spending. (see **Exhibit B**).

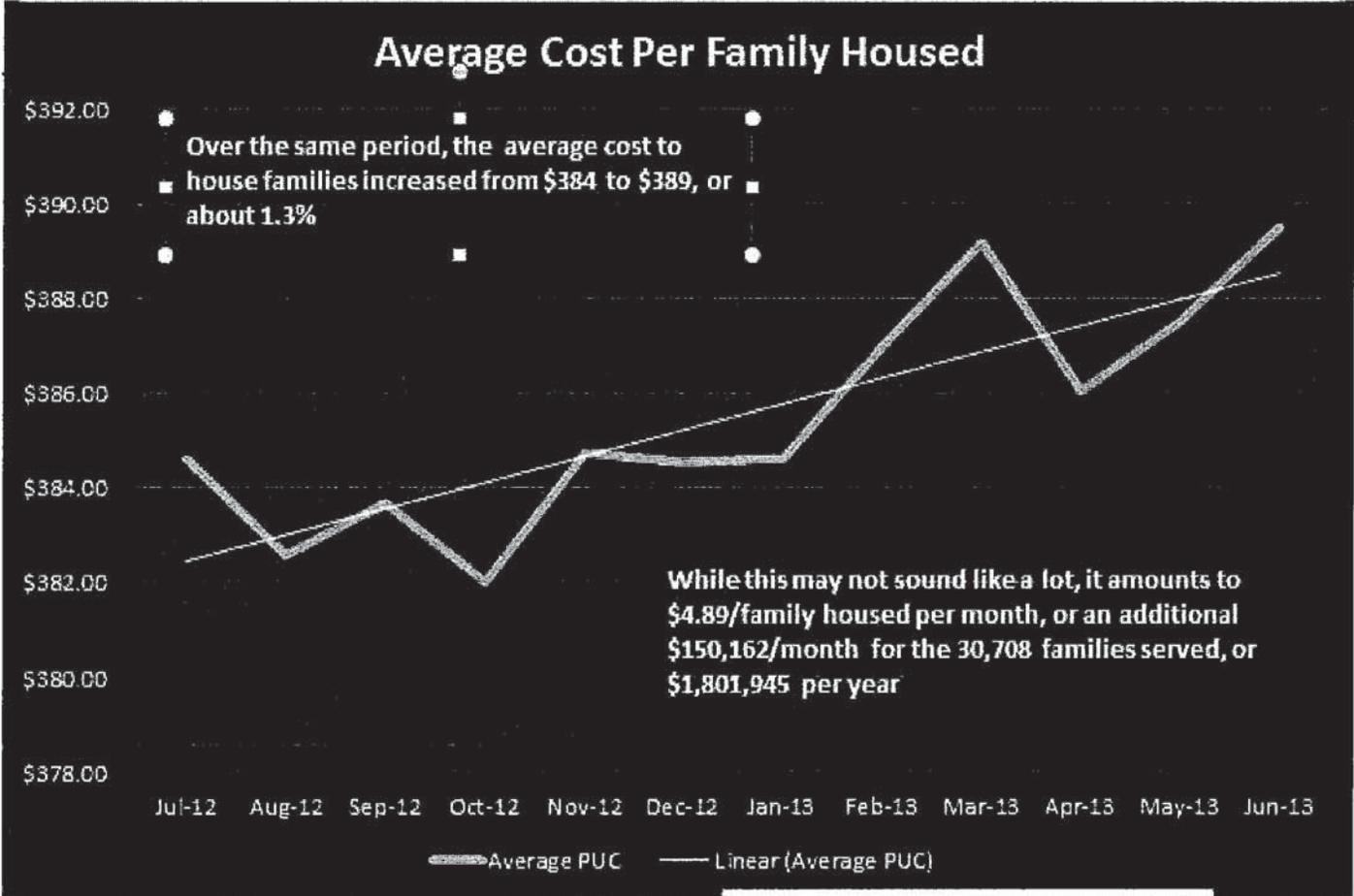
**Exhibit A**

The differential between unit utilization and HAP utilization goes from about 8% to 16%. This means over the course of the last year, the average PHA could lease 92% of its allocated units spending 100% of its funds. MN PHAs actually spent slightly under 100% and utilized slightly under 92% (actuals are shown below). In June 2013, it could only lease about 84% of its units spending 100% of its funds from HUD. MN PHAs are actually spending over 100% and leasing above 84% (again, actuals shown below instead of 100% to 84%).



**Exhibit B**

The average MN HRA took a 6.49% cut in HAP funding since last year. At the same time, the average cost per family housed increased by 1.3%. This doesn't necessarily sound like a lot, but with an average 30,700 families leased, that \$4.89 change per family equates to increases statewide of \$150,162 per month, or a little over \$1.8 million per year. Obviously this has a huge impact on both the number of families served (it will go down as costs continue to increase and funding continues to decrease and that gap grows) and the ability of PHAs to perform (since they are paid based on the number of families served as we discussed yesterday).



Please don't hesitate to contact me with any further questions.  
Thank you! Have a very nice Labor Day weekend!

Dana Kitchen

Public Housing Revitalization Specialist  
U.S. Department of Housing and Urban Development  
Office of Public Housing  
Minneapolis HUB Field Office  
PH) 612-370-3135, x2106  
FAX) 612-370-3003  
[Dana.M.Kitchen@hud.gov](mailto:Dana.M.Kitchen@hud.gov)

Before printing this e-mail, think if it is necessary. Think Green.



**TO:** Minnesota Housing  
**FROM:** Minnesota NAHRO  
**DATE:** August 30, 2013

**RE:** Comments on draft 2014 Affordable Housing Plan &  
 Minnesota's 2014 Action Plan for Housing and Community Development

On behalf of the members of Minnesota NAHRO, thank you for the opportunity to provide comments on the 2014 Affordable Housing Plan. We have also taken this opportunity to include feedback on the Housing & Community Development Plan which for many of our agencies work in concert to address the state's increasing need for affordable housing. (See Attachment B).

Every day, the members of Minnesota NAHRO provide affordable housing and livable communities for all Minnesotans. Minnesota NAHRO members own or manage the majority of publicly subsidized housing including all public housing and Section 8 units across the state. Our members also administer affordable housing programs such as foreclosure prevention, homebuyer education and loan financing. Taken together, the members of Minnesota NAHRO serve over 70,000 low and moderate income households across the state.

Minnesota NAHRO wishes to thank Minnesota Housing for its continued leadership as the agency has been an important partner to many Housing & Redevelopment Authorities (HRAs). This leadership and support has become even more important as HRAs face ever decreasing funding due to federal budget brinkmanship. Just in the last year, our members have had to respond to the lack of HUD funding including the failure to authorize a 2013 budget over six months into the fiscal year plus the additional reductions imposed by sequestration in March 2013. Please see Attachment A for an overview of the impact that these federal budget cuts have had on the two largest federally subsidized housing programs in the state.

It is in this context that Minnesota NAHRO provides these comments to the state's affordable housing plan. First, the agency is to be commended for presenting a plan that addresses the many complex components necessary to ensure affordable housing is preserved throughout the state. Second, these interventions are needed due to the failure of the market to address these unmet housing needs. Third, these unmet needs are increasing as evidenced by the historically low rental vacancy rate throughout the state as well as the contraction of the mortgage market for households with lower credit scores. Finally, the following comments speak to specific components of the plan.

- Pool 3 funding totaling \$24 million. Minnesota NAHRO supports the use of these funds to address homelessness, subsidize and preserve rental housing, support home rehabilitation and funding to support the capacity building at the local level to implement these programs effectively.



- As noted in the attachment, the Section 8 program is facing unprecedented cuts to both the administrative and housing assistance. This is a program that effectively partners with local landlords and brings these resources directly into communities across the state. As outlined below, the plan must do more to preserve the existing Section 8 resource as the impact of reduced federal funding persists.
- As a result of the decreased funding due to sequestration and compounded by funding reductions over the past 10 years, virtually all agencies administering HCVs in Minnesota have ceased reissuing vouchers when clients leave the program. (See Attachment A) Each month, there are fewer households assisted and this creates a downward spiral in resources, as fewer vouchers at the end of each year translate into a lower baseline of funding the following year. HUD indicates that in June of 2013, after three months of sequestration, there were 264 fewer vouchers in use in the state than in June of 2012. The utilization will continue to decline each month of 2013, so that baseline funding for 2014 will be significantly less than this year.
- Minnesota Housing, of course, cannot make up for the failure of Congress to adequately fund this critical program. But we believe there is room, for a strategic one time expenditure of agency resources which will minimize damage to the HVC funding baseline, help families badly in need of these vouchers, and which, perhaps most importantly, should continue to pay off year after year.
- We believe Minnesota Housing should strongly consider a one time infusion of funds in 2014 into Minnesota's HCV programs. There would be many details to work through with the state's housing authorities, and the local HUD Office to ensure this expenditure works in the way that is intended. The goal would be for Minnesota Housing to be in a position to provide the funds early enough in the year so that agencies can lease up the additional vouchers provided for by the end of the year, thus ensuring a higher level of renewal funding.
- Should Minnesota Housing decide to move forward with this investment, Minnesota NAHRO would welcome the opportunity to work with the agency and other stakeholders to implement this idea.

Thank you again for the opportunity to provide these comments. Please contact Shannon Guernsey, Executive Director of Minnesota NAHRO, if you have any questions or require additional information.

## Minnesota Annual Action Plan for Housing and Community Development

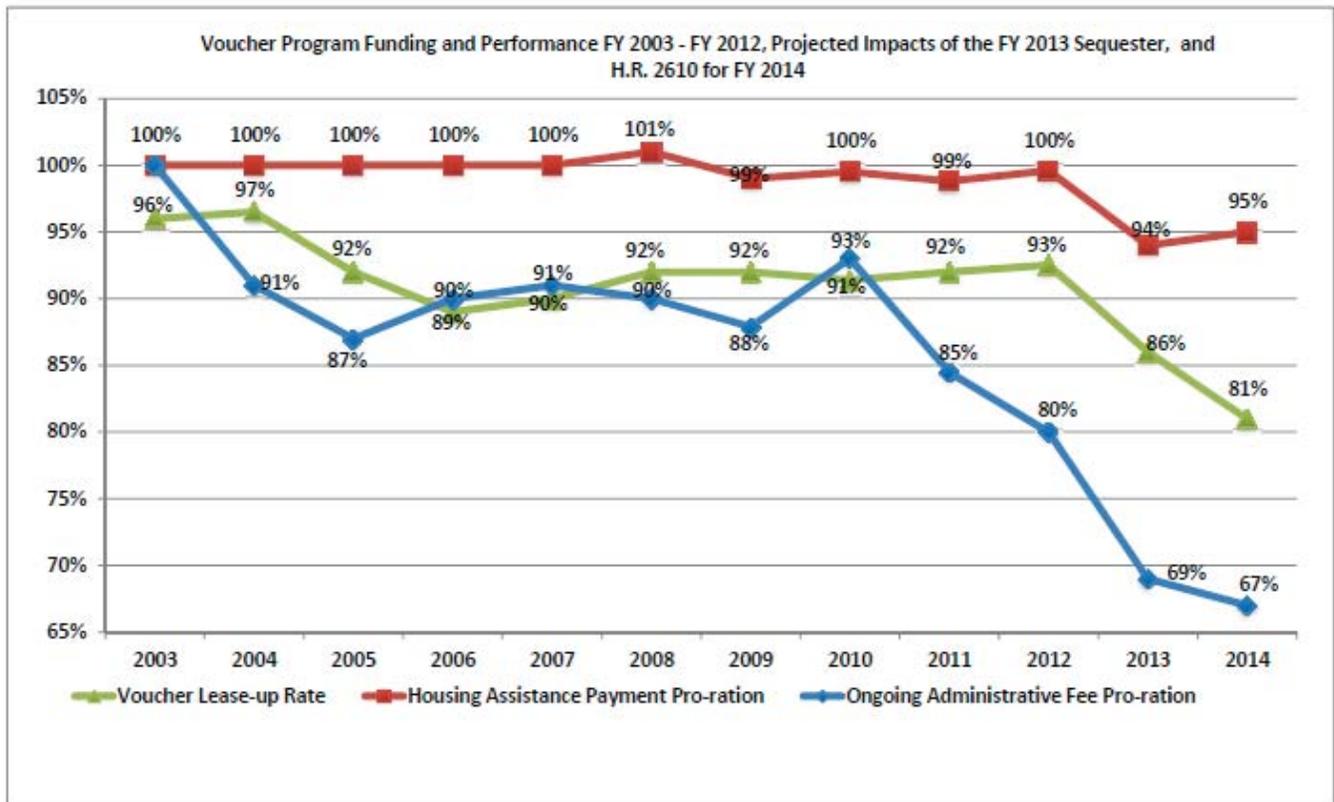
### Comments

- DEED identified that housing rehabilitation was the greatest need and largely requested by communities throughout the State. NAHRO recommends that the allocation of how funds are distributed should be re-evaluated with a larger percentage allocated to housing.
- The Small Cities Development Program (SCDP) should allow for the rental rehabilitation program to include funding for Public Housing units. Federal funding cuts of the Public Housing Capital Fund Program are making it increasingly difficult for housing authorities to properly maintain this important resource. Communities should have the option of including these properties in their rental rehab programs and to use SCDP funding as leverage for Publicly Owned Housing Program (POHP) funds if needed.
- The Consolidated Plan should recognize the need for funding for social services to support long-term homeless (LTH) families and individuals. Recent cuts for these services have reduced service providers to the extent that there are no providers to interview, assess, and refer LTH families to Shelter/Care and homeless designated tax credit units. The families, housing and subsidy are available. The needed services that refer the families to the housing providers are not.
- DEED has established an internal process for evaluating substantial impact points, based on targeting an area within a small, rural community. NAHRO believes that this method does not truly meet the intended needs of small, rural communities since they do not have a high concentration of low-income families. If a community identifies a need throughout its city that benefits low and moderate income families that should, by itself, demonstrate a substantial impact. DEED should establish future dialogue with small cities, counties, and HRA's to determine a better method for establishing impact in small, rural communities.

### Preliminary findings: Federal Budget Cut Survey

Beginning in June 2013, MHP and Minnesota NAHRO administered an online survey to 144 qualifying PHAs and HRAs to assess the impact of federal budget cuts and sequestration on the Public Housing and Housing Choice Voucher (HCV or Section 8) programs. The survey responses received to date represent 81% of Minnesota's public housing units and an estimated 84% of Minnesota's Housing Choice (Section 8) vouchers. While the survey is ongoing, this document provides some of the initial findings in addition to the funding trends of the past decade.

### HOUSING CHOICE VOUCHERS

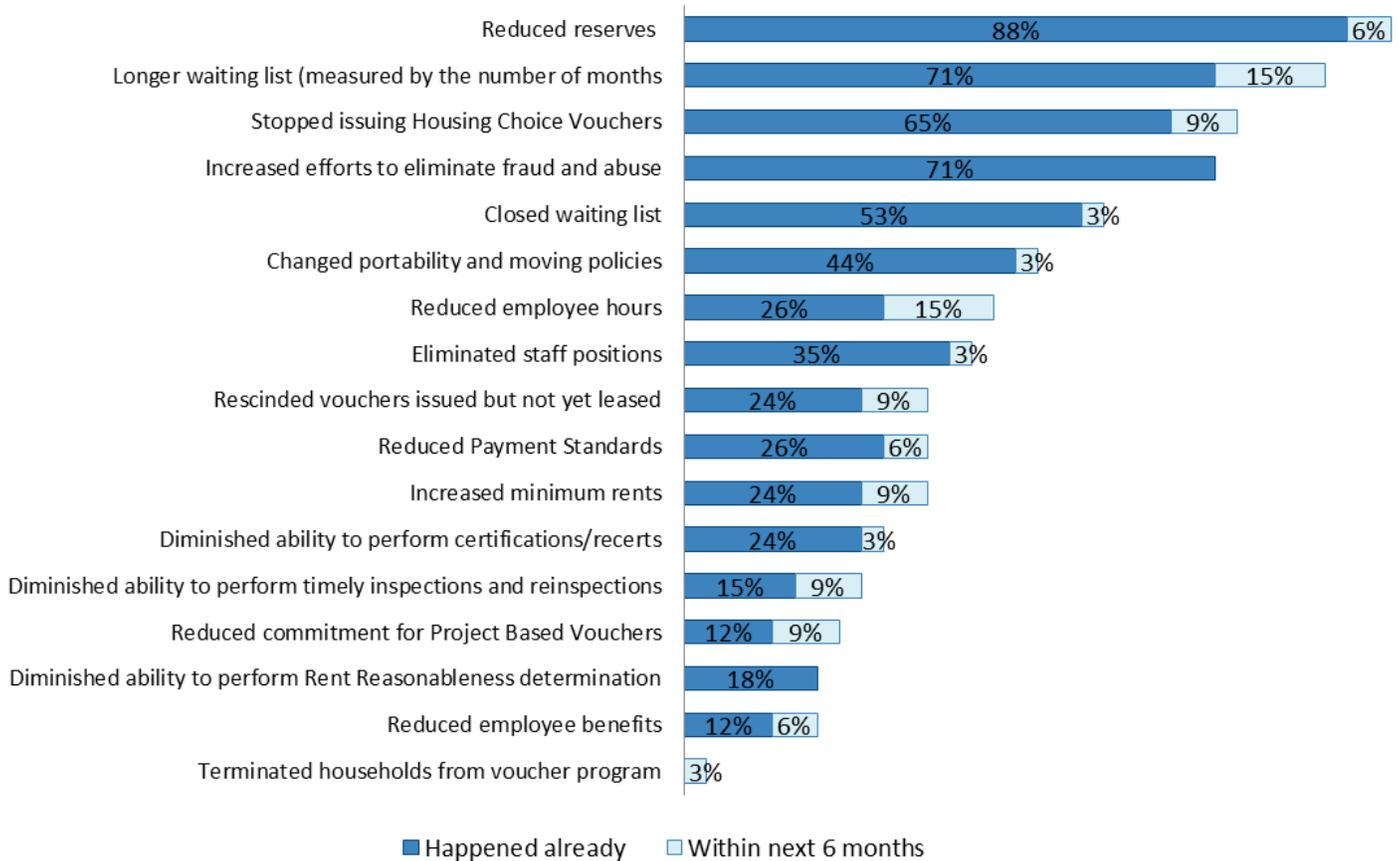


- In Minnesota, 85% of the responding agencies have or expect to reduce the number of Section 8 vouchers in their program due to the federal funding reductions.
- The funding level provided under both the House and Senate version of the FY2013 appropriations bill would provide less than 94 percent of what is needed to support the number of households served in 2012.
- **This 94% proration would be the lowest in the 38 year history of the voucher program.**

Over the last 12 months, agencies across Minnesota are utilizing the following strategies to respond to the federal budget cuts. (Agencies checked all that applied)

### Housing Choice Voucher Program

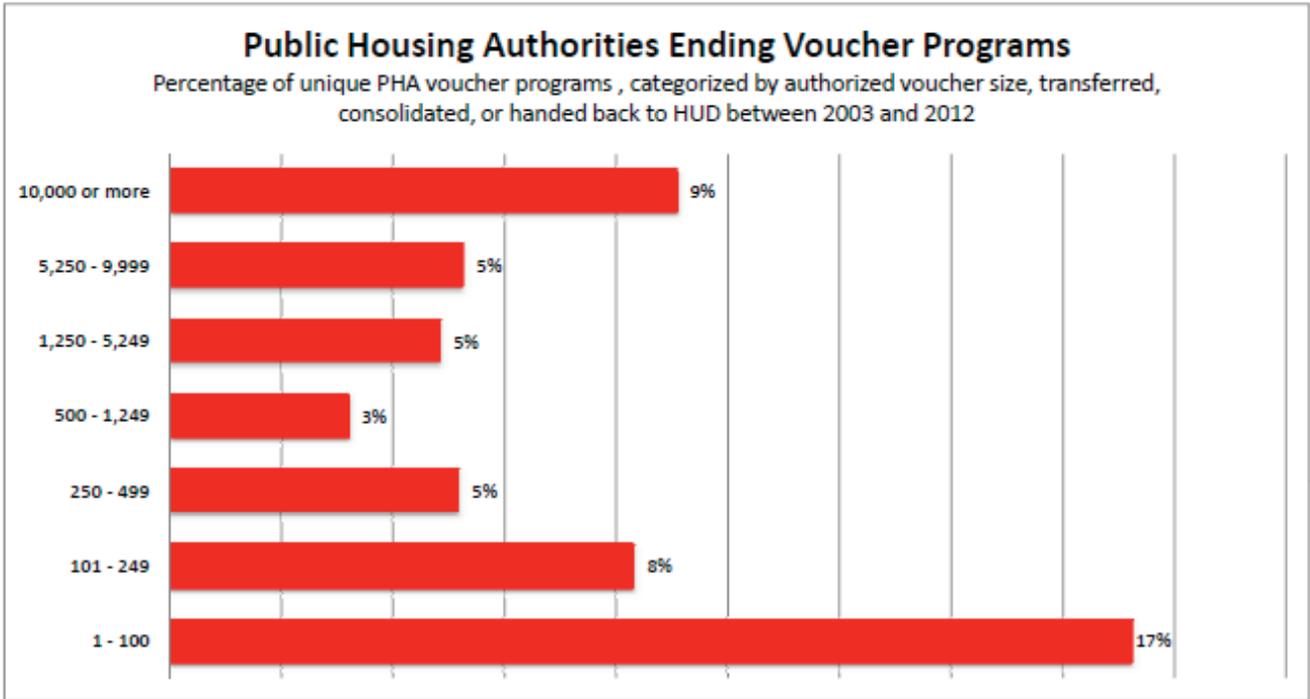
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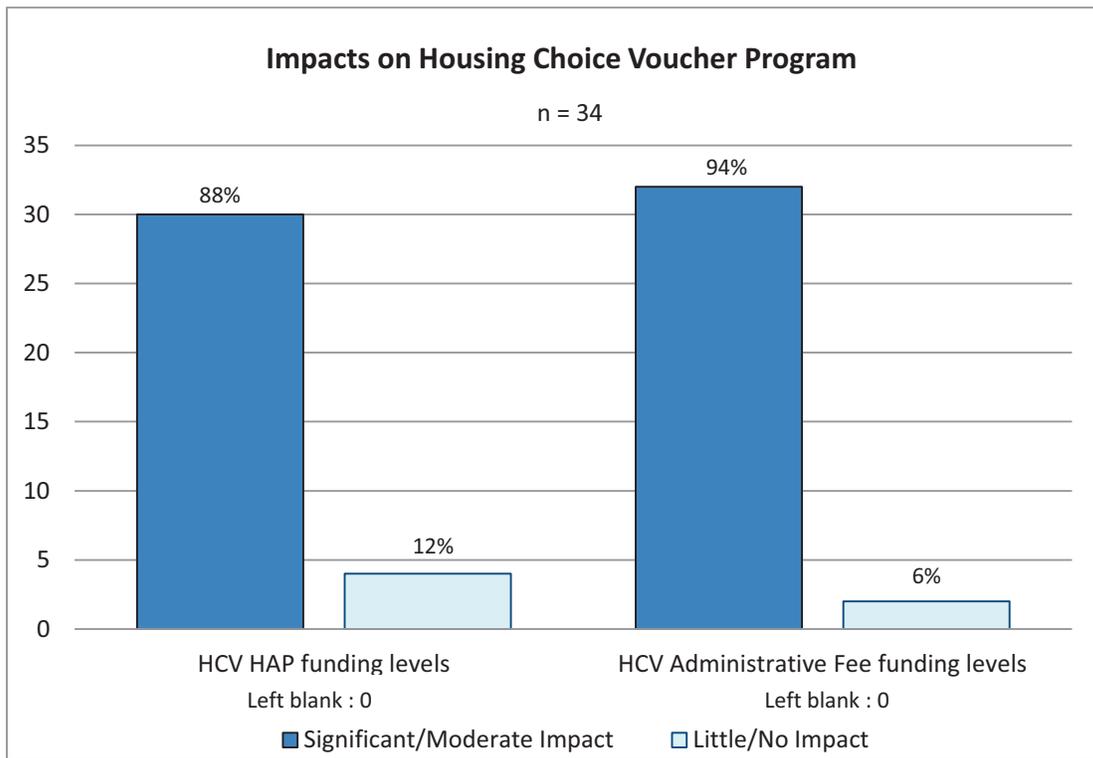
### Waiting lists for the Housing Choice Voucher are increasing across the state (measured by the number of months)?

- Over 72% of the respondents currently have a waiting list of more than one year and this is expected to increase to 88% of agencies by January 2014.
- 44% of the reporting agencies currently have waiting lists over 2 years and the number of agencies will increase to 54% by 2014.

Number of years	On January 1, 2013	Expected January 1, 2014
0-1 years	28% (7)	12% (3)
1-2 years	28% (7)	32% (8)
2-3 years	12% (3)	16% (4)
3-4 years	16% (4)	20% (5)
Over 4 years	16% (4)	20% (5)



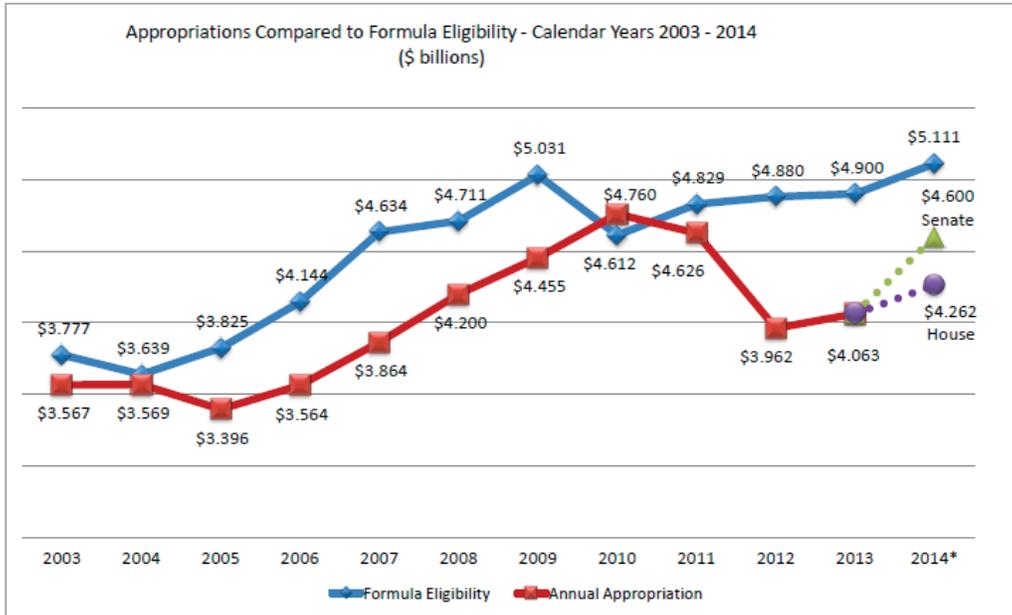
Due to reduced funding levels as result of budget cuts from the last 12 months, agencies report the following impact:



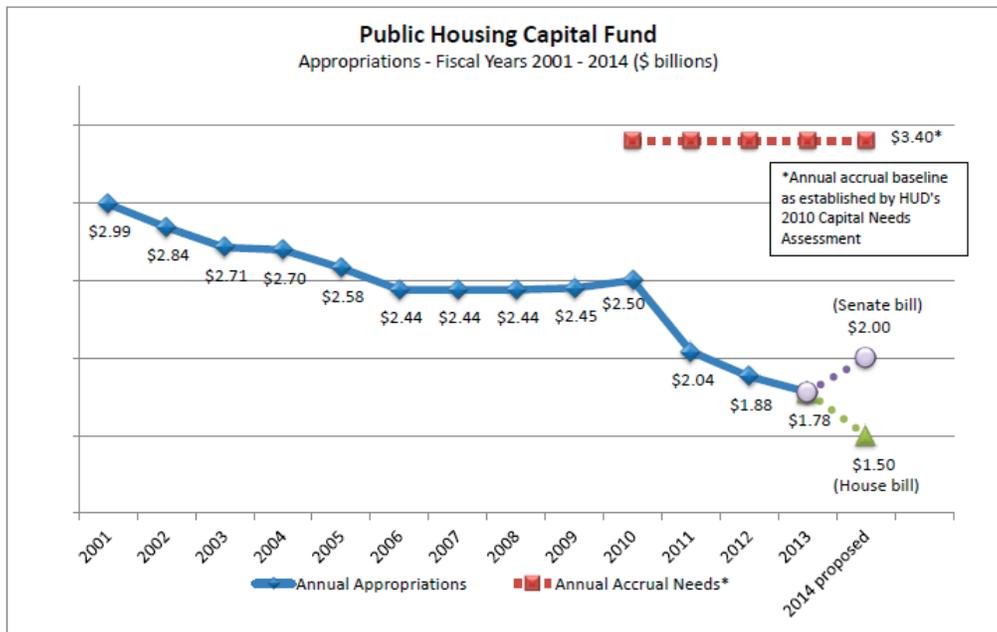
**PUBLIC HOUSING**

- Of the 21,000 families living in public housing, 64% of the households are headed by seniors or those with disabilities
- Nearly 75% of the residents of public housing have annual incomes less than \$15,000
- On average, households in public housing pay over \$300 per month in rent & utilities
- One third of public housing residents are children, many of whom are at high risk of homelessness or recently homeless

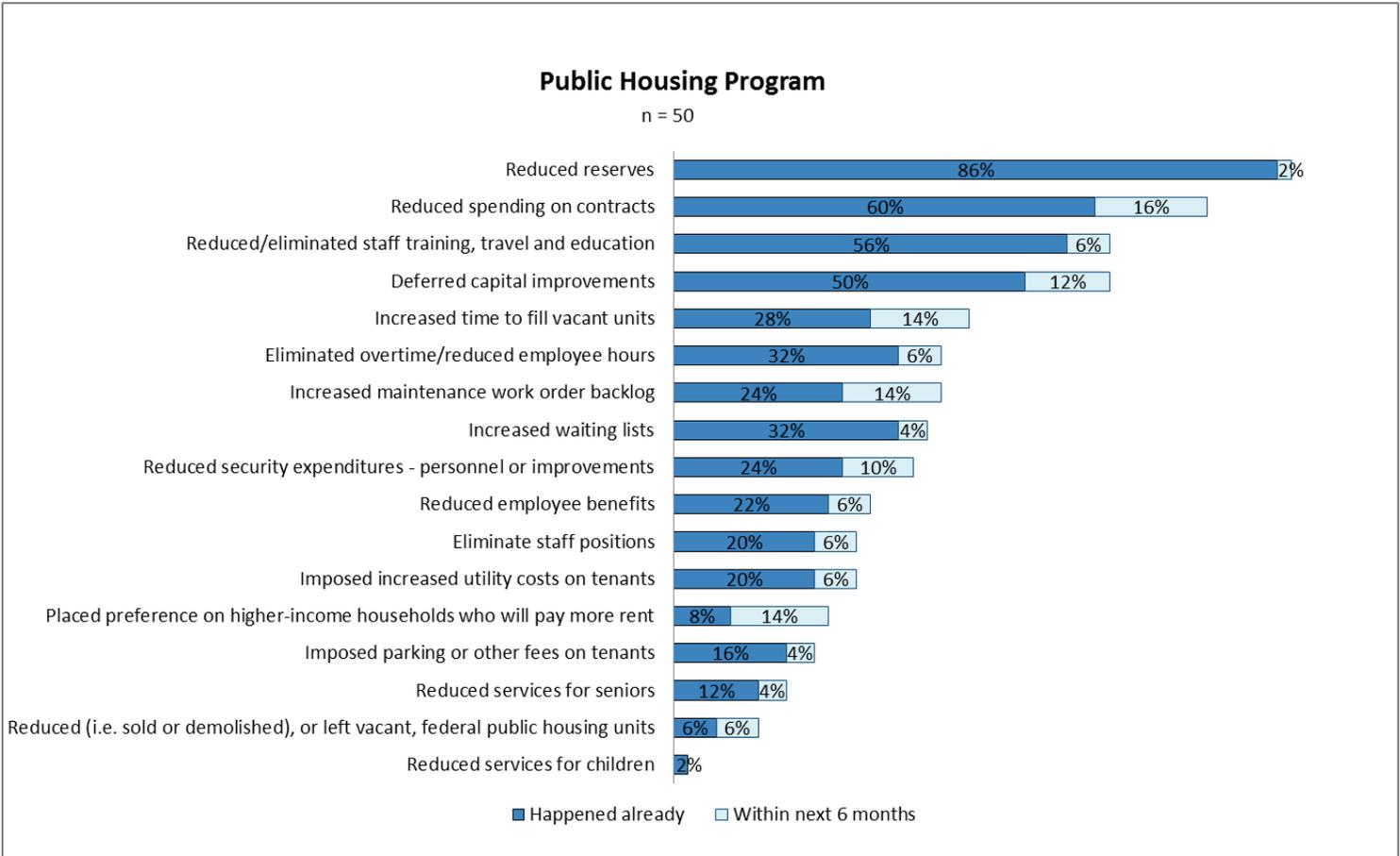
**Public Housing Operating Funding 10 Year Trendline**



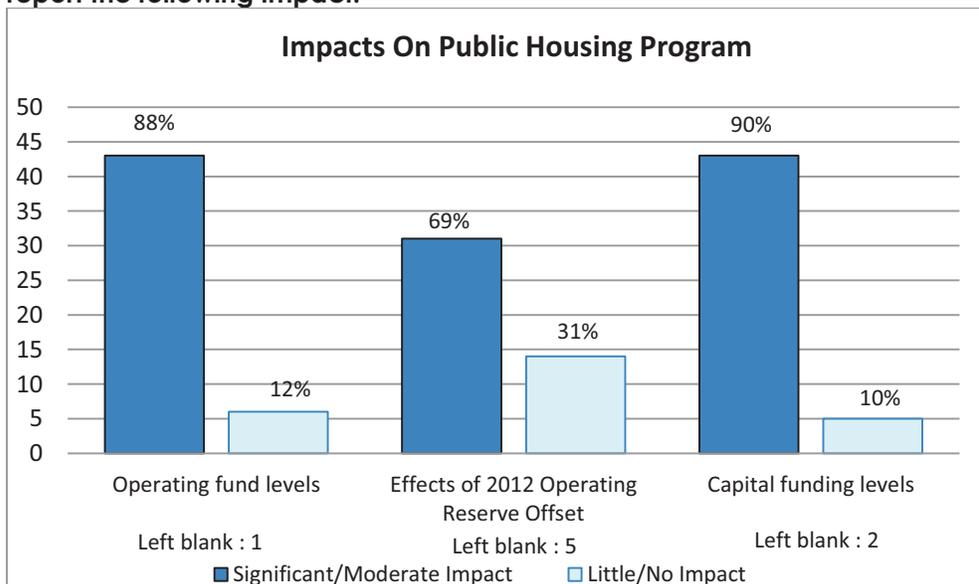
**Public Housing Capitol Funding 10 Year Trendline**



Over the last 12 months, agencies across Minnesota are utilizing the following strategies to respond to the federal budget cuts. (Agencies checked all that applied)



Due to reduced funding levels as result of budget cuts from the last 12 months, agencies report the following impact:



## Recent Legislative Efforts Play a Critical Role in Preserving Stable & Affordable Housing for Minnesota Families

- In recognition of the importance of affordable housing to the stability and health of Minnesota families, the 2013 session included funding increases for many housing programs. Specifically, an additional \$22 million investment in base funding for Minnesota Housing (see chart below) supports preservation efforts.
- The 2013 Session also strengthened many local tools used by HRAs to preserve affordable housing through property tax reforms and LGA funding.
- In 2012, the legislature approved over \$30 million in bonds for housing including Housing Infrastructure Bonds, a new tool to preserve federally subsidized affordable housing and administered by MHFA.
- The legislature also approved \$5.5 million in GO Bonds for Public Housing Rehabilitation which MHFA awarded in November 2012 and all 14 projects are underway.

### HOUSING BUDGETS PASSED IN 2013 BY MINNESOTA LEGISLATURE

MHFA Programs	2012-2013 funding level (in millions)	2014-2015 funding level (in millions)	Notes	Increase (decrease) over 2012-13 base (in millions)
Family Homeless Prevention Assistance Fund (FHPAP)	\$14.930	\$15.724		\$0.794
Challenge Fund	\$13.910	\$28.406	Includes 10m workforce housing pilot	\$14.496
Housing Trust Fund	\$19.110	\$23.552	Includes 2m highly mobile pilot; 0.5m ex-offenders pilot; 0.5m high risk adults demo	\$4.442
Rental Assistance for the Mentally Ill (Bridges)	\$5.276	\$5.676		\$0.400
Preservation (PARIF)	\$14.626	\$8.436	Receives federal funding that offsets state budget reduction for 2014-15	-\$6.190
Housing Rehab- Rental	\$4.898	\$6.276		\$1.378
Housing Rehab- Single Family		\$5.544	Increase equal to the amount of budget base transferred from PARIF	\$5.544
Housing Rehab- 2012 Flood Area Priority		\$3.000		\$3.000
Homebuyer Education (HECAT)	\$1.502	\$1.582		\$0.080
Capacity Building	\$0.250	\$0.750		\$0.500
Homeowner Assistance Fund	\$1.594	\$1.660		\$0.066
Open Access Connection		\$0.140		\$0.140
HOME Line		\$0.400		\$0.400
East African Woman's Org.		\$0.350		\$0.350
<b>TOTAL MHFA</b>	<b>\$76.096</b>	<b>\$101.496</b>		<b>\$25.400</b>
<b>DHS Housing Programs</b>				
Long-Term Homeless Supportive Services Fund	\$9.900	\$11.900		\$2.000
Transitional Housing	\$5.900	\$6.400		\$0.500
Emergency Services Program	\$0.688	\$1.188		\$0.500
Homeless Youth Act	\$0.238	\$4.238		\$4.000
Safe Harbor Act*		\$1.000	*Also has 1m in Dept of Health and 0.8m in Public Safety for a total of 2.8m	\$1.000
<b>TOTAL DHS</b>	<b>\$16.726</b>	<b>\$24.726</b>		<b>\$8.000</b>
<b>TOTAL MHFA PLUS DHS</b>	<b>\$92.822</b>	<b>\$126.222</b>		<b>\$33.400</b>



August 30, 2013

To: Minnesota Housing  
From: Chip Halbach, MHP

### **Comment on the 2014 Affordable Housing Plan**

These comments on the 2013 Affordable Housing Plan are being submitted on behalf of Minnesota Housing Partnership.

#### General Support for the Plan

Minnesota Housing once again does a very good job with the AHP in showing how its proposed investments address the Agency's strategic priorities. It is easy to understand the sources and uses of resources as presented in the AHP. Further, we appreciate that the Agency is investing its own net earnings in response to the state's most significant housing challenges.

#### Time Needed to Digest

It is hard for stakeholders in the Agency's work to digest and respond to the proposed AHP in the limited time available for that input. While there are various avenues to bring issues or concerns to the Agency throughout the year, the AHP provides a unique forum for understanding and responding to the Agency's spending priorities. With the draft AHP only available a little over two weeks prior to the comment deadline (and in vacation-heavy mid-August), there is not adequate time for stakeholders to provide meaningful input. The Agency should provide a similar timeframe for public comment on the AHP as it does for other key Agency documents such as the QAP.

#### Good and 'A Bit Less Good' Investments

While all proposed AHP funding allocations are well reasoned we will point out several that we deem particularly important. We are also identifying a couple of proposed investments that might be reallocated to other uses. Our comments focus on the use of Pool 3 funds, the most flexible and precious of the resources being committed through this plan. Although focusing here on funding we support the Agency's commitment to tailoring housing strategies to individual communities in collaboration with locally led efforts.

First, the good. We see the proposed investment in ending homelessness as a top priority; we understand that the proposed funding for operating subsidies is needed to maintain the viability of existing supportive housing.

We also prioritize Pool 3 investments in old and new approaches responding to Minnesota's nation-leading disparity in white-nonwhite homeownership rates. The proposed combination of subsidized mortgages with intensive counseling for those with non-stellar credit is a worthy initiative, as it will target households of color.

A third important Pool 3 funding priority is the \$2.2 million allocated to capacity building and TA. This budget line exemplifies the increasingly needed grant-type allocations of the Agency's "Pool 3/Foundation." As private foundations reduce commitments to affordable housing these less conventional investments by the Agency are even more critical. We should point out too that a sizable portion of this budget line will provide operating support for Community Housing Development Organizations (CHDOs); agencies that no longer are receiving federal HOME dollars under the allowed set aside for that purpose. These CHDO investments are very important for sustaining Greater Minnesota's housing-related organizational infrastructure. This TA budget line is where the Agency allocates funding for ongoing efforts (e.g., the HousingLink data project), and can support new creative ideas. We will pitch investments in public education, including the Homes for All conference, as uses that would warrant this type of Agency contribution. (Disclosure: MHP has used a portion of these TA funds for Greater MN capacity work.)

We have identified a couple of proposed Pool 3 investments in the AHP that fall in the "a bit less good" category. The case for Pool 3 investments appears weaker for the home rehab programs, and for asset management and flexible financing for capital costs. With other pressing needs we are not convinced that launching a subsidized home rehab program for those with incomes higher than allowed under the rehab loan program should be a priority.

Concerning rental housing, we agree that there is a need to protect the Agency's multi-family investments and reduce costs of Agency rental loans; but in light of past program demand it is not clear that the two warrant a \$7.5 million allocation, nearly one-third of Pool 3 dollars.

#### Should Be Added to the AHP

Whether or not funds can be reallocated in this plan, we call upon the Agency to lead efforts to address the ever-worsening situation facing extremely low-income households who are not homeless. The AHP allocations include program components responding to pieces of this problem, e.g., preserving federally assisted housing and preventing homelessness, but a more comprehensive approach is needed.

As the AHP points out, the plight of lowest income cost burdened households is worsening. This is true nationally. HUD's recent report to Congress on households with "worst case housing needs" (the vast majority of whom are paying over 50% of income in rent) show the number so impacted is growing at an alarming rate -- with the 2011 figure up 43% from the prior record in 2009. Nearly three-quarters of those experiencing a "worst case" have incomes under 30% AMI.

Census data identify 96,000 Minnesota renter households as having extremely low incomes and paying in excess of half their income for housing. This situation is being fueled by a scarcity of living-wage jobs (and increasing numbers of jobs paying little more than minimum wage with minimal benefits). Other factors include a rapidly increasing population of retirees reliant upon social security for the bulk of their income, and a significant net loss of low cost or subsidized apartments. While federal budget reductions are shrinking the number of households with housing cost subsidized, the private inventory of low cost rental is rapidly vanishing. For instance, in the Twin Cities the total number of apartments affordable to extremely low income renters decreased by over 50%, just in the last decade.

This situation points to the need for an organized response, one best led by Minnesota Housing. Just as the Agency took leadership for the Plan to End Long Term Homelessness, it should lead a comprehensive approach to this most pressing housing situation. This comprehensive approach should encompass preservation efforts, homeless prevention activities, ideas for incenting private owners of non-subsidized housing to keep rents low, and public awareness building. There is not anywhere near the level of resources needed to rectify this housing situation, so strategies to increase funding need to be part of the planning. The AHP is the place for a statement of Agency leadership on a plan to address the housing plight of the poor and near-poor.

With respect to Pool 3 allocations, we are joining with the Housing Preservation Project and others to call upon the Agency to invest in a demonstration initiative to ensure that the loss of Section 8 vouchers is minimized. Because of federal budget reductions the state is losing hundreds of scarce rental subsidies. Similar to the logic and the leveraging calculation behind investments in federally assisted housing, a state investment to retain a voucher for one-year will produce a return over multiple years. This demonstration would be another program component in the comprehensive approach that we are asking the Agency to lead.

**From:** Marie Ellis [<mailto:Marie.Ellis@cctwincities.org>]  
**Sent:** Friday, August 30, 2013 9:58 AM  
**To:** \*MHFA\_MN Housing  
**Cc:** Kathleen Tomlin; Tracy Berglund  
**Subject:** Comments on Draft 2014 Affordable Housing Plan

Dear Minnesota Housing Finance Agency,

Thank you for the opportunity to provide comments on your Agency's Draft 2014 Affordable Housing Plan. Overall Catholic Charities thinks this is a good plan. However, we agree with concerns addressed in the Minnesota Housing Partnership's comments to you about the Section 8 Housing Choice Voucher Program in Minnesota. We also know through our experience in the community that the number of homeless and cost-burdened seniors is skyrocketing, and we ask that you commit to planning to respond to this reality.

We hope for a longer comment period in the future so we can provide more robust comments.

Sincerely,  
 Marie Ellis

Marie Ellis, Attorney  
 Public Policy Manager  
 Catholic Charities of St. Paul and Minneapolis  
 Office for Social Justice  
 60 Plato Blvd. E. Ste. 230  
 Saint Paul, MN 55107  
 Direct Dial: 651-647-2582  
[marie.ellis@cctwincities.org](mailto:marie.ellis@cctwincities.org)



***Celebrating the one-year anniversary of Catholic Charities' Higher Ground, a place where people are treated with dignity and given the opportunity to build pathways out of poverty. Over the past year at Higher Ground, 80 individuals moved out of homelessness to permanent housing.***

Save money and the environment: Don't print this email or its attachments unless you absolutely need a hard copy.

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**From:** Sue Abderholden [<mailto:sabderholden@namimn.org>]  
**Sent:** Friday, August 30, 2013 9:18 AM  
**To:** \*MHFA\_MN Housing  
**Subject:** AHP Comments

August 30, 2013

To Commissioner Tingerthal:

On behalf of the National Alliance on Mental Illness of Minnesota (NAMI Minnesota) we are submitting these comments regarding the Minnesota Housing Finance Agency's Draft 2014 Affordable Housing Plan.

NAMI Minnesota is a statewide grassroots organization dedicated to improving the lives of children and adults with mental illnesses and their families. We greatly appreciate the opportunity to comment on this proposal as Minnesota is in the midst of a housing crisis for people living with a mental illness. While we agree with many of the goals and recommendations of the plan, we urge you to do more to help address the unique housing needs of people with mental illnesses as part of this plan.

We support the strategic priority to "prevent and end homelessness" given that 55% of adults and 52% of youth experiencing homelessness in Minnesota live with a serious mental illness (Wilder 2012 Minnesota Homelessness Study). Unfortunately, the connection between mental health challenges and homelessness needs more attention in the plan.

Minnesota has a real need for more supportive housing for people with mental illnesses. While we appreciate and support the strategy to implement the Section 811 demonstration plan, expanding the capacity of supportive housing in Minnesota should be a priority beyond this limited initiative. The lack of housing and the inability to readily access treatment and services leads many people with serious mental illnesses to cycle through hospitals, treatment facilities, jails and homelessness. One of the best ways to help break this cycle is to ensure people have access to services where they live. Additionally we would like to point out that there are very few housing options for youth who live with a mental illness.

We also support the strategy to "carry out ongoing core work to address homelessness", including rental assistance. However, we would like to see additional support for the Bridges Housing program, which has proven widely successful in supporting the housing needs of people with mental illnesses. While Bridges did receive a slight funding increase this last legislative session, the program is only expected to serve 525 households in 2014, according to the draft plan, and we know the need is much greater. This is an important program in that it prevents homelessness.

Finally, we would encourage you to add "housing for people with mental illnesses" as part the goal to "address specific and critical needs in rental housing markets" (p. 2). "Housing for people with disabilities" is included in this section of the plan but our community faces a unique set of challenges and barriers to obtaining housing, which require a distinct approach.

If you have questions or would like more information, please contact us.

Sue Abderholden, MPH  
Executive Director

Matt Burdick  
Grassroots Advocacy Coordinator

Sue Abderholden, MPH  
Executive Director  
NAMI Minnesota  
800 Transfer Road, Suite 31  
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651-645-2948 Ext. 105  
612-202-3595 Cell Phone  
1-888-NAMI-HELPS  
[www.namihelps.org](http://www.namihelps.org)

*The NAMIWalk is on September 28<sup>th</sup> at Minnehaha Park in Mpls. Join my team, SueNAMI – creating a giant wave against stigma. Go to [www.namihelps.org](http://www.namihelps.org)*

.....

**From:** Richard Wayman [<mailto:richard@hearthconnection.org>]  
**Sent:** Friday, August 30, 2013 12:30 PM  
**To:** \*MHFA\_MN Housing  
**Cc:** Backhaus, Amber; Laura Kadwell; Liz Kuoppala; Orr, Tonja (MHFA); Chip Halbach  
**Subject:** 2014 Affordable Housing Plan - Hearth Connection Comments

Dear Commissioner Tingerthal:

I write to offer comments to the 2014 Affordable Housing Plan. Hearth Connection is an innovative, data-driven nonprofit dedicated to ending long-term homelessness in Minnesota. Our collaborative projects serve over 1,300 children, adults, and youth each year to break the cycle of homelessness and achieve housing stability.

While our national economy improves in small increments, low-income Minnesotans continue to face an economy that results in unacceptably high levels of unemployment, housing foreclosures, lack of affordable housing, and subsequent increases in homelessness. According to the 2013 Wilder Research survey of persons experiencing homelessness, there are over 3,500 Minnesotans meeting the state's definition of long-term homelessness. Hearth Connection's network of permanent supportive housing could triple in size tomorrow and not meet the current demand for services.

Given our common challenges, we applaud and are sincerely grateful for Minnesota Housing's response in the 2014 Affordable Housing Plan to:

- Champion the development of the new State Plan to Prevent and End Homelessness;
- Preserve federally-subsidized housing, which typically serves extremely low-income households;
- Commit to the development of affordable housing opportunities for communities of color and for persons in Greater Minnesota;
- Reinvigorate the Minnesota Interagency Council on Homelessness (MICH);
- Create and publish a Plan to Prevent and End Homelessness and an accompanying two-year action plan; and
- Prioritize the use of Ending Long-Term Homelessness Initiative Fund (ELHIF) funds to sustain its ongoing commitment to rental assistance and operating subsidy activities.

Commissioner Tingerthal and her staff deserve credit for bringing a renewed commitment to ending homelessness and offering investments to create safe and affordable housing opportunities to the lowest income sectors of communities in Minnesota. We look forward to seeing how the work of the Minnesota Interagency Council on Homelessness will implement solutions and investments in supportive housing, rapid rehousing, and homelessness prevention.

We offer the following comments regarding our nonprofit organization's constructive concerns regarding the 2014 Plan and our recommendations for opportunities for future focus to Minnesota Housing.

#### CHALLENGES:

While Minnesota Housing establishes its commitment to “carry out ongoing core work to address homelessness, which includes financing supportive housing for people experiencing long-term homelessness, homelessness prevention assistance, rent assistance, and operating subsidies,” only 4% of all funding is dedicated to these initiatives. We would continue to urge the Governor and Minnesota Housing to seek increased appropriations for the Housing Trust Fund which offers rental assistance for extremely low-income and homeless populations and the Family Homelessness and Prevention Assistance Program.

We applaud the Governor and Minnesota Housing in recognizing that ending homelessness will require cross-agency linkages and coordination. However, we do not believe that the current initiatives focused on highly-mobile families with school-age children or ex-offenders transitioning out of correctional settings will naturally result in ending homelessness. Both initiatives require clear eligibility criteria and targeted services approaches to reach a population most at-risk of homelessness and subsequently achieve housing stabilization.

Finally, Hearth Connection was disappointed that “Pool 3” funding was not allocated to increase rental assistance opportunities under the strategic area of preventing and ending homelessness. Minnesota Housing has over \$25.16 million from the Housing Affordability Fund (Pool 3). Of this amount only 16% (\$4.07 million) is spent in the area of preventing and ending homeless while over 33% (\$8.33 million) is dedicated to homeownership or home improvements. Hearth Connection would like to see these percentages inverted - the largest portion of the Pool 3 funding should be dedicated toward expanding access to rental housing for Minnesota families, adults, and youth experiencing homelessness instead of home ownership.

Under the 2014 Plan, Pool 3 funds are allocated toward addressing homelessness. However, it appears to our organization that this allocation will not increase the availability of affordable rental housing. The Pool 3 funds dedicated to ELHIF will only support straggling one-year contracts for existing providers (\$1.7 million) or to “spread two-year contracts over two years” (\$2.35 million). Hearth Connection wishes to see the Pool 3 funds be used toward the Housing Trust Fund for the expansion of rental assistance to households living in poverty.

#### OPPORTUNITIES:

Given the high representation of persons with disabilities in homeless populations and the goals under the Olmstead Supreme Court ruling to offer community-based integrated housing and services to persons with disabilities, Hearth Connection believes that scattered site supportive housing is the most appropriate housing configuration for expansion of housing programs in Minnesota. Hearth Connection would encourage Minnesota Housing to concentrate fewer resources for the development/construction of supportive housing units and more resources on rental assistance (Housing Trust Fund and the Ending Long-Term Homelessness Initiative Fund) in the future years.

Furthermore, we would encourage Minnesota Housing and MICH to find ways to coordinate rental assistance (Housing Trust Fund and the Ending Long-Term Homelessness Initiative Fund) with supportive services funding offered through the Minnesota Department of Human Services (Long-Term Homelessness Supportive Services Fund, Homeless Youth Act, and Medicaid funding). This Plan fails to identify how Minnesota Housing and DHS could or will coordinate funding streams moving forward to expand the supply of supportive housing in 2014.

Thank you for authoring this clear and transparent plan for public review and comment. Thank you for considering our comments. We look forward to working in partnership with Minnesota Housing to achieve its strategic goals in 2014.

Sincerely,  
**Richard A. Hooks Wayman**

**Executive Director**  
Hearth Connection  
2446 University Ave W, Suite 150  
St. Paul, MN 55114  
phone: 651-645-0676, x103, fax: 651-645-0677  
[richard@hearthconnection.org](mailto:richard@hearthconnection.org)  
[Website](#) | [Blog](#) | [Twitter](#)

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**From:** John Duffy [<mailto:jduffy@duffydevelopment.com>]  
**Sent:** Friday, August 30, 2013 2:26 PM  
**To:** \*MHFA\_MN Housing  
**Subject:** AHP Comments

My comments are short. I'm still tied up in closings.

Preservation is taking an increasingly bigger share of the pie, reducing new construction. From the outside, there doesn't seem to be consideration for the prior stewardship of a development which has now become a preservation project.

Funding the increasing larger number of programs seems an attempt to satisfy everyone, vs. more concentrated effort. Maybe that's just the political result.

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August 30, 2013

Commissioner Mary Tingerthal  
Minnesota Housing Finance Agency  
400 Sibley Street, Suite 300  
St. Paul, MN 55101  
[mn.housing@state.mn.us](mailto:mn.housing@state.mn.us)

Re: Written Comments Regarding the 2014 Affordable Housing Plan

Dear Commissioner Tingerthal,

The Metropolitan Consortium of Community Developers (MCCD) and our 48 members, appreciate Minnesota Housing's willingness to listen, collaborate and innovate. We are enthusiastic about many parts of the draft 2014 Affordable Housing Plan, most notably:

- The new programs the agency is planning to debut with regards to closing the homeownership gap, including the Targeted Mortgage Opportunity Program and the Enhanced Financial Capacity Initiative.
- The Agency's interest in supporting and promoting homeownership opportunities for minority communities. We additionally believe that these efforts may help stabilize communities still in recovery from foreclosure.
- The agency's newly refined community-recovery selection criteria for the Single Family Division's Community Homeownership Impact Fund. This new criteria reflects the on-the-ground realities that our members have been facing when engaging in foreclosure recovery work in these communities. It has become difficult to acquire foreclosed properties due mainly to investor interest, while the need for high-quality housing stock rehabilitation remains paramount to the continued recovery of these neighborhoods. We believe that the new flexibility that this criteria brings will allow our members to continue this important work.
- The Agency's consideration of the needs of the growing senior population. We look forward to seeing your ideas to refine programs and services to meet this population's needs. We hope to see leadership from the Agency on this issue, as many cities we work in are also grappling with how best to serve their growing senior populations and are asking our developers to rise to meet this need.

MCCD members also have a number concerns:

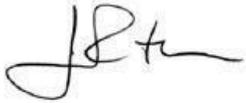
- While there is a pressing need for affordable rental housing in many parts of the state, and very low vacancy rates in the Twin Cities metro area, the Plan decreases investments in the production of affordable rental housing. We understand that much of this decrease is due to the lack of Housing Infrastructure bonds and the challenges of the bond market, but the decrease in production is still

concerning. We hope to see the Agency continue to work with communities impacted by rental shortages to develop solutions and hope to see housing infrastructure bonds back on the table in 2014.

- The continued challenges of finding service dollars to pair with affordable housing units that serve those who have been homeless or have a disability are very difficult to acquire. This challenge makes it difficult to develop this important type of housing. We are enthused that the Minnesota Interagency Council on Homelessness is being reinvigorated and hope that that can be one venue to consider solutions to this issue.
- Finally, we continue to be concerned about the potential impact of the Olmstead Plan and will continue to engage in discussions with Minnesota Housing as well as DHS and lawmakers around ways to support individuals with disabilities without prohibiting their choice of living arrangements.

Thank you for this opportunity to provide our feedback. MCCD is excited about the 2014 Affordable Housing Plan, and looks forward to partnering with the Agency throughout the coming year.

Thank you,

A handwritten signature in black ink, appearing to read "JRt", written in a cursive style.

Jim Roth  
Metropolitan Consortium of Community Developers  
Executive Director

# *Integrated Community Solutions, Inc.*

*Christ on Capitol Hill 105 W. University Ave. St. Paul, MN. 55103 (612) 590-9577*

*Equity and Justice in Housing, Livable Incomes, Human Services, Health Care, Education, Environment, Transit and Civil Rights*

*August 30, 2013*

*Minnesota Housing Finance Agency  
400 Sibley  
Suite 300  
St. Paul, MN. 55101*

*Comments on the 2014 Affordable Housing Plan:*

*Thank you for the opportunity to comment on 2014 Plan. We appreciate the MHFA being a national leader in working with the faith community, advocates, and people needing affordable housing to develop many innovative and ground breaking approaches to preventing homelessness, helping people rapidly exit and transition back into homes, and to create permanent housing opportunities for people with limited resources. We are honored to have worked with you in developing and implementing several programs including: the Transitional Housing (Temporary Housing) Program in 1984, the Minnesota Housing Trust Fund in 1988, the General Obligation Bonding for Transitional Housing in 1991, Family Homeless Prevention and Assistance in 1993, expansion of the Housing Trust Fund to include Rental Subsidies in early 2000s as the Rental Assistance for Family Stability (RAFS) was eliminated, the Housing Solutions Act of 2007 and increasing housing appropriation over the last three decades.*

- 1. We are very pleased to see included in the plan a new Targeted Mortgage Opportunity Program (\$10 million) and a new Enhanced Financial Capacity Initiative (\$500,000). This expands the legislation we introduced HF1603 HOME (Housing Opportunities Made Equitable) in the 2013 Legislative Session. Your new programs expand both financing and more intensive homeownership and financial literacy training for people of color and Hispanic ethnicity (emerging markets) and are facing barriers to credit and assist them to increase their financial capacity. We would encourage you to expand it further by also including indigenous American Indians. Organizations that are funded should be managed and operated by people of color, Hispanic ethnicity and/or indigenous American Indians with experience providing these services. The African American Leadership Forum, requested assistance from MICAH and Integrated Community Solutions in the introduction of the HOME bill and*

*we were joined in our support by Council on Black Minnesotans and other groups representing people of color.*

*While we believe including money in the annual plan is an excellent first step; we plan to move forward in the next Legislative Session to establish it into law as an ongoing funding opportunity for people of color, Hispanic ethnicity, and indigenous American Indians.*

*We believe that the goal should be at least 22% of Minnesota Housing's first time borrowers be households of color, Hispanic ethnicity, and indigenous American Indians not just for MHFA to strive for 22%.*

*In the 2013 Legislative Session- Conference Committee: We were both surprised and saddened that MHFA staff encouraged legislators to change some significantly stronger language addressing these disparity issues in several MHFA programs to weaker language and/or removed it from the passed House of Representative Omnibus Housing Bill.*

2. *We are encouraged by the plan's increased emphasis on rental housing .However due to the growing number of people at risk and/or experiencing homelessness as well as an economic and public assistance system that does not provide livable incomes; we believe strongly that a major shift in funding needs to occur and that resources must be moved into creating affordable housing for people who are in the greatest need of our tax dollars for housing subsidies: people who have extremely or very low incomes including people on fixed incomes, people working part time jobs, and people earning under \$15/hour.*

*We believe the our ongoing housing subsidies of housing for people with low, middle, and upper incomes maintains a real estate market building very large, inefficient and expensive housing. Our tax subsidy resources are desperately needed for people with very low and extremely low incomes, so they may have a safe decent affordable and accessible place to call home, where they and their children can be stable, become well educated, be healthy, and obtain jobs.*

*We believe the passage of a State bill that is similar to Congressman Ellison's HR 1213, would re-distribute our housing subsidy dollars more appropriately by utilizing a mortgage interest tax credit that would include homeowners with low incomes ( not itemizing) and more appropriately utilize the tax expenditure budget by accessing revenue to provide the desperately needed funding for housing for people with no home and people with the greatest need of a housing subsidy to access and maintain a home in our State.*

3. *We continue to be very concerned about the MHFA Plan on Long Term Homelessness. We have stated for the last 13 years, that we believe this is a form of segregated housing. As the housing and homeless funding has been stretched to meet growing needs in our State, this resource has one of the only few resources available for people at risk or experiencing homelessness, especially those with other issues, to access housing. People must have 4 episodes of homelessness in one year or be homeless for a year and have significant issues which create barriers for them, before qualifying for the program. It is very costly for us to*

*allow anyone to experience homelessness. It is a poor use of our tax dollars to require people to experience homelessness 4 times in a year or continuously for a year to obtain this housing.*

*We are also concerned about the multiple sources Federal, State and private funding that fund this program and the actual cost per person to provide this type of housing, when you include MHFA Bonding and Long Term Homeless Funding, DHS LTH Supportive Services, Medicaid, Public Assistance benefits, and any Federal McKinney Vento as amended by HEARTH Permanent Supportive Housing Funds.*

*We continue to be concerned the same people are using the housing 5-10 years later with limited movement into other Federally Assisted Programs such as Section 8, Public Housing, 811 Program, 202 Program. We continue to label people long term homeless even though they have been permanently housed for 5 or more years. We are also concerned that programs utilizing the Housing Trust subsidies are not allowed to require basic expectations of their residents including: paying rent, abiding by landlord tenant law by being good tenants, and to work on self-identified issues to assist them in maintaining stability. We believe basic expectations assist residents to prepare to move into other types of housing and are a wise use of our tax resources. Currently the only way to terminate a Housing Trust Fund subsidy assistance is if a landlord legally evicts a resident, which is a very expensive process.*

4. *We are encouraged that you will re-establish the Interagency Coordination and offer as a suggested process to improve coordination of programs in the bill we introduced in 2008. See attached summary of the bill and the letter sent to the Interagency in 2008 by Senator Marty.*
5. *HMIS- Homeless Management Information Services is not mentioned in regard to data utilized in the plan to describe people experiencing homelessness and/ or the actual cost in MHFA staff time and/or the amount of funding Minnesota Housing Finance Agency provides to pay for Minnesota HMIS, as well the cost to other State agency and providers to obtain and enter data from participants. We believe HMIS is a costly and inadequate system that inaccurately represents the needs of people experiencing homelessness. Our best estimate is that we are annually spending more on collecting data through HMIS than the State's annual appropriations for Emergency Shelter.*
6. *We would encourage the Plan to include funding for Fair Housing Testing, and to assist the Human Rights Department, HUD, and the Attorney General's Office enforcement of Fair Housing Laws and follow up on all Housing Discrimination Complaints. We also would encourage the Plan to indicate that MHFA will not do business with financial institutions that are red lining, withdrawing credit from communities or discriminating in providing loans. As well as indicating MHFA will not do business with developers and/or realtors found to be discriminating, steering, or creating "separate/segregated but equal housing."*

*Thank you again for all your great work. Together, with God's Blessing, we will Bring Minnesota and America Home!*

*Sincerely,  
Sue Watlov Phillips, M.A.  
President & CEO  
Integrated Community Solutions, Inc.  
Retired, Executive Director, Elm Transitional Housing  
Honorary Board Member, National Coalition For The Homeless*

## Attachments

S.F. 3668 (Torres Ray)

H.F. 3830 (Laine)

### **Interagency Coordination on Homelessness 2008**

#### **Consistent Program Rules Needed to Assist Stabilization in the Community**

Programs serving homeless people should be working with program participants to develop the basic skills needed for self-reliance. However, service providers are told that they cannot require, and in some cases cannot even have the expectation that participants will develop and utilize these self-reliance skills. This is counter-productive!

To stabilize in the community, people experiencing homelessness need to:

- Develop a good rental history by paying rent and abiding by landlord tenant law.
- Increase their resources by applying for subsidized housing, employment, Social Security, Medical Assistance, child care assistance and/or other income supplements so that they will be able to afford living in the community after utilizing and transitioning off homeless programs.
- Address self-identified issues which will help them stay stable in the community. For example, addressing domestic violence or chemical/physical/mental health issues.

Personal responsibility is important, and the programs serving these homeless people should be allowed to promote such responsibility.

#### **Equitable Program Standards Needed to Efficiently Utilize Funding**

There are various state funds available for programs aimed at ending homelessness. In order to maximize efficiency and efficacy, state agencies should provide consistent funding rules for programs serving the homeless. *State funding programs currently lack consistent standards.*

Here are some examples of inconsistencies between state funding contracts:

- Providers are not allowed to move participants between programs even when it would provide more appropriate and cost effective help for participants.
- Housing providers are not allowed to sanction participants in some state programs when

- participants don't pay rent, don't abide by landlord tenant law, or destroy property.
- Start-up costs are only available to select providers under certain programs.
- Advances are allowed for some funding programs, but not others.
- Mandatory return of unused obligated funds is required for some programs, but not others.
- There is no consistency on the administrative charges that providers can charge the State.
- State agencies do not clearly define outcomes or conduct a cost analysis of outcomes in homeless programs.

We need to spend every dollar in the most efficient, effective way possible. We need uniform guidelines to allow programs to assist participants in increasing self-reliance. We need equitable standards from all state agencies for all homeless programs. **S.F. 3668/ H.F. 3830 will provide these guidelines and standards.**

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### **Letter from Senator Marty to Interagency Task Force on Homelessness in 2008**

February 20, 2008

Minnesota Interagency Task Force on Homelessness

Cherie Shoquist

400 Sibley Street  
Suite #300  
St. Paul, MN 55101

Re: Urgent need for Consistent Rules for Homeless Programs

Dear Interagency Task Force Members,

The Interagency Task Force on Homelessness was established to investigate, review and improve the current system of service delivery and improve coordination of resources and activities of state agencies relating to homelessness. Consistent program standards and expectations will help to end homelessness in Minnesota.

Unfortunately, there are obstacles caused by state agencies that make it more difficult to help people become independent. Homeless service providers are given inconsistent instructions from state agencies over whether they can work with program participants to increase self-reliance and stabilize their lives.

As Chair of the Senate Health, Housing and Family Security Committee, I am willing to support legislation to provide the necessary clarification, but hope that you will provide the clarification instead. Because of the quickly approaching legislative deadlines, I would appreciate hearing from you before the end of February.

Programs serving homeless people should be working with program participants to develop the basic skills needed for self-reliance. However, service providers are told that they cannot require, and in some cases cannot even have the expectation that participants will develop and utilize these self-reliance skills. This is counter-productive.

To stabilize in the community, people experiencing homelessness need to:

- Develop a good rental history by paying rent and abiding by landlord tenant law.
- Increase their resources by applying for subsidized housing, employment, Social Security, Medical Assistance, child care assistance and/or other income supplements so that they will be able to afford living in the community after utilizing and transitioning off homeless programs.
- Address self-identified issues which will help them stay stable in the community. For example, addressing domestic violence or chemical/physical/mental health issues.

Personal responsibility is important, and the programs serving these homeless people should be allowed to promote such responsibility.

As you know, there are various state funds available for programs aimed at ending homelessness. But, in order to maximize efficiency and efficacy, these state agencies must provide consistent rules to programs serving the homeless. Every homeless person deserves help in gaining self-reliance. State funding programs need consistent standards and criteria on this matter. Homeless service providers have trouble with the inconsistent criteria governing these funding programs.

Here are some examples of inconsistencies between state funding contracts:

- Providers are not allowed to move participants between programs even when it would provide more appropriate and cost effective help for participants.
- Housing providers are not allowed to sanction participants in some state programs when participants don't pay rent, don't abide by landlord tenant law, or destroy property.
- Start-up costs are only available to select providers under certain programs.
- Advances are allowed for some funding programs, but not others.
- Mandatory return of unused obligated funds is required for some programs, but not others.
- There is no consistency on the administrative charges that providers can charge the State under certain programs.
- State agencies do not clearly define outcomes or conduct a cost analysis of outcomes in homeless programs.

We need to spend every dollar in the most efficient, effective way possible. We need equitable standards from all state agencies for all programs. We need uniform guidelines to allow programs to work on increasing self-reliance.

I ask you for an interagency agreement outlining these standards and guidelines. Please work with the respective agencies, to promptly address these issues. Again, I would appreciate knowing by the end of the month whether the Task Force is able to resolve these inconsistencies.

Sincerely,

Senator John Marty

Cc: Timothy Marx, Commissioner MHFA;  
Cal Ludeman, Commissioner DHS;  
Michael Campion, Commissioner DPS