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DATE: August 29, 2019
TO: Minnesota Housing Board Members
FROM: Jennifer Ho, Commissioner
SUBJECT: **PROGRAM COMMITTEE MEETING**

A meeting of the **Program Committee** has been scheduled for **2:30 p.m.** on **Tuesday, September 3** via **conference call** or the offices of Minnesota Housing, 400 Wabasha Street, Suite 400, St Paul, MN 55102 in the Mille Lacs Conference Room on the fourth floor.

The topic for discussion at this meeting is:

- A. Proposed Changes to the Role of the Affordable Housing Plan

This committee is a committee of the whole and all members are encouraged to attend.

Toll-free dial-in number (U.S. and Canada):
(888) 742-5095

Conference code:
4014552918

If you have questions, please call Rachel Franco at (651) 296-2172.

Item: Proposed Changes to the Role of the 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:

Attached for your review is an overview of the issues we will discuss at the Program Committee meeting. We are proposing to switch to a two-year Affordable Housing Plan (AHP) and change the role that the AHP plays.

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):

Background for Program Committee Discussion: Proposed Changes to the Role of the AHP

Background for Program Committee Discussion

Proposed Changes to the Role of the AHP

With the 2020-21 Affordable Housing Plan (AHP), we are proposing to make two changes to the role of the plan:

- Switch from a one-year to a two-year plan
- Treat the funding levels in the plan as a forecast of activity, rather than a budget

Two Year Plan

Until 2012, the AHP was a two-year plan that coincided with the biennial appropriations from the state legislature. Given the program changes that we needed to make coming out of the Great Recession and financial crisis, we switched to a one-year plan. We are proposing moving back to a two-year plan for a couple of reasons:

- First, it provides our partners and stakeholders with an extra year of forecasted activity, which will help with their own planning.
- Second, we believe it will give staff more time to spend operating programs, collaborating and improving outcomes with partners.

Forecast Rather than a Budget

The 2019 and earlier AHPs were considered to be a set budget for the agency's programs and activities. This viewpoint sometimes created unnecessary constraints on our deployment of resources and also limited the Agency's ability to be flexible and respond more quickly to market conditions. We believe this new treatment of the AHP will provide the Agency more latitude to make decisions on time sensitive and pressing opportunities, and get more money out the door more quickly.

Previous iterations of the AHP also served as a mechanism by which the Board could approve use of resources for particular programs. We believe this process is sometimes redundant, and also has gaps and inconsistencies in it, because most program activity is brought to the Board separately for approval, including RFP selections, individual deals, and other activity. In the past, for a handful of programs, staff initially committed funds based on various protocols, including sometimes the AHP authorization. In order to provide both transparency and flexibility, staff propose that the Commissioner be granted delegated authority to utilize the resources set out in the AHP and to increase those amounts as needed, subject to appropriate considerations of financial feasibility and forecasted timing of needs. Keeping the Board informed about program activity will continue to be a priority, and staff will continue to provide regular updates on progress to the Board.

Staff welcome reactions and questions from members of the Board as we contemplate moving forward with this approach. We released a draft of the AHP for Public Comment on Thursday, August 29 and will present it to the Board, along with an appropriate modification to the delegation of authority, at the September Board meeting.