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Subject: SF 1899
Date: Thursday, March 2, 2023 12:28:44 PM

Dear Senator Port:

I am writing to you in my capacity at Chair of the Minneapolis Public Housing Authority (MPHA) to support SF 1899. As you may well know, this legislation ([SF 1899](#)) would be the largest non-federal funding ever delivered to MPHA and would dramatically alter the future of MPHA's deeply affordable family housing portfolio—enabling MPHA to overcome decades of underfunding and enable the portfolio to become self-sufficient for decades. Upon the completion of the extensive rehabilitation that this funding would support, the agency estimates that annual federal subsidies received would then be able to cover the future estimated costs of routine improvements. This investment would benefit both the 3,100 residents living in these homes today as well as the estimated 3,800 families (and likely tens of thousands of residents) who will reside in these homes over the next 30 years.

Through MPHA's wholly controlled non-profit, Community Housing Resources (CHR), the agency owns and operates more than 700 deeply affordable single-family, duplex and fourplex homes spread across every legislative district in the city, serving more than 3,100 people. The homes are often referred to as MPHA's "scattered site" housing. These homes account for more than *80 percent* of the MPHA housing available for families with children. Of the residents who call scattered site properties home, 87 percent are black, 85 percent are female-led, and two-thirds are households of five or more—families with children.

These scattered site homes are a critical piece of city infrastructure, as they are a proven tool to provide families a solid foundation for upward mobility. Of the current scattered site heads of household, 19 percent were employed when entering their new home. On average, these residents earned \$20,722 a year in income. Today, 67 percent of these residents are employed, earning an average of \$34,225 a year, with more than 60 percent of these residents' earned income increasing while in these homes. Better yet, between 2020 and 2022, an estimated 17 percent of all families leaving scattered site homes have gone on to purchase their own homes. Families living in CHR homes stay for an average of six years before moving to new housing.

There is a major need for this type of housing in Minneapolis, as evidenced by the agency's recent highwater mark of more than 7,500 people on its waitlist for deeply affordable and/or public family housing. More than 80 percent of those on the waitlist are households of color. To help meet this unmet need, the agency recently celebrated the groundbreaking of 84 new deeply affordable family homes with its [Family Housing Expansion Project \(FHEP\)](#), bringing 26 two- and 58 three-bedroom units in four- and six-plexes to 16 sites across Minneapolis.

Preserving this critical portfolio of deeply affordable family housing is a top agency priority. The portfolio's current backlog of capital needs stands at \$31 million. If left unaddressed, the need becomes \$65 million by 2027. Currently, the agency is committing more than \$2 million annually into capital repairs into the portfolio, but that investment is insufficient to address the portfolio's needs. If left to only MPHA's annual contribution, over the next 10

years, the portfolio of homes will end up in far worse condition than they are today and in jeopardy of becoming uninhabitable.

With this new \$45 million investment, the agency would complete work over a 10-year span, covering both today's capital backlog and future capital needs while driving towards portfolio self-sufficiency by the end of the 10-year deployment window.

This proposed investment by the State of Minnesota would transform deeply affordable family housing in Minneapolis for a generation. While the agency estimates the capital backlog for its entire portfolio at \$210 million, the ability to resolve an additional \$45 million of work over the next 10 years on top of the annual funding it secures from HUD [and other jurisdictions](#) would mark one of the most significant improvements in the agency's capital backlog in MPHA history.

Thank you for your strong support for this funding. Please let me know if you have any questions about this bill.

Sincerely,

Thomas L. Hoch, Chair
Minneapolis Public Housing Authority
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