

Senate Housing and Homelessness
Prevention Committee
3213 Minnesota Senate Building
Saint Paul, MN 55155



Dear Chair Port and Members of the Committee,

February 25, 2025

The Minnesota Consortium of Community Developers (MCCD) is an association of nonprofit community development organizations and Community Development Financial Institutions (CDFIs) committed to expanding the wealth and resources of communities through housing opportunities and economic development initiatives. MCCD's mission to build strong and stable communities can only be achieved by addressing the harms and inequities that have shaped housing and economic development policies at every level of government. These policies have prevented Black, Indigenous and People of Color (BIPOC) and other disinvested communities from achieving housing stability, accessing capital, and building generational wealth.

MCCD appreciates the work done by the members of the Task Force on the Long-Term Sustainability of Affordable Housing. We believe that a number of the recommendations represent key steps the legislature and administration can take towards stabilizing Minnesota's multifamily affordable housing and keep Minnesotans in their homes. **We cannot overstate the importance of implementing the following recommendations either through new legislation for the 2025 session, or through administrative coordination with our state agencies and local government partners.**

As legislation and administrative changes are considered, we strongly recommend that the voices of the people most impacted, Minnesota's renters, are included in the decision-making processes to come. This could be done in coordination with the Housing Justice Center or with HOME Line to ensure that tenant voices are represented. The purpose of the Task Force was to stabilize affordable housing properties, with the ultimate goal of keeping people affordably housed. Therefore, MCCD does not support any changes to policies, like rent control, that allow bad actors to take advantage of renters by increasing rents at unsustainable rates. By including residents in this process, we can make certain that they are a part of the solutions intended to better serve them and their families.

Our members, mission-driven nonprofit providers, need our support now more than ever so that they can continue to house Minnesotan families in safe, healthy, and dignified housing. The lack of reliable and adequate supportive services funding, staffing shortages, deferred maintenance costs, increasing insurance premiums, and rental arrears have further financially strained affordable housing providers, with little or no reserves remaining. Our members are doing everything they can to keep their properties open and their residents housed, but without a coordinated response led by the legislature and the administration, we risk losing thousands of units of deeply affordable housing and displacing countless families.

MCCD has outlined our top priorities from the recommendations below:

- **Recommendation #1:** The Task Force recommends that the Minnesota legislature partner with Minnesota Housing, non-profit housing leaders, tenant rights organizations,

and Minnesota renters to coordinate two evaluations. One to evaluate Permanent Supportive Housing and deeply affordable housing models, and potential flexibility in regulatory requirements of existing affordable housing, further defined in Appendix B. The other to research options and develop recommended changes to QAP scoring and other recommendations or options to provide increased financial and operational flexibility for housing providers.

- **Recommendation #4:** The Task Force recommends that Minnesota Housing develops, revives, and/or implements new state strategies, tools, funding resources, and processes to address the stabilization of regulated affordable housing.
- **Recommendation #8:** The Task Force recommends that deals are closed faster. Review models and identify opportunities for industry-wide processes, staffing, approval, and funding structures to get projects closed faster. Establish target time goal for closings and report publicly on success of meeting the goal.
- **Recommendation #12:** The Task Force recommends adequate government service funding to be paired with capital funding for PSH units to help ensure full funding for services at a level that matches the need of the proposed tenants and aligns with the public priority populations.
- **Recommendations #17 and #18:** The Task Force recommends directing the Department of Commerce and the Minnesota Housing Finance Agency to partner with affordable housing providers and the insurance industry to collect data on the state of the insurance market for affordable housing providers.
The Task Force recommends directing the Department of Commerce to partner with the Minnesota Housing Finance Agency, affordable housing providers, and the insurance industry to assess the benefits, costs, and feasibility of state-based financial support to mitigate excessive insurance premium increases, as well as to protect affordable housing providers that may be at risk of losing insurance coverage.

Thank you for your time and consideration. MCCD and our members would like to make ourselves available to answer questions or provide additional information. Please reach out to Kelly Law, Senior Policy and Field Building Advisor, 612-865-3170 or klaw@mccdmn.org, should you need any further information.

Sincerely,

Elena Gaarder

Elena Gaarder
Chief Executive Officer, MCCD