MINNESOTA HOUSING

400 Wabasha Street North, Suite 400
St. Paul, MN 55102
P: 800.657.3769
F: 651.296.8139 | **TTY:** 651.297.2361
www.mnhousing.gov

Date: March 27, 2025
To: Chair Port and Members of the Senate Housing and Homelessness Committee
From: Minnesota Housing
Subject: SF 2742 Feedback

We appreciate the opportunity to comment on SF 2742, which includes aspects from several of the recommendations from the Task Force Long-Term Sustainability of Affordable Housing. Preserving affordable housing has been central to Minnesota Housing's mission for decades. As housing needs continue to grow and new challenges emerge, we remain committed to exploring new and expanded paths to achieve this goal.

There are two sections of SF 2742 that we wanted to flag as conversation around this bill continues in the upcoming weeks.

Section 1 would require Minnesota Housing to complete an annual report on the financial stability of the affordable housing industry. Currently, Minnesota Housing collects operating data on roughly 10% of the units in the affordable housing industry (those in our compliance management portfolio), though also depending on the definition of affordable housing industry. The percent of rents collected on time is not currently a tracked metric nor does it have a standard industry definition used by all property owners. While additional data could be useful to this issue, undertaking this report would require significant new resources including people, technology, and cooperation with property owners and managers.

Section 3 attempts to limit the minimum required affordability period associated with housing developments that receive federal low-income housing tax credits (HTCs). We are concerned about this language. We acknowledge the asset management and capital needs that properties must address as they age, as well as the financial challenges many property owners and developments are currently facing. However, reducing the years of affordability for HTC developments would make Minnesota an outlier on affordability across the country and there could be unintended consequences, potentially leading to the premature loss of affordable housing.

We look forward to discussing these provisions and others in the bill in the weeks ahead.