

Number	Group	Recommendation	Implementation Considerations	Comments
1	Financing, financing tools, and programs	<p>Adequate service funding is paired with capital funding for Permanent Supportive Housing (PSH) units, both new and existing PSH units</p> <ul style="list-style-type: none"> <li>• Coordinate across multiple sources</li> <li>• Funding sufficient to match needs of tenants – rent, operating, and support services</li> <li>• New legislation/new program and appropriation sufficient to fund services/operating needs for all PSH projects</li> <li>• Seek section 1115 Health-Related Social Needs (HSRN) Demonstration Authority</li> </ul>	<ul style="list-style-type: none"> <li>• Changes to state statute or rulemaking</li> <li>• Changes to state agency administrative policies and procedures – not requiring statutory changes or rulemaking</li> <li>• Changes to provider and/or developer practices/approaches</li> <li>• More funding -- ongoing</li> <li>• Resources (people) – staff? Training? Public employees? Nonprofit funding?</li> <li>• Coordination across state agencies and county governments</li> </ul>	
2	Financing, financing tools, and programs	<p>The Commissioner of Human Services shall identify a strategy to address the health and long-term sustainability of supportive housing projects in Minnesota through new expanded, and/or accessible sources of funding related to Medicaid. This could include services reimbursed under section 1115 of the Social Security Act (an 1115 Health-Related Social Needs Demonstration Project), or other federal authorities such as expanded 1915(i) State Plan Amendment services.</p>	<ul style="list-style-type: none"> <li>• Changes to state statute or rulemaking</li> <li>• Changes to state agency administrative policies and procedures – not requiring statutory changes or rulemaking</li> <li>• Changes to provider and/or developer practices/approaches</li> <li>• More funding</li> <li>• Technology fixes</li> <li>• Resources (people) – staff? Training? Public employees? Nonprofit funding?</li> </ul>	

			<ul style="list-style-type: none"> <li>• Coordination across state agencies and county governments</li> </ul>	
3	Financing, financing tools, and programs	<p>QAP and other public RFP funding structure and selection criteria revisions based on performance data and preservation goals</p> <ul style="list-style-type: none"> <li>• Selection criteria prioritize supportive housing in models with demonstrated success: 100% or majority, PSH (not integrated model)</li> <li>• Pause points for “integrated” PSH model – requiring all projects to include 4 PSH units to achieve competitive scores</li> <li>• Continue funding 100% PSH projects with only non-amortizing debt (eliminate amortizing, 1<sup>st</sup> mortgage debt on PSH projects) and review pre-2020 PSH projects for possible debt restructure to modify debt</li> </ul>	<ul style="list-style-type: none"> <li>• Changes to state agency administrative policies and procedures – not requiring statutory changes or rulemaking</li> <li>• Changes to local government policies and procedures (not dependent on state or federal rules/statutory changes)</li> <li>• Changes to provider and/or developer practices/approaches</li> <li>• Resources (people) – staff? Training? Public employees? Nonprofit funding?</li> </ul>	
4	Financing, financing tools, and programs	<p>Develop “policy framework” for small “p” preservation of affordable housing. Policy framework should include:</p> <ul style="list-style-type: none"> <li>• Framing the small “p” preservation issue and summarizing available data re: challenges of stabilizing and preserving affordable housing</li> <li>• Recognize different “tracks” new construction, big “P” preservation of federally subsidized housing,</li> </ul>	<ul style="list-style-type: none"> <li>• Changes to state agency administrative policies and procedures – not requiring statutory changes or rulemaking</li> <li>• Changes to local government policies and procedures (not dependent on state or federal rules/statutory changes)</li> </ul>	

		<p>and small “p” preservation and stabilization of all publicly-funded affordable housing</p> <ul style="list-style-type: none"> <li>• Identify strategies, tools, and predictable ongoing funding for small “p” preservation track so that projects do not have to compete in new construction and big “P” preservation tracks.</li> <li>• Ensure a balance of funding in new, big “P” Preservation, and small “p” preservation</li> <li>• Do not require small “p” preservation projects to “add” PSH units to be competitive for funding under small “p” track.</li> <li>• Consider options for regulatory relief – to release properties from restrictions if no resources are available for preservation (i.e. allow properties to become “NOAH”)</li> <li>• Identify need and strategies for NOAH preservation</li> </ul>	<ul style="list-style-type: none"> <li>• Resources (people) – staff? Training? Public employees? Nonprofit funding?</li> </ul>	
5	Financing, financing tools, and programs	<p>Identify strategy, tools, and funding resources to address the small “p” preservation and/or stabilization/asset management needs of existing affordable housing.</p> <p>Programs, tools, resources must be administered:</p> <ul style="list-style-type: none"> <li>• Fast, flexible, pipeline basis</li> </ul>	<ul style="list-style-type: none"> <li>• Changes to state statute or rulemaking</li> <li>• Changes to state agency administrative policies and procedures – not requiring statutory changes or rulemaking</li> <li>• Changes to local government policies and procedures (not</li> </ul>	

		<ul style="list-style-type: none"> <li>• In collaboration with other public, non-profit, and private funders, to ensure comprehensive approach involving all funding partners (through Super ISG)</li> <li>• Flexible to support debt relief/restructure, operating and service needs, repayment to owner/sponsor, funding depleted reserves</li> <li>• Include grants where possible and patient deferred debt where not possible</li> </ul>	<p>dependent on state or federal rules/statutory changes)</p> <ul style="list-style-type: none"> <li>• Changes to provider and/or developer practices/approaches</li> <li>• More funding -- ongoing</li> <li>• Resources (people) – staff? Training? Public employees? Nonprofit funding?</li> </ul>	
6	Financing, financing tools, and programs	<p>Regulatory Relief: As part of new policy framework” for small “p” preservation of affordable housing.</p> <p>If resources are not sufficient to preserve or stabilize existing affordable housing, identify options for relief from regulatory requirements, reducing the number or percent of units subject to ongoing rent and/or income restrictions, relax ongoing monitoring and compliance requirements, and/or other potential regulatory relief.</p>	<ul style="list-style-type: none"> <li>• Changes to state statute or rulemaking</li> <li>• Changes to state agency administrative policies and procedures – not requiring statutory changes or rulemaking</li> <li>• Changes to local government policies and procedures (not dependent on state or federal rules/statutory changes)</li> <li>• Changes to provider and/or developer practices/approaches</li> </ul>	
7	Financing, financing tools, and programs	Statewide Pre-Emption on Rent Control with no Local/Municipality Override	<ul style="list-style-type: none"> <li>• Changes to state statute or rulemaking</li> <li>• Changes to local government policies and procedures (not</li> </ul>	

			dependent on state or federal rules/statutory changes)	
8	Financing, financing tools, and programs	Proclamation on importance of partnership between state, county, and local Public Safety Departments/resources to drive public safety	<ul style="list-style-type: none"> <li>• State legislative proclamation</li> </ul>	
9	Financing, financing tools, and programs	Track Key Performance Indicators (KPI) related to the health of the affordable housing industry. <ul style="list-style-type: none"> <li>• County by County the % of rent collected on time</li> <li>• The % of Private and Federal Resources being leveraged to the benefit of the state, counties and cities</li> </ul>	<ul style="list-style-type: none"> <li>• Changes to state agency administrative policies and procedures – not requiring statutory changes or rulemaking</li> <li>• More funding -- ongoing</li> </ul>	
10	Administrative policies and tools	Close deals faster. Review models and identify opportunities for industry-wide processes and funding structures to get projects closed faster.	<ul style="list-style-type: none"> <li>• Changes to state agency administrative policies and procedures – not requiring statutory changes or rulemaking</li> <li>• Changes to local government policies and procedures (not dependent on state or federal rules/statutory changes)</li> <li>• Changes to provider and/or developer practices/approaches</li> </ul>	

11	Administrative policies and tools	<p>Create a dedicated preservation funding pool equal to new construction in the Consolidated RFP:</p> <p>Each category of affordable rental projects is different with unique challenges and have different metrics in the Consolidated RFP application scoring. While the current Consolidated RFP scores project types differently, all projects compete for the same pot of money without regard to how the awards are balanced between new construction and preservation. Establishing dedicated preservation funding within the Consolidated RFP that includes broader definitions / prioritization of preservation would convey that preservation is equal in public priority.</p>	<ul style="list-style-type: none"> <li>• Changes to state agency administrative policies and procedures – not requiring statutory changes or rulemaking</li> <li>• Changes to local government policies and procedures (not dependent on state or federal rules/statutory changes)</li> <li>• Changes to provider and/or developer practices/approaches</li> <li>• Resources (people) – staff? Training? Public employees? Nonprofit funding?</li> </ul>	
12	Administrative policies and tools	<p>Re-establish Asset Management Loans:</p> <p>There needs to be an appropriately sized emergency funding pool that is flexible and time sensitive in order to address significant and dire capital needs when project reserves are insufficient. Priority should be placed on capital needs that impact livability and habitability.</p>	<ul style="list-style-type: none"> <li>• Changes to state agency administrative policies and procedures – not requiring statutory changes or rulemaking</li> <li>• Changes to local government policies and procedures (not dependent on state or federal rules/statutory changes)</li> <li>• Changes to provider and/or developer practices/approaches</li> <li>• More funding -- ongoing</li> </ul>	

			<ul style="list-style-type: none"> <li>Resources (people) – staff? Training? Public employees? Nonprofit funding?</li> </ul>	
13	Administrative policies and tools	Use recapitalization process to simplify project financing in order to streamline building operations and support long-term stability of the project: This could include allowing forgiveness or repayment of debt to remove complicated project requirements.	<ul style="list-style-type: none"> <li>Changes to state agency administrative policies and procedures – not requiring statutory changes or rulemaking</li> <li>Changes to local government policies and procedures (not dependent on state or federal rules/statutory changes)</li> <li>Changes to provider and/or developer practices/approaches</li> <li>Resources (people) – staff? Training? Public employees? Nonprofit funding?</li> </ul>	
14	Administrative policies and tools	Evaluate extended use period guidelines to release pressures after year 15: Evaluate extended use period guidelines to determine how to release pressure on affordable housing properties after year 15, including determining and clarifying what restrictions are in place due to federal law, state or local law, or administrative rules. Where possible, proactively identify opportunities to reduce affordability requirements for properties in their extended use period that can't cash flow and aren't a strong candidate for recapitalization resources.	<ul style="list-style-type: none"> <li>Changes to federal laws or policies</li> <li>Changes to state statute or rulemaking</li> <li>Changes to state agency administrative policies and procedures – not requiring statutory changes or rulemaking</li> <li>Changes to local government policies and procedures (not dependent on state or</li> </ul>	

		As part of this evaluation, outline an efficient, time sensitive process that responds to market conditions.	<p>federal rules/statutory changes)</p> <ul style="list-style-type: none"> <li>• Changes to provider and/or developer practices/approaches</li> <li>• Resources (people) – staff? Training? Public employees? Nonprofit funding?</li> </ul>	
15	Administrative policies and tools	Allow owners to fund and collect revenue for asset management: Allow affordable housing projects to include asset management fees in the underwriting costs. Provide a funding pool that existing developments can access to financially support asset management functions, if such fees were not underwritten.	<ul style="list-style-type: none"> <li>• Changes to state agency administrative policies and procedures – not requiring statutory changes or rulemaking</li> <li>• Changes to local government policies and procedures (not dependent on state or federal rules/statutory changes)</li> <li>• Changes to provider and/or developer practices/approaches</li> <li>• More funding – one time and ongoing</li> <li>• Resources (people) – staff? Training? Public employees? Nonprofit funding?</li> </ul>	
16	Administrative policies and tools	Provide more flexibility on incentivizing supportive housing: In future QAP's, Supportive Housing Units should be incentivized, only when there is adequate service funding to support residents. For current projects, allow owners to pause	<ul style="list-style-type: none"> <li>• Changes to state statute or rulemaking</li> <li>• Changes to state agency administrative policies and procedures – not requiring</li> </ul>	



		supportive housing requirements until adequate service funding is in place.	<p>statutory changes or rulemaking</p> <ul style="list-style-type: none"> <li>• Changes to local government policies and procedures (not dependent on state or federal rules/statutory changes)</li> <li>• Resources (people) – staff? Training? Public employees? Nonprofit funding?</li> </ul>	
17	Administrative policies and tools	Retool underwriting standards to reflect current economic conditions: Examine current operating expenses and consider historical operating expenses across the total portfolio of publicly financed projects to set the underwriting policies for new projects. Recognize and fund the operating deficits that new underwriting policies create. Policies need to be dynamic to ensure they account for the current economic environment and need to include a mechanism to “fix” recently/previously underwritten projects where revenue and expenditure assumptions are no longer valid.	<ul style="list-style-type: none"> <li>• Changes to state agency administrative policies and procedures – not requiring statutory changes or rulemaking</li> <li>• Changes to local government policies and procedures (not dependent on state or federal rules/statutory changes)</li> <li>• Changes to provider and/or developer practices/approaches</li> <li>• More funding – ongoing</li> <li>• Resources (people) – staff? Training? Public employees? Nonprofit funding?</li> </ul>	
18	Administrative policies and tools	Reconsider incentivizing "leverage" of other public resources in the competitive funding of capital housing investments: This sort of leverage increases complexity by having to negotiate with multiple	<ul style="list-style-type: none"> <li>• Changes to state agency administrative policies and procedures – not requiring statutory changes or rulemaking</li> </ul>	

		government funders, each of whom bring their own policy-driven requirements to a project. This adds considerable time and expense to projects, without an obvious benefit to the broader housing system.	<ul style="list-style-type: none"> <li>• Changes to local government policies and procedures (not dependent on state or federal rules/statutory changes)</li> <li>• Resources (people) – staff? Training? Public employees? Nonprofit funding?</li> </ul>	
19	Systems change	<ul style="list-style-type: none"> <li>• If possible use a percentage of the metro area sales and use tax for housing to fund supportive housing services – (Would this fit under the use “support nonprofit affordable housing owners and developers?)</li> <li>• Could we use THP as a funding source for supportive services long term</li> <li>• Coordinated entry would only apply to housing organizations that are HUD funded. This would limit the need for some of the supportive housing services that resulted from coordinated entry. –and/ or- Coordinated entry would be required to have services that matched the needs of the potential tenants.</li> </ul>	<ul style="list-style-type: none"> <li>• Changes to state statute or rulemaking</li> <li>• Changes to state agency administrative policies and procedures – not requiring statutory changes or rulemaking</li> </ul>	
20	Systems change	<p>Regulatory Changes to Extended Use Period (beyond year 15 LIHTC/HIB/etc)</p> <p>Reduce the regulation on affordable housing during the Extended Use period to ensure affordable properties can be</p>	<ul style="list-style-type: none"> <li>• Changes to state statute or rulemaking</li> <li>• Changes to state agency administrative policies and procedures – not requiring</li> </ul>	

		<p>properly maintained and to extend their long-term viability. Some possible actions include:</p> <ul style="list-style-type: none"> <li>• Allow flexibility in income/rent restrictions that enable the affordable property to operate successfully on behalf of its residents beyond year 15. Adjustments may include loosening affordability requirements in a portion of units (consistent with IRS guidelines), with a commitment by the provider to preserve general affordability on the remaining regulated units through the initial 30 year period. Guardrails to ensure responsible use of public resources may include a focus on non-profit/mission-based ownership, as well as incentives to maintain affordability beyond 30 years.</li> <li>• Evaluation of regulatory flexibility beyond year 15 may be handled in conjunction with a more robust and transparent ISG process.</li> <li>• Explore the potential of income averaging in the extended use years</li> <li>• Add the above flexibility in the original LURA for new projects. A LURA for the first 15 years and a commitment to a new LURA for</li> </ul>	<p>statutory changes or rulemaking</p> <ul style="list-style-type: none"> <li>• Changes to local government policies and procedures (not dependent on state or federal rules/statutory changes)</li> </ul>	
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		the 2nd 15 years that is based on current economics and performance.		
21	Systems change	<p>Ensure both the Metro and Greater MN ISG groups adopt a more formal and transparent process.</p> <ul style="list-style-type: none"> <li>• Publish a regular schedule of meetings.</li> <li>• Clarify goals around project stabilization and preservation</li> <li>• Clarify how the ISG determines what projects they review</li> <li>• Create a process for owners to request a project review and support</li> </ul> <p>Criteria for project review should be inclusive of all types of preservation needs, specifically projects that currently have no funding path through the existing preservation funding RFPs for a variety of reasons including (but not limited):</p> <ul style="list-style-type: none"> <li>• Scale (too small)</li> <li>• No deep operating subsidy to preserve or to underwrite new debt</li> <li>• Geographic location</li> <li>• Don't score well or meet defined priorities</li> </ul>	<ul style="list-style-type: none"> <li>• Changes to state agency administrative policies and procedures – not requiring statutory changes or rulemaking</li> <li>• Changes to local government policies and procedures (not dependent on state or federal rules/statutory changes)</li> <li>• Changes to provider and/or developer practices/approaches</li> <li>• Resources (people) – staff? Training? Public employees? Nonprofit funding?</li> </ul>	
22	Systems change	<p>Increase funding for SAHA to enable counties flexible funding to stabilize affordable housing based on local needs and priorities. Current resources are so limited they have only marginal impact on addressing affordable housing needs.</p>	<ul style="list-style-type: none"> <li>• Changes to state statute or rulemaking</li> <li>• Changes to local government policies and procedures (not dependent on state or</li> </ul>	

		<p>Revise the existing allocation of LAHA resources to only counties and cities of the first class thereby alleviating fragmentation of the resource across so many jurisdictions.</p>	<p>federal rules/statutory changes)</p> <ul style="list-style-type: none"> <li>• More funding -- ongoing</li> </ul>	
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