

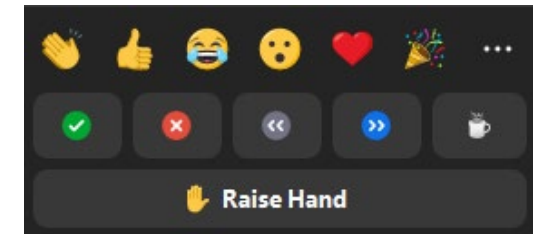
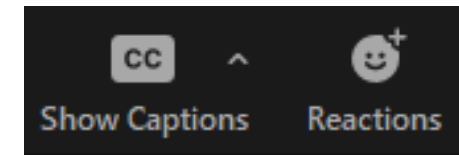
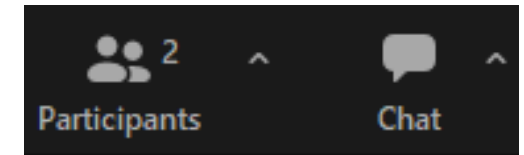
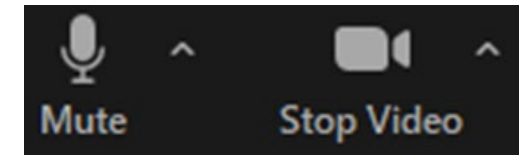
# Welcome to the Task Force on Long-Term Sustainability of Affordable Housing

Please use this time to get settled and test out Zoom features.

- **Mute/Unmute:** Turn your microphone on/off. Use the arrow to adjust settings.
- **Stop/Start Video:** Turn your camera on/off. Use the arrow to adjust settings.
- **Participants:** See who's currently in the meeting.
- **Chat:** Open the chat panel.
- **Show Captions:** Turn on live captions (it only turns on for you, not everyone).
- **Reactions:** Use the Raise Hand feature to show you'd like to talk.

Please ensure Zoom shows your preferred name, and (if you like) add your pronouns.

- Click the “Participants” button.
- Hover your mouse over your name, then click the three dots beside it.
- Click “Rename.” A pop-up box will appear – edit your name and your pronouns.
- Click “Change.”



# December 11 Meeting Agenda

1. Call to order and welcome
2. Task force business
3. Presentation on tenant perspectives
4. Final draft report overview
5. Draft recommendations review and discussion
6. Work time in small groups
7. Closing and adjourn

# Task force business: December 11, 2024

- Approve November 20 meeting notes
- Comments from co-chairs
- Meeting flow
- Operating agreements

# Task force meeting flow

Month	Task force meeting topics/milestones
August	<p>Introductions, setting task force norms</p> <p>Building shared knowledge: Identifying key terminology; generating issues and challenges</p>
September	<p>Building shared knowledge: task force elements; key terminology discussion</p> <p>Prioritizing issues and challenges</p>
October (two meetings)	<p>Building shared knowledge: Minnesota Housing presentations</p> <p>Begin developing options for solutions</p> <p>Building shared knowledge: Minnesota Department of Commerce presentation and affordable housing developers and providers panel</p> <p>Discuss prioritization levers and approaches</p> <p>Refine and prioritize options for solutions</p>
November	Continue developing recommendations
<b>December</b>	<b>Refine draft recommendations</b>
<b>January (two meetings)</b>	<p><b>Discuss final report, including recommendations and narrative statement</b></p> <p><b>Vote on final report and recommendations</b></p>

- Make space, take space
- All voices are valued
- One person speaking at a time
- Approach this work in the spirit of collaboration
- Turn judgement into curiosity

# Presentation on tenant perspectives

# Final report update



## **Table of Contents:**

- Executive Summary
- Membership
- Overview of the Task Force
- Overview of Testimonies
- Overview of Meetings
- Task Force Process
- Recommendations
- Appendices

## Final report: public testimony status

- The Task Force accepted written public testimony on affordable housing concerns.
- LCC received one submittal, from the Metropolitan Consortium of Community Developers.
- MCCD's full written testimony may be accessed on the LCC website.


# Final report production, reviews and timeline

- A first draft of the final report to be shared with task force next week (Friday, December 20).
- Some sections will be pending for this first draft.
- **Narrative statement:** co-chairs will work on a first draft and circulate to task force volunteers for a first review and comments before the next task force meeting on January 8, 2025.
  - If you have specific suggestions or content ideas for the narrative statement, please reach out to Rep. Howard by Friday, December 20 for consideration in the first draft
- The full task force will have opportunity to discuss a second draft of the final report and provide input (focusing on any incorrect content and essential missing information) at the January 8 task force meeting.
- LCC and the co-chairs will revise and share a final draft for review and approval by the task force at the January 22, 2025 meeting.

# Updated recommendations review

## Work between meetings: brief recap

- Pulse-check polling results and detailed feedback shared by Task Force members at the November 20 Task Force meeting were compiled by staff and promptly shared back to members via email.
- Small groups each selected one member to represent them at two working sessions convened by the co-chairs to discuss grouping and combining draft recommendations.
- Task force members made revisions and submitted them to LCC, which are reflected in the matrix shared with members and posted on the LCC website.



What is missing?  
What concerns do you have?  
What needs more  
clarification?

*Please reference the recommendation number in your chat  
message*

# Administrative policies and tool recommendations

--No changes--

Close deals faster. Review models and identify opportunities for industry-wide processes and funding structures to get projects closed faster.



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.

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.

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 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.

# Insurance recommendations (Deleted 1 recommendation)

Direct 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 agencies should gather information about health of the market, insurance rates, variations of underwriting and other practices of insurers, and assess unique aspects of the insurance market and practices that impact affordable housing providers and assess responses to this issue in other states and at a national level. The agency is directed to compile a report and submit to the House and Senate Housing Finance and Policy Committees and the House and Senate Commerce Committees with learnings and recommendations for potential changes in law or regulatory practices that promote equity, consistency, transparency in the insurance market for affordable housing providers.

Direct 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.

# Financing, financing tools, and programs recommendations

## Amend current QAPs and other public funding RFPs by date to revise selection criteria structure

- Prioritize supportive housing in models with demonstrated success (efficiency/robust service model): 100% or majority PSH (not integrated model). Until an evaluation is done on the effectiveness of the “integrated” PSH model, pause selection points for “integrated” PSH model (i.e. requiring all projects to include 4 PSH units to achieve competitive scores).
- In workforce LIHTC housing: limit the required ratio of units restricted to households with incomes at or below 30% AMI to no more than 10% of all units.
- Continue funding 100% PSH projects with only non-amortizing debt (eliminate amortizing, 1st mortgage debt on PSH projects) and review pre-2020 PSH projects for possible debt restructure to modify debt
- MHFA responsible for an evaluation the effectiveness of 100% permanent supportive housing (PSH) developments, “integrated” PSH units, and 30% AMI units without designated services. Evaluation should consider service funding amounts and sources, financial performance of operations, whether and to what degree tenant service needs are met, etc. Report back to legislature in January 2026



Minnesota Housing to develop a “policy framework” to support the sustainability of regulated affordable housing assets as a strategy distinct from new construction and the traditional approach to full recapitalization (for the next 15-30 years) to preserve affordable housing developments with federal/HUD operating subsidy contract renewal options. The framework should define these two distinct preservation strategies. Small “p” preservation refers to the stabilization of regulated affordable housing, and big “P” preservation refers to the existing strategy of preserving federally-assisted affordable housing.

Develop, revive, and/or implement new and existing State strategies, tools, funding resources, and processes to address the small “p” preservation (i.e. stabilization/asset management needs of existing affordable housing).

- Programs, tools, resources must be administered in a way that is responsive to the specific stressors and the marketplace.
- Use existing programs, tools, and resources.
- Develop new programs, tools, and resources, if existing programs cannot be implemented to meet the stabilization needs.

## Draft Recommendation #4 (Financing, financing tools, and programs)

Encourage the Minnesota Legislature and local municipalities to enact policy changes that make it easier to build and preserve affordable homes, including land use and zoning reforms, process improvements to improve speed of development, and reducing or eliminating barriers such as rent control policies that have been detrimental to the development, sustainability, and preservation of affordable housing.

## Draft Recommendation #5 (Financing, financing tools, and programs)

Take action to improve safety and security for residents of affordable housing developments. State Proclamation on importance of partnership between state, county, and local Public Safety Departments/resources to drive public safety Department of Public Safety (DPS) convenes public safety leaders in Minneapolis, St. Paul, Hennepin County, Ramsey County, and select Greater Minnesota city(ies)/county(ies) to develop and implement a demonstration project.

- Identify affordable housing developments in respective jurisdictions with safety/security concerns, including but not limited to proximity to encampments and other known public safety concerns.
- Develop safety plan that involves mutual aid agreements among city (police), county (sheriff), and state (patrol) to address capacity limitations in individual jurisdictions
- Involve DHS and County human services in the public safety plan to ensure that service providers are involved in certain responses, as appropriate.

Track Key Performance Indicators (KPI) related to the health of the affordable housing industry.

- County by County the % of rent collected on time
- The % of Private and Federal Resources being leveraged to the benefit of the state, counties and cities
- Security expense to revenue ratio in affordable housing projects

## Draft Recommendation #7 (Financing, financing tools, and programs)

Minnesota Housing and other public lenders approve HUD/FHA-insured first mortgage products as senior debt in publicly funded multi-family affordable housing projects.

# Systems change recommendations

## Supportive Housing Changes

- Adequate service funding is paired with capital funding for Permanent Supportive Housing (PSH) units, both new and existing PSH units
- Coordinated Entry for formerly homeless populations
- Supportive services in supportive housing programs often do not have the service provision to matching the target populations they are servicing. Not all service provision are designed to take all individuals with the highest needs. Being matched with partners not equipped to handle this target populations particularly older programs has been a growing issue. Housing providers need a vehicle to score the type of housing they must match CE acuity levels. Develop a program or system that has the level of care that is beyond the traditional housing program (this is a gap in the system, may require an assistant living model).



## Regulatory Changes to Extended Use Period (beyond year 15 LIHTC/HIB/etc)

If resources are not sufficient to preserve or stabilize existing affordable housing, identify options to reduce the regulation on affordable housing during the Extended Use period to ensure affordable properties can be properly maintained and to extend their long-term viability

Invest in the capacity of and grant authority to the Interagency Stabilization Group (ISG) to collaborate among funders to support both big P and small p preservation (ie stabilization/asset management) needs.

Create necessary infrastructure/capacity/authority for ISG to move quickly, access resources, and implement stabilization strategies

Ensure both the Metro and Greater MN ISG groups adopt a more formal, robust, and transparent process.

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.

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.

# Next steps for finalizing recommendations

# Working time in small groups

# Next steps for finalizing recommendations

- Today: small group check ins
  - What stood out to you among feedback and questions from fellow task force members for the recommendations in your category?
  - What if any additional work will the group do to refine draft recommendations between today and next Monday?
  - Communication and coordination plans among group members, if relevant.
- Monday, December 16: submit any revised recommendations to Evelyn

# Members move to breakout rooms for group work

- Final worksheets (or recommendation language) due back to Evelyn 12/16
- Reach out to Evelyn with any questions about your work.
- Next meeting is Wed. January 8 10am-12pm
- Reach out to co-chairs with other questions.
- Thank you!



# Thank you!

**TFAH website:**

<https://www.lcc.mn.gov/ltsah/meetings.html>