

December 4, 2024

Dear Representative Howard and Senator Port,

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 your work on the Task Force on Long-Term Sustainability of Affordable Housing. We believe that the recommendations made thus far represent an important step towards keeping Minnesotans in their homes. We urge the Task Force to **put these recommendations into practice as soon as possible**. We cannot overstate the importance of taking steps to implement the following recommendations either through new legislation for the 2025 session, or through administrative coordination with our state agencies and local government partners. We need to act now to preserve our existing affordable housing to ensure that families currently safely and stably housed are not displaced or forced into homelessness.

MCCD, our members, and our community partners have outlined our top 5 priorities below:

- **Recommendation #1:** Adequate service funding is paired with capital funding for Permanent Supportive Housing (PSH) units, both new and existing PSH units.
- **Recommendation #3:** QAP and other public RFP funding structure and selection criteria revisions based on performance data and preservation goals.
- **Recommendation #11:** Create a dedicated preservation funding pool equal to new construction in the Consolidated RFP.
- **Recommendations #13 and #15:** Use recapitalization process to simplify project financing in order to streamline building operations and support long-term stability of the project. Allow owners to fund and collect revenue for asset management: Allow affordable housing projects to include asset management fees in the underwriting costs.
- **Recommendation #17:** 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.

MCCD would also like to lend additional support to the following recommendations: #2, #4, #5, #9, #10, #12, #16, #18, #21, and #22.

Affordable housing providers, especially 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. Our members are doing everything they can to keep their properties open and their residents housed, but without a coordinated response from the state, counties, cities and philanthropic partners, we risk losing thousands of units of deeply affordable housing and displacing countless families.

Thank you for your time and consideration. MCCD and our members would like to make ourselves available to provide any necessary 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