



January 15, 2025

RE: Task Force on Long-Term Sustainability of Affordable Housing

Legislative Coordinating Commission

Dear Representative Howard and Senator Port,

The Association of Minnesota Counties (AMC) appreciates your continued work to address the housing challenges that face our state. AMC represents all 87 of the state's counties with the mission of uniting counties to achieve public service excellence. Our member counties are engaged in the work of addressing the unique housing challenges of their communities and meeting residents' housing needs.

We write with gratitude for your work on the Task Force on Long-Term Sustainability of Affordable Housing to assess the challenges relating to preserving housing developed with public support, preventing displacement, and maintaining affordable options for residents across Minnesota. The recommendations being considered are crucial as we work together as intergovernmental partners along with providers and our community partners to ensure residents maintain housing stability. We believe that the measures outlined by the Task Force, if implemented thoughtfully through legislative or administrative means, will have a direct impact on preventing more families and individuals from experiencing homelessness.

In particular, AMC appreciates the recommendations to:

- For the provision of more ongoing funding for affordable housing, services and operating needs
- Increase SAHA funding so all counties have flexible funding for local affordable housing needs

We also write to advocate for the crucial role of consultation with counties and local governments throughout development processes and the lifespan of projects to be reflected more clearly in the recommendations. Consultation, particularly with counties who manage coordinated entry and are the suballocators of low-income housing tax credits, will help ensure that our work meets the needs of each unique community and that the systems set up during the process are functional within each specific context. Different counties will have different needs and face different gaps that affect our ability to sustain affordable housing. AMC believes that local governments are best positioned to identify their needs and prioritize accordingly to them – and that this leads to better, more efficient results.

AMC would advocate for additional conversation around the challenges faced for affordable housing sustainability in Greater Minnesota. Developers and providers in greater Minnesota often face issues of scale regarding the number of residents who might qualify for each income level. These scale issues can make business models untenable. When it comes to the coordinated entry system, smaller greater Minnesota providers often face a “catch 22” where they may not have resources or staffing to serve the highest acuity needs that coordinated entry system may place with them. In certain communities, there are not always service providers available and it can lead to a property manager filling the role – a role which they are not adequately trained for and may not have capacity to fully fulfill. There needs to be a process that accurately matches the services available at each building with the level of service that residents need for the best results for that individual and their neighbors. These particular circumstances across the state require more discussion to ensure that the recommendations also effectively support sustainability of affordable housing in every context in Minnesota.

AMC would also like to share our concerns about the draft recommendation to reconsider incentivizing “leverage” of other public resources (#11). If incentives for public leveraging are removed, local governments would lose the capacity to do particular projects with the potential policy impact of the state funding fewer projects and larger projects. We are concerned that this would have a chilling effect on the ability to build more affordable housing across the state at a time when it is much needed by residents. We recognize the challenges created when leverage sources’ requirements do not align and would encourage consideration of language around alignment of requirements among leverage partners.

Additionally, AMC would like to share our concerns regarding recommended changes that would allow for changes to the terms of agreements made in good faith to serve the particular needs of those communities. We recognize the ways that this could alleviate existing, unsustainable conditions for providers and we share the desire to support those providers. However, local governments made the decision to support the project based on terms that would meet a particular need in their community. It may be that local communities feel strongly enough that they would provide additional funding to maintain the original terms of the project. We would advocate to include recommendation language that this process be done in consultation with the local governments that provided funding for a project. The current recommendations do not provide a process for that important conversation to happen or for a differentiation between renegotiating existing buildings that are in crisis versus a blanket change to agreements.

Sustaining affordable housing options for residents in counties throughout Minnesota is crucial to our ability to continue working toward individual and family stability. Counties are appreciative of the ongoing partnerships with the state, providers, and community to face the issue of long-term sustainability of these housing options. We are grateful for the work of the Task Force and look forward to ongoing conversation.

Thank you for your time and consideration. We are available for any questions you might have or should additional information be helpful. Please do not hesitate to reach out to Cate Duin, AMC’s Housing, Workforce, and Economic Development Policy Analyst, 651-789-4323 or cduin@mncounties.org.

Sincerely,



Commissioner Mai Chong Xiong
AMC Appointee to the Task Force on Long-Term Sustainability of Affordable Housing
Ramsey County Commissioner, District 6



Mary Thompson
AMC Appointee to the Task Force on Long-Term Sustainability of Affordable Housing
Executive Director for Heartland Lakes Development Commission



Cate Duin
AMC Housing, Workforce, and Economic Development Policy Analyst