



8011 34th Ave S., Suite 126
Bloomington, MN 55425
Office Phone: 612.728.5770
Office Fax: 612.728.5761
www.homelinemn.org

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Co-Chair Port and Co-Chair Howard:

HOME Line is a nonprofit Minnesota tenant advocacy organization that provides organizing, education, and advocacy services so tenants throughout Minnesota can solve their rental housing problems. Our free and confidential statewide tenant hotline has advised over 335,000 renter households since opening in 1992. Based on our clients' needs, we submit the following comments regarding the Legislative Coordinating Commission's Task Force on Long-Term Sustainability of Affordable Housing recommendations.

The task force was "*established to evaluate issues and provide recommendations relating to affordable housing sustainability, including displacement of tenants, preservation of housing previously developed with public financing, and long-term sustainability of new housing developments.*"

While HOME Line appreciates the stated intent for the task force, we are concerned about some of the [recommendations](#) which could reduce the affordability or quality of housing for very low- and extremely-low income households:

- Some of the draft recommendations reduce the affordability of publicly-subsidized affordable housing (i.e., move away from assisting *households with the greatest need*) as a way to maintain "affordability" of *buildings*. By way of context regarding the need, the National Low Income Housing Coalition notes that Minnesota only has 34 affordable and available rental homes per 100 extremely low-income renter households (<https://nlihc.org/gap>). While we need to preserve buildings, we also need to meet the affordability needs of people saddled with the lowest incomes.
- Some of the recommendations propose loosening regulations that could contribute to the quality of that housing.
- The recommendation regarding rent stabilization is a mischaracterization of Minnesota's experience and proposes removing a tool to keep rents affordable in the communities that want to use it (and thus runs counter to existing [state statute](#)).

Concerns regarding reducing the affordability of publicly-subsidized housing:

- The Low Income Housing Tax Credit (LIHTC) program as the largest source of financing for the construction and preservation of affordable rental housing. HOME Line believes the program should be used to the fullest extent possible to meet the needs of those struggling most to secure and retain affordable housing. However, Recommendation #1 states that “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” thus failing to meet the population with the greatest affordable housing needs.
- Recommendation #12, regarding Permanent Supportive Housing, states that new legislation, or a new program be provided, along with sufficient funding to fund services and operating needs for all permanent supportive housing projects, but goes on to recommend: “If adequate funding isn’t available:
 - Adjust QAP scoring to de-incentivize supportive housing for new projects.
 - Provide waivers around rent limits and provision of services until adequate funding is provided.”

It is hard to see how this won’t lead to a significant reduction in the production and preservation of permanent supportive housing, let alone the supportive services provided. We are hard-pressed to think of any state affordable housing program where adequate funding is available.

Concerns regarding loosening regulations:

Recommendation #13 states, “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.” One of the proposed possible actions is to “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) and/or relaxing ongoing monitoring and compliance requirements. 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.”

HOME Line is concerned that despite using words like “guardrails” and “consistent with IRS guidelines,” this recommendation could result in displacement of existing residents, attrition of affordable units, a reduction in the quality of affordable housing provided, and a possible reduction of existing tenant rights.

Concerns about discouraging rent stabilization policies:

HOME Line challenges the characterization of rent stabilization policies as articulated in Recommendation #4. The claim such policies are “detrimental to the development, sustainability, and preservation of affordable housing” is unsubstantiated. For Minnesota, specifically, only one city – St. Paul – has a rent stabilization policy, and it is riddled with loopholes that voters did not ask for (i.e. Low-Income Housing Provider Exception, 20-Year New Construction Exception, and Landlord Self-Certification in order to charge rents above what is prescribed by the rent stabilization ordinance), making it ineffective for many low-income renters. And so, we question what rationale is being used to make this recommendation.

Rent stabilization addresses runaway rent increases directly while being restricted to the results of referendums in cities that are considering them. Quite simply, HOME Line believes that voters should be able to decide in the cities where they live if they want their rents regulated. Further, given that one of the purposes of the establishment of the Task Force was to evaluate and provide recommendations relating to the displacement of tenants, we ask why the Task Force did not delve into existing tenant/landlord laws impacting housing stability within Minnesota Statutes Chapter 504B, nor consider further recommendations relating to anti-displacement protection additions to that Chapter.

Thank you for the opportunity to submit these comments. If you have any questions, do not hesitate to contact either one of us.

Sincerely,

Eric Hauge
Executive Director

Michael Dahl
Public Policy Director