



VIA EMAIL

Senator Lindsey Port
Representative Mike Howard

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

Dear Senator Port and Representative Howard:

We write to offer the following thoughts on the draft recommendations for the Task Force on Long-Term Sustainability of Affordable Housing. The Housing Justice Center (HJC) has a long-standing interest in the preservation and production of affordable housing and the protection of the rights of people to have safe, stable, and affordable places for people to call home free from discriminatory barriers. While we were aware that this committee had been convened and attempted to find ways to be engaged early in the process prior to its development, we were not made aware of any opportunity to do so or provide formal comment on the process or the recommendations, so we would like to take the opportunity now to provide some thoughts and feedback.

This is a critical issue that is facing communities across the country. The enormous gap between the housing opportunities that are affordable for very low-income households and the number of people who need these opportunities to thrive is acute and persistent. We are losing far more than we are gaining when it comes to the deepest levels of affordability, particularly when we consider the massive loss of Rural Development properties that the state is going to experience over the next decade. Resources to develop or preserve affordable housing are scarce and competitive, particularly in our current environment when access to low interest debt creates larger gaps and additional needs for general affordable development. Increasing costs, particularly associated with insurance premiums and coverage, oftentimes determined on a basis that has significant fair housing implications, only serve to make the work more difficult, and process challenges related to making existing opportunities for permanent supportive housing available to people who so desperately need them represents the type of systems failure that we are all a part of and can all work together to solve.

One trend in the way that we talk about our system is that there is an increasing division between people who own and operate housing and those who advocate for and with people who need deeply affordable housing. We are convinced that there is an opportunity to create solutions to issues in our housing system without villainizing either all tenants or all landlords. As an organization that works closely with both people who have lived experience of housing instability and homelessness and with people who are trying to develop, preserve, and expand housing opportunities, it has been frustrating to see the level of blame that has been placed on low-income renters for being low-income and the amount of blame that has been placed on landlords of affordable housing development because they are landlords.

With this as context, it is disappointing that the committee did not include renters, tenant advocates, legal services, or other people who are bringing a different perspective to the issues that were addressed in the recommendation matrix. In part, we assume that this was because the scope of the work was determined to be primarily one that was addressing the financial issues and challenges of non-profit landlords and therefore was about the finance system. However, without a broader range of perspectives, some of the proposed “solutions” come at a cost that is to be borne by low-income people who either currently living in affordable housing or need affordable housing opportunities. There are always going to be decisions and tradeoffs in finding the best solutions to difficult problems; however, there is a great difference between a conversation where those trade-offs are known and acknowledged with a variety of perspectives as part of the discussion and decisions that happen at people when their interests are not being represented.

The following are not comprehensive, but some reflections based on the Recommendations Matrix that was part of the meeting packet from December 11th, 2024:

- 1) Without a robust conversation about the impacts on renter households based on broad engagement of renters as part of the decision-making process, we are vehemently opposed to the provision related to eliminating local tenant protections that “have been detrimental to the development, sustainability, and preservation of affordable housing” - this argument has been utilized for every tenant’s rights policy that has been proposed. Inclusionary housing, rent stabilization, pre- eviction filing notices, and source of income discrimination protections have all been opposed with the argument that it will halt development. Likewise, essentially every anti-discrimination policy has been attacked on the basis that it will create greater expenses for compliance and will limit development of affordable housing. These are rights that have value to people and to recommend the elimination of renter rights to local governments seems outside the scope of this working group. If there were a working group related to this issue, we would hope that it would be inclusive of a much broader range of stakeholders and a richer set of perspectives.
- 2) The first recommendation in the matrix is to stop incentivizing the inclusion of permanent supportive housing units in tax credit applications to allow more developments to be competitive for funding. However, in an environment with limited resources, incentivizing meeting the needs that are greatest for people who are the most underserved is the only way that these opportunities are realistically created. This is particularly true in areas where the scale of the need does not necessarily justify building 100% permanent supportive housing. Of particular concern, this could eliminate the creation of PSH units in rural communities and smaller suburban communities. If the challenge is the difficulty of managing the services in the distributed system that was created as part of the very first statewide plan to end homelessness, we should address that challenge specifically.
- 3) HJC staff, having served on the Minnesota Olmstead Implementation Office Affordable, Safe and Accessible Housing Workgroup, are concerned that the proposed recommendations for supportive housing changes raise significant issues regarding fair housing practices and the implementation of the Olmstead Plan. The consent decree does not prevent 100% PSH developments, nor should it for people who will be best served by

those developments and make a choice to live in 100% PSH, if there are also options for people to live in a less restrictive environment that is integrated into the community. The key is access to choice. The 1999 *Olmstead v. L.C.* decision requires states to eliminate unnecessary segregation of people with disabilities and to ensure that people with disabilities receive services in the most integrated setting appropriate to their needs, and this necessitates an increased need for partial supportive housing development, not a reduced one. We would recommend the engagement of people with disabilities and the Olmstead Implementation Office.

- 4) We are in strong agreement that the process by which developers access supportive services funding is overly complicated and creates significant barriers for the long-term operation of PSH developments. Creating a streamlined and reliable system that provides predictability in the long term is essential to ensuring that properties can meet their commitments to provide high quality affordable housing with the promised services.
- 5) The emphasis on Medicaid funding for supportive housing, while beneficial in some respects, may inadvertently exclude individuals who do not qualify for Medicaid. It is worth additional exploration but must be done so in a way that does not inadvertently create additional barriers for certain populations.
- 6) The recommendations are somewhat binary in the approach to deep affordability. There is a lot of focus on the approach to PSH and discussion of workforce housing, but limited attention to one of the areas of greatest need – deeply affordable housing opportunities for people who do not need supportive services but are making less than 30% AMI. People who fall into that income category include single parent households with children where the income earner is a personal care aid, a home health worker, or a childcare worker. These are difficult, high trust jobs where the wages are typically low, the workforce is primarily women, and disproportionately women of color. This is the area where the greatest gap persists between what is available and the people who need access. We need to create more 30% AMI housing, not less, and develop solutions and strategies that make this easier.
- 7) As a competitive funding process, when a development receives funding, they make a commitment to the length and depth of affordability. When a development is selected, that selection is based on the commitments that are made. It then seems counter to the process and to the needs that exist in communities to create mechanisms for developments to get out of their commitments prior to the end of restrictive covenants under any but the most extraordinary circumstances. Even as housing finance agencies around the country are increasing the length of required affordability terms in LIHTC developments well beyond 30 years, the recommendations in the matrix contemplate loosening the restrictions starting at year 15.
- 8) Simplifying compliance is in theory beneficial if it does not come at the expense of housing quality, compliance with rent restrictions, or diminishing protection of renter's rights. For the most part, the current experience of renters is one where there is limited enforcement of their rights.
- 9) We agree that creating fast, flexible, pipeline resources is important for sustainability for affordable housing. While not opposed to the idea of a "Super ISG" and coordinated funding approaches, coordination and speed can sometimes be a tradeoff so the process will be critical. We also agree that having a clearer and more transparent process for the

ISG will allow for broader understanding of decision-making and lead to greater accountability.

- 10) Public safety is an important concern, but we think that it works best if done in a way that specifically includes tenants in the process, particularly in developments that are home to people who have experienced the harms from interactions with law enforcement. Depending on how this issue is framed, it could be hugely beneficial and have significant support from renters or, it could create fears of over policing of low-income renters, particularly BIPOC renters. We would also caution against specifically naming encampments as the source of public safety concerns since that could reenforce the narrative that homeless people are inherently dangerous and further criminalize the status of being without a place to call home even when there are no accessible alternatives.
- 11) We think that speeding up the process between approval and closing of a deal is critically important and can both save valuable resources and speed up the availability of the housing that our public investments create. I know that this has been a topic of discussion for a long time and would like to see something that has a specific strategy to accomplish this.
- 12) The recommendations related to addressing increasing insurance costs should be strengthened to create a more robust analysis of the fair housing implications of the denial of coverage for affordable housing developments. There is nothing inherently risky about affordable housing but there is a disparate impact on BIPOC families and people with disabilities by escalating premiums, higher deductibles, and decreased coverage limits that affordable housing developments must pay. This has implications for costs and quality of housing opportunities.

Conclusion

Please let us know if you have any questions. We are happy to be part of a discussion about these and other issues that were raised in the recommendations. We are also happy to provide more comprehensive comments if there is an intention of having a public comment process related to the recommendation or a draft report. We are also happy to share any engagement opportunities with renters and with lived experience groups. People do care about these issues and given the opportunity would have much to share about their thoughts and experiences.

Truly,

Margaret Kaplan
President, Housing Justice Center
275 4th Street E. #590
Saint Paul, MN 55101
651-234-0050
mkaplan@hjcmn.org