

Task Force on Long-Term Sustainability of Affordable Housing

Final Report to the Minnesota Legislature

February 2025

Executive Summary

The Task Force on the Long-Term Sustainability of Affordable Housing was established by the Minnesota Legislature to examine and address the financial challenges facing affordable housing providers and to develop strategies for preserving and expanding the availability of affordable, safe, and dignified housing. In its mandate, the Task Force assessed issues such as rising operating costs, declining revenues, and the impact of expiring rental assistance contracts, as well as the adequacy of current financing and administrative tools available to support affordable housing development and preservation.

After extensive hearings, expert testimonies, and consultations with stakeholders, the Task Force identified several critical challenges undermining the stability of affordable housing in the state. These included escalating insurance costs, labor shortages, and increasing vacancy rates. Additionally, the Task Force found that restrictive zoning laws and inadequate funding for supportive housing services further hinder the construction and preservation of affordable housing.

The Task Force has put forward a comprehensive set of recommendations to address these challenges. Among these recommendations is the need to enhance financing options for affordable housing, amend the Qualified Allocation Plans for Low Income Housing Tax Credits, and create a new policy framework to support the stabilization of regulated affordable housing assets. The Task Force also recommends incentivizing faster project closings, adjusting underwriting standards, and modifying asset management practices to reflect current economic conditions. Furthermore, strengthening collaboration between public agencies, housing providers, and the insurance industry is essential to address the risks associated with increasing insurance premiums and availability.

A key focus of the recommendations is ensuring that adequate funding is allocated to support services for Permanent Supportive Housing tenants, with an emphasis on aligning service eligibility and documentation requirements. Additionally, the Task Force advocates for better data collection and tracking of key performance indicators to monitor the health of the affordable housing sector over time.

By implementing these recommendations, the Task Force believes that Minnesota can maintain and expand affordable housing opportunities, ensuring that safe, affordable homes remain accessible to all residents, now and in the future. The Task Force's recommendations aim to stabilize the affordable housing market, promote effective preservation strategies, and enhance the long-term sustainability of affordable housing across the state.

Narrative Statement

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Membership

[Minnesota.Laws.8680?Chapter.78&Article.7&Section.05](#)

(a) The task force consists of the following members:

- (1) three members appointed by the commissioner of housing;
- (2) one member with expertise in insurance regulation appointed by the commissioner of commerce;
- (3) one member from a county that participates in the Interagency Stabilization Group appointed by the Association of Minnesota Counties;
- (4) one member from a greater Minnesota county appointed by the Association of Minnesota Counties;
- (5) one member with experience developing affordable rental housing appointed by the Metropolitan Consortium of Community Developers;
- (6) one member with experience n operating affordable rental housing appointed by the Metropolitan Consortium of Community Developers;
- (7) one member of the Minnesota Housing Partnership who has experience developing affordable rental housing;
- (8) one member of the Minnesota Housing Partnership who has experience operating affordable rental housing;
- (9) one member of the Minnesota Housing Partnership who has experience developing and operating affordable rental housing in greater Minnesota;
- (10) one member with experience developing or operating for-profit affordable housing appointed by the Minnesota Multi-Housing Association;
- (11) one member appointed by the Family Housing Fund;
- (12) one member appointed by the Greater Minnesota Housing Fund;
- (13) one member with experience in multifamily affordable housing lending appointed by the Minnesota Bankers Association;
- (14) one member appointed by the Insurance Federation of Minnesota;
- (15) one member appointed by the Twin Cities United Way;
- (16) one member appointed by the speaker of the house;
- (17) one member appointed by the house minority leader;
- (18) one member appointed by the senate majority leader; and
- (19) one member appointed by the senate minority leader.

The following individuals served on the task force:

Elizabeth Flannery

President and CEO of Trellis

Appointed by: Commissioner of Housing

Mike Goze

President and CEO of the American Indian Community Development Corporation

Appointed by: Commissioner of Housing

James Lehnhoff

Assistant Commissioner for Multifamily at Minnesota Housing

Appointed by: Commissioner of Housing

Peter Brickwedde

Senior Director of Climate and Insurance Sustainability at the Minnesota Department of Commerce

Appointed by: Commissioner of Commerce

Mai Chong Xiong

Commissioner of Ramsey County, District 6

Appointed by: Association of Minnesota Counties

Mary Thompson

Executive Director for Heartland Lakes Development Commission

Appointed by: Association of Minnesota Counties

Jessie Hendel

Executive Director of Alliance Housing

Appointed by: Metropolitan Consortium of Community Developers

Kizzy Downie

CEO of Model Cities

Appointed by: Metropolitan Consortium of Community Developers

Scott Cordes

Chief Operating Officer at Project for Pride in Living

Appointed by: Minnesota Housing Partnership

Chris Sherman

President of Sherman Associates

Appointed by: Minnesota Housing Partnership

Nancy Cashman

Executive Director at Center City Housing Corp

Appointed by: Minnesota Housing Partnership

Joseph Abraham

Principal Owner of Pergola Property Management

Appointed by: Minnesota Multi-Housing Association

Ellen Sahli

President at Family Housing Fund

Appointed by: Family Housing Fund

Andrea Brennan

President and CEO of the Greater Minnesota Housing Fund

Appointed by: Greater Minnesota Housing Fund

Miranda Walker

Impact Capital Manager at U.S. Bank

Appointed by: Minnesota Bankers Association

Aaron Cocking

President and CEO at Insurance Federation of Minnesota

Appointed by: Insurance Federation of Minnesota

Shannon Smith Jones

Senior Vice President of Community Impact at the Greater Twin Cities United Way

Appointed by: Twin Cities United Way

Mike Howard

Minnesota Representative

Appointed by: Speaker of the House

Lindsey Port

Minnesota Senator

Appointed by: Senate Majority Leader

Overview of the Task Force

The Task Force on Long-Term Sustainability of Affordable Housing is charged by the Legislature to:

The task force must assess underlying financial challenges to develop, operate, and preserve safe, affordable, and dignified housing, including:

- (1) factors that are leading to increasing operating costs for affordable housing providers, including insurance availability and rates, labor costs, and security costs;
- (2) factors that are leading to declining revenues for affordable housing providers, such as loss of rent and vacancy issues; and
- (3) the potential impact of the loss of housing units under current conditions, including preservation needs of federally rent-assisted properties and tax credit developments with expiring contracts.

The task force must evaluate current financing and administrative tools to develop, operate, and preserve safe and affordable housing, including:

- (1) public and private financing programs, and the availability of funding as it relates to overall needs; and
- (2) administrative tools including underwriting standards used by public and private housing funders and investors.

The task force must evaluate financial or asset management practices of affordable housing providers and support for asset management functions by funder organizations.

The task force must recommend potential solutions to develop and preserve safe and affordable housing, including:

- (1) additional funding for existing programs and administrative tools;
- (2) any new financial tools necessary to meet current financial challenges that cannot be met by existing state and local government or private program and administrative tools, including new uses, modified implementation, or other improvements to existing programs; and
- (3) best practices for changes to financial or asset management practices of affordable housing providers and funders.
- (4) The task force may address other topics as identified by task force members during the course of its work.
- (5) The task force shall consult with other organizations that have expertise in affordable rental housing, including entities engaging in additional external

stakeholder input from those with lived experience and administrators of emergency assistance, including Minnesota's Tribal nations.

After six months of hearing testimony from state organizations and nonprofits, and discussions between key stakeholders, the Task Force has developed recommendations in line with its mandate.

Overview of Testimonies

In the third Task Force meeting, members heard testimony from James Lehnhoff, the Assistant Commissioner for Multifamily for Minnesota Housing. This testimony included an overview of Minnesota Housing, including a vision statement, “all Minnesotans live and thrive in a safe, stable home they can afford in a community of their choice,” and mission statement, “housing is foundational to a full life and a thriving state, so we equitably collaborate with individuals, communities and partners to create, preserve and finance housing that is affordable.” He went on to discuss the difference between Market Rate and Affordable Rental Housing. He presented on the role of the Federal Low Income Housing Tax Credit and how it can be used in conjunction with loans. The presentation also delved into rent and income limits to meet affordability requirements. He went on to explain underwriting standards as well as walk Task Force members through the multifamily consolidated RFP process including state and federal resources that are available. Finally, he spoke about Minnesota Housing’s preservation and stabilization work and challenges to the affordable housing landscape in Minnesota.¹ The Task Force also heard testimony in the third meeting from Corey Strong, the Tribal Liaison at Minnesota Housing. He explained that many of the issues that Tribal members are experiencing are like those experienced by individuals in the rest of the state. In particular, he identified that affordable housing locations are not serving the Tribal populations effectively as they are often far from where the residents work. Additionally, he explained that rent prices that are subsidized are still too high for many people, and that often younger people and older people have the highest need and least supports.

In the fourth meeting, Task Force members heard testimony from Peter Brickwedde, the Assistant Commissioner of External Affairs for the Minnesota Department of Commerce, on commercial insurance. He started with explaining the role of Commerce as well as the mission statement of his organization. He finished by explain how and why commercial insurance is less regulated than other insurances, as well as what factors are affecting affordability and availability.²

In the sixth meeting, members of the Task Force heard testimony from Ellen Sahli and Andrea Brennan, from the Family Housing Fund and Greater Minnesota Housing Fund respectively, on tenant perspectives. They provided a brief overview of the data they have been collecting in their Distressed Property Data Project and then spent some time

¹ The Minnesota Housing presentation given to the Task Force can be found at <https://www.lcc.mn.gov/ltsah/meetings.html>

² The Minnesota Commerce presentation given to the Task Force can be found at <https://www.lcc.mn.gov/ltsah/meetings.html>

discussing the qualitative feedback they have received from residents and those working on site.³

Overview of Meetings

First Meeting- August 28, 2024

Co-Chair Howard called the first meeting of the Task Force on Long-Term Sustainability of Affordable Housing to order. Task Force members introduced themselves. Co-Chair Howard nominated himself and Sen. Port to serve as co-chairs. A roll call vote was taken and The Motion Prevailed. Evelyn Weiner, LCC Research Analyst, provided an overview of the enabling legislation and an overview of the Data Practices Act and the Open Meeting Law. Members used Mural to name and define key terminology and concepts, as well as explore issues and challenges members anticipate for the group.

Second Meeting- September 18, 2024

Senator Port called the meeting of the Task Force on Long-Term Sustainability of Affordable Housing to order. Katie Hatt, MAD Consultant, presented an overview of the roadmap of the Task Force. Evelyn Weiner, LCC Research Analyst, provided an overview of the approach for external consultation and a living document of definitions. Members reviewed and discussed key terminology and concepts brought up in the Mural activity in the previous meeting. Members worked in Mural to further elaborate on affordable housing and preservation. Members reviewed and discussed issues and challenges brought up in the Mural activity in the previous meeting. Members indicated priorities.

Third Meeting- October 9, 2024

Representative Howard called the meeting of the Task Force on Long-Term Sustainability of Affordable Housing to order. Representative Howard presented an overview of the agenda for the day and the meeting flow for the Task Force going forward. James Lehnhoff, Assistant Commissioner for the Multifamily Division at Minnesota Housing, presented on where Minnesota Housing's work intersects with the interests of the Task Force members and Task Force scope. Corey Strong, Tribal Liaison at Minnesota Housing, testified on affordable housing concerns for Tribal Nations. Members worked in breakout rooms to begin developing options for solutions based on previous input on terminology and challenges/issues.

Fourth Meeting- October 30, 2024

Senator Port called the meeting of the Task Force on Long-Term Sustainability of Affordable Housing to order. Senator Port presented an overview of the agenda for the day and the meeting flow for the Task Force going forward. Peter Brickwedde, Assistant Commissioner

³ These presentations given to the Task Force can be found at <https://www.lcc.mn.gov/ltsah/meetings.html>

of External Affairs for the Minnesota Department of Commerce, presented on commercial insurance. Elizabeth Flannery of Trellis, Chris Sherman of Sherman Associates, and Deidre Schmidt of CommonBond Communities participated in a panel where they answered questions about their work. Members worked in breakout rooms to develop options for solutions and priorities.

Fifth Meeting- November 20, 2024

Representative Howard called the meeting of the Task Force on Long-Term Sustainability of Affordable Housing to order. Representative Howard presented an overview of the agenda for the day and the meeting flow for the Task Force going forward. One member of each small group shared feedback on the group work. Representative Howard led a high-level walkthrough of the recommendations submitted by small groups and facilitated pulse-checks on members interest and feedback on each recommendation. Members worked in their existing small groups to edit the recommendations based on feedback heard in the meeting.

Sixth Meeting- December 11, 2024

Senator Port called the meeting of the Task Force on Long-Term Sustainability of Affordable Housing to order. Senator Port presented an overview of the agenda for the day and the roadmap for the Task Force going forward. Ellen Sahli and Andrea Brennan, presidents of the Family Housing Fund and Greater Minnesota Housing Fund respectively, provided testimony on their study of tenant perspectives. Evelyn Weiner, LCC Research Analyst, provided an overview of the table of contents for the final report and updated members on public testimony. Representative Howard led a walkthrough of the recommendations submitted by small groups and facilitated discussion around each recommendation. Members met with their existing small groups to discuss refining recommendations further.

Seventh Meeting- January 8, 2025

Representative Howard called the meeting of the Task Force on Long-Term Sustainability of Affordable Housing to order. Representative Howard presented an overview of the agenda for the day. Senator Port provided some context for how the recommendations will be used after the conclusion of the Task Force. Evelyn Weiner, Research Analyst from the LCC, took feedback on the two finalized sections of the final report. Representative Howard led a walkthrough of the three recommendations that had changed most in concept and facilitated discussion around each recommendation. Senator Port led a walkthrough of the other recommendations and facilitated discussion around each recommendation.

Eighth Meeting- January 22, 2025

Task Force Process

Organization, roles, and duties

Task Force: The Task Force of nineteen members met at typically three-week intervals between late August 2024 and late January 2025. Task Force members actively participated in meetings and completed homework between meetings.

Task Force Co-Chairs: Representative Michael Howard and Senator Lindsey Port were elected by Task Force members to serve as co-chairs at the first Task Force meeting in August 2024. Co-chairs provided essential guidance to develop the overall Task Force process, co-facilitated Task Force meetings, and communicated with Task Force members between meetings.

Small groups: In addition to full Task Force meetings, Task Force members worked in category-based subgroups of four to six members between September and November 2024. Small groups met in breakout rooms during full Task Force meetings and between meetings as needed to assess subject matter challenges and solutions and prepare draft recommendations. Small groups were organized around the following broad topic areas:

- Administrative policies and programs
- Finance, financial policies, and programs
- Insurance
- Systems change

Ad hoc small groups: During December and January, the co-chairs convened a handful of remote ad hoc meetings with small groups of Task Force members who volunteered to provide input on revising recommendations as well as on content for the narrative statement on p. XX of this report. No official actions were taken at these meetings and suggested revisions for content discussed was brought back to the full Task Force for review and discussion.

Legislative Coordinating Commission (LCC) is the convening organization of the Task Force by directive of the legislation which established the Task Force. LCC oversaw all administrative and organizational matters and managed a public website of Task Force information including meeting schedules, documents, meeting livestreams and video recordings of each meeting. LCC also ensured compliance with open meeting law requirements, coordinated e-mail communications with the task force, documented task force meetings, and led development of the final report.

Management Analysis and Development (MAD): MAD is the state of Minnesota's management consulting practice. MAD consultants led design of Task Force process and

meeting agendas in close collaboration with LCC and the Task Force co-chairs. MAD also supported meeting facilitation, synthesized and documented results from Task Force discussions and in-meeting activities, and provided research support.

Recommendation development

From August 2024 to January 2025, the full Task Force met eight times to hear informational presentations to develop shared knowledge, examine issues, brainstorm options for solutions, and determine which options to develop as draft recommendations.

From sixty-eight options for solutions generated by Task Force members in October, twenty-five initial draft recommendations were developed by members working in small groups. These were discussed by the full Task Force in November alongside informal pulse-check polls to gauge levels of support and consensus among members. A subset of Task Force members representing each of the small groups volunteered to work with the co-chairs between the November and December Task Force meetings to identify overlapping or duplicative content and opportunities to combine and/or group draft recommendations. This work resulted in refined draft recommendations presented to the full Task Force in December.

Following discussion and input at the December Task Force meeting, co-chairs asked LCC to refine draft recommendations for clarity and consistency. These refined recommendations were reviewed by co-chairs and included in a first draft of the Task Force report which was circulated in mid-December. Task Force members were encouraged to share reactions and input to the co-chairs between the first draft report and the January 8 Task Force meeting.

After a next round of review and discussion at the January 8 Task Force meeting, including a proposed new recommendation, the co-chairs coordinated with a subset of Task Force members who volunteered to participate in a final round of revisions to selected draft recommendations, consistent with input from the January 8 meeting. These members also provided input on content for the narrative statement. Co-chairs subsequently directed staff to complete a final round of refinements for clarity and consistency, and reviewed these ahead of a final draft of the Task Force report which was circulated before the last Task Force meeting.

On January 22, the full Task Force held its final meeting to review and approve the final draft report, including recommendations. **[[After final meeting, add brief description of January 22 meeting, voting results and any other essential information.]]**

Recommendations

Please see Appendix 2: Further Details and Implementation Considerations for more context on the recommendations.

1 The Task Force recommends that the Minnesota legislature partner with Minnesota Housing, non-profit housing leaders, tenant rights organizations, and Minnesota renters to coordinate two evaluations. One to evaluate Permanent Supportive Housing and deeply affordable housing models, and potential flexibility in regulatory requirements of existing affordable housing, further defined in appendix 2. The other to research options and develop recommended changes to QAP scoring and other recommendations or options to provide increased financial and operational flexibility for housing providers. Chairs of the Senate Housing Committee should appoint an advisory team that includes representatives from the organizations above to conduct the evaluations. These evaluations can occur simultaneously and should be reported back to the Minnesota Legislature by January 1, 2027.

2 The Task Force recommends Minnesota Housing and local suballocator jurisdictions to amend current Qualified Allocation Plans (QAPs) for the allocation of Low Income Housing Tax Credits (LIHTCs) by June 1, 2026 to revise selection criteria structure and consider what additional changes are required once evaluations of 100% permanent supportive housing (PSH) and integrated permanent supportive housing (PSH) models are completed.

3 The Task Force recommends that Minnesota Housing develops a “policy framework” to support the sustainability of regulated affordable housing assets as a strategy distinct from new construction, traditional preservation strategies, and the preservation of naturally occurring affordable housing (NOAH). The policy framework shall be delivered to the Minnesota legislature by January 1, 2026. The policy framework should include:

- Strategies, tools, and funding for Targeted Stabilization so that projects do not have to compete against new construction and Comprehensive Long-Term Preservation projects.
- A balance of funding in Targeted Stabilization and Comprehensive Long-Term Preservation strategies
- No requirement or competitive scoring points for projects to add permanent supportive housing (PSH) units to qualify for Targeted Stabilization funds.

- Options and criteria for regulatory relief to release properties from restrictions if no resources are available for either Targeted Stabilization or Comprehensive, Long-Term Preservation (i.e. allow properties to become “NOAH”)
- Strategies for state-wide NOAH preservation

Local public funders should adopt a similar policy framework, strategies, and tools to support Targeted Stabilization in their respective jurisdictions

4 The Task Force recommends that Minnesota Housing develops, revives, and/or implements new state strategies, tools, funding resources, and processes to address the stabilization of regulated affordable housing. Local public funders should use local resources, including, but not limited to SAHA and LAHA, to develop and implement similar programs. Programs, tools, and resources must be administered in a way that is responsive to the specific stressors and the marketplace, including:

- Fast, flexible, pipeline basis.
- In collaboration with other public, non-profit, and private funders, to ensure a comprehensive approach involving all funding partners.
- Flexible use of funds to support a range of needs, including debt relief/restructure, operating and service needs, asset management needs, repayment of advances from owner/sponsor, and funding depleted reserves.
- Consider public, Minnesota Housing and others, debt restructuring to include partial prepayment with new deferred loans, and re-amortizing the loan at the same interest rate, if lower than current rates.
- Use recapitalization process to simplify project financing to streamline building operations and support long-term stability. Provided as grants where possible and patient deferred debt where not possible.

Develop new programs, tools, and resources, if existing programs cannot be implemented to meet the stabilization needs.

5 The Task Force recommends that the Minnesota Legislature and local municipalities 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. Recommend state and local support for existing and new rent subsidy programs and resources to ensure that low-income Minnesota residents can afford a home.

6 The Task Force recommends that the Department of Public Safety (DPS) convenes public safety leaders in Minneapolis, St. Paul, Hennepin County, Ramsey County, Metropolitan Transit, select Greater Minnesota city(ies)/county(ies), and individuals with lived experience to develop and implement a demonstration project that would:

- 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's offices, 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.

7 The Task Force recommends that Minnesota Housing, or a designated entity, tracks Key Performance Indicators related to the health of the affordable housing industry.

- County by county, the percent of rent collected on time.
- The percent 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.

8 The Task Force recommends that Minnesota Housing and other public lenders collaborate with HUD to establish a subordination agreement for HUD/FHA-insured first mortgage products with the goal of maximizing access to affordable rental housing financing tools while recognizing the state's investment in affordable rental housing as bona fide debt, mitigating risks to public funding, and ensuring long-term affordability.

9 The Task Force recommends that deals are closed faster. Review models and identify opportunities for industry-wide processes, staffing, approval, and funding structures to get projects closed faster. Establish target time goal for closings and report publicly on success of meeting the goal.

10 The Task Force recommends that affordable housing projects can include asset management fees in the underwriting costs.

11 The Task Force recommends the retooling of underwriting standards to reflect expected future economic conditions and modify underwriting policies to move from 1.0 debt coverage ratio (DCR) in year 15 to a minimum of 1.10 or 1.15. 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, such as vacancy loss and replacement reserves. Recognize and fund the operating deficits that new underwriting policies create. Work across funding partners to create transparency in underwriting standards. 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.

12 The Task Force recommends reconsidering incentivizing "leverage" of other public resources in the competitive funding of capital housing investments.

13 The Task Force recommends adequate government service funding to be paired with capital funding for PSH units to help ensure full funding for services at a level that matches the need of the proposed tenants and aligns with the public priority populations. The following options should be considered:

- Replicate model being used by Hennepin County to create capitalized reserves to fund supportive services for new or existing underfunded supportive housing projects statewide.
- Coordinate across multiple sources.
- New legislation and appropriation sufficient to fund services/operating needs for all PSH projects and funding commitments that align with the timeline of housing development.
- Build on the highly successful model of Minnesota Housing’s Consolidated RFP that allows for streamlined competition for multiple funding sources outside of Minnesota Housing, integrate DHS service funding into the Consolidated RFP to align all necessary funding efficiently and effectively.
- Identify ways for Medicaid to work better as a funding source for supportive housing.

Capital funding should be evaluated independent from the formal underwriting of a project to ensure that projects that contain PSH may continue to operate effectively if adequate service funding is lost.

14 The Task Force recommends Minnesota Housing and DHS to partner and align eligibility and documentation requirements for formerly homeless households, and

where possible and give clarification on low barrier strategies to meeting eligibility requirements. Additionally, state agencies and compliance organizations will provide training on low-barrier practices to get people housed. State agencies to make self-certification clear as an acceptable practice for formerly homeless people.

- Ensure that the housing that is being referred to has services and capacity that match the need of the person awaiting a referral.
- Develop a technological solution to address the variety of documentation needed for different services.
- Coordinated Entry System (CES) should match applicant need level with the services level/expertise of the supportive housing development.

15 The Task Force recommends granting authority to and strengthening the operating capacity of the Interagency Stabilization Group (ISG) to collaborate among funders to support both preservation and stabilization of affordable properties.

- Clearly communicate schedule of meetings.
- Clarify goals around project stabilization and preservation.
- Clarify how the ISG determines what projects they review.
- Create a process for owners to request a project review and support.

Criteria for project review should be inclusive of all types of preservation needs, specifically projects that currently have no funding path through the existing preservation funding RFPs due to scale, not having a deep operating subsidy to preserve or to underwrite new debt, geographic location, or don't score well or meet defined priorities.

16 The Task Force recommends increasing funding for SAHA to enable counties flexible funding to stabilize affordable housing based on local needs and priorities.

17 The Task Force recommends encouraging and/or incentivizing LAHA recipients to pool programs to maximize impact on the highest priority needs within the affordable housing system and alleviate fragmentation of resources and multiple funding applications across so many jurisdictions.

18 The Task Force recommends directing 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 insurance and financial 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 Department of Commerce 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.

19 The Task Force recommends directing 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.