

## **Narrative Statement**

Every Minnesotan deserves a safe and stable home, however, there is a shortage of affordable housing, especially deeply affordable homes, putting this necessity out of reach for far too many.

Our state is fortunate to have a many non-profit housing providers that develop and manage tens of thousands of affordable housing units in Minnesota. They are a critical driver in our housing market to provide this scarce and vital housing, however they are experiencing financial stress that is threatening their stability, and in turn, the stability of housing for thousands of Minnesotans.

Current pressures on the housing system have led to frayed services and funding models, which have implications for our communities and for all parties in the housing system. Non-profit housing providers are seeing their costs escalate for things like insurance, security and staffing to provide needed services to residents. They are also collecting less revenue (rent) due to the extreme economic pressures facing renters. Underlying these financial pressures are government systems, such as coordinated entry, creating inefficiencies that are not serving renters well while exacerbating financial challenges for housing providers. These challenges will only deepen without urgency action to address the current system challenges.

Change is necessary to our complex affordable housing system to make affordable housing a reality for everyone.

The Task Force recommendations are designed to ensure that people who live in affordable housing have access to dignified housing that is safe, affordable, well-maintained, and, where needed, offers support services to help ensure individuals and families can be stably housed in a sustainable way.

The set of recommendations found within this report take a comprehensive look at the challenges facing affordable housing providers and acknowledge the urgent needs and systems change work that is required to put our state on a path where our non-profit housing providers have the stability needed to provide safe, affordable housing for their residents and as a state. We have the capacity to continue to produce this desperately needed affordable housing for Minnesotans.

The Minnesota legislature charged the Task Force on Long-Term Sustainability of Affordable Housing with evaluating issues and providing 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. A group of nineteen nominated Task Force members worked together to generate 19 recommendations. This group acknowledges there is not a quick fix. These are broad, systemic issues and ideas that require forward movement and continued engagement.

The Task Force acknowledged differences of opinion among members but valued all opinions and expertise to identify larger systemic issues. The Task Force balanced full group conversations with

small group work in and outside of meetings to dig into key topics and questions with Task Force members who have complementary areas of expertise. The Task Force heard testimony during meetings from Minnesota Housing, Minnesota Department of Commerce, Family Housing Fund, and Greater Minnesota Housing Fund. The Task Force also accepted written testimony.

Concerns that continually informed the Task Force recommendations were the need to balance various aspects of preservation efforts with the provision of affordable housing and the lack of efficacy in the current supportive housing model. These considerations have significantly informed and shaped the recommendations. The Task Force also recognized the importance of balancing the needs of the renters and providers. Solutions need to take into consideration the needs of both groups to keep affordable housing for those who need it and support providers so they can offer affordable housing.

The recommendations are the beginning of what we anticipate will be continued attention and action to enact new policies and secure additional investments. State agencies and partners will have key roles in implementing recommendations, including the Department of Public Safety, Department of Human Services, Minnesota Housing, Minnesota Department of Commerce, cities and local governments, Metro Transit, and non-profit housing providers themselves. The work that continues after this Task Force and grounded in the recommendations outlined in this report must continue to bring together people with diverse expertise and perspectives.

The recommendations do not include legislative language changes. The Task Force believes the recommendations are sufficient to move work forward, and the Task Force chose not to prioritize the recommendations. Complex systems and legislative changes will force us to re-examine the recommendations and their readiness for implementation. Funding from the legislature is at a crisis point, which may lead to the eventual prioritization of recommendations and next steps. Not all recommendations are to be implemented at once, but all recommendations serve an important function. The goal of the recommendations is to identify challenges, understand the full picture, to help with long-term structure and guidance for future planning, and to determine needs. The magnitude of the issue will necessitate many individuals engaging in the solution and the use of all the tools and resources available.

In total, the changes recommended in this report are designed to help ensure that financial, operational, and residential service expectations for affordable housing providers are commensurate with available resources so that residents of affordable housing can live in a dignified environment that is well-suited to their needs and their ability to pay.

We know there is much more work to come to actualize these recommendations. They are a strong next step in what needs to be a multiyear process engaging multiple partners to address the needs of supportive, affordable housing. Continued collaboration with local government, community leaders, Task Force members, and other partners will be critical to achieve the goals outlined in the Task Force's recommendations.