



CATHOLIC CHARITIES
Twin Cities

Catholic Charities at Elliot Park
1007 East 14th Street, Minneapolis, MN 55404
612-204-8500 | cctwincities.org

April 1, 2025

Representatives Spencer Igo and Michael Howard
Co-Chairs, House Housing Finance and Policy Committee

Re: Support for HF 2740

Co-Chairs Igo and Howard and Members of the Committee:

I am writing on behalf of Catholic Charities to express my support for HF 2740, which offers a policy package to help stabilize the troubled affordable housing market.

Operating and maintaining affordable housing units is becoming increasingly more difficult due to factors such as skyrocketing insurance costs, security needs and declining revenues. A recent report by O'Neil Consulting estimated that the affordable housing sector lost over \$50M between 2018-2023 and that the financial situation did not improve in 2024.

Catholic Charities was recently faced with the difficult decision to close St Christopher Place, which provided affordable housing and supportive services for adults exiting homelessness. It became unsustainable to subsidize the cost to maintain the building and provide critical services to help residents remain housed at \$500,000 annually. This closure resulted in the loss of 71 affordable housing units.

HF 2740 would provide regulatory relief, cut red tape, and better align funding streams, providing necessary relief to affordable housing providers – ultimately preserving the availability of affordable housing for our most vulnerable neighbors.

Thank you for your leadership and commitment to ensuring all Minnesotans have a place to call home.

Sincerely,

Jamie Verbrugge
President and CEO



Friday, March 28, 2025

Chair Howard and Chair Igo and Members of the House Housing Finance & Policy Committee,

The Greater Minnesota Housing Fund is Minnesota's largest housing focused Community Development Finance Institution (CDFI). We support the creation of strong communities and affordable homes through strategic investments and effective partnerships. We work in all 87 Minnesota counties and are committed to addressing the housing needs of Minnesotans in under-served areas including cities, towns, rural areas, and Tribal nations.

GMHF works directly with Minnesota communities, affordable housing developers and operators to support local housing needs, which is why we support HF2740.

A recent comprehensive report by O'Neil Consulting estimated that the affordable housing sector lost over \$50M between 2018-2023 and that the financial situation did not improve in 2024. Multiple affordable housing providers have had to sell or demolish buildings, due to dramatic increases in costs, reductions in revenue, and the ongoing annual operating losses that have resulted. While Minnesota has long been a national leader in affordable housing, our entire system is now at risk. Minnesotans all across the state could lose their homes, along with the supportive housing services that many also rely on.

While the best solution would be to invest more money into the affordable housing sector to address the physical and financial distress that has resulted from macroeconomic shocks, we understand the reality that this is a tight budget year and there is little to no new money on the table.

In the absence of additional funding, our best option is to make important policy changes that provide regulatory relief, cut red tape, and better align funding streams. Doing so will save homes whose affordability could otherwise be lost. Our top priority must be to preserve what Minnesota taxpayers have already invested in.

We urge you to support the passage of this bill, as its policy provisions are essential to preserving the state's existing affordable and supportive housing stock. Thank you for your leadership and commitment to addressing this pressing issue. We look forward to seeing the positive changes that will come from this bill.

Sincerely,

A handwritten signature in black ink, appearing to read "Andrea Brennan", followed by a horizontal line.

Andrea Brennan
President and CEO



PROJECT FOR PRIDE IN LIVING

1035 East Franklin Avenue
Minneapolis, MN 55404
P (612) 455-5100 F (612) 455-5101
www.ppl-inc.org

Scott Cordes
Chief Operating Officer
Project for Pride in Living
1021 East Franklin Ave
Minneapolis, MN 55404

Tuesday, April 1, 2025

Chair Howard, Chair Igo and Members of the House Housing Finance & Policy Committee,

I am writing to express Project for Pride in Living's support for HF2740, which is designed to help stabilize the affordable housing industry in communities across the state.

Project for Pride in Living is a 53-year-old non-profit affordable housing operator and service provider with 1,500 units based in the Twin Cities, approximately half of which are permanent supportive housing. Close to 3,500 people spend the night under a PPL roof, nearly half of which are children.

Over the last five years, operating housing and providing services to residents in need of stability have become substantially more difficult due to rapidly rising costs, increasing community safety needs, and declining revenues. A recent comprehensive report by O'Neil Consulting estimated that the affordable housing sector lost over \$50M between 2018-2023 and that the financial situation did not improve in 2024. Several affordable housing providers have had to sell or demolish buildings due to rapidly escalating costs, reductions in revenue, and the ongoing annual operating losses that have resulted.

At PPL, we have experienced a 300% increase in our property insurance costs since 2018, which, along with other inflationary pressures, has put many of the homes in our portfolio at financial risk. HF2740 will provide important regulatory relief and streamline funding streams that are critical to help ensure the housing system across the state remains affordable and strong, and to help ensure that residents across the state will continue to have access to high quality affordable housing.

Thank you for your leadership and commitment to help ensure all Minnesotans have access to safe and dignified housing.

Sincerely,

Scott Cordes
Chief Operating Officer
Project for Pride in Living





April 1st 2025

RE: HF2740 Taskforce Recommendations

Chair Howard, Chair Igo, and members of the Housing Finance and Policy Committee,

I am writing on behalf of the Beacon Interfaith Housing Collaborative to express our strong support for Sen. Howard's bill, HF2740, which enacts the most urgent recommendations of the Legislative Task Force for Long-term Sustainability of Affordable Housing.

Beacon Interfaith Housing Collaborative is a nonprofit housing provider and developer with 24 buildings that offer affordable homes to over 1,200 people. We primarily operate supportive housing, which provides safe, affordable, and stable housing with on-site services for the most vulnerable Minnesotans who have experienced homelessness.

Over the past five years, rising costs, a decline in public safety, and an increase in community needs have eroded the viability of thousands of homes for low-income Minnesotans run by nonprofit affordable housing providers. A recent Minnesota Stability Coalition Report, released in February 2018, confirms this. Across 11,408 units in this report, the average cash flow per unit decreased by \$1,875 per unit from 2018 to 2023. Applied to the entire universe of units analyzed in this report (roughly 26,000, including MN Housing datasets), a \$1,875/unit cash flow loss equates to roughly -\$49 million across the industry.

These losses are unsustainable, and the taskforce recommendations in this bill are seen as the necessary solution. The problem requires both the policy fixes proposed here and the needed fiscal support to protect residents' homes.

We strongly support the provisions that call for aligning service requirements and funding between the Minnesota Housing Finance Agency and the Minnesota Department of Human Services. As the single largest provider of supportive housing, Beacon has stepped boldly into filling a community need and requires urgent support and alignment to fill that need.

Please support HF 4720.

Thank you,

A handwritten signature in black ink, reading "Benjamin Helvick Anderson".

Benjamin Helvick Anderson
VP of Policy and Organizing
Beacon Interfaith Housing Collaborative

Paul D. Williams
Principal
Williams Community Supports, LLC

Thursday, March 27, 2025

Chair Howard, Chair Igo and Members of the House Housing Finance & Policy Committee,

I am writing to express my support for HF2740.

After several years of continued struggle, affordable housing in Minnesota remains challenged. As you know, a recent comprehensive report by O'Neil Consulting estimated that the affordable housing sector lost over \$50M between 2018-2023 and that the financial situation of the sector did not improve in 2024. Multiple affordable housing providers have had to sell or demolish buildings, due to dramatic increases in costs, reductions in revenue, and the ongoing annual operating losses that have resulted. While Minnesota has long been a national leader in affordable housing, our entire system is now at risk. Minnesotans all across the state could lose their homes, along with the supportive housing services that many also rely on.

As the former President & CEO of Project for Pride in Living as well as a decades-long funder and financial partner in affordable housing, the impacts are real-- homes and properties that remain in need of repairs, unsafe conditions for children due to inadequate security, individuals and families struggling with mental health challenges, and an inability to provide the level of support and services they need. Most importantly, affordable housing owners who are faced with the reality of having to sell buildings, resulting in the loss of those homes for real families and individuals who need them. Housing is central to so many facets of our lives. This is a crisis that is impacting our workforce, our educational systems and Minnesota's long-term economic competitiveness.

While the best solution would be to invest more money into the affordable housing sector to address the physical and financial distress that has resulted from macroeconomic shocks, we understand the reality that this is a tight budget year and there is little to no new money on the table.

In the absence of additional funding, our best option is to make important policy changes that provide regulatory relief, cut red tape, and better align funding streams. Doing so will save homes whose affordability could otherwise be lost. Our top priority must be to preserve what Minnesota taxpayers have already invested in.

I strongly urge you to support the passage of this bill, as its policy provisions are essential to preserving the state's existing affordable and supportive housing stock. This bill will help ensure the long-term stewardship of Minnesota taxpayer investments and safeguard the affordable homes that many Minnesotans rely on.

Thank you for your leadership and commitment to addressing this pressing issue. I look forward to seeing the positive changes that will come from this bill.

Sincerely,
Paul D. Williams

MN HOUSING STABILITY COALITION

FIGHTING TO PRESERVE MINNESOTA'S AFFORDABLE HOMES HF2740|SF2742

The Minnesota Housing Stability Coalition represents 35 affordable housing providers advocating to ensure the long-term sustainability of existing affordable rental homes in Minnesota. Minnesota must address both the financial and physical distress of buildings and the inadequate funding model for supportive services. During this legislative session, we are asking for long-term solutions to both, along with interim solutions that can be enacted quickly.

We have identified a minimum of 3,500 *existing* affordable apartment homes that have been sold, are currently for sale, or are being considered for sale.



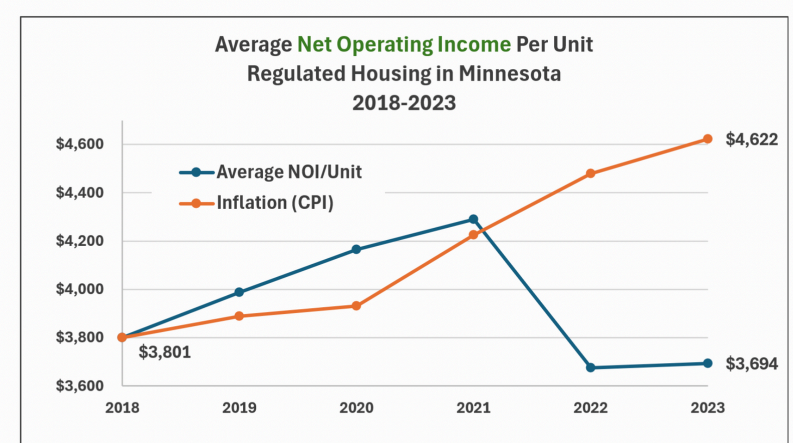
IMMEDIATE RELIEF

\$50M in immediate one time funding to directly **stabilize** financially distressed buildings. Low/no cost **administrative policy** changes.

LONG TERM SUSTAINABILITY

\$10M in on-going base funding for recapitalization activities to **preserve** Minnesota's existing affordable housing stock.

What is Recapitalization? Recapitalization is bringing in new funds to preserve and improve affordable housing. Affordable homes need new funds as they age to make repairs and re-position properties for long-term preservation. Minnesota has invested millions in these affordable properties, to not lose these taxpayer investments, we must either recapitalize our investments, or allow for flexibility in buildings with significant operating deficits.



STRESSED PROPERTY DATA PROJECT

O'Neil Consulting

Implementing Task Force Recommendations

Created by the legislature in 2024, the Task Force on Long-Term Sustainability of Affordable Housing convened to evaluate issues and provide recommendations relating to affordable housing sustainability. Issues including displacement of tenants, preservation of housing previously developed with public financing, and long-term sustainability of new housing developments. In February 2025, the task force put forward several proposals that would provide financial and regulatory relief to Housing providers, and preserve existing affordable apartment homes. These include: allowing for **flexibility** in income restrictions after public financing terms are complete, pairing capital and **supportive services funding**, and strengthening the capacity of the **Interagency Stabilization Group**.

Policy Proposals

- Greater flexibility of affordability regulations, particularly for aging buildings.
- Ensuring that services funding for permanent supportive housing residents is sufficient to stabilize the household.
- Encouraging or incentivizing public funders to coordinate public housing resources toward their highest and best use.

For more information and data, visit us at:
mnhousingstability.org