

TO: House Capital Investment Committee
FROM: Diane Larson, Legislative Chair, Minnesota NAHRO
Shannon Guernsey, Executive Director, Minnesota NAHRO
DATE: April 14, 2021

RE: Bonds for Housing Investment Will Help Minnesota Address the Need for Affordable Housing Across the State

On behalf of Minnesota NAHRO and its members, thank you for the opportunity to support the bonds for affordable housing included in the House Omnibus Bonding Bill. We urge the committee to support this important investment so that Minnesota families can secure safe and affordable housing. Specifically, we strongly support:

- \$100M in GO Bonds for Public Housing Rehabilitation
- \$150M in Housing Infrastructure Bonds
- \$50M in Shelter Capital Investment

Minnesota NAHRO members own, manage, or administer the majority of subsidized rental housing in Minnesota including all public housing plus the administration of the Housing Choice Voucher (HCV)/Section 8 program. In addition, our members work with developers on a regular basis to preserve and develop affordable housing throughout the state. As partners at the local level, housing authorities see the importance of the bonds for housing investment so that our communities have the resources to address critical housing needs.

GO Bonds Preserve Publicly Owned Housing – A Critical Community Asset

Minnesota NAHRO and its members strongly support \$100 million of General Obligation Bonds for Publicly Owned Housing to address the unmet capital needs of this public asset. Based on a March 2019 report, Minnesota's public housing had just shy of 355 million dollars of Total Immediate Critical Needs; or an average \$16,790 per unit of capital improvements.

With the vast majority of households headed by seniors and people with disabilities, public housing provides safe and affordable homes to low-income people who would otherwise lack adequate housing. General Obligation bonds for public housing preserve our investment in these existing units through the Publicly Owned Housing Program (POHP). POHP funds are used for major capital improvements to address health, safety, and energy efficiency such as new roofs, boilers, or elevators. It is noteworthy that most of the funding goes to housing located in Greater Minnesota.

For many housing agencies, the annual federal capital funds are insufficient to address major capital projects necessary to properly maintain the building over time. With a POHP loan, however, housing authorities can complete needed substantial rehabilitation projects in a shorter amount of time while leveraging federal Capital Fund dollars. Thus, these resources

result in both cost savings and time savings which ultimately benefits some of the lowest income households in the state. While these are not improvements that command a grand re-opening event and sometimes not easily recognized by residents; however, if left undone can lead to building degradation and even failure.

Finally, it is noteworthy that in the last four funding cycles, POHP funds have been awarded for the rehabilitation of over 6,600 publicly owned apartments. This represents 13% of the Immediate Critical Needs identified in the 2019 report. We appreciate that the Legislature provided funds to develop affordable housing and to rebuild existing public housing units throughout Minnesota.

On behalf of the 140 housing and redevelopment authorities in Minnesota NAHRO, we urge you to continue to support these critically needed bonds for housing which not only preserve the physical assets but also the dignity of the senior and families residing in these apartments.