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# Preserving the Affordability of Existing Homes

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**HF 1412:  
Community Stabilization Program  
\$100M-\$200M  
3,000 – 6,000 Units Preserved  
Statewide Impact**



# Naturally Occurring Affordable Housing

## *The Largest Source of Affordable Housing Regionally and Nationally*

- Naturally Occurring Affordable Housing (NOAH) is market rate, *unsubsidized*
- 70%+ of *all* affordable units are NOAH
- NOAH properties are Class B/C buildings
- Often built between 1940 and 1990
- Typically \$700-\$1,300/month rents (studio, 1BR, and 2BR units)
- Affordable to families at or below 60% AMI (often at or below 40% or 50% AMI)

*AMI: Area Median Income*



Crossroads at Penn, 698 Units, Richfield



Fountain Terrace, 72 Units, New Brighton

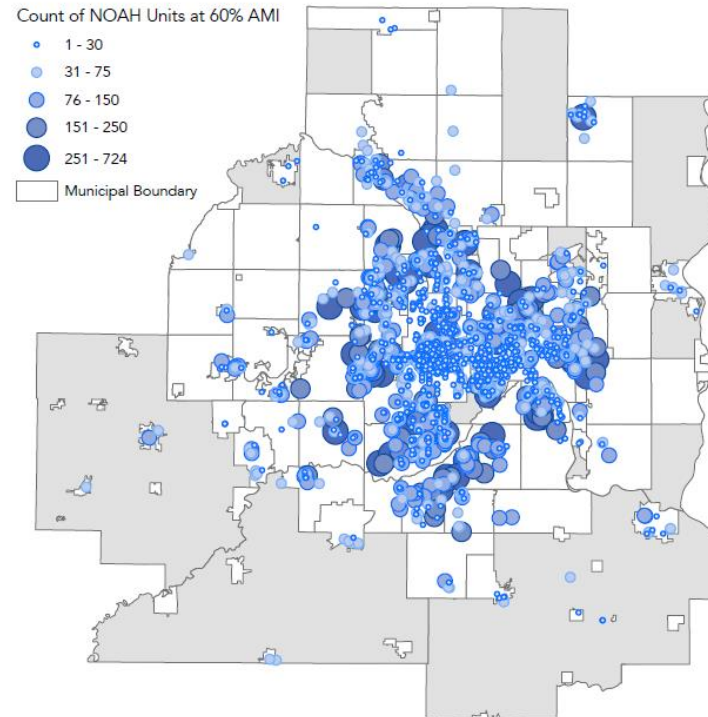


# NOAH Heat Map

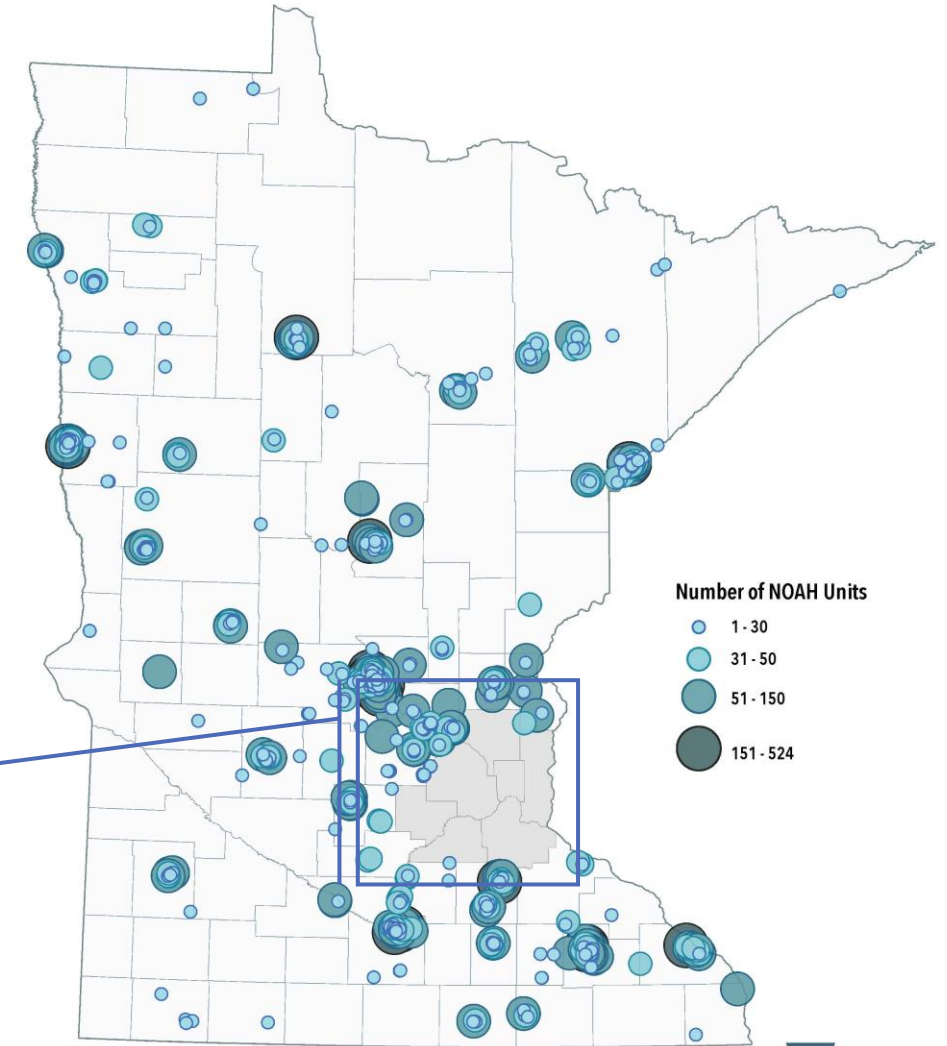
Approximately 240,000 families' homes are at risk across Minnesota. 108,700 in the Metro.

## NOAH in the 7-County Metro, 2021:

Market Rate Units with Rents Affordable at or under 60% AMI



## NOAH: Market Rate Properties with Units Renting at or Below 60% of AMI in Greater Minnesota, 2021



Minnesota Housing Partnership analysis of CoStar Database, in properties with 4+ units and Governor's 2024-2025 Biennial Budget, January 2023

# Minnesota Needs to Preserve NOAH **Now**

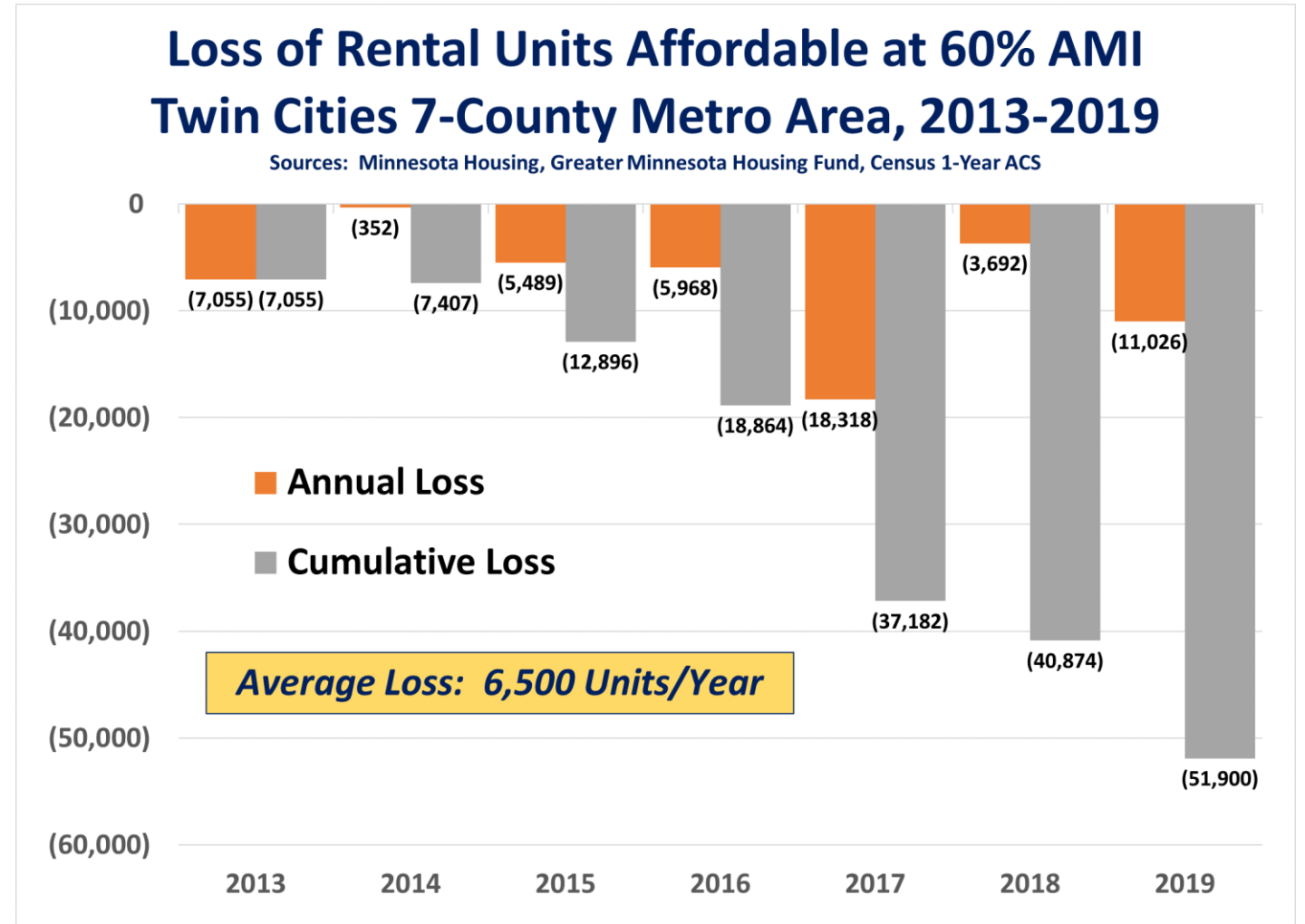
Every year, Minnesota loses more affordable homes than we build.

- We lost 52,000 units from 2013 to 2019 in the metro alone.<sup>1</sup>
- In that time, we only closed financing on 7,762 new units.<sup>2</sup>

Many affordable homes are lost to upscaling by investors, while others become unaffordable as rents rise faster than incomes.

<sup>1</sup>Census, 1-Year ACS

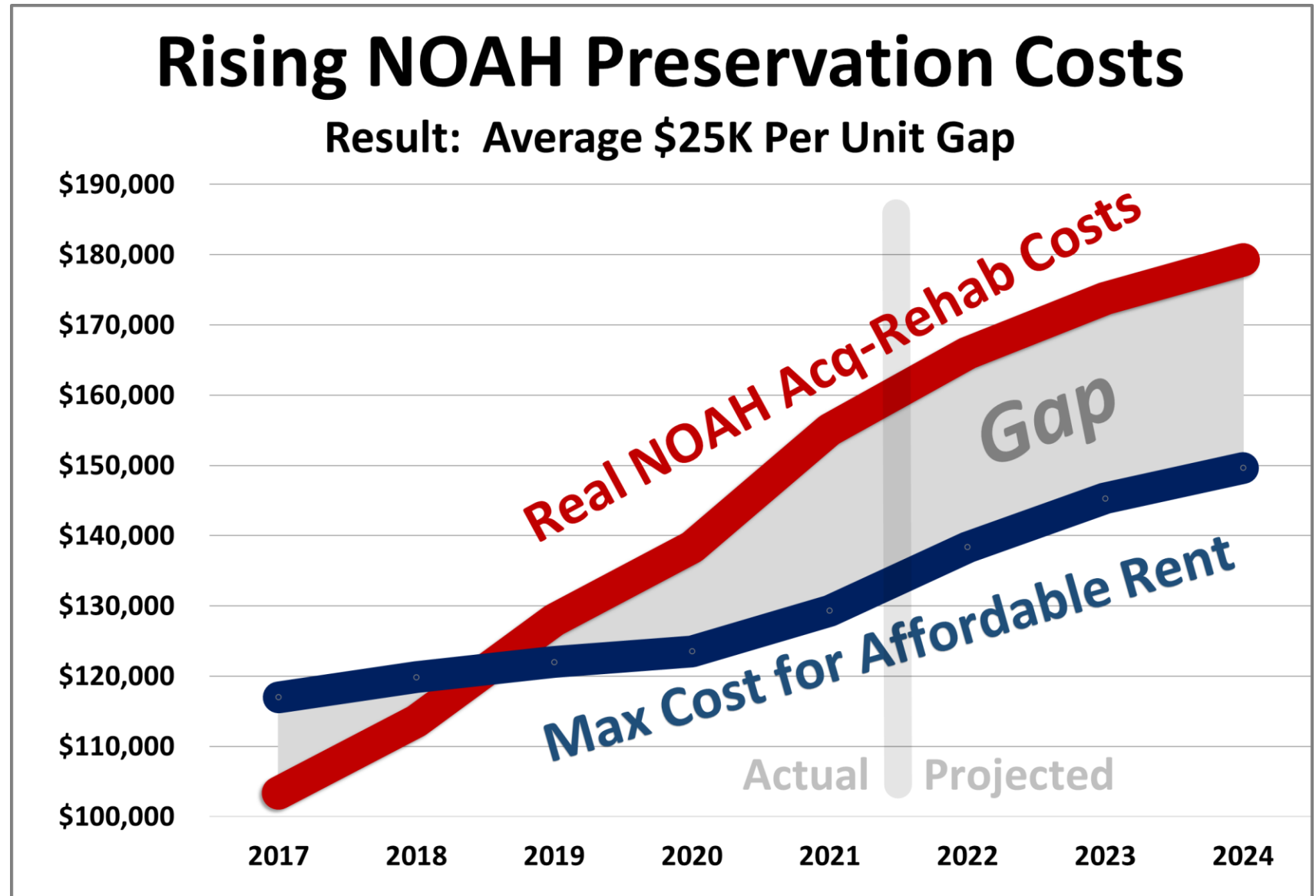
<sup>2</sup>HousingLink, Housing Counts 2012-2019



# The Gap to Preserve NOAH Grows Every Year \*

**We Must  
Act Now!**

\* Gap ranges from  
\$20K - \$50K per  
NOAH unit.



## Case Study: **Saving NOAH in Rochester**

- **\$89,000 per unit total cost**
- **36 2-BR family units**
- **Workforce Housing**
- **\$900/month rents preserved**
- **Acquired 2019**
  - **\$2.4M First Mortgage GMHF**
  - **\$779,000 First Homes**
    - **One-time gap**
    - **\$21,000 gap per unit**
  - **\$3.2M TDC**

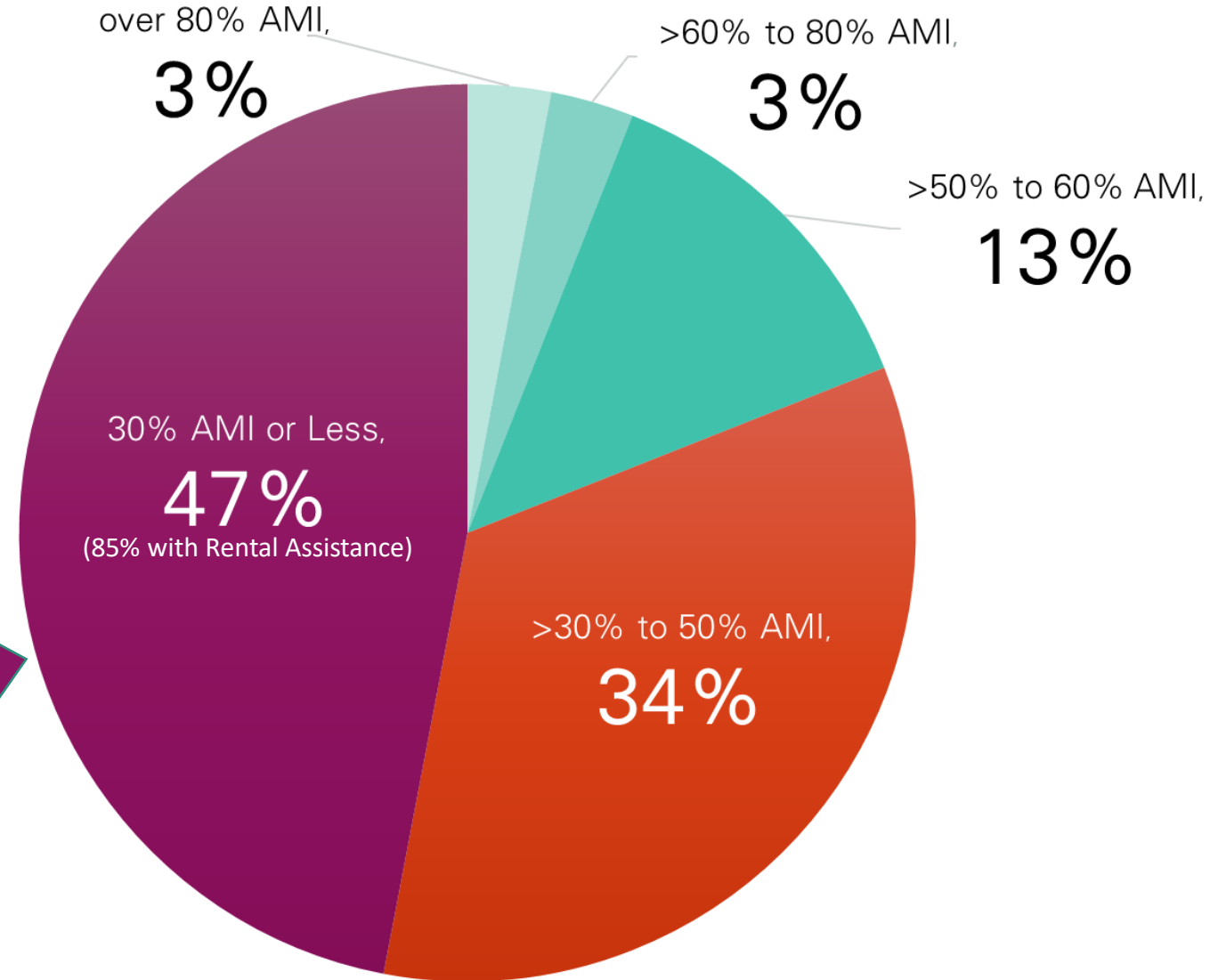




# NOAH Serves People Earning Very Low Incomes

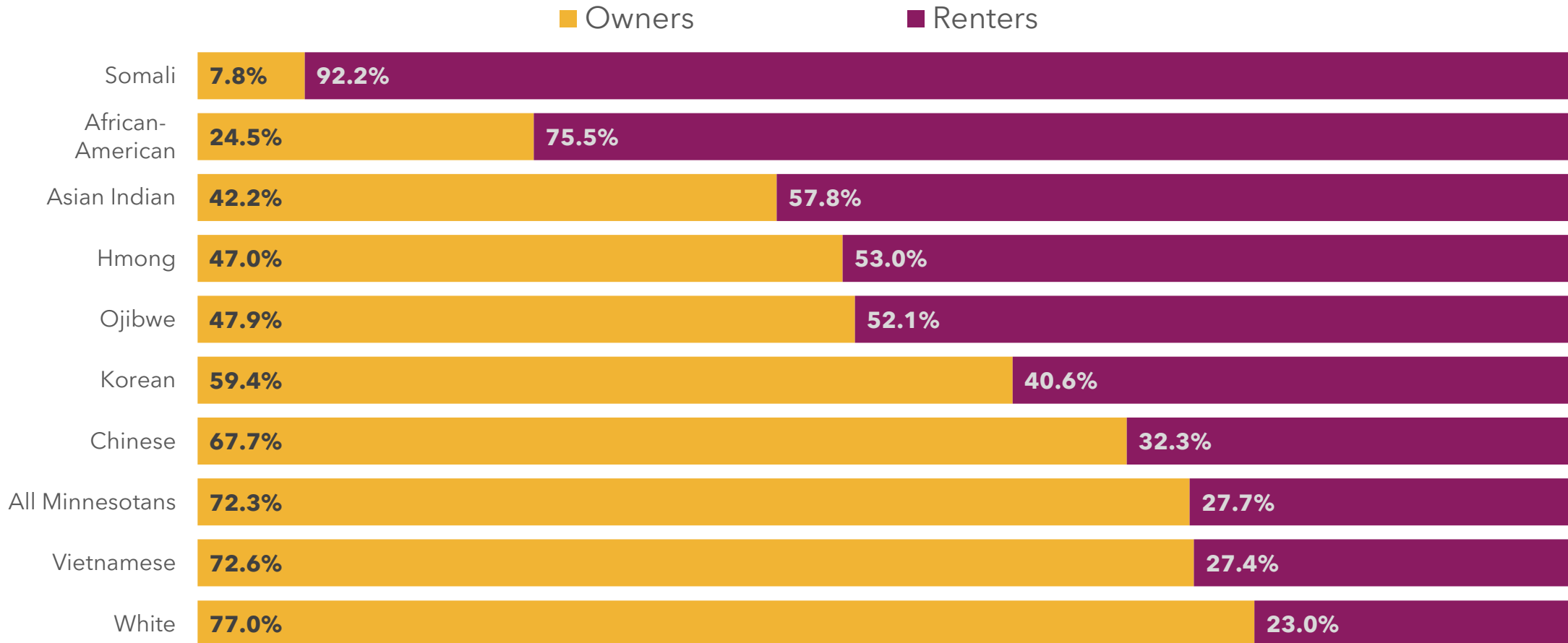
- **94%** below 60% AMI
- **81%** below 50% AMI
- **47%** below 30% AMI

Households at  
Greatest Risk of  
Homelessness



# NOAH Preservation is an Equity Issue

Loss of NOAH disproportionately impacts people of color, who are more likely to rent their housing





# Preserve NOAH now!

It is our fastest & most cost-effective tool for addressing our affordable housing shortage



**Avg Cost to preserve  
an existing affordable  
apartment home:**

**\$150K**



**Avg Cost to build  
a new affordable  
apartment home:**

**\$300K**



# Targeted Uses of HF 1412: Community Stabilization Program

**\$100M-\$200M**  
**3,000 – 6,000 Units Preserved**  
**Statewide Impact**

**NOAH Rental  
Housing  
Preservation**

**Single-Family  
NOAH  
Preservation**

**Community Land  
Trust Home  
Preservation**