

March 15, 2023

Representative Mike Howard
Chair of the Committee on Housing Finance and Policy

Re: HF 2477 — Agbaje: Minneapolis Public Housing Authority grant funding provided to rehabilitate deeply affordable family housing units, and money appropriated.

Dear Chair Howard and Members,

The City of Minneapolis supports HF 2477, which provides the Minneapolis Public Housing Authority (MPHA) with a one-time appropriation of \$45 million to rehabilitate, preserve, equip, and repair more than 700 deeply affordable family housing units. Access to affordable housing is vital for the wellbeing of all residents of Minneapolis, as we know that safe, secure, and sustained affordable housing is a critical foundation for stability in all areas of life.

There is an urgent need for this type of housing in Minneapolis, as evidenced by the MPHA's recent highwater mark of more than 7,500 people on its waitlist for deeply affordable and/or public family housing. More than 80 percent of those on the waitlist are households of color. To help address this unmet need, the agency recently celebrated the groundbreaking of 84 new deeply affordable family homes with its Family Housing Expansion Project (FHEP), bringing 26 two- and 58 three-bedroom units in fourplexes and sixplexes to 16 sites across Minneapolis. Understanding the critical need to expand the number of deeply affordable family homes, the City of Minneapolis provided \$5.8 million in cash, over \$2.1 million in 4% Low-Income Housing Tax Credits, and over \$25 million in bonds for that project.

Preserving this critical portfolio of deeply affordable family housing is a top priority. It is essential that while we invest in a much-needed expansion of public and deeply affordable housing, we don't lose existing units to disrepair and obsolescence. The portfolio's current backlog of capital needs stands at \$31 million. If left unaddressed, the need becomes \$65 million by 2027. Currently, the agency is committing more than \$2 million annually into capital repairs into the portfolio, but that investment is insufficient to address the portfolio's needs. In 2022-2023, the City of Minneapolis has committed an additional \$8,050,000 to MPHA for the preservation and expansion of deeply affordable homes, to address the final fire suppression repairs, and MPHA's most urgent capital needs. While this is a significant investment from the City of Minneapolis and MPHA, it is not the long-term sustainable solution. Without additional major investment over the next 10 years, the portfolio of homes will end up in far worse condition than they are today and in jeopardy of becoming uninhabitable.

This proposed investment would transform deeply affordable family housing in Minneapolis for a generation. With the \$45 million investment, MPHA would complete work over a 10-year span, covering both today's capital backlog and future capital needs while driving towards portfolio self-sufficiency by the end of the 10-year investment window.

Thank you for your time and thoughtful consideration of this important and historic piece of legislation.

Yours Truly,



Mayor Jacob Frey
City of Minneapolis



Council President Andrea Jenkins
City of Minneapolis