A. Expand the Supply of Affordable Housing

The Issue: Although the State of Minnesota faces a serious budget crisis, efforts to expand the supply of affordable housing while preserving our existing affordable housing stock must continue. Housing Minnesota acknowledges the sobering size of the current budget deficit and believes it necessary that, in order to have a balanced budget, the state will have to use all three budget-balancing tools at the state's disposal: principled spending cuts that protect the most vulnerable and do not make the recession worse for those most in need; use of reserves; and raising revenue to maintain the high quality of life in Minnesota.

Housing Minnesota will support measures to expand the efficiencies of the current housing programs by leveraging private funding and strengthening public-private partnerships, and coordinating among state agencies and other partners. However, given the magnitude of the current affordable housing shortage, cost cutting and increased efficiencies are not enough. Housing Minnesota will, therefore, strive to protect and increase existing housing programs while working with the new administration in support of creative promotion of new resources to spur the development and preservation of affordable housing.

Housing Minnesota Positions:

1. Maintain or expand current levels of government funding for affordable housing production, rehabilitation, and preservation currently available through the Minnesota Housing Finance Agency, the Department of Trade and Economic Development, the Department of Children Families and Learning, the Department of Human Services, and the Metropolitan Council.
2. Provide additional new resources for housing development in the form of tax credits, tax incentives and tax exemptions, including exemptions for certain geographic areas, expanding the sales tax exemption for affordable housing, affordable housing tax credits, limiting tax assessments on income-restricted rental property, and protecting the renters’ credit.
3. Increase the state’s bonding resources for development of affordable housing including the state’s general obligation bonds, seeking a constitutional amendment to allow state general obligation bonds affordable housing that is not publicly owned, and increasing the percentage of Minnesota’s private activity bonds for housing.

B. Prevent and Address Homelessness

The Issue: At a time of economic sluggishness and budget deficits, it is important to care for the most vulnerable people in the state, including the unemployed or laid off workers, low-wage workers, people on a fixed income, and people experiencing homelessness. Currently, homeless shelters are forced to turn away 1,000 people a night for lack of shelter space and resources.
HousingMinnesota Positions:

1. Provide a comprehensive response to homelessness by: offering homeless prevention programs, shortening the length of stay in emergency shelter by getting people into safe and secure housing, and offering assistance to prevent repeated periods of homelessness.
2. Ensure that the state, counties, and cities provide enough funding to sheltering programs so that no one is turned away in a time of crisis.

C. Provide Housing with Support Services

The Issue: Coordination of housing and other important services benefits both the residents and the state by creating more efficiency in delivering the services and housing many people need. Coordination of state agencies and programs is an important step to reduce long-term costs to the state and society.

HousingMinnesota Position:

1. Integrate housing planning with planning for other social service systems.

D. Provide Assistance and Protections for Tenants

The Issue: The disparity between what renters can afford and the cost of housing continues to be a problem for tenants in Minnesota. A minimum wage worker would need to work 114 hours per week to afford Minnesota’s fair market rent of $762 for a two-bedroom apartment. Given the overall high rents of the rental market and low vacancy rates for apartments with lower rents, tenants face obstacles to finding and keeping their apartments. Tenants need additional assistance and protections when the affordable housing rental market is this tight. Additionally, many studies have shown that people receiving welfare and housing assistance at the same time are much more likely to successfully leave welfare. This should be recognized and tenants who are receiving welfare and federal housing assistance should not be penalized.

HousingMinnesota Positions:

1. Support measures in state law that assist and protect tenants in the tight affordable rental housing market.
2. Repeal the $100 housing penalty, whereby welfare recipients in federally subsidized housing have $100 counted as income against their welfare cash grant.

E. Create Non-Monetary Incentives for and Reduce Barriers to Development of Affordable Housing

The Issue: Local units of government have taken on tremendous leadership in providing affordable housing in their communities; they should be given the opportunity and incentive to do more. Cutting the costs of developing affordable housing is a key to reducing the amount of public subsidy needed for investment in housing. A variety of cost reduction strategies should be researched and supported through state policy.

HousingMinnesota Positions:

1. Support enabling legislation that authorizes cities, as a local option, to achieve their goal of including affordable housing in their community.
2. The State of Minnesota should take the lead in developing and encouraging the use of housing development cost reduction strategies and use of more cost effective building materials.

For further information about affordable housing legislation and policy see our web site www.housingminnesota.org or contact Rachel Callanan, Policy Director Minnesota Housing Partnership, at rcallanan@mhponline.org or 651-649-1710 x107.