



May 13, 2021

To: Governor Tim Walz, Lt. Governor Peggy Flanagan, Majority Leader Paul Gazelka, Speaker Melissa Hortman, Minority Leader Susan Kent, Minority Leader Kurt Daudt, Senator Rich Draheim, Representative Alice Hausman, Commissioner Jodi Harpstead and Commissioner Jennifer Ho

From: Homes for All Coalition Co-Chairs, Pastor Sue Koesterman & Chad Adams

Re: American Rescue Plan Funds – Housing Advocates *Updated* Request

The COVID-19 pandemic has impacted the lives of so many Minnesotans, the Homes for All Coalition is grateful for your commitment to helping households find or maintain safe, stable and accessible housing throughout this past year through eviction protections, shelter support and housing assistance. **As you contemplate final budget negotiations and how best to utilize federal funding coming to Minnesota from the federal American Rescue Plan (ARP), the statewide Homes for All coalition would like to make the case for significant investments in the affordable housing continuum.** The pandemic has further highlighted disparities that exist in communities across the state, especially for Black, Indigenous and People of Color, and it is increasingly clear that housing stability is critical to addressing those disparities head on.

We have the chance to dramatically change Minnesota’s housing landscape by taking advantage of the American Rescue Plan funds coming to the state. We can preserve thousands of affordable homes and work to close racial disparities and strengthen our affordable housing continuum for decades to come – with a significant return on investment. ARP Funds are available through end of 2024, so all funding recommendations could be utilized over the course of 3 years or after other federal allocations expire. **Homes for All believes all of the suggested uses below would qualify according to the May 10, 2021 Department of Treasury Interim Guidance.**

Requests fall into 5 categories for a **\$625 Million Total Request**:

- 1. Supportive Services & Shelter Support**
- 2. Preservation, Rehab & Anti-Displacement Investments**
- 3. Housing Partners & Local Support**
- 4. New Development**
- 5. Emergency COVID-19 Housing Assistance Response**

1. Supportive Services & Shelter Support - \$50 million

Emergency shelters and supportive housing programs provide life-saving services and pathways to stable housing for thousands of Minnesotans experiencing homelessness across the state. Their operations were strained by the housing and homelessness crisis that existed prior to COVID-19, and the pandemic has placed additional stressors on agencies as they strive to continue safely serving the most vulnerable in our communities. As we continue to respond to the pandemic and prepare to transition to a post-COVID emergency shelter system, additional investments are needed to continue to meet pandemic-related demands on shelter capacity and ensure wraparound services and supports are in place to help individuals experiencing or at-risk of homelessness obtain stable housing.

Suggested uses:

- Emergency Services Program COVID-19 Specific Aid
 - *(spread over three years for costs specific to pandemic response and transitional efforts, permanent increase to base funding still a priority and needed)*
- Housing Support Supplemental Services Rate Reduction Delay
 - *(Suggested \$2 million allocation - related to transition to Housing Stabilization Services, an MA benefit)*

2. Preservation & Anti-Displacement - \$300 million

Minnesota has an opportunity to preserve tens of thousands of affordable homes in Qualified Census Tracts (QCTs) through preservation and rehab development. Between increased stress from COVID-19 and unique housing market conditions we are at risk of losing Naturally Occurring Affordable Housing (NOAH) properties, homes owned by low-income households and deteriorating public housing. Many of these properties have inadequate living conditions due to years of deferred maintenance due in part to lack of resources available. Once we lose these units, they are likely gone forever leading to displacement and gentrification.

Acquiring and preserving NOAH, affordable single-family homes, and public housing will support and build strong Minnesota communities for years to come. NOAH, public housing and low-income homeowners are often in areas with high levels of economic opportunity and mobility and would qualify as an allowable expense for the State Aid dollars. At a time when we are potentially facing an impending end to the eviction moratorium, Minnesota cannot afford any more stress on its affordable housing market with the loss of these units.

Additionally, investments in preservation and rehab programs for low-income renters and homeowners can mitigate home health risks, which is especially pressing as having a chronic lung disease can make a person more likely to be severely ill or die from COVID-19. Low-income Minnesotans and Minnesotans of color are disproportionately likely to live in unsafe and unhealthy homes, such as living with mold and mildew, drafty windows, asbestos-contaminated vermiculite, and risk of radon and lead poisoning. These unsafe housing situations can cause immediate and long-term brain and respiratory health issues, including increased risk of asthma, lung cancer, or mesothelioma. These programs can help mitigate serious COVID-19 comorbidities and address the disparities in public health outcomes, an eligible use of the State Aid American Rescue Plan funds according to the May 10, 2021 Department of Treasury Interim Guidance.

Suggested uses:

- Public Housing Rehab Fund
- NOAH Preservation & Acquisition Fund
- Homeowner Rehab & Lead Abatement Fund
- Manufactured Housing Rehab, Replacement & Infrastructure Fund

3. Housing Partners & Local Support - \$55 million

Homes for All requests utilizing ARP funds to support adding additional culturally specific navigators to help reach Minnesotans that might not be aware there are programs to help cover housing & utility costs. Administrators and navigators of housing assistance funds have been key partners for the state over this past year and many, if not all, could benefit from additional capacity support. Finally, over the past year Minnesota has seen an increase in utilization of tenant hotline and legal services and we expect that to continue to be the case as the eviction moratorium concludes, we strongly believe that those areas would benefit from an injection of funding.

Additionally, as local municipalities and counties in Minnesota are getting an influx of federal funds, Minnesota has a unique opportunity to create more tools to help respond to the unique housing needs of communities across the state. Many local entities and counties have expressed an interest in starting or growing a local housing trust fund and this could be the tool to help get them there if they haven't already. Local Housing Trust Funds can pair well with other funding sources for preservation and new development as well. Housing partners across the state have been putting in countless additional hours to help disperse housing assistance funds, answering questions about the eviction moratorium, advocating for resources and ensuring that residents of affordable housing are safe and able to stay in their housing. As we begin to learn the full extent of the needs of key housing partners due to impacts from the pandemic, we believe capacity dollars can help make them whole or add necessary staff to strengthen our network of providers.

Suggested uses:

- Housing partners & providers capacity funding
- Housing Assistance Navigator Support
- Tenant eviction defense (legal advice, legal services, and representation in court)
- Homeowner Counseling (foreclosure prevention)
- Local Housing Trust Fund Match

4. New Development - \$200 million

Pre-pandemic in Minnesota, our shelter system was strained. The increased demands from the homelessness crisis and a growing need to pursue different approaches to providing life-saving shelter means we need new, statewide investments for shelter construction, rehabilitation, and acquisition. Additionally, more than 500,000 households paid more than they could afford on their housing, at least 27,000 households are income ready for homeownership (many of them BIPOC households),

communities all across the state desperately need more workforce housing to support growing businesses. Our state has a huge gap in available homes that are affordable to our lowest income renters and those ready for homeownership but without traditional means to gaining it. We must invest more to address our affordable housing gaps all across the continuum. We continue to support the use of bonding proceeds to support the development and preservation of affordable housing, but should a deal not be reached on bonding investments, we encourage the use of the State Aid American Rescue Plan funds to support affordable housing development, which according to the May 10, 2021 Department of Treasury Interim Guidance is an allowed use.

Suggested uses:

- Statewide Shelter Capital
- Homeownership Opportunities
- Lowest Income Housing
- Supportive Housing

5. Emergency COVID-19 Housing Assistance - \$20 million

Homes for All applauds the efforts Minnesota has been taking to allocate hundreds of millions in federal rental and homeowner assistance, it is a huge undertaking, but so critical to maintaining stability for thousands of families and the communities they call home. Not all Minnesotans will qualify or fit into the parameters of existing housing and utility assistance and programs, and we believe that the need may stretch beyond the timeframe allocated for existing housing assistance funds. We encourage Minnesota to allocate some additional funds to help meet these needs.

Suggested Uses:

- Additional Flexible Homeowner Assistance
- Additional Flexible Rental Assistance