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June 24, 2022

Minnesota Housing  
Attn: Tamara Wilson  
Housing Tax Credit Program  
400 Wabasha Street N, Ste. 400  
St. Paul, MN 55102

**Re: Public Comment – 2024 - 2025 Housing Tax Credit Qualified Allocation Plan**

Dear Ms. Wilson:

On behalf of the American Society for the Prevention of Cruelty to Animals (ASPCA), we are writing to respectfully request the integration of a pet-friendly preference for housing developments financed by the Minnesota Housing utilizing the federal Low Income Housing Tax Credit program (LIHTC).

Founded in 1866, the ASPCA was the first humane society to be established in North America and is today one of the largest in the world. The ASPCA believes that pets and people belong together; that financial circumstances alone is not a reliable indicator of the capacity to love and care for a companion animal; and that strong bonds between people and pets make for stronger communities.

My Pit Bull is Family is a 501c-3 non-profit organization based in Minneapolis, Minnesota with a mission to keep families together by advancing dog-inclusive rental & insurance policies and providing essential pet retention programming.

Unfortunately, a shortage of pet-friendly housing can conspire to force even the most devoted pet owner to relinquish a beloved pet to a local shelter. Sadly, the lack housing options available in the market that are both pet inclusive and cost appropriate means that lower income households are forced to make this difficult decision far more frequently. In fact, a national study conducted by the ASPCA revealed that those who rent are more likely to need to rehome their pets for housing issues than for any other reason.<sup>i</sup> Further, families that relinquish a pet often cite financial eviction from their current housing and a lack of suitable pet-friendly alternatives in the rental market.

This reality is particularly detrimental because, at a time of extraordinary stress and uncertainty, the emotional and mental health benefits that pets provide for persons experiencing the trauma of eviction, displacement, or homelessness are critical. Consistent with the goals of affordable housing, enabling families to have pets in housing can significantly contribute to their overall wellbeing. According to the Centers for Disease Control and Prevention, pets have positive impacts at nearly every stage of life. Pets influence social, emotional, and cognitive development in children, promote an active lifestyle, and have been able to detect oncoming epileptic seizures or the presence of certain cancers.<sup>ii</sup> Research shows that cats provide emotional support, improve moods, and contribute to the overall morale of their owners. Cats are also credited with promoting socialization among the elderly and physically or mentally

disabled people. Furthermore, people with pets tend to have lower blood pressure, cholesterol and triglyceride levels. These benefits are consistent with goals to holistically address the social, economic, and health outcomes. As such, pet-friendly housing promotes happier and healthier families, better futures for the family pet, and a reduced financial burden to shelters and the public.

Given the many benefits that accrue to humans from pets, our organizations believe that it is important to ensure those with lesser financial means who will be served by the LIHTC investments have access to pet-friendly housing. This goal could be achieved through the application in two ways: 1) for non-competitive projects, the requirement could be imposed through the rulemaking process; and 2) for competitive projects, a pet-friendly preference could be included by adding a scored component to the LIHTC application.

Integrating these preferences would result in much-needed pet-friendly housing being added to the market and would build on the strong commitment of the federal government in supporting pet-friendly housing opportunities. The federal Department of Housing and Urban Development (HUD) has required all its public housing and all HUD-insured and/or –financed housing for senior or disabled households to be pet-friendly since 2000 and 2008 respectively.<sup>iii</sup>

Minnesota Housing has at its discretion the ability to expand much-needed pet-friendly housing opportunities for lower income Floridians, strengthen communities and families, and improve public health outcomes for impacted households. We thank you for your leadership in considering this proposal so that fewer households are faced with the difficult decision of giving up their pet and keeping a roof over their head.

Sincerely,



Susan Lea Riggs  
Sr. Director of Housing Policy  
ASPCA  
Susan.riggs@aspc.org



Shannon Glenn  
Executive Director  
My Pit Bull is Family  
[Shannon@mypitbullisfamily.org](mailto:Shannon@mypitbullisfamily.org)

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<sup>i</sup> Weiss, E., Gramann, S., Spain, V., & Slater, M. (2015). Goodbye to a good friend: An exploration of the re-homing of cats and dogs in the U.S. *Open Journal of Animal Sciences*. 5: 435- 456.  
[https://www.researchgate.net/publication/283563524\\_Goodbye\\_to\\_a\\_Good\\_Friend\\_An\\_Exploration\\_of\\_the\\_Re-Homing\\_of\\_Cats\\_and\\_Dogs\\_in\\_the\\_US](https://www.researchgate.net/publication/283563524_Goodbye_to_a_Good_Friend_An_Exploration_of_the_Re-Homing_of_Cats_and_Dogs_in_the_US).

<sup>ii</sup> Healthy Pets Healthy People, Centers for Disease Control and Prevention  
<https://www.cdc.gov/healthypets/health-benefits/index.html> (April 30, 2014).

<sup>iii</sup> Pet Ownership in Public Housing, 24 CFR 960, <https://www.law.cornell.edu/cfr/text/24/part-960/subpart-G> (March 29, 2000); Pet Ownership for the Elderly and Persons With Disabilities, 24 CFR Part 5, Subpart C, <https://www.law.cornell.edu/cfr/text/24/part-5/subpart-C> (Nov. 26, 2008).



MN Housing  
 attn: Tamara Wilson  
 400 Wabasha St. N  
 St. Paul, MN 55102

June 28, 2022

Dear Ms. Wilson,

Thank you for the opportunity to submit public comments on the proposed 2023-2024 QAP. As a developer of deeply affordable supportive housing, we sincerely appreciate MN Housing's commitment to transparency and openness to community feedback. We also recognize that MN Housing has worked diligently to incorporate many of the changes that we and other housing organizations recommended for the 2022-2023 QAP. Thank you for that responsiveness.

In general, Beacon Interfaith Housing Collaborative is happy with the proposed changes in the 2024-2025 QAP. In particular, we appreciate:

- the increase in development HTC from \$1.35 to \$1.7 million to keep pace with construction cost inflation;
- MN Housing's commitment to awarding the most points for High Priority Homeless and People with Disabilities, which aligns with Beacon's mission;
- MN Housing's efforts to streamline the application process;
- the hold harmless provisions;
- the simplification of the preservation process;
- the new incentives for diverse ownership opportunities.

Our only recommendation is that MN Housing use plain text instead of Rich Text Format (.rtf) in your application materials. This would make it easier for applicants to search for, copy and replace text and perform other time saving word processing functions.

Thank you again for all you do to help organizations like Beacon create high quality, deeply affordable supportive housing for individuals and families in the greater Twin Cities area.

There's no place like home.

A handwritten signature in cursive script, appearing to read "Nancy Nord Bence".

Rev. Nancy Nord Bence  
 Public Policy Manager  
 Beacon Interfaith Housing Collaborative  
 Cell: 763-639-5941  
 nbence@beaconinterfaith.org



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Good Afternoon,

I have been working with a Duluth based non-profit, who wanted to comment on the 2024-2025 QAP. I inadvertently provided the wrong email address for comments to them. They didn't get a bounceback notification until today. I respectfully ask that you consider their comments, as the email was sent in advance of the comment deadline.

The original email is below.

Thank You,

Jean Eide

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**From:** Monica Postlewaite

**Sent:** Wednesday, June 29, 2022 10:54 AM

**To:** [htc@mhfa.state.mn.us](mailto:htc@mhfa.state.mn.us)

**Cc:** Heidi <[heidi@projectnavigation.llc](mailto:heidi@projectnavigation.llc)>; kathy resberg <[kathy.resberg@yahoo.com](mailto:kathy.resberg@yahoo.com)>

**Subject:** public comment on 2024-25 Qualified Action Plan -FAITH HAVEN, INC

FAITH HAVEN, INCORPORATED public comment on 2024-25 Qualified Action Plan:

Faith Haven, a sole purpose non-profit that has been operating an affordable senior housing development in Duluth for the past 50 years, asks that Minnesota Housing revise the Preservation Threshold criteria to include properties that have paid off HUD insured debt such as HUD 236 mortgages which required affordability compliance. There are many properties throughout Minnesota, including ours, where the HUD regulatory agreement has been satisfied, and the owner has maintained the property as affordable for the benefit of the residents. This includes our 123 unit property known as Faith Haven. Because the regulatory agreement has expired, there are no covenants remaining that require the property to remain affordable. Faith Haven is not alone in maintaining these aging properties that serve a very low income population and need capital improvements.

If funding for these renovations cannot be accessed from Minnesota Housing, the property will likely be lost to low income seniors. This will occur in one of two ways, the first is that the improvements will be made to the property by increasing rents to market to secure mortgage proceeds to finance the improvements. Existing residents would be forced to move because they will not be able to pay the rent. The second would be that the property is lost to Physical deterioration, because improvements cannot be financed while keeping the existing rents in place. In a market like Duluth, that has virtually no vacancy, the ability to convert to Market Rate is very real.

Valuable housing like Faith Haven could meet the threshold criteria if the word "Existing" prior to Federal Assistance was removed from the Risk of Loss Criteria. The Risk of Loss Due to Market Conversion Category would also need to be revised to read "Existing property at risk of conversion to market housing within 5 years of application date, and conversion is not prohibited". Properties like Faith Haven, have satisfied their affordability requirements so the documents are no longer in place. MHFA should save these properties because not only is it more expensive for the Agency to build new housing in the market, but the cost to the seniors will be incredibly high. Not saving housing like Faith Haven, will cause our seniors to live in substandard conditions or force them to leave a community where they have potentially lived for decades.

Faith Haven is an important source of affordable senior housing in Duluth. Eighty-nine percent of the residents have incomes at or below 50% of AMI, with 49% being below 30% of AMI.

We argue that Faith Haven, and other properties like it, are Preservation Projects and should be treated as such by Minnesota Housing's Qualified Allocation Plan .

Regards,

*Kathy Resberg*

**Board President**

*Monica Postlewaite*

**Manager**

Faith Haven, Incorporated

4901 Grand Ave. #105

Duluth, MN 55807

218-628-2602

faithhaven.net



June 15, 2022

Minnesota Housing  
Attn: Tamara Wilson  
400 Wabasha Street North, Suite 400  
St. Paul, MN 55102

Submitted electronically: [HTC.mhfa@state.mn.us](mailto:HTC.mhfa@state.mn.us)

Dear Ms. Wilson:

On behalf of Home Innovation Research Labs, I respectfully request that NGBS Green certification based on the **ICC-700 National Green Building Standard** (NGBS) be recognized as a named alternative pathway to the Minnesota Overlay to Enterprise Green Communities in the proposed 2024-2025 Qualified Allocation Plan.

By recognizing an established green building program, Minnesota Housing can offset time and resources dedicated to crafting the current custom green rating system, responding to technical assistance requests, and reviewing projects for compliance. Minnesota Housing can leverage Home Innovation's deep residential expertise and experience as a third-party certification body.

There are many compelling reasons why Minnesota Housing should recognize the NGBS Green as on-par with Enterprise Green Communities. First, the NGBS and Home Innovation's Green certification are as rigorous, if not more rigorous, than the Enterprise Green Communities criteria and certification. Enterprise Green Communities staff compared the two programs in 2016 and essentially confirmed the programs' equivalency.<sup>1</sup> Second, the NGBS was specifically designed for residential projects including affordable housing, and is cost-effective to implement, making it ideally suited for low-income housing programs to meet their goal of increasing the construction or renovation of green housing in a cost-conscious manner. Third, the NGBS's credibility as a green building rating system is unassailable given it carries ANSI approval as an American National Standard, as well as approval as an ICC standard. No other green building rating system or certification program in the country can match the NGBS's credibility in that regard, and, thus, Minnesota Housing can be assured that the NGBS is a true consensus-based standard, developed by a balance of stakeholders, rigorous in its compliance requirements, that has undergone the scrutiny of extensive public review and comment. Last, the NGBS is recognized in nearly 30 State Qualified Allocation Plans for low-income housing tax credits and innumerable federal, state, and local affordable housing programs, making NGBS Green particularly appropriate for affordable housing. Affordable housing developers that work across multiple markets would surely benefit from greater consistency, with the opportunity to comply with a single rating system across all their markets, including Minnesota.

<sup>1</sup> Enterprise Green Communities, [A Comparison of 2015 Enterprise Green Communities Criteria and ICC 700-2012 National Green Building Standard](#). It should be noted that the comparison analyzed the 2012 NGBS and not the more recent 2015 and 2020 NGBS versions.

## National Green Building Standard Overview

The NGBS is the first and only residential green building rating system to undergo the full consensus process and receive approval from the American National Standards Institute (ANSI). Since 2008, each version of the NGBS has been approved by the American National Standards Institute (ANSI). The 2008, 2012, and 2020 versions were developed with support from the National Association of Home Builders (NAHB) and the International Code Council (ICC). For the third edition of the standard, the 2015 version, the American Society of Heating, Refrigerating, and Air Conditioning Engineers (ASHRAE) participated as a third co-sponsor. This partnership further cements the NGBS as the preeminent green standard for residential construction.

The NGBS is also the first solely residential green building standard to be one of the ICC suite of I-codes that form a complete set of comprehensive and coordinated building codes. As the industry standard for green residential development, it is embedded within the International Green Construction Code (IgCC) as an alternative compliance path for multifamily residential buildings and the residential portion of mixed-use buildings. Finally, the NGBS is also approved as an ASHRAE standard.

As one of the I-Codes, the NGBS is written in code language to make it easy for industry professionals and contractors to understand. I believe this is one reason the NGBS has been successful even in areas where it is not part of the building code and is used as an above-code program. For a residential building to be in compliance, the building must contain all mandatory practices in the NGBS. The building must also contain enough practices from each of the six categories of green building practices to meet the required threshold points.<sup>2</sup> The six categories of green practices are:

- Lot & Site Development
- Resource Efficiency
- Energy Efficiency
- Water Efficiency
- Indoor Environmental Quality
- Homeowner Education

Under the NGBS, homes and multifamily buildings can attain one of four potential certification levels: Bronze, Silver, Gold, or Emerald. The NGBS was specifically designed so that no one category of green practices is weighted as more important than another. Peerless among other green rating systems, the NGBS requires that all projects must achieve a minimum point threshold in every category of green building practice to be certified. A project certified to the NGBS can't merely obtain all or most of its points in a few categories, as other rating systems allow. This requirement makes the NGBS the most rigorous green building rating systems available.

The NGBS's mandatory provisions must be met for certification at any level. There are no exemptions. However, unlike other green building rating systems, the NGBS contains an expansive array of green building practices aimed at all phases of the development process: design, construction, verification, and operation. This provides the flexibility builders and developers need to ensure their projects reflect their geographic location, climatic region, cost constraints, and the type of project they are constructing.

<sup>2</sup> See page 14 in 2020 NGBS.

### **Certification Program**

Home Innovation serves as Adopting Entity and provides certification services to the NGBS. Home Innovation is a 58-year old, internationally-recognized, accredited product testing and certification laboratory located in Upper Marlboro, Maryland. Our work is solely focused on the residential construction industry and our mission is to improve the affordability, performance, and durability of housing by helping overcome barriers to innovation. Our core competency is as an independent, third-party product testing and certification lab, making us uniquely suited to administer a green certification program for residential buildings. Our staff is made up of mechanical, structural, and electrical engineers; planners; economists; architects; former builders, remodelers, and contractors; lab and technicians. Combined, they possess an unparalleled depth of knowledge and experience in all facets of market analysis and building science research and testing. Why is that important? Because behind every building seeking NGBS compliance stands a team of experts on a mission to help them succeed. Participation in NGBS Green brings our building science expertise to each project team at no additional cost.

### **Independent, Third-Party Verification**

The NGBS requires that a qualified, independent third-party inspect the project and verify that all green design or construction practices claimed by the builder toward green certification are incorporated correctly into the project. Most projects require at least two inspections. The verifier must perform a rough inspection before the drywall is installed to observe the wall cavities, and a final inspection once the project is complete. The required verification offers imbues an elevated level of rigor and quality assurance to the projects that are certified. An affordable housing organization can be assured that construction practices for higher building performance and healthier residences are successfully achieved.

Verifiers record the results of their rough and final inspections on a Verification Report which is submitted to Home Innovation Research Labs. Home Innovation reviews every rough and final inspection to ensure national consistency and accuracy in the verification reports. After the Verification Reports are reviewed and approved, our team issues green certification to the project.

Home Innovation Research Labs qualifies, trains, tests, and accredits the NGBS Green Verifiers and maintains a current list at [www.HomeInnovation.com/FindNGBSVerifier](http://www.HomeInnovation.com/FindNGBSVerifier). Verifiers must possess experience in residential construction and green building. Many verifiers are Home Energy Rating System (HERS) raters. Potential verifiers are trained on how to verify every NGBS practice. After completing the training, verifiers must pass a three-part exam and carry sufficient insurance to 3 earn accreditation. Verifiers renew their accreditation annually and retrain and retest with every NGBS version.

Home Innovation maintains strict rules to ensure verifiers remain independent and free of conflict-of-interest on the projects for which they provide verification services. Verifiers serve as our field agents to confirm buildings are NGBS compliant. Further, we regularly audit our verifiers and their verifications as part of our internal quality assurance program.

### Legislative and Regulatory Parity

The NGBS was developed after Enterprise Green Communities rating system; therefore, at first Green Communities was more commonly recognized in legislative and regulatory initiatives. However, since 2009 when ANSI first approved the NGBS, without exception NGBS has been considered as on par or more stringent than LEED and Green Communities as a green building rating system for residential projects.

- On the federal level, HUD recognizes the NGBS by name specifically and as on par with Green Communities.<sup>3</sup> For example, in their 2013 funding notice for jurisdictions affected by Hurricane Sandy, the agency cited the NGBS as an acceptable green standard for reconstruction efforts. HUD's April 2016 Mortgage Insurance Premium reduction program recognizes NGBS Green as one of the accepted green certification programs.
- The U.S. Department of Army recognizes NGBS as a LEED equivalent for military housing nationwide.
- Nearly 30 states recognize, mandate, or incentivize NGBS certification through their Qualified Allocation Plan for the federal Low Income Housing Tax Credit Program.<sup>4</sup>

For a more complete listing of where NGBS has been recognized, visit our summary of incentives<sup>5</sup>.

### QAP Recognition of the NGBS

The National Green Standard is currently recognized in nearly 30 state Qualified Allocation Plans (QAPs), and an increasing number of State Housing Finance Agencies have been adding NGBS green certification to their QAPs to help promote green affordable housing. In these plans, NGBS is recognized as on-par with comparable programs, such as LEED and Enterprise Green Communities, and other regional programs such as Earth Advantage. Multifamily builders who utilize NGBS for low-income housing tax credits typically receive the same number of points for NGBS as they would for an alternative program. The straight-forward and low-cost nature of the NGBS certification program make it ideally suited for affordable housing development, and this is evident by the number of Habitat for Humanity organizations and other LIHTC providers who select NGBS as their program of choice.

### Program Statistics to Date

Home Innovation has certified 9,311 multifamily buildings representing 339,498 dwelling units and 21,878 single-family homes. Currently, there are 6,532 multifamily buildings in progress, representing an additional 337,120 dwelling units, and 7,757 single-family homes. I believe that this indicates we have been successful in designing a green certification program that is affordable and flexible, while remaining rigorous.

<sup>3</sup> U.S. Department of Housing and Urban Development memo from Kathryn Saylor, Assistant Inspector General for Evaluation to Clifford Taffet, General Deputy Assistant Secretary, dated November 20, 2015 citing National Green Building Standard specifically as one of the HUD adopted energy building rating systems.

<sup>4</sup> [http://www.homeinnovation.com/services/certification/green\\_homes/resources/ngbs\\_incentives\\_summary/qap\\_recognition](http://www.homeinnovation.com/services/certification/green_homes/resources/ngbs_incentives_summary/qap_recognition).

<sup>5</sup> [www.homeinnovation.com/ngbsgreenincentives](http://www.homeinnovation.com/ngbsgreenincentives)

## Summary

I respectfully request that NGBS Green be recognized alongside Minnesota Housing's custom Enterprise Green Communities application as an acceptable green building certification equivalent in Minnesota's Qualified Allocation Plan.

The goal of the NGBS and the Home Innovation NGBS Green Certification Program is to recognize projects that reach exceptional levels of sustainable design. We have worked hard to develop a program that removes as many barriers as possible to high-performance green buildings without eliminating any of the rigor or verification necessary to ensure compliance. To this end, we have kept our certification fees low, minimized the time needed for interpretations and project review, and significantly reduced the costs required to incorporate green practices.

My staff would be happy to work closely with your staff to develop a crosswalk analysis of the NGBS that would align with the Green Communities Criteria and amendments in the Minnesota Overlay to ensure consistency across all funded projects.

We look forward to discussing it further with you or staff if you require a more detailed overview of the NGBS or the green certification program. We will also gladly send you any supplemental information that you might require for further support. Please don't hesitate to contact Michelle Foster ([mfoster@homeinnovation.com](mailto:mfoster@homeinnovation.com), 301.430.6205), our Vice President, Sustainability, directly if she can be of further assistance.

We look forward to working with Minnesota Housing to promote green certified housing built to the ***National Green Building Standard***.

Sincerely,



Michael Luzier  
President and CEO

June 29, 2022

**VIA EMAIL**

Minnesota Housing  
Attn: Tamara Wilson,  
400 Wabasha Street North, Suite 400,  
St. Paul, MN, 55102.

RE: 2024-25 Qualified Allocation Plan Comments

To Whom It May Concern:

The Housing Justice Center (HJC) submits the following comments on the Minnesota Housing's Draft Qualified Allocation Plan.

Overall, we were pleased to see several significant changes to the QAP, including more points for longer periods of affordability, streamlining of criteria, and a sharper focus on Equitable Development principals and opportunities for Black, Indigenous and People of Color-owned/Women-owned Business Enterprise.

We also support the continuation of establishing a two-year QAP since it provides more stability and certainty to communities trying to get projects off the ground in an uncertain economy and under challenging circumstances. We do ask that Minnesota Housing takes advantage of its ability, if the circumstances merit it, to contemplate amendments to the QAP. This is not without precedent and could be an essential tool for the agency to reflect needs that emerge as the uncertainty of the current economy comes into sharper focus.

We were pleased to see some level of streamlining to the self-scoring worksheet. As a general observation, the QAP and associated documents remain overly complicated and confusing. There are some strong statements of principals in the documents, but in trying to meet too many different objectives, the pointing system risks meeting none of them. The scoring system represents a set of tradeoffs for each choice. Still, along with getting points in one area, there are consequences in other areas that risk eliminating potential pointing advantages for some of the most mission-driven work. Identifying the highest priorities from a mission standpoint and ensuring that projects that meet these priorities can access resources is the purpose of the QAP.

We appreciate the sharper focus on deeper levels of affordability in the current QAP. However, overall, the QAP still does not do enough to prioritize housing for people with incomes below 30% of AMI. The most recent HUD CHAS data show that of the approximately 129,080 Minnesota renters currently paying more than half their income for housing, only 5% of them have incomes over 50% of AMI and 74% have income no more than 30% of AMI. Tax credit projects serving households at 0% of AMI are a waste of resources. Most of the housing that MHFA credits as serving households at 30% of AMI do so with project-based vouchers. Project basing vouchers adds nothing to the state's supply of affordable housing. Willingness to provide more substantially capital subsidies is necessary to serve the state's households most in need. Because these households are disproportionately BIPOC renters, this is a clear fair housing issue.

Any incentives that exist for serving lower-income households can be overshadowed by the geographic and financial factors with the potential result of rewarding 60% AMI developments above more deeply affordable development. No public resources should go into 60% AMI housing unless there is a tradeoff through income averaging that creates 20% AMI, 30% AMI, or 40% AMI units.

Along with creating stronger incentives for deeper levels of affordability, these policies must come with limitations of the amount of rent increases that are implemented in any one year. Particularly in a volatile economic environment where the overall increases in AMI are not being felt by low-income households, the lack of a limitation on rent increases is pricing people out of "affordable" housing that is being subsidized through the range of federal and state programs. This year's Twin Cities metro AMI increase threatens mass displacement from projects whose owners choose to maximize rents. The agency has in its discretion the ability to incentivize better practices and the ability to require limitations on practices that are pricing out low-income families.

Minnesota Housing should require that rents in buildings funding using tax credits need to be set at or below voucher payment standards. Under 42 U.S.C. (6)(B)(iv) renters cannot be discriminated against because they have a housing choice voucher. However, we are aware of many instances where rents of presumably affordable units are set above vouchers payment standards. This is particularly challenging for very low-income households where the difference between the portion of the payment standard and the rent puts potential renters above 40% of the household's income paid toward housing costs and therefore prohibits them from using their voucher. As a condition of receiving tax credits, rents should be within voucher payments standard unless the unit is designated as a 70%- or 80%-unit using income averaging, and the rent is utilized to cross-subsidize deeply affordable unit rents.

The agency needs to continue to refine its approach to financial readiness to proceed. The current structure still presents three different challenges contrary to what the agency is trying to accomplish. First, there is still a disadvantage for proposals from communities with lower achievable rents which will, therefore, have more significant gaps. This is a barrier for Greater Minnesota communities in lower-income areas of the state and parts of the metro area that are areas of disinvestment. Secondly, the calculation is a disadvantage for developments that choose to set their rents lower. Once again, these developments would have a smaller mortgage and a more significant gap and be at a disadvantage, while at the same time serving people most in need. Third, this creates potential issues for emerging development entities who may have less access to resources coming into the funding process. While we understand that Minnesota Housing does not want to be the first money that comes into a development, having state resources in a development can be used as leverage to access other resources.

We would like to commend the agency on its continued efforts to increase the diversity of the development field. Increasing the number of available points for Black, Indigenous and People of Color-owned/Women-owned Business Enterprise is a good step. However, the pointing advantage for Black, Indigenous and People of Color-owned/Women-owned Business Enterprise risks being overshadowed by criteria such as financial readiness to proceed. Additionally, we think that the agency should consider increasing the points that are available to non-profit entities, particularly entities lead and controlled by Black, Indigenous and People of Color since mission driven non-profit organizations that are central to the life of communities, deeply invested in places that have experienced historic disinvestment, and committed to creating economic opportunities in disinvested communities are at a disadvantage on financial readiness to proceed both because of lack of access to other sources of funding and because they are likely to have larger gaps because of effort to reach deeper levels of affordability to meet specific community needs.

The QAP still relies too heavily on geographic factors that can appear somewhat arbitrary. A development that is needed in a community that is serving very low-income households and doing so for long periods of time can lose out to developments that are less mission-focused but are coming into the process with a lot of geographically based points. Since the geographic pointing priorities are trying to accomplish multiple sets of objectives (providing mobility and reinvestment, for example) when points are layered, they tend to lose any clear meaning.

We are also concerned that the QAP will continue to make it difficult for developments in Greater Minnesota to access funding for new development of affordable housing. As the last round of selections showed, there is a very narrow path for developments in rural communities

and, due to the cost of bring a development into the consolidated RFP process, many developments that are needed and that communities support cannot make it past the conceptual stage. We appreciate the conversation that we have had with the agency and Greater Minnesota developers, and the changes to the set-aside are a step in the right direction, however the barriers to meeting community needs in rural places remain acute.

We would ask that the agency include additional clarity and more criteria in the definition of the unacceptable practices. Unacceptable practices should include violations of labor standards including wage theft and labor trafficking, persistent violations of habitability standards, and clarity that violations of fair housing standard are considered not only for properties under Minnesota Housing monitoring but also documented instances of violations in other properties owned and operated by a development entity. We believe that the advanced notice and opportunity to address potential violations required under the Unacceptable Practices criteria will address many of the issues that arise short of having a point deduction or denial of tax credits, but that this is also essential leverage for the agency to ensure that developers who are accessing public resources are not violating the rights of the people those resources are intended to serve.

We want to thank the agency for all the work and thought that go into the creation of the QAP. It is a monumental task trying to serve the broad range of interests and the full range of needs in Minnesota.

Truly,

A handwritten signature in black ink, appearing to read 'Margaret Kaplan', with a long, sweeping horizontal stroke extending to the right.

Margaret Kaplan  
President, Housing Justice Center

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6/29/2022

Tamara Wilson  
Minnesota Housing  
400 Wabasha Street North, Suite 400  
St. Paul, MN 55102

Dear Ms. Wilson:

Thank you for the opportunity to contribute feedback on the 2024-25 Minnesota Housing Qualified Allocation Plan (QAP) and related program documents. Lincoln Avenue Capital is a mission-driven affordable housing developers currently active in twenty-one states. The biggest challenge we face today is the escalating cost environment. We commend Minnesota Housing for proposing changes to address inflation and rising construction costs. We support Minnesota Housing's proposed increases to the per development limit as well as the increase in the size of the RD set-aside. Both changes are appropriate as inflation and supply chain challenges have driven up the cost of labor and key building materials substantially. We also support the proposed changes to give Minnesota Housing additional flexibility to allow for extensions to submit carryover requirements.

#### [Navigating Inflation, Rising Construction Costs & Rising Interest Rates](#)

While these proposed changes are helpful and appreciated, we suggest Minnesota Housing consider taking additional steps to assist the development community in filling financing gaps brought on by the unprecedented and still unabated run-up in construction and labor costs. Rising interest rates have further stressed our affordable housing proformas. While our industry had benefited from historically low interest rates in the recent past, as monetary policy has shifted, we believe there is an added sense of urgency to take additional action. In the just the past six months the yield on the 10-year Treasury has doubled increasing from 1.5% to as high as 3.5% (as of today's date the yield is currently 3.11%). This has a significant impact on our cost of capital and our ability to leverage debt proceeds. Furthermore, given the signaling from the Federal Reserve, we anticipate rates to continue to rise in the coming year. 4% LIHTC transactions are financed primarily with tax-exempt debt, comprising approximately 70% of the capital stack, so the impact of even small increases in interest rates is magnified significantly for these transactions.

#### [Reconsideration of Developer Fee Methodologies to Maximize Eligible Basis on Bond Deals](#)

Given this economic context, we recommend Minnesota Housing explore policy strategies that maximize eligible basis and drive additional LIHTC equity into affordable housing transactions. Specifically, we request Minnesota Housing revisit the current maximum developer fee formula for projects financed with tax-exempt bonds.

Developer fees serve several functions in affordable housing transactions. They are the primary form of compensation for LIHTC developers, paying for all manner of back-office functions, including accounting, human resources, information technology, asset management, insurance and legal fees and many others. Developer fees also serve as the primary form of reimbursement for pre-development costs and funding resident services. In today's financing environment, it is also notable to highlight that developer fees also serve as a de-facto construction contingency, and one of which we draw on frequently to get projects to the finish line. Because developers fees are included in eligible basis, the additional tax credit equity generated by moderately increasing fees (usually deferred) can be a significant gap filler.

Lincoln Avenue Capital owns or develops affordable rental housing in twenty-one states and have found that increasing developer fees, within reason and the constraints of the law and regulation, is a proven and successful method of increasing eligible basis, raising additional LIHTC equity and generating more production through TEB programs.

Progressive approaches to structuring developer fee policies can serve as an alternative to gap financing in a project, allowing Minnesota Housing to prioritize soft dollars for other needs.

Compared to peer agencies around the country, Minnesota Housing's developer fee formula for 4% LIHTC bond deals is lower than the norm. A flat 15% developer fee for 4% LIHTC transactions is most common around the country and many HFAs have adopted policies that exceed this including Arizona, Kentucky, Ohio, Oklahoma, Oregon and Tennessee, which variously allow developer fees ranging from 18 to 25% (context varies somewhat from state to state) and have benefited from increased housing production.

During this period of financial uncertainty, we recommend that Minnesota Housing amend its fee schedule to allow a flat developer fee of up to 20% for bond finance transactions that can demonstrate a financing gap brought on by the current inflationary environment. Even smaller increases will prove impactful. We do not suggest that Minnesota Housing needs to raise the "paid" portion of the developer as part of this change – increases above current levels could be deferred until construction complement, placement in service and/or stabilized occupancy. This is already in line with current Minnesota Housing policy, which requires a substantial portion of the total developer fee to be deferred. We believe this remains appropriate, when considering our suggestion to raise developer fees for bond transactions.

HFAs must ensure in setting their policies that developer fees are reasonable but also sufficient to cover reasonable costs and compensate for the risks in affordable housing transactions. In a rising cost and rate environment, there is greater risk and volatility in affordable housing transactions. The additional sources generated by increased fee can help with deal feasibility but we also believe that it is an appropriate time to revisit the formula to address the changing risk profile of affordable housing development today.

We do not advocate raising fees without appropriate checks and balances. We concur that Minnesota's current developer fee calculation methodology, which scales the fee for larger projects is appropriate for 9% transactions where the resource is highly oversubscribed and limited by the state's annual credit cap amount. However, since 4% LIHTC credits are an uncapped resource, constrained not by the annual credit cap but by the availability of private activity bond volume cap and eligible basis, we maintain that scaling the developer fee based on the size of the transaction is not in the interest of producing and preserving the most affordable housing in the state. In fact, it has the opposite effect, limiting otherwise available and eligible resources from flowing to the transaction and requiring the HFA to allocate other soft resources to support bond deals that might be reasonably deployed elsewhere. We also note that to comply with tax law, developers and investors must size deferred fee to demonstrate that it can be reasonably paid by year 13 of the compliance period. Other policies are also currently in place to ensure transactions are not over-sourced as an additional back stop.

### Twinning 9% and 4% Resources

An additional strategy Minnesota Housing may consider to maximize affordable housing production while address rising construction costs is a concerted process to twin 9% LIHTC with 4% LIHTC and tax-exempt bonds. This is a strategy that has been deployed to profound effect in Virginia, Washington, and many other states. Dedicating a small set-aside of 9% credits to be twinned with 4% credits and creating a reasonable regulatory pathway to apply for both simultaneously could be an effective strategy in leveraging state resources further. There is not currently a clear path in Minnesota's QAP to twin 9% and 4% transactions.

Thank you for your time and consideration. I would welcome the opportunity to discuss these comments with you further at your convenience at 860-287-1635 or [tamdur@lincolnavecap.com](mailto:tamdur@lincolnavecap.com).

Regards,

Thom Amdur  
Senior Vice President, Policy & Impact  
Lincoln Avenue Capital

About Lincoln Avenue Capital

**Lincoln Avenue Capital** is a mission-driven affordable housing company. We are dedicated to developing quality, affordable homes to create long-term value for our residents. We see every property of ours as an investment in stronger communities. Across the country, we believe in working closely with partners on the ground who understand the needs of their community. Lincoln Avenue Capital owns 116 affordable housing properties comprising in excess of 22,000 units, across 21 states.

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Thom Amdur  
Senior Vice President, Policy & Impact  
Lincoln Avenue Capital  
[tamdur@lincolnavecap.com](mailto:tamdur@lincolnavecap.com)  
860-287-1635 (m)

Summer Jefferson  
 Multifamily Programs Manager  
 Minnesota Housing Finance Agency  
 400 Wabasha Street North, #400  
 St. Paul, MN 55102



June 29, 2022

Re: Comments Regarding the Proposed Minnesota Housing 2024-2025 Qualified Allocation Plan (QAP)

Dear Ms. Jefferson,

The Metropolitan Consortium of Community Developers (MCCD) is an association of 50 nonprofit organizations committed to expanding the wealth and resources of communities through housing opportunities and economic development initiatives. MCCD's mission to build strong and stable communities can only be achieved by addressing the inequities that have shaped housing and economic development policies at every level of government and that has prevented Black, Indigenous and People of Color (BIPOC) and other communities from achieving housing stability, accessing capital and wealth building opportunities.

Minnesota Housing has long been a partner to MCCD and the non-profit community development field. We are grateful for the work that Minnesota Housing does to advance affordable housing opportunities throughout the Twin Cities metropolitan area and in the State of Minnesota. MCCD and our members want to acknowledge Minnesota Housing for implementing significant changes to the 2022-2023 QAP, which reflect many of our organization's values and goals.

As you consider final adoption of the proposed 2024-2025 QAP, MCCD and our members appreciate the opportunity to provide Minnesota Housing with feedback and we want to thank you and your colleagues for the informational presentation on June 14, 2022, in a joint meeting with Minnesota Housing Partnership (MHP), our members and community partners. Since that meeting, MCCD has had conversations with members to help inform our comments.

We welcome and are supportive of the following provisions:

- **Simplifying and streamlining the application process** - MCCD and our members always welcome opportunities for more streamlined processes and look forward to continuing to partner with Minnesota Housing to provide additional feedback regarding the areas of the application you are looking to adjust.
- **Increase to the developer limit** - as we all know, continued labor and construction materials market conditions have considerably increased development costs and this adjustment will be helpful.

We would like to provide some feedback to be considered on the following provisions:

- **Scoring changes to the BIPOC and Women-Owned Business (WOB) enterprise projects** - while we support efforts to increase opportunities for BIPOC and WOB projects (both private and non-profit), we strongly encourage you to score BIPOC and WOB non-profits equally to for-profit entities. Non-profit affordable housing developers are mission-based organizations that have been supporting Minnesota's affordable housing market for decades, and plan to be around for decades to come building and preserving thousands of affordable housing units.

Thank you again for providing this opportunity to share insights and ideas on behalf of our members. We look forward to our continued partnership with the Agency throughout the coming year.

Thank you,

*Kari Johnson*

Kari Johnson  
 Co-Director of Policy & Field Building  
 Metropolitan Consortium of Community Developers

To: #MHFA\_HTC <HTC.MHFA@state.mn.us>

Subject: MICAH Comments on 2022-2023 Qualified Allocation Plan (QAP)

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Good afternoon,  
MICAH Comments on 2022-2023 Qualified Allocation Plan (QAP)

MICAH Supports all of the changes that were identified in the Engagement Feedback document

Please see **bolded info for MICAH's additional comments on specific recommended changes.**

God's peace,  
Sue Watlov Phillips  
Executive Director, MICAH

\* Clarify the Equitable Development criterion and application materials to better convey eligibility requirements. **Provide specific expectations/ examples to achieve these points- for example: diversity of development staff and investors, subcontractors, employees, and the involvement of diverse community members who may rent the units in design of interior, exterior and amenities**

\*Continue to prioritize economic opportunity for people of color and indigenous communities to lead and participate in the development process by considering additional scoring incentives. **This needs to be high priority and additional points provided.**

- Participants recommended changes to the geographic criteria to expand the definition to include tribal sponsored projects and provide more opportunities for projects that are sponsored by a tribe or located on tribal nation service areas.
- Participants recommend changes to the geographic criteria and the Rural Development/Small Project set aside to expand the definition to prioritize smaller, rural communities in Greater Minnesota.
- Minnesota Housing should continue to explore ways to simplify the criteria and application process for projects, including both the High Priority Homeless and People with Disabilities criteria. **This is critical to expand these opportunities across the State**
- Continue to prioritize High Priority Homeless projects in the state while addressing potential need and resource fit complexities. There is a need for homeless units that are better tailored to meet the **diverse** needs of the local community **and the needs of folks experiencing homelessness in their community.**
- Continue to prioritize projects that intend to serve People with Disabilities while addressing need and resource fit complexities. There is a need for units that better align the proposed population/household type with the planned resources and the needs of the **diverse** local community **and the needs of folks with other abilities in their community.**

Prioritize smoke-free policies to address the Agency's goal of creating and preserving safe and healthy housing. **Need to provide areas for smoking close to the building in a sheltered/covered area**

- Address housing barriers that impact survivors of domestic violence and modify processes and protocols of the Housing Tax Credit (HTC) Program as reflected in the QAP, Compliance Manual, and related documents, as they pertain to the Violence Against Women Act (VAWA). Self-Scoring Worksheet Proposed Changes In addition to updates that will add clarifications and remove duplications, the initial proposed changes to the Self-Scoring Worksheet are summarized below. For reference purposes, the revisions are listed by Selection Category as listed in the in the current 2022-2023 Self-Scoring Worksheet (SSW) is included in parentheses. **Diverse Survivors of domestic violence should be hired as consultants to assist in modifying processes and protocols**

- Greatest Need Tenant Targeting (Selection Category 1)
  - o Permanent Supportive Housing for High Priority Homeless (HPH) – ♣ Add language to address potential market issues in parts of the state where there are sufficient HPH units to meet local needs, to help ensure that projects are serving the needs of the local community. ♣ Substantially reduce and streamline the application materials for the majority of projects that include units that will serve High Priority Homeless households. This change is expected to reduce the cost and time associated with submitting an application, and it will focus work on those projects that are selected.
  - o People with Disabilities (PWD) – ♣ Clarify documentation requirements to help ensure that projects are serving the intended population and are serving the needs of the local community. ♣ Clarify language to address potential market issues due to resource misalignment. In some instances, applicants propose rental assistance that may not serve the intended population. ♣ Substantially reduce and streamline the application materials for all projects that include units to serve People with Disabilities. Similar to the HPH category, this change is expected to reduce the cost and time associated with submitting an application and focus on those projects that are selected.. **Provide additional points to developers having a plan to have folks that met this criteria when they moved in to continue to stay and afford to live in the same unit when they no longer need long term homeless service by providing a subsidy/voucher.**

- Servest Lowest Income for Long Durations (Selection Category 2)
  - o Preservation – Streamline and simplify the current two tiers into one category focused on preserving existing units with rents at or below the county 30% to 50% Multifamily Tax Subsidy Project (MTSP). **Priority must be at 30% of median income and below.**

- Increasing Geographic Choice (Selection Category 3)
  - o Workforce Housing – Add additional language to expand the hold harmless provision and modify how communities are evaluated and updated on an annual basis. The Agency will continue to evaluate job growth and long commute communities and add any new workforce communities with updated jobs numbers, but no communities would be removed for the duration of the 2024-2025 QAP. This will help accommodate for the fluctuation in job growth due to the COVID-19 pandemic so that projects do not lose eligibility for what may be a temporary dip caused by job losses during the pandemic.

**This is helpful as we all adjust (Lord willing) hopefully to a post COVID-19 world**

- Supporting Community and Economic Development (Selection Category 4)
  - o Equitable Development – Add language to help refine and clarify documentation requirements. ♣ Refine Qualified Stakeholder Group requirements to:

- Further define and clarify entities that qualify as a Qualified Stakeholder group. **Diverse communities impacted by housing crisis and/or People experiencing homelessness, at risk of homelessness, doubled up, and or people with unstable housing- need to be at all decision making tables about their lives.**

- Help ensure representation and meaningful community participation and engagement to directly center community voices in the development process. **Diverse communities impacted by housing crisis and/or People experiencing homelessness, at risk of homelessness, doubled up, and or people with unstable housing- need to be at all decision making tables about their lives.**

- Add language to refine the requirement of the Qualified Stakeholder Group letter that is submitted with the application.
  - o Black, Indigenous and People of Color-owned/Women-owned Business Enterprises – ♣ Create a new incentive for diverse ownership opportunities by adding a new tiered point option for ownership/sponsorship. ♣ Expand diverse community partners by increasing the total points. ♣ Modify the incentives for participation and add two opportunities for points for projects that meet one of three partnership scenarios.
  - o Rural/Tribal – Revise the rural/tribal methodology to a two-tier scoring category based on the population of a community and recalibrate the points to help ensure balance between smaller rural areas and urbanize areas in Greater Minnesota.
  - o Qualified Census Tract (QCT)/Community Revitalization, Tribal Equivalent Areas, and Opportunity Areas – ♣ Language to clarify when a Community Development Plan is required ♣ Language to clarify that the hold harmless provision is applicable to QCT selection criterion. **This is critical to expand diversity of developers and investors in projects. Additional points for providing mentoring by recent grantees with newer diverse developers and/or investors.**

- Efficient Use of Scarce Resources and Leverage (Selection Category 5)
  - o Financial Readiness to Proceed/Leverage Funds – Refine the language to clarify documentation required for Historic Tax Credit projects.
  - Unacceptable Practices – Eliminate QAP specific language in the Self-scoring Worksheet that can result in penalties or disqualification. The policy currently only applies to HTC projects, but the Self-scoring Worksheet is used for both HTC projects and projects funded with only deferred loans. **Add points for energy efficiency to reduce climate impact.**

The QAP will be reviewed to clarify requirements and streamline.  
The proposed policy changes are anticipated to include:

- Increase the development limit from \$1,350,000 to \$1,700,000 to reflect cost changes and help meet project needs..

**Important change.**

- Rural Development/Small Project Set-Aside (RD set-aside) o Increase the RD set-aside amount from \$375,000 to \$425,000. o Expand the Rural Development definition to match the definition in the Rural/Tribal Methodology. o Increase the maximum number of units from 12 to 24 to create more flexibility, opportunity for preservation, and to align with common RD project sizes. **This would be very helpful to make developments financially stable**
- Administrative Updates o Add language to allow discretion for supplemental HTC requests if the project was a partial allocation. o Add language to allow discretion to allow additional extensions to submit carryover requirements. o Eliminate any references to prior HTC forms that have become unnecessary. o Add language to clarify that administrative, non-material modifications are allowed. **Flexibility is key in this changing world of resources and availability and cost of supplies, the less time developers have to keep re-filing paperwork changes, the faster development can happen!**

**MICAH encourages innovation points for developers that design their units so a 3 and 4 bedroom unit could be opened up into a 7 bedroom apartment for larger families and or intergenerational families.( It would be similar to adjoining rooms at a hotel where two rooms are connected.) Potentially a living room wall could be removed to join together a 3 and 4 bedroom unit. This would create more flexibility within various apartment buildings for larger families.**

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June 29, 2022

Tamara Wilson  
 Minnesota Housing  
 400 Wabasha Street North, Suite 400  
 Saint Paul, MN 55102

Re: Minnesota Housing's Draft 2024-25 Qualified Allocation Plan

Dear Ms. Wilson,

We commend Minnesota Housing for its longstanding commitment to increasing the energy and water efficiency and sustainability of affordable housing, including its leadership in creating the Energy Rebate Analysis to help owners access utility-sponsored energy efficiency resources. In Minnesota Housing's 2024-25 draft Qualified Allocation Plan, we applaud the following proposed changes:

- Reinforced focus on serving those with the greatest needs, the largest barriers, the fewest choices, and lowest incomes, by simplifying and prioritizing applications for housing projects dedicated to survivors of domestic violence, individuals with disabilities, native tribes and peoples, small and rural communities, and individuals facing housing insecurity, respectively.
- Revising the category name to "Black, Indigenous, and People of Color-owned/Women-owned Business Enterprise (BIPOC/WBE)." "We believe BIPOC" is a more commonly used and representative term, which importantly names "Black" as related to but distinct from "People of Color." Updating criteria language to be more respectful and inclusionary is a small but significant change.
- Applying new tenant screening guidance to reduce barriers across all housing types that seek funding from Minnesota Housing. The 2018 Minnesota Task Force on Housing identified that tenant screening criteria can have an unintentionally discriminatory impact and recommended strengthening protections for renters in the private market. We acknowledge and appreciate Minnesota Housing for prohibiting the disqualification of applicants on the basis of credit and rental history, as the City of Minneapolis and the City of St. Paul have done.
- Adopting the Category 6 (Materials) modification: Criterion 6.4: Healthier Material Selection from the 2020 Enterprise Green Communities as mandatory rather than optional.

**Below, we list seven recommendations to help Minnesota Housing build on past success for the latest QAP, and the following information provides context for them:**

According to the University of Minnesota, "Nearly one in three counties in Greater Minnesota has an average energy burden of 5 percent or higher, according to data from the U.S. Department of Energy National Renewable Energy Laboratory, compared to the national average of 3.5 percent and Minnesota statewide average of 2 percent. Some Minnesotan households spend as much as 30 percent of their income on energy."<sup>1</sup> Meanwhile, the state of Minnesota is not on track to meet its own greenhouse gas reduction goals. State law aims for reductions to "all sectors producing those [greenhouse gas] emissions to a level at least 15 percent below 2005 levels by 2015, to a level at least 30 percent below 2005 levels by 2025, and to a level at least 80 percent below 2005 levels by 2050."<sup>2</sup> The Minnesota Climate Action

<sup>1</sup><https://extension.umn.edu/rsdp-happenings/reducing-energy-burden-greater-minnesota#:~:text=Nearly%20one%20in%20three%20counties, statewide%20average%20of%20%20percent>

<sup>2</sup><https://www.revisor.mn.gov/statutes/cite/216H.02#:~:text=It%20is%20the%20goal%20of, below%202005%20levels%20by%202050>

Plan sets a goal of a “45% reduction in greenhouse gas emissions by 2030 to achieve a carbon-free future by 2050.”<sup>3</sup> The Minnesota 2021 biennial report<sup>4</sup> demonstrates that the state’s emissions have declined just 8 percent since 2005- well short of the goal of 30 percent by 2025. Since buildings in Minnesota account for 41 percent of total energy consumed in the state,<sup>5</sup> reducing emissions from affordable housing is necessary to help meet the state's goals equitably. In other states with greenhouse gas-emission reduction goals, Housing Finance Agencies are supporting climate-friendly affordable housing. For example, the Colorado Housing Finance Authority recently adopted the following guiding principle in their QAP:

*To contribute to Colorado meeting its 100 percent Renewable Energy goals by 2040 and Climate Action goals to reduce greenhouse gas emissions to 26 percent below 2005 levels by 2025, 50 percent by 2030, and 90 percent by 2050:*

- *To support affordable housing that is constructed and certified to advanced energy performance standards, such as the Department of Energy’s Zero Energy Ready Home (ZERH) program, Passive House Institute US (PHIUS), or Passive House Institute (PHI); and/or*
- *To support affordable housing that is constructed to be Electrification-Ready for future conversion to all-electric*

The recent enactment of the Energy Conservation and Optimization (ECO) Act should result in additional resources to support energy efficiency and electrification in affordable housing that would complement QAP incentives that encourage reductions in greenhouse gas emissions. ECO increased the minimum spending requirement for utilities to fund dedicated programming for low-income customers and incentivizes electrification by allowing utilities to claim energy savings from fuel-switching toward their goals.<sup>6</sup>

These comments are submitted by the Midwest Building Decarbonization Coalition (MWBDC), Community Stabilization Project, Elevate, Fresh Energy, Minnesota Housing Partnership, National Housing Trust, Natural Resources Defense Council, Phius, Precipitate, RMI, Slipstream, and William Weber Consulting:

1. Require an energy consultation or audit as a condition of eligibility for Housing Credits for rehabilitation projects, which can be included as part of a capital/physical needs assessment.
2. Focus significant QAP points on existing building certifications and deep energy conservation improvements, including points for improved energy efficiency.
3. Create additional building certification pathways.
4. Require all new construction projects to be electrification-ready at a minimum and consider awarding more points for electrification of heating/cooling, hot water, and cooking.
5. Offer points for providing internet/broadband service
6. Adopt either the Category 6 (Materials) or just Criterion 6.1 *Ingredient Transparency for Material Health* as mandatory rather than optional.
7. Simplify the point allocation system for the “Enhanced Sustainability” section by consolidating the Self Scoring document and the Overlay, or at least distinguish each Tier with just one pathway.

<sup>3</sup><https://www.house.leg.state.mn.us/dfl/pdf/990649f7-d9db-4ffd-a5b5-496baddbb282.pdf>

<sup>4</sup><https://www.pca.state.mn.us/sites/default/files/Iraq-1sy21.pdf>

<sup>5</sup><http://www.dli.mn.gov/sites/default/files/pdf/BuildingsEnergyEfficiency2020.pdf>

<sup>6</sup><https://www.mwalliance.org/blog/minnesota-passes-eco-act-modern-and-expansive-update-its-ee-framework>

**1. Require an energy consultation or audit as a condition of eligibility for Housing Credits for rehabilitation projects, which can be included as part of a capital/physical needs assessment.**

A building assessment by a professional can reveal many repairs and improvements that are cost-effective, meaning they will reduce energy expenses in an amount greater than the cost of the work. The term “audit” generally refers to an assessment conforming to ASHRAE standards. In certain projects, a less thorough assessment and report by a certified professional can identify cost-effective measures. We encourage Minnesota Housing to require multifamily rehabilitation project teams to consult an energy efficiency professional or complete an energy audit to identify and consider all cost-effective energy savings opportunities to be included in the property’s rehabilitation scope. Minnesota’s Conservation Improvement Program (CIP) can help to accomplish this, as it is designed to “help households and businesses use electricity and natural gas more efficiently- conserving energy, reducing carbon emissions, and lessening the need for new utility infrastructure. The CIP includes energy audits and rebates for energy efficiency measures and is funded by ratepayers and administered by electric and natural gas utilities.”<sup>7</sup> As of 2020, 14 states<sup>8</sup> took this approach, including Missouri, Kansas, Georgia, and Maryland. For example:

- *The Missouri Housing Development Commission requires multifamily rehabilitation projects over 12-units seek an energy audit to help owners identify and consider all cost-effective energy savings improvements that could be incorporated into the property’s rehabilitation scope.*
- *The Georgia Department of Community Affairs requires rehabilitation projects to conduct energy audit to identify energy conservation measures that would result in an overall energy savings of 20% or greater over pre-retrofit levels or have a Savings to Investment Ratio (SIR) of 2.0 or greater.*

Encouraging developers to participate in a professional energy audit while applying for tax credits and other financing will allow owners to identify cost-effective energy efficiency and water efficiency upgrades that can be incorporated using newly expanded utility incentives and rebates.

**2. Focus significant QAP points on existing building certifications and deep energy conservation improvements, including points for improved energy efficiency.**

To support meeting the state’s carbon emissions reduction goals, Minnesota Housing should give greater weight to “Enhanced Sustainability” with more points than currently offered. More points for the Tiers and Pathways outlined in the Overlay document will mean that more developers will prioritize the energy efficiency and building certifications, which will directly reduce emissions and the energy burden of low-income residents, as well as improve the comfort and preservation of affordable homes.

In addition to requiring rehabilitation projects to seek an audit to identify cost-effective energy savings measures, Minnesota Housing should consider awarding points to applicants who demonstrate that they will incorporate measures identified in the audit to achieve a certain level of energy savings above a pre-retrofit baseline. This will encourage developers to include measures from the audit in their rehabilitation scope and combine technologies to optimize the performance of the building as a whole. For example:

<sup>7</sup> <https://mn.gov/commerce/industries/energy/utilities/cip/>

<sup>8</sup> [https://www.nationalhousingtrust.org/sites/default/files/page\\_file\\_attachments/2020%20State%20Strategies%20to%20Improve%20Energy%20Efficiency%20in%20LIHTC%20properties%20%281%29.pdf](https://www.nationalhousingtrust.org/sites/default/files/page_file_attachments/2020%20State%20Strategies%20to%20Improve%20Energy%20Efficiency%20in%20LIHTC%20properties%20%281%29.pdf)

- *The Maryland Department of Housing and Community Development requires an energy audit and requires all energy conservation measures with a Savings to Investment Ratio of 2.0 or greater to be included in the project scope. In addition, DHCD awards additional points to rehabilitation projects that will result in an overall energy savings of 20-30% greater than pre-retrofit levels.*

### **3. Create additional building certification pathways.**

We recommend creating a fourth tier that would include building energy, electric-ready, and all-electric certifications. Currently, Tier 3, Pathway 2 is a more rigorous and involved process from a building science perspective than the other Tier 3 Pathways and should earn more points. We suggest moving the following building certifications and electric-ready building standards from their current pathway and into their own “Tier 4” with more points allocated: Zero Energy Ready Home (ZERH) with required solar/RECs to achieve net zero, Passive House Institute (PHI) Classic, Phius CORE, Phius ZERO, PHI Plus, PHI Premium, International Living Future Institute’s Zero Energy Petal, Zero Carbon Petal, Living Building Challenge, and GreenStar Homes Certification, which is already built into a local St. Paul funding program.<sup>9</sup>

The new Tier 4 should also include pathways that are achievable in rehabilitation projects. This will help ensure that rehabilitation projects are not put at a disadvantage compared to new construction projects. For example, Delaware has a similar tiered structure where New Construction projects can earn the maximum sustainability points if they achieve Passive House certification or DOE Zero Energy Ready Home certification, while acquisition/rehabilitation projects can earn the max sustainability points for achieving a HERS index rating of 75 or less.

The Phius standard is designed to achieve deep energy savings and at a cost savings both from a first cost and across the building’s life cycle. Recent experience of the Pennsylvania Housing Finance Authority (PHFA) demonstrates that building an affordable, multi-family home to Phius standards does not result, on average, in a higher construction first cost per square foot once there is significant market adoption. Other states have seen this cost-reducing rapid market adoption as a result of incentivization in the QAP. Moreover, because homes built to the Phius standard use dramatically less energy (approximately 50-60% less than the 2015 International Energy Conservation Code for HVAC-related consumption), the lifetime energy burden for low-income residents living in Phius housing is also dramatically reduced.

- *The Pennsylvania Housing Finance Agency first included Phius in its 2015 QAP, establishing a significant number of points for passive house (Phius certification) in the evaluation criteria (10 of 130 points). That year 39 multi-family projects were awarded funding of which 8 were Phius projects (26 projects were completed, of which 7 were passive house projects). As of 2021, 50 Phius multi-family projects are in various stages of development across Pennsylvania. A cost analysis by the PHFA found an important and intuitive result. The first few passive house projects were somewhat more expensive than conventional construction. By the third round of projects (in 2018), Phius projects were, on average, less expensive than conventional construction.*

<sup>9</sup><https://www.stpaul.gov/DocumentCenter/View/7/Building%20Policy%20for%20Private%20Development.PDF>

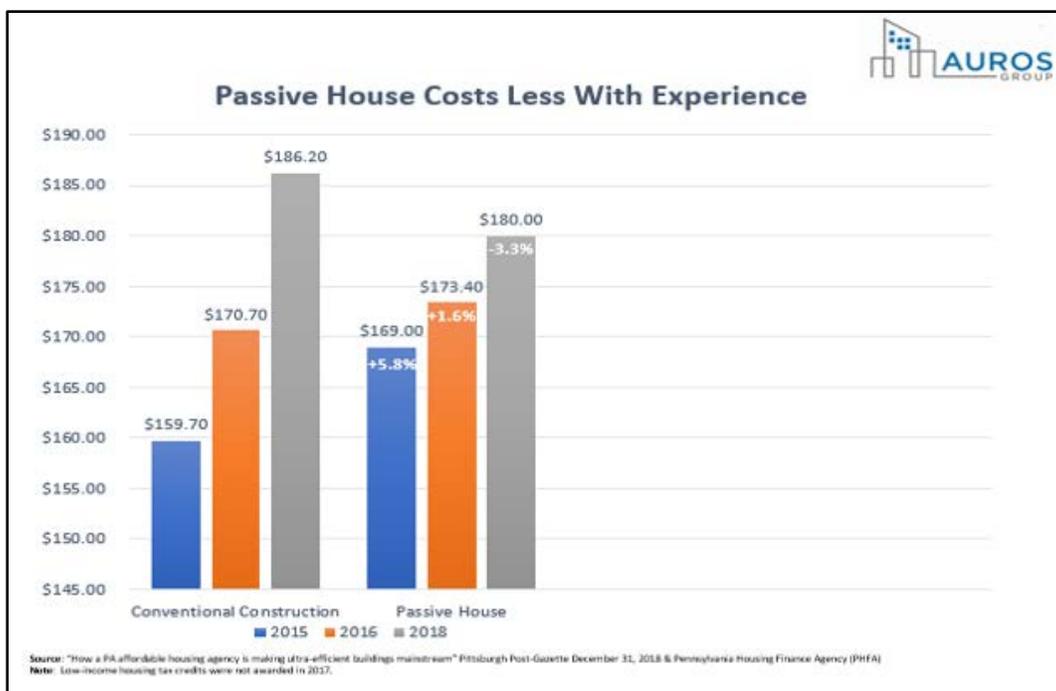


Figure 1: Cost Comparison between Passive House and Non-Passive House Projects<sup>10</sup>

#### 4. Require all new construction projects to be electrification-ready at a minimum and consider awarding more points for electrification of heating/cooling, hot water, and cooking.

Moving to all-electric homes powered by increasingly clean electricity will deliver enormous climate, health, and economic benefits to communities across Minnesota and allow states to tackle a major source of indoor and outdoor air pollution. Moreover, high-efficiency electric solutions, like heat pumps for space heating and cooling, are efficient and cost-effective and lead to more comfortable indoor temperatures and better access to affordable heating and cooling.<sup>11</sup> At least 39% of households in Minnesota— 1.1 million — could save \$421 million a year on energy bills if they used efficient, electric heat pump furnaces and water heaters instead of their current appliances. Of the households that would save by electrifying, 51% are low- and moderate-income.<sup>12</sup> Also, outdoor air pollution from Minnesota's direct building emissions led to 852 premature deaths in 2017 costing the state over \$495 million annually.<sup>13</sup>

Another often overlooked component of electrification is the elimination of gas-burning stoves.<sup>14</sup> Even before the COVID-19 pandemic, we spend about 90 percent of our time indoors, meaning indoor air quality heavily influences health. Elevated levels of nitrogen dioxide<sup>15</sup> and carbon monoxide<sup>16</sup> are associated with gas stoves but *not* electric stoves. Studies show that gas flames without any cooking activities emit twice as many small particles (PM2.5) as electric stoves.<sup>17</sup> These negative effects are also more harmful to more vulnerable residents- a comprehensive

<sup>10</sup>"How a PA Affordable Housing Agency is Making Ultra-Efficient Buildings Mainstream" Pittsburgh Post-Gazette, December 31, 2016 & Pennsylvania Housing Finance Agency

<sup>11</sup><https://www.nrdc.org/experts/alex-hillbrand/thinking-buying-air-conditioner-consider-heat-pump>

<sup>12</sup><https://map.rewiringamerica.org/states/minnesota-mn>

<sup>13</sup><https://rmi.org/health-air-quality-impacts-of-buildings-emissions#MI>

<sup>14</sup><https://pubs.acs.org/doi/10.1021/acs.est.1c08298>

<sup>15</sup><https://cfpub.epa.gov/ncea/isa/recordisplay.cfm?deid=194645>

<sup>16</sup><https://www.epa.gov/indoor-air-quality-iaq/carbon-monoxides-impact-indoor-air-quality>

<sup>17</sup><https://www.osti.gov/biblio/1172959>

meta-analysis concluded that children living in homes with a gas stove are 42% more likely to experience asthma symptoms and 24% more likely to be diagnosed with asthma by a doctor compared to those living in homes with electric stoves.<sup>18</sup> Additionally, lower-income communities and racial-ethnic minorities in the US are systemically exposed to disproportionately high levels of pollutants.<sup>19</sup> For example,<sup>20</sup> residential gas combustion is a large source of relative PM<sub>2.5</sub> exposure disparities for Black, Hispanic, and Asian Americans.<sup>21</sup> And although ventilation is always recommended as a partial solution, it cannot eliminate air pollutant exposure because some buildings do not have kitchen ventilation. Of those that do, many exhaust hoods don't reduce pollution to healthy levels, and instead just recirculate pollution without removing it, and are seldom used when needed.<sup>22</sup>

With these science-based insights including the knowledge that a third of Minnesotans bear a greater energy burden than the national average, we recommend requiring that all new construction projects be made electric-ready at a minimum, and all-electric ideally, rather than a ten-point award, and to award more points for electrified space heating, cooling, hot water, and cooking. We view these as necessary measures to begin the housing market's gradual transition toward cost-effective electrification.<sup>23</sup> Because electrification should not come at the expense of higher tenant energy burdens, incentives should lead owners toward high-efficiency heat pumps (air-source and ground-source) and similar technologies, and Minnesota Housing should work cooperatively with energy assistance partners like LIHEAP for the same reasons. MN Housing should also work closely with local Housing Authorities to ensure that Utility Allowances reflect these high-efficiency electric appliances, especially in rehab projects. A higher point allocation than the two-point award reflected on page 30 of the Overlay would further incentivize the electrification of heating and cooling. Massachusetts and Connecticut each provide three additional points for electrification of heating, cooling, and hot water, and we suggest Minnesota can and should do at least the same. This incentive should include high-efficiency electric heat pumps and not electric resistance heat sources, as they are not an efficient technology and do not demonstrate the same level of cost-effectiveness through cold Minnesota winters as heat pumps do.

## 5. Offer points for providing internet/broadband service

The COVID-19 pandemic illuminated a number of inequities that already existed in the affordable housing industry, not the least of which is the “digital divide” or the gap between demographics and regions that have access to modern information and communications technologies and those that do not.<sup>24</sup> Building and rehabilitating affordable housing buildings through the implementation of federal tax credits should incentivize quality, long term housing investments that not only give residents a place to live, but also a place to prosper. In a technological age where virtual full or part-time work and school is now commonplace and an increasing number of home devices access the internet, we believe the most equitable process for allocating these dollars involves providing at least the infrastructure for internet/broadband connectivity, and we thank Minnesota Housing for requiring that in your Building Design Standards.<sup>25</sup> There are examples of state QAPs allocating points for providing the actual service, as in Ohio:

<sup>18</sup><https://academic.oup.com/ije/article/42/6/1724/737113>

<sup>19</sup><https://www.lung.org/clean-air/outdoors/who-is-at-risk/disparities>

<sup>20</sup><https://rmi.org/insight/decarbonizing-homes/>

<sup>21</sup><https://www.science.org/doi/10.1126/sciadv.abf4491>

<sup>22</sup>[https://www.aceee.org/files/proceedings/1990/data/papers/SS90\\_Panel4\\_Paper20.pdf#page=1](https://www.aceee.org/files/proceedings/1990/data/papers/SS90_Panel4_Paper20.pdf#page=1)

<sup>23</sup><https://www.nrel.gov/docs/fy17osti/68214.pdf>

<sup>24</sup><https://cs.stanford.edu/people/eroberts/cs181/projects/digital-divide/start.html>

<sup>25</sup><https://www.mnhousing.gov/sites/multifamily/buildingstandards>

### Ohio QAP

4. *Design Features. Development will include one or more of the following features for residents. Scoring: (can select multiple, up to a total of 5 points)*

- a. *Dishwasher and garbage disposal = 1 point*
- b. *High-speed internet access = 4 points***
- c. *Washer/dryer hookup = 2 points*
- d. *Lease Addendum allowing for pet ownership = 2 points*
- e. *Interior and exterior security cameras = 2 points*
- f. *Private patio or balcony = 5 points*
- g. *Additional storage space = 5 points*
- h. *Secured parking = 5 points*

*Features must be new to the development as part of this proposal, or if already existing at the property, being improved, replaced, or renovated as part of the proposal. Applicants must also submit estimated costs for the selected item(s) and a narrative describing the feature(s) and why they were selected for the development.*

### **6. Adopt either the Category 6 (Materials) or just Criterion 6.1 *Ingredient Transparency for Material Health* as mandatory rather than optional.**

The Materials category supports healthier indoor environments by using an integrated approach to the root cause and sources of harmful exposures. Low-wealth communities suffer disproportionately from indoor environmental exposures, which are linked to poor health outcomes, including asthma, especially in children. Additionally, low-wealth individuals are likely to live in communities with higher levels of toxic pollution and in proximity to facilities that are sources of hazardous emissions. Together these many environmental exposures contribute to the significant health disparities observed in low-wealth and communities of color. So, we recommend adopting Category 6 from the 2020 Enterprise Green Communities, or at least Criterion 6.1, into the Minnesota Overlay as mandatory rather than optional.

*Criterion 6.1: Ingredient Transparency for Material Health* has four compliance options so that those responsible for the design, construction, and operation of buildings can and should exercise their right to make informed decisions about what chemicals and what health hazards they want to avoid. The public disclosure of material contents provides the information necessary to make responsible decisions to avoid known and potential hazards to building occupants, workers, and fence-line communities.

### **7. Simplify the point allocation system for the “Enhanced Sustainability” section by consolidating the Self Scoring document and the Overlay, or at least distinguish each Tier with just one pathway.**

With regard to our earlier comment that the goal of reducing carbon emissions requires a renewed commitment to energy efficiency, building performance, and electrification, we have concern that the organizational system involving a QAP, a Self-Scoring guide, A Multifamily Intended Methods Worksheet, and an Overlay document creates a complex and potentially confusing structure that may dissuade developers from pursuing the depth and extent of sustainability measures that they otherwise would with a simpler structure. We recommend simplifying the system so that the points available for Enhanced Sustainability are in one location and/or that each tier have its own pathway based on the logic that a streamlined process will lead to more frequent and deeper conservation measures.

To be more specific, we suggest creating a Preservation Tier focused exclusively on rehabbing/retrofitting existing units with rents at or below the county 30-50% MTSP, keeping Tier 3, Pathway 1: SB 2030, keeping Tier 3, Pathway 3: 2020 Enterprise Green Communities Certification Plus, and creating a fourth tier with building certifications and deeper energy conservation measures as mentioned in our Recommendation #3, with more points allocated in proportion to each certification's required level of building performance.

On behalf of the Midwest Building Decarbonization Coalition (MWBDC), Community Stabilization Project, Elevate, Fresh Energy, Minnesota Housing Partnership, National Housing Trust, Natural Resources Defense Council, Phius, Precipitate, RMI, Slipstream, and William Weber Consulting, we truly appreciate the opportunity to comment on the 2024-2025 draft Qualified Allocation Plan, and your time and attention to fielding and incorporating our and others' public comments. Thank you.

Sincerely,

Quinn Biever  
*Policy Analyst*  
Elevate

Todd Nedwick  
*Senior Director of Sustainability Policy*  
National Housing Trust

Lauren Reeg  
Associate- Carbon Free Buildings  
RMI

Mari Ojeda  
Senior Policy Associate  
Fresh Energy

Isaac Elnecave  
Policy Specialist  
Phius

Connor Jansen  
Technical Services Director  
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Libby Murphy  
Director of Policy  
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Laura Goldberg  
Midwest Director of Energy Equity & Affordability  
Natural Resources Defense Council

Metric Giles  
Executive Director  
Community Stabilization Project

William Weber  
Principal  
William Weber Consulting, LLC

Elizabeth Turner  
Architect (MN+NE), Passive Building Consultant (CPHC®)  
Precipitate



June 29, 2022

Jennifer Ho  
Minnesota Housing Finance Agency  
400 Wabasha Street North  
St. Paul, MN 55101-1998

Dear Commissioner Ho:

We appreciate the opportunity to comment on MHFA's draft 2024-2025 Qualified Allocation Plan and associated application documents. We remain concerned about the ability of truly rural, tribal communities to compete for 9% HTCs in Minnesota. Despite the Rural/Tribal scoring category, it is clear that urban, suburban, and larger rural communities are at a distinct advantage in the competitive process. A town of 2,500 people will not have a transit network, high Walkscore, or high job growth numbers. It is possible that these communities may not even be eligible for some of Minnesota's Housing data-based categories like Workforce Housing. This bias mirrors the challenges seen from urban structuralism in areas such as healthcare access – urban (density) friendly development types are continuously prioritized by funders. This deficit is exacerbated for tribal communities when you consider that Minnesota Housing's geographic scoring is frequently reliant on Census data. Census data does not tell a complete picture of many Indigenous communities since Indigenous people are the most undercounted population on the U.S. Census. Unfortunately, this fact will likely be worse from the 2020 Census<sup>1,2</sup>.

We ask Minnesota Housing to (1) recognize Minnesotans deserve housing options in diverse communities across the state, (2) acknowledge that truly rural communities can also be great places for tribal members and other Minnesotans to live and work, and (3) change the scoring to level the playing field for truly rural and tribal communities in Minnesota. On behalf of Mille Lacs Corporate Ventures, please accept the following comments reflecting these changes and others.

#### **Permanent Supportive Housing**

We support shifting documentation required for Partially Supportive Housing projects to post-award. However, we have one clarification question. The 2024-2025 Self-Scoring Worksheet Section C1 states "Minnesota Housing, at its sole discretion, will determine if there is a market

<sup>1</sup><https://www.census.gov/newsroom/press-releases/2022/2020-census-estimates-of-undercount-and-overcount.html>

<sup>2</sup><https://www.mprnews.org/story/2019/12/16/native-american-leaders-work-to-overcome-community-mistrust-of-census>

need for HPH units...If Minnesota Housing determines that there is not a need for additional HPH units within the local market, the applicant agrees that *Minnesota Housing may remove the proposed HPH units from the project or convert the proposed units to units with rent restricted 30% MTSP and/or maintain a priority to serve homeless households*" (emphasis added).

If Minnesota Housing were to determine that there is not a need for additional HPH units within the local market, would either of the above italicized scenarios allow the applicant to maintain the requested HPH points? At what stage of the project's development is this decision determined? Additional explanation of this scenario would be appreciated.

### **Increasing Geographic Choice, Need for More Affordable Housing Options**

We ask Minnesota Housing to adjust the Tier 1 language to include both Tribal Reservations and Tribal Communities. Tribal members in Minnesota live both on and off Tribal Reservations, and many live outside of the reservation boundaries for employment and familial connections. Tribal leaders have a responsibility to serve their members both on and off the reservation, and many outline those responsibilities for certain off-reservation, Tribal Communities as part of an Indian Housing Plan or Tribal Economy Plans. It is our recommendation that MHFA accept a self-certification from the Tribe that the project is in the Tribal reservation or Tribal community. If the leader of a sovereign, tribal nation certifies that a proposed project meets this definition, MHFA should accept this as sufficient evidence.

### **Rural/Tribal**

MLCV supports the idea of a tiered system for the Rural/Tribal points by population. However, we do not believe the 2-point differential will be enough to make up for the disadvantages truly rural projects face in the other data-centered categories. The Workforce Housing points (3 - 6 points) are only available to communities that have 2,000+ jobs or a net increase of 100+ permanent employees from one employer over 5 years. The Rural Access to Transit points (4 – 7 points) are unlikely to be achieved by a community of less than 5,000 people. Walkscore points (1-2 points) are a perennial challenge for any truly rural project. These three data-centered categories total 8 to 15 points which leaves tribal projects with a significant scoring deficit compared to non-rural/tribal projects that have greater opportunities to score higher.

We recommend a new top tier for this category for projects in Rural/Tribal communities of less than 3,000 people for 15 points.

### **Equitable Development**

It is our opinion that this category only makes sense for LIHTC projects controlled by non-BIPOCBE/WBE people. Our LIHTC projects are developed by Indigenous people and supported by the Mille Lacs Band of Ojibwe. We recommend that projects fully owned, sponsored, developed, and managed by BIPOCBE/WBE receive full points automatically.

### **BIPOCBE/WBE**

We support the edits to the Ownership/Sponsorship and Development Team category as long as it clear that it is acceptable for the property owner and management agent to have an identity of interest and achieve full points. Tribally sponsored projects are unique in that the tribally designated housing entities or tribal corporate entities are the sponsor, developer, management

agent, lender, lessor, and guarantor. Tribal entities often strive to maintain as much control of their projects on their land as possible. It is intrinsic to a tribe's sovereignty.

For these same reasons, the Partnership points don't make sense for tribal projects. Tribal developers are Indigenous people owning, operating, and managing these projects. Tribal developers have built their own capacity from the ground up and continue to find ways to support their communities through job training programs, contributions to the Tribal Employment Rights Office (TERO) programs, and professional partnerships between tribal departments and tribal organizations. It is our opinion that this category only makes sense for LIHTC projects controlled by non-BIPOCBE/WBE people. We recommend that projects fully owned, sponsored, developed, and managed by BIPOCBE/WBE receive full points automatically.

### **Workforce Housing Communities**

We propose that Minnesota Housing create a new, top tier category within the Workforce Housing Communities category for LIHTC projects sponsored and funded by a large, local employer (over 500 employees). For our LIHTC projects, the Mille Lacs Band of Ojibwe and MLCV fund the soft, deferred loan to the project, fund all project infrastructure via an equity contribution (Other Contributions), fund ongoing Rental Assistance, and guarantee operations via Housing Assistance Payment Agreement. MLCV is using little local, state, or federal resources outside of 9% HTCs to build and operate their LIHTC units. We believe this wraparound support by a major employer is a premier example of workforce housing in Minnesota.

The Long Commute Communities points are still only intended for projects located in communities with 2,000 jobs or more in 2018. This cut off is arbitrary and unnecessary. If a community has a large proportion of people commuting long distances into the town for work, there is a strong demand for workforce housing. We recommend that MHFA award these points for any community where more than 15% of the workforce travels 30+ miles into the community for work (as evidenced by LED on the Map).

Thank you for the opportunity to provide comments on the 2024-2025 draft QAP documents. If you have any questions regarding the suggestions above, please do not hesitate to contact me directly.

Miigwech (thank you),



Dustin J. Goslin  
VP of Business & Economic Development

**From:** Galley, Jeremy L (DHS) <jeremy.galley@state.mn.us>  
**Sent:** Wednesday, June 29, 2022 4:14 PM  
**To:** #MHFA\_HTC <HTC.MHFA@state.mn.us>  
**Cc:** Rosen, Jensina E (DHS) <Jensina.E.Rosen@state.mn.us>; Prasek, Jana M (DHS) <jana.prasek@state.mn.us>; Uhrich, Maia B (DHS) <Maia.Uhrich@state.mn.us>  
**Subject:** 2024/2025 QAP public comments

Thanks for the opportunity to weigh in on the 24-25 QAP. This feedback is from the Housing Support team at DHS:

1. Overall the plan looks good and appears to accomplish the goals of establishing market need and application streamlining. Some of the streamlining elements seem to create space for developers that may not have applied or been selected before.
2. This may have been discussed in great detail already, but I'm curious if there is there an opportunity for MSA Housing Assistance to be incorporated as rental assistance or in the QAP in general. That may not be possible since it's an "income increaser" as opposed to traditional rental assistance. It is however, a forecasted benefit available to anyone who applies and meets the eligibility criteria. I'm curious if MSA Housing Assistance could be incorporated using an attestation / alignment statement about coordination between service providers, case managers, and property managers to prioritize transitions to the best "financial package" for the recipient.
3. From what I understand, it's not possible for a developer to claim points related to use of Housing Support without the letter of support from the county or tribe. Is that correct? If do, does that eliminate the possibility of selecting a project that can't get a Housing Support agreement at the local level? Conversely, It would be good to ensure that counties and tribes are not put in the position of awarding a Housing Support agreement based solely on being selected. I believe both of these concerns are addressed in the way the QAP and the scoring sheet are set up but thought it would be worth mentioning.
4. On the same note: It appears to be the case that a project selected without the county or tribally approved use of Housing Support could add Housing Support *after* selection as planning progresses. That's a good thing. I am curious if some applicants will be less likely to include Housing Support in their submission only because they don't have the technical knowledge about the program or the relationships at the county or tribal level. Would creating pathways to DHS and/or county and tribal staff for relationship building and increase the general quality of applications? Would it help those without the deep relationships be more likely to include Housing Support in their submissions (along with a letter of support)? I'm sure there was quite a bit of discussion around this issue already. We've done webinars and offered TA in the past – what I'm suggesting here is the possibility of language included in QAP or application that flags the issue. Happy to discuss in more detail.

Thanks again and please contact us with any questions.

Thanks,

Jeremy Galley  
Housing Support Project Manager  
Housing Division - Minnesota Department of Human Services  
651-336-7703

June 29, 2022

Summer Jefferson  
 Multifamily Programs Manager  
 Minnesota Housing  
 400 Wabasha St N #400  
 St Paul, MN 55102

Re: Comments on Minnesota Housing 2024-25 Qualified Action Plan (QAP)

Dear Ms. Jefferson:

On behalf of the Minnesota Housing Partnership (MHP), thank you for the opportunity to provide comments on the Minnesota Housing 2024-25 Qualified Action Plan (QAP). To inform our comments, MHP solicited feedback from housing partners throughout the state, including hosting an engagement call in June 2022 and soliciting one-on-one discussions.

**Minnesota Housing Partnership (MHP)** expands housing and community development opportunity for those most impacted by economic and racial disparities by leading collaborative work to promote systems change and grow equitable development capacity. For more than 30 years, MHP has accomplished this mission by producing data-informed research, advocating for equitable housing policy, and providing community development services across the US.

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MHP was pleased to see substantial changes made to the 2022-2023 QAP, and supports the proposed 2024-25 QAP changes. We applaud the agency for continuing to refine and clarify targeted areas to distribute resources more equitably, meaningfully involve impacted communities and individuals, and expand economic opportunity for Black, Indigenous, and people of color (BIPOC) communities.

MHP believes the agency's proposed changes will streamline the application process. Developers and the communities accessing resources through the QAP welcome any opportunity to make the application process simpler and more efficient. We hope these changes will result in reduced upfront costs and time in preparing applications.

After multiple engagements between the agency and MHP's Rural Developer Workgroup, we were glad to see recommendations from this group included in the proposed changes.

MHP is most excited by the following proposed changes:

- **Changes in scoring to provide BIPOC and Women-Owned Business (WOB) enterprises equal access to business opportunities on agency financed projects.** We hope the new scoring will result in more diverse ownership opportunities and partnerships. We applaud the agency for studying the outcome of previous awards and adjusting to prioritize racial equity.
- **Clarifying meaningful community participation and refining requirements of the qualified stakeholder letter.** MHP believes it is important to center voices of those most impacted by disparities in the

planning process. We are optimistic that the proposed changes will better inform development teams on how to best serve impacted communities.

- **An increase to the Rural Development/Small Project Set-aside.** We hope that this pool will continue to increase over time to serve USDA RD acquisition/rehab needs and new construction. This change and increasing the maximum number of units to 24 will, hopefully, support more preservation activities.
- **Rural/Tribal methodology changes** so that smaller rural areas and more urbanized areas are balanced.
- **The increase in the Developer Limit.** This increase recognizes recent changes in market conditions, including increased costs at all stages of the development process.

MHP provides these additional comments for review as changes are finalized for a draft QAP:

- We encourage the agency to **monitor the implications of removing language that a developer may have a maximum award of two projects within this set-aside each allocation year.** The proposed change does recognize the limited number of developers working in Greater Minnesota. This change should not have the unintended consequence of denying opportunities to new and emerging developers in Greater Minnesota.
- We encourage the agency to **establish a process for requesting a review of the MHFA geographic scoring and allow for flexibility in certain circumstances.** Under the current structure, it is possible for one project site in a rural town to score 18 points and another area of the community just a half-mile away to score 24 points.
- **Consider rental assistance alternatives for High Priority Homeless (HPH) and Persons With Disabilities (PWD), especially for projects in rural communities.** Long Term Homeless Housing Support and Regular Housing Support is often the only project-based rental option. Developers of supportive housing units could partner with organizations that have tenant-based vouchers, like Housing Trust Fund, Bridges, Housing Choice Vouchers, and others, to bring more rental assistance options to tenants in rural communities.

While we understand the desire to monitor the impacts of the significant policy changes and substantive changes made in 2022-23 to the scoring criteria, we encourage the agency to take more proactive measures to ensure homes are sustainable and resilient and that households have increased access to the healthiest homes possible. We believe that MHFA has a duty to prioritize projects that have the least impact on climate and reduce the impacts of existing climate inequities because of building and historical development patterns. In addition to ensuring that buildings meet enhanced standards, the agency should do more to reduce energy burden. While white renters in Minnesota have lower energy burden than the national average, Black households have higher energy burden than the national average. Addressing the condition of buildings and units also improves the health of low-income and communities of color.

Sincerely,



Libby Murphy  
Director of Policy



TO: Minnesota Housing  
400 Wabasha Street North, Suite 400  
Saint Paul, MN 55102

FROM: Phius Alliance Minnesota and Passive House Minnesota

RE: Minnesota 2024-2025 Qualified Allocation Plan Comments

29 June 2022

**Dear Ms. Teiken and the Minnesota Housing QAP team:**

With the QAP and Self-Scoring Worksheet under review for 2024-2025, this is the perfect time to incorporate performance goals that increase the value of affordable housing in measurable ways. Buildings that meet a Passive House standard directly impact the lives of residents, and provide a more durable, resilient building for the owner:

- **Buildings that meet a Passive House standard use up to 90 percent less energy for space conditioning than conventional buildings, and up to 60 percent less overall energy, providing long-term affordability to residents by significantly reducing utility costs**
- **Passive House buildings provide quieter, healthier spaces for living due to improved insulation, air sealing, and indoor air quality<sup>1</sup>**

Our comments seek to make these benefits available to residents, by repositioning Passive House within the QAP. Our suggested amendments are as follows, with supporting data and resources included as appendices.

## **SUGGESTED AMENDMENT TO THE SELF-SCORING WORKSHEET:**

Passive House design is already a part of the QAP Self-Scoring Worksheet. It appears in Footnote 15 within Enhanced Sustainability Tier 3 (Pathway 2). **Our comments are intended to clarify and simplify the language related to Passive House design; and to allow additional points in acknowledgement of the increased comfort, improved indoor air quality, quieter living environment, and reduced operating costs associated with Passive House buildings.**

We propose the following changes to the Self-Scoring Worksheet:

Expansion of points for Enhanced Sustainability:

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<sup>1</sup> For more information, see Appendix A and Appendix G.

*C. Enhanced Sustainability (1 to 5 **7 points**):*

Creation of Tier 4 (Passive House):

*Applicants can select Tier 1, Tier 2, Tier 3; or a combination of Tiers 1 and 3 or Tiers 2 and 3; for a maximum of five points. **Applicants can select Tier 4 for two additional points if Tier 3 is achieved.***

**4. Tier 4: In addition to achieving Tier 3, the project achieves certification through Passive House Institute US (Phius) or Passive House Institute (PHI). (2 points)**

Modification to Footnote 15, to align with new Tier 4:

<sup>15</sup> *Follow 2020 Enterprise Green Communities Criteria – Criterion 5.2b Moving to Zero Energy: Near Zero Certification or Criterion 5.4 Achieving Zero Energy requirements. Actual enrollment of project with Enterprise Green Communities Criteria is not required, however to monitor compliance, certification with Department of Energy (DOE) Zero Energy Ready Home (ZERH), ~~Passive House Institute US (PHIUS), Passive House Institute Classic (PHI)~~, or other program outlined in the applicable criteria is required.*

## JUSTIFICATION FOR HIGHER POINT TOTAL

Simply put, projects designed to a Passive House standard yield a healthier, quieter, more efficient product compared to other certification programs mentioned in the QAP. Therefore it warrants a higher point total, due to the following:

- Rigorous certification process
- Additional benefits to building residents
- Proven to be cost-competitive with traditional construction methods

### Rigorous Certification Process

Buildings designed to a Passive House standard are much more likely to achieve higher energy performance compared to their counterparts certified by other third-party programs. For example, Phius CORE is a system-wide, performance-based standard<sup>2</sup>. Other systems are component-based – and while individual elements required may be rated for high performance, there is no guarantee that they will work together to achieve the intended energy savings. Because Passive House certification is dependent on comprehensive energy modeling, commissioning and quality control, the standards ensure the finished building meets the performance goals as established during the design process<sup>3</sup>.

To illustrate this point, the Phius CORE certification *includes* the Department of Energy’s Zero Energy Ready Home (ZERH) certification, also featured in Footnote 15, as a baseline and actively

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<sup>2</sup> This is based on the Phius CORE certification. Source: <https://www.phius.org/phius-core>

<sup>3</sup> *Phius 2021 Passive Building Standard Certification Guidebook*, v. 3.02; p. 6-7. See also Appendix A.

builds on its criteria<sup>4</sup>. **By definition, these two certifications should not be equated within the Self-Scoring Worksheet.**

Another example: The United Nations list the Passive House Standards as aligning with ten Sustainable Development Goals to be reached by 2030, including “health and wellbeing”, “economy and job creation”, “social housing and energy poverty”, “resilient and innovative buildings”, sustainable consumption and production”, as well as “climate change protection and accountability”.<sup>5</sup> **Passive House certification achieves multi-faceted performance at exemplary levels.**

## Benefits to Residents

Passive House building standards set real, certifiable benchmarks for energy conservation, but the benefits reach far beyond performance. Buildings that meet the rigorous Passive House certification standards inherently provide a higher quality of living to residents.

**1. Comfortable Indoor Environment:** The integration of superinsulation, air-tight construction and high-efficiency mechanical systems allow Passive House buildings to maintain a comfortable interior temperature and humidity year-round. There are no drafts or cold spots anywhere within units. Not only are these units more physically comfortable for residents, but these buildings consume up to 90% less energy on space conditioning than a building of typical construction. Therefore, utility bills are *significantly lower*, with the monthly cost savings passed on to the residents.

**2. Clean Air:** Passive House buildings are thoroughly air-sealed, which provides two main benefits. First, it prevents external air pollutants from leaking into the building. This is extremely important when buildings are located near areas with high car traffic, or in neighborhoods with low air-quality in general. Second, Passive House mechanical systems are constantly cycling in fresh air, filtering it, and circulating it throughout the building. This continual replacement of interior air with fresh, filtered air removes any odors or harmful airborne particles from the building rapidly. In addition, these mechanical systems are able to maintain proper humidity levels, preventing the growth of mold and other respiratory irritants.

**3. Noise Reduction:** Superinsulated walls and triple-paned windows significantly increase the soundproofing capability of exterior walls. As stated in the *2020 Enterprise Green Communities Criteria - 7.10 Noise Reduction*: “Exposure to traffic noise over time poses a risk to adults and is linked to complications with cardiovascular system, diabetes, hypertension, stroke, depression, and high blood pressure. In children, chronic aircraft noise exposure has been shown to impair reading comprehension, mental arithmetic, and proofreading.” A joint study performed by NK Architects, a leading firm in Passive House design, and SSA Acoustics, has shown that exterior noise penetration is reduced by up to 10 decibels, or a 50% decrease. Residents will experience a living environment that is twice as quiet as a typical building.

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<sup>4</sup> Source: <https://www.phius.org/achieve-phius-core>. See also Appendix D.

<sup>5</sup> [https://passipedia.org/basics/passive\\_house\\_and\\_the\\_sustainable\\_development\\_goals?s\[\]=united&s\[\]=nations](https://passipedia.org/basics/passive_house_and_the_sustainable_development_goals?s[]=united&s[]=nations). See also Appendix I.

## Cost-Competitive

Data from other states (and around the world) have shown that the initial construction cost of Passive-designed affordable housing, on average, is not greater than construction of a conventional building – although it does take some time for the market to adjust. However, it has become clear that the adoption of substantive Passive House design incentives within a state’s QAP drives significant growth in the number of Passive-certified projects built, which ultimately reduces the cost.

For example, the Pennsylvania Housing Finance Agency first adopted Passive standards in 2015, and that same year 8 of 39 projects awarded funding sought Passive House certification. By 2021, the number of Passive House projects in development had increased to 50. As designers and builders adopted the standard, costs decreased in turn – and in just three years, Passive House projects became, on average, less expensive than conventional construction. Similar data have been gathered from Massachusetts, which show that the incremental construction cost of a Passive-certified project ranges between about 1 and 4 percent.<sup>6</sup>

More Passive House projects in Minnesota are expected to bring down construction costs in similar manner, hence the need for incentives now.

## CONCLUSION AND SIGNATURES

Affordable housing projects designed to Passive House standards directly benefit residents through healthier environments and lower utility bills. They place less demand on the utility grid, and are better able to withstand outages due to extreme weather events - a keystone of the state’s climate goals<sup>7</sup>. Finally, initial cost for Passive House buildings has proven to be competitive with code-built projects in states whose QAP’s promote competition between the two.

For these reasons, it is time to move Passive projects out of the QAP footnotes and award them with points that adequately reflect their inherent benefits for residents, operators and the environment. Phius Alliance Minnesota, Passive House Minnesota, and the undersigned, respectfully request that the 2024-2025 QAP be modified as suggested above.

|  |   |
|--|---|
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|--|---|

<sup>6</sup> See Appendix E.

<sup>7</sup> Source: *Minnesota House Climate Action Plan*, p. 5. See also Appendix B.



### Phius

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### Passive House Network

Ken Levenson, Executive Director

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Center for Energy and Environment

### Center for Energy and Environment

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Tim Dehlhey Eian CPHD/C

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## APPENDIX A: Introduction to Phius Alliance Minnesota

We are the local chapter of Phius Alliance, the membership component of Phius (formerly the Passive House Institute US.) Phius is a non-profit 501(c)(3) organization committed to making high-performance passive building the mainstream market standard. Phius trains and certifies professionals, maintains the Phius climate-specific passive building standard, certifies and assures quality of passive buildings, and conducts research to advance high-performance building.

### **The Phius Standard provides an integrated path to deep energy savings, net zero energy use, and healthy, comfortable homes.**

Buildings constructed to the Phius standard provide superior indoor air quality, resilience during power outages, and an extremely quiet, comfortable indoor environment. Project teams are increasingly adopting passive building principles and the Phius standard for single-family, multifamily, and commercial buildings to achieve Net Zero buildings, resulting in over 7,000 units certified, and totaling over 7.4 million square feet across North America.

Phius certification drastically reduces the operational energy throughout a building's entire life cycle (thus drastically reducing carbon emissions AND drastically reducing the energy load on the grid). Because the Phius certification is rooted in passive building principles, the focus is always on conservation first, followed by efficiency – that is the basis of the Phius standard.

Projects receiving the Phius certification<sup>8</sup> are not only among the most energy efficient buildings, but also reduce the energy burden on low-income households, ensure a healthy living environment, are durable - leading to a longer useful lifespan, and provide resilience as Phius buildings will maintain their indoor temperature for a much longer time than comparable buildings built to minimum energy codes. Finally, as will be detailed below, projects built to the Passive House standard are not more expensive to build. All buildings built to the Phius standard foreground five principles:

- Continuous insulation throughout the building envelope to minimize or eliminate thermal bridging.
- Airtight building envelope, preventing infiltration of outside air and loss of conditioned air while increasing envelope durability and longevity.
- High-performance windows (double or triple-paned windows depending on climate and building type) and doors - solar gain is managed to exploit the sun's energy for heating purposes in the heating season and to minimize overheating during the cooling season.

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<sup>8</sup> Phius currently provides two certifications: Phius CORE for buildings meeting the strict energy efficiency targets and Phius ZERO for buildings which achieve net-zero performance.

- Balanced heat- and moisture-recovery ventilation to significantly enhance indoor air quality.
- Minimal space conditioning system, made possible by lower space conditioning loads.

The Phius standard incorporates all these principles. Moreover, to receive certification, all residential buildings must *also* meet the criteria laid out in these pre-requisite programs:

- US Environmental Protection Agency (EPA) ENERGY STAR Program
- EPA Indoor airPLUS program
- EPA WaterSense Program
- US Department of Energy (DOE) Zero Energy Ready Home program
- ASHRAE 62.2 ventilation requirements

Additionally, all buildings seeking Phius certification go through a two-part process: design review and construction review/on-site verification:

### **PART 1:**

First, Phius certification staff reviews construction drawings, product specifications, and modeling to ensure that the building energy use is below the stringent values specified in the standard. In addition to reviewing energy performance, building envelope components and details are evaluated for moisture and condensation performance. After all issues are identified and resolved, the building design is design certified.

### **PART 2:**

After design certification, actual construction is reviewed on-site by a Phius-trained Rater/Verifier who ensures that the building is constructed to the pre-certified plans and that it meets the criteria of the programs listed above. If changes to the design occur, the modeling is updated, and the new energy use of the building must still meet the Phius standards for certification. This process ensures both quality construction and deep energy efficiency. As a result, multi-family homes built to the Phius standard provide superior comfort, health, excellent indoor air quality, and resiliency. The focus on quality assurance, quality control, and building sciences provides for a long-lasting building with lower maintenance costs.

## **APPENDIX B: Alignment with Minnesota Climate Action Framework**

The Minnesota Climate Action Framework is scheduled for release in the Summer of 2022. Clean energy and efficient buildings is one of the six goals identified by the Framework. A priority action tied to this goal is the improvement of codes and standards resulting in net zero by 2036 for both single family and multi-family buildings. An important part of this effort involves the construction of net zero multi-family buildings, giving the workforce the training and experience to make net zero cost-effective. Including Passive House as part of the QAP promotes this goal and includes maximizing energy efficiency, modernizing the industry, and accelerating clean energy technology deployment.

## **APPENDIX C: Plius buildings provide benefits beyond energy savings including resilience and reduction in energy burden.**

### **Energy Burden:**

According to the report, “Lifting the High Energy Burden in America’s Largest Cities: How Energy Efficiency Can Improve Low Income and Underserved Communities by the American Council for an Energy Efficient Economy,” low-income residents of Minneapolis face among the highest energy burdens in the country. The energy burden for the median household in Minneapolis is 2.3%. This is almost half of the energy burden facing the median low-income household in the city which lands at 5.1% (the energy burden for the median african-american family and latino family is 4.1% and 3.1%, respectively).<sup>9</sup> High-efficiency housing meeting the Plius standard, offering far lower energy costs over their lifetime (and drastically reduced emissions), are thus a strong opportunity to reduce the energy burden for Minnesota’s low-income residents.

### **Resilience:**

Plius construction principles align with an increase in resilience. Plius buildings emphasize the reduction of air flow into and out of buildings, the elimination of thermal bridges across the building envelope including the use of continuous insulation. This approach helps maintain the indoor temperature of a building which is particularly important in a climate subject to extreme temperatures.

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<sup>9</sup> Drehobi and Ross, “Lifting the Higher Energy Burden in America’s Largest Cities: How Energy Efficiency Can Improve Low Income and Underserved Communities”, Appendix B. April 2016  
<https://www.aceee.org/sites/default/files/publications/researchreports/u1602.pdf>

## APPENDIX D: Phius' Connection with Government, Industry, and Institutional Leaders

In an effort to continually improve the Phius standard and reduce overall emissions, Phius has aligned itself with renowned institutional partners, collaborated with leading experts in building science research, and developed partnerships with other building certification bodies. For example, working with the US Department of Energy (DOE), Phius aligned its Phius Passive Building Certification program with the DOE's Zero Energy Ready Home (ZERH) program. A Phius certified building is getting the most rigorous quality assurance and quality control on the market from design all the way through certificate of occupancy.

Figure 1: PHIUS STANDARDS COMPARED TO OTHER CERTIFICATION SYSTEMS

|                     |                     |                          |                          |                                   |  |  |  |
|---------------------|---------------------|--------------------------|--------------------------|-----------------------------------|--|--|--|
|                     |                     |                          |                          |                                   |  |  | Renewable Energy to Get to Zero        |
|                     |                     |                          |                          |                                   |  |  | No Fossil-Fuel Combustion On-Site      |
|                     |                     |                          |                          |                                   |  |  | Electric Vehicle Readiness             |
|                     |                     |                          |                          |                                   |  |  | Balanced Ventilation HRV/ERV           |
|                     |                     |                          |                          | SOLAR READY<br>Depends on climate |  | SOLAR READY<br>ALWAYS                  | SOLAR READY<br>ALWAYS                  |
|                     |                     |                          |                          | Eff. Comps. & H2O Distrib         |  | Eff. Comps. & H <sub>2</sub> O Distrib | Eff. Comps. & H <sub>2</sub> O Distrib |
|                     |                     |                          |                          | EPA Indoor airPLUS                |  | EPA Indoor airPLUS                     | EPA Indoor airPLUS                     |
|                     |                     |                          |                          | Ducts in Condit. Space            |  | Ducts in Condit. Space                 | Ducts in Condit. Space                 |
|                     |                     | HVAC QI w/WHV            | HVAC QI w/WHV            | HVAC QI w/WHV                     |  | Micro-load HVAC QI                     | Micro-load HVAC QI                     |
|                     |                     | Water Management         | Water Management         | Water Management                  |  | Water Management                       | Water Management                       |
|                     |                     | Independent Verification | Independent Verification | Independent Verification          |  | Independent Verification               | Independent Verification               |
| IECC 2009 Enclosure | IECC 2012 Enclosure | IECC 2009 Enclosure      | IECC 2012 Enclosure      | IECC 2012/15 Encl./ES Win.        |  | Ultra-Efficient Enclosure              | Ultra-Efficient Enclosure              |
| HERS 85-90          | HERS 70-80          | HERS 65-75               | HERS 55-65               | HERS 48-55                        |  | HERS 30-40                             | HERS < 0                               |
| IECC 2009           | IECC 2012           | ENERGY STAR v3           | ENERGY STAR v3.1         | ZERH                              |  | phius CORE                             | phius ZERO                             |

## APPENDIX E

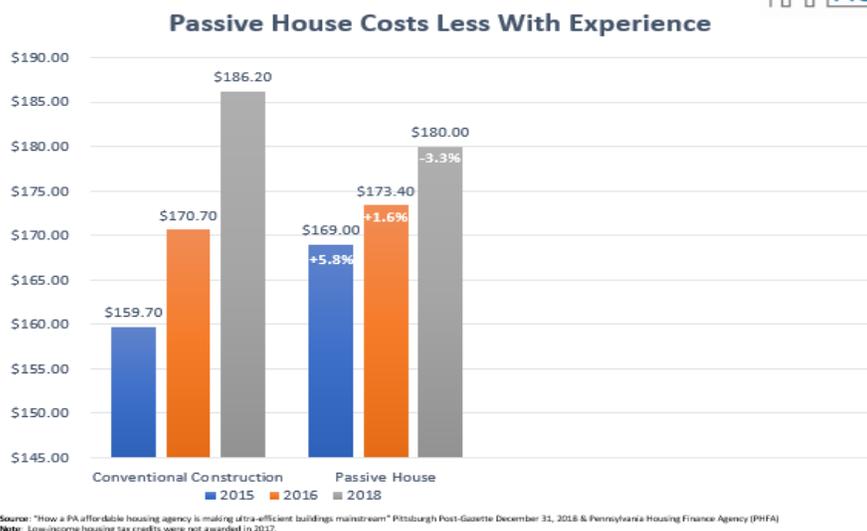
### Cost Effectiveness as shown by data from projects in Pennsylvania and Massachusetts:

The Phius standard is designed to achieve deep energy savings and at a cost savings both from a first cost and across the building’s life cycle. Recent experience of the Pennsylvania Housing Finance Authority (PHFA) demonstrates that building an affordable, multi-family home to Phius standards does not result, on average, in a higher construction first cost per square foot once there is significant market adoption. Other states have seen this cost-reducing rapid market adoption as a result of incentivization in the QAP. Moreover, because homes built to the Phius standard use dramatically less energy (approximately 50-60% less than the 2015 International Energy Conservation Code for HVAC-related consumption), the lifetime energy burden for low-income residents living in Phius housing is also dramatically reduced.

#### Pennsylvania:

Including Phius in the state QAP will have a measurable effect. The PHFA first included Phius in its 2015 QAP, establishing a significant number of points for passive house (Phius certification) in the evaluation criteria (10 of 130 points). That year 39 multi-family projects were awarded funding of which 8 were Phius projects (26 projects were completed, of which 7 were passive house projects). As of 2021, 50 Phius multi-family projects are in various stages of development across Pennsylvania.

A cost analysis by the PHFA found an important and intuitive result. The first few passive house projects were somewhat more expensive than conventional construction. By the third round of projects (in 2018), Phius projects were, on average, less expensive than conventional construction.



**Figure 2: COSTS: PASSIVE HOUSE vs NON-PASSIVE HOUSE PROJECTS (PENNSYLVANIA)**

## Massachusetts:

### Massachusetts Clean Energy Center:

A similar result has been found in Massachusetts. Massachusetts, through both its QAP and a robust incentive program has seen a sharp rise in the number of multi-family buildings meeting the Phius standard (43 are in various stages of development through 2021). The Massachusetts Clean Energy Center funded a challenge to better understand the cost and energy savings of Phius projects. The agency provided incentives aimed at building 8 low-income multi-family projects to the Phius standard. It collected cost data in order to determine the incremental cost of building to the Phius standard as compared to the energy code. The agency found that the incremental costs for projects ranged between 1% and 4%. Following is a chart showing the individual incremental costs.<sup>10</sup>

**Table 1: INCREMENTAL COST DIFFERENTIAL OF PASSIVE LOW-INCOME HOUSING (MASSACHUSETTS)**

| Project                      | Number of Units | Incremental Cost |
|------------------------------|-----------------|------------------|
| Old Colony; Phase 3C         | 55              | 2.8%             |
| North Commons                | 53              | 4.3%             |
| Depot Village/Hanson Village | 48              | 4.1%             |
| Finch Cambridge              | 98              | 1.4%             |
| Harbor Village               | 30              | 1.8%             |
| Mattapan Station             | 135             | 2.0%             |
| Bartlett Station/Kinzie      | 52              | 1.0%             |

Cost parity between Phius and conventional construction, as seen above, comes from a number of factors. The construction industry adapts to the increased demand for Phius buildings. As demand has risen in Massachusetts, the number of professionals with knowledge and experience in Phius construction has risen as well. Currently, there are almost 200 Certified Passive House Consultants in the state. By comparison, there are 23 in Minnesota. More construction professionals with knowledge of how to build to the Phius standard coupled with increasing experience and familiarity have worked to bring the costs down. The same dynamic will occur in Minnesota.

<sup>10</sup> <https://www.masscec.com/emerging-initiatives/passive-house>

Craig Beverly: *At the Finish Line: How Two Affordable Passive projects Crossed the Hardest Hurdles (Slide 3); Building Energy Boston Conference, February 28, 2022.*

## APPENDIX F

### Many U.S. states already include Phius in their QAP.

Over the last several years, multiple state housing agencies (including Minnesota Housing) have recognized the value of constructing buildings to the Phius standard and have included the Phius standard into their QAPs. See Table 2.

**Table 2: STATES THAT INCLUDE PASSIVE HOUSE STANDARDS INTO QAPs.**

| State         | Agency  | QAP Link  |
|---------------|---|---|
| Arizona       | Arizona Dept. of Housing  | <a href="https://housing.az.gov/sites/default/files/documents/files/QAP%202022-2023%20-%20Final%2011.5.21.pdf">https://housing.az.gov/sites/default/files/documents/files/QAP%202022-2023%20-%20Final%2011.5.21.pdf</a>   |
| California    | California State Treasurer  | <a href="https://www.treasurer.ca.gov/ctcac/programreg/2020/20201221/regulations.pdf">https://www.treasurer.ca.gov/ctcac/programreg/2020/20201221/regulations.pdf</a>   |
| Connecticut   | Connecticut Housing Finance Authority   | <a href="https://www.chfa.org/assets/1/6/FINAL_2022-23_QAP_(July_2021).pdf?10215">https://www.chfa.org/assets/1/6/FINAL_2022-23_QAP_(July_2021).pdf?10215</a>   |
| Delaware      | Delaware State Housing Authority  | <a href="http://www.destatehousing.com/Developers/lihtc/2021/2021_qap.pdf">http://www.destatehousing.com/Developers/lihtc/2021/2021_qap.pdf</a>   |
| Idaho         | Idaho Housing and Finance Association   | <a href="https://www.idahohousing.com/documents/2021-final-qap-governor-approval-3-26-2021.pdf">https://www.idahohousing.com/documents/2021-final-qap-governor-approval-3-26-2021.pdf</a>   |
| Illinois      | Illinois Housing Development Authority  | <a href="https://df7qosnywqs6g.cloudfront.net/wp-content/uploads/2021/09/QAP_2022-2023_Website.pdf">https://df7qosnywqs6g.cloudfront.net/wp-content/uploads/2021/09/QAP_2022-2023_Website.pdf</a>   |
| Indiana       | Indiana Housing and Community Development Authority                           | <a href="https://www.in.gov/ihcda/files/DRAFT-2022-2023-QAP.pdf">https://www.in.gov/ihcda/files/DRAFT-2022-2023-QAP.pdf</a>   |
| Maine         | Maine State Housing Authority   | <a href="https://www.mainehousing.org/docs/default-source/qap/2021-2022-qap.pdf?sfvrsn=2fc58c15_2">https://www.mainehousing.org/docs/default-source/qap/2021-2022-qap.pdf?sfvrsn=2fc58c15_2</a>   |
| Massachusetts | Commonwealth of Massachusetts Department of Housing and Community Development | <a href="https://www.mass.gov/doc/2022-2023-qap-low-income-housing-tax-credit-qualified-allocation-plan-qap/download">https://www.mass.gov/doc/2022-2023-qap-low-income-housing-tax-credit-qualified-allocation-plan-qap/download</a>   |
| Michigan      | Michigan State Housing Development Authority                                  | <a href="https://www.michigan.gov/mshda/-/media/Project/Websites/mshda/developers/lihtc/assets/liqap/mshda_li_qap_2022_2023_qap_final.pdf?rev=db31cac47b7d458ca72bf1783912f5d9&amp;hash=9BD84DFDED17EA8BE7F844791036B737">https://www.michigan.gov/mshda/-/media/Project/Websites/mshda/developers/lihtc/assets/liqap/mshda_li_qap_2022_2023_qap_final.pdf?rev=db31cac47b7d458ca72bf1783912f5d9&amp;hash=9BD84DFDED17EA8BE7F844791036B737</a> |

|               |  |   |
|---------------|--|---|
| Minnesota     | Minnesota Housing Finance Agency               | <a href="https://www.mnhousing.gov/sites/Satellite?c=Page&amp;cid=1520240627626&amp;d=Touch&amp;pagename=External%2FPage%2FEXTStandardLayout">https://www.mnhousing.gov/sites/Satellite?c=Page&amp;cid=1520240627626&amp;d=Touch&amp;pagename=External%2FPage%2FEXTStandardLayout</a> |
| New Hampshire | New Hampshire Housing                          | <a href="https://www.nhhfa.org/wp-content/uploads/2020/03/2021-2022-Qualified-Allocation-Plan_FINAL.pdf">https://www.nhhfa.org/wp-content/uploads/2020/03/2021-2022-Qualified-Allocation-Plan_FINAL.pdf</a>   |
| New Jersey    | New Jersey Housing and Mortgage Finance Agency | <a href="https://nj.gov/dca/hmfa/dca/hmfa/developers/docs/lihtc/qap/tc_qap_proposed_2019_2020.pdf">https://nj.gov/dca/hmfa/dca/hmfa/developers/docs/lihtc/qap/tc_qap_proposed_2019_2020.pdf</a>   |
| Pennsylvania  | Pennsylvania Housing Finance Agency            | <a href="https://www.phfa.org/forms/multifamily_program_notices/qap/2021/2021-lihtc-allocation-plan.pdf">https://www.phfa.org/forms/multifamily_program_notices/qap/2021/2021-lihtc-allocation-plan.pdf</a>   |
| Rhode Island  | Rhode Island Housing                           | <a href="https://www.rihousing.com/wp-content/uploads/2022-Final-QAP-ATT-B.pdf">https://www.rihousing.com/wp-content/uploads/2022-Final-QAP-ATT-B.pdf</a>   |
| Vermont       | Vermont Housing Finance Agency                 | <a href="https://www.vhfa.org/documents/developers/2022_qualified_allocation_plan_february_1_2021_signed.pdf">https://www.vhfa.org/documents/developers/2022_qualified_allocation_plan_february_1_2021_signed.pdf</a>   |
| Virginia      | Virginia Housing                               | <a href="https://www.novoco.com/sites/default/files/atoms/files/virginia-lihtc-qap-proposed-changes-2022-062021.pdf">https://www.novoco.com/sites/default/files/atoms/files/virginia-lihtc-qap-proposed-changes-2022-062021.pdf</a>   |

## **APPENDIX G**

### **Introduction to Passive House Minnesota, a chapter of the Passive House Network**

We are a group of Minnesota-based Passive House professionals and practitioners who aim to educate about and promote the Passive House building energy standard. We are located in Minneapolis, Minnesota, USA.

#### **The Passive House Network Mission**

The transformation of the built environment, using the tools developed by the Passive House Institute, is a critical effort to combat global warming. We provide training, conferences, and other events to both engage and educate design and building professionals, policymakers, and the general public. We support the success and vitality of the Passive House community.

#### **The Passive House Network Vision**

A sustainable, post-carbon, all-renewable energy future – supported by buildings that are efficient, comfortable, affordable, resilient, and healthy.

## APPENDIX H

### Passive House Developer’s Guide to Cold-Climates (New York and Canada)

#### New York Passive House: “A Developer’s Guide to Certified Multifamily Passive House Buildings.”

An outline of certification protocols for the international Passive House Standard.

Passive House is a predictable way to deliver affordable high-performance buildings. When you develop a Passive House multifamily apartment building the residents will get many direct benefits:

- A healthy home, with great indoor air quality.
- A quiet home, with acoustic separation from the street and neighbors.
- A comfortable home, with unprecedented thermal balance.
- A well functioning home, with simplicity of operation.
- An affordable home, with significantly reduced energy bills.
- A safe home, with the ability to shelter-in-place in a power outage in the dead of winter or a summer heat wave.

Passive House gives residents a better life. Passive House also provides our planet with dramatically reduced carbon emissions.

[https://naphnetwork.org/wp-content/uploads/2021/02/NYPH\\_A-Developers\\_Guide\\_Final\\_01\\_2016-1.pdf](https://naphnetwork.org/wp-content/uploads/2021/02/NYPH_A-Developers_Guide_Final_01_2016-1.pdf)

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#### Passive House Canada: “A Developer’s Guide to Passive House Buildings”

This guide outlines the process and resources that will enable you to become a successful Passive House developer.

<https://www.passivehousecanada.com/downloads/PHC-developers-guide.pdf>

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#### International Passive House Association: “Active for more comfort: Passive House Information for property developers, contractors and clients”

The Passive House Standard continues to go from strength to strength, with more components, professionals and buildings becoming certified, the standard is now more accessible and economical than ever before. The standard, which was developed over 30 years ago, has spread to over 40 countries. The scientific principles the standard is based on have been proven time and time again.

Passive House has been adapted to different climates, price points, materials and building

types, with certified Passive House high-rises, swimming pools and fire stations continuing to innovate and push the definition of what a Passive House building can be. Across the spectrum, certified Passive House buildings have one thing in common – an exceptionally high level of energy efficiency and comfort, meeting the five principles of Passive House: airtightness, thermal insulation, a thermal bridge free design, ventilation with heat recovery and Passive House windows.

With Passive House buildings now being built across Europe, the Americas, Asia and the South Pacific, it is a truly global solution for energy efficient and sustainable buildings. The reason for this success is simple: the Passive House standard is clearly defined and it works for all building types in all climate zones. The information needed for its implementation is public and available to everyone. At the same time, it provides a solution for the sustainable use of natural resources. Thorough scientific investigation has been carried out in hundreds of existing Passive House buildings, proving that Passive House buildings allow for heating and cooling related energy savings of up to 90% compared with typical building stock and over 75% compared with average new builds – regardless of the regional climate. This includes the first Passive House, built in Kranichstein, Germany, which after 30 years continues to maintain its exceptionally high levels of performance. Thus, the Passive House has proven to be an efficient and reliable building standard.

Passive House offers a realistic, cost-effective solution for an economical building that provides a high level of living comfort while using very little energy for heating and cooling. In times of rapidly increasing energy prices and global warming, it is the Nearly Zero Energy Building (NZEB), low carbon, Net Zero Energy Building standard with decades of science-backed evidence and satisfied residents.

This third English edition of the brochure “Active for more comfort: The Passive House” provides an overview of the basic functions and features of a Passive House and explains the principles to be observed during design and implementation. It also includes new sections on Primary renewable energy (PER).

[https://passivehouse-international.org/upload/Passive\\_House\\_Active\\_for\\_more\\_comfort\\_brochure.pdf](https://passivehouse-international.org/upload/Passive_House_Active_for_more_comfort_brochure.pdf)

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### **The Passive House Network: “Owners Manual June 2020”**

In 2020, as NAPHN planned the conference [Owner’s & Developers Roundtable sessions](#), an Owner’s Manual was designed as an added supplement to support the pioneering efforts by Passive House developers already blooming across North America. A set of articles was commissioned to provide insight into why developers are already building to the Passive House standard and how they’re doing it, along with tips and tools they’re using to monitor and measure their success.

[https://naphnetwork.org/wp-content/uploads/2020/11/NAPHN\\_PH2020\\_OwnersManual\\_interactive.pdf](https://naphnetwork.org/wp-content/uploads/2020/11/NAPHN_PH2020_OwnersManual_interactive.pdf)

## APPENDIX I

### United Nations and Sustainable Development Goals

In 2015, the UN set 17 new Sustainable Development Goals (SDGs) to be reached by 2030. Envisioned as a “blueprint to achieve a better and a more sustainable future for all” [UN 2020] they cover a wide array of fields and topics. The international Passive House Standard plays a direct role in achieving many of these global aims for the built environment. Passive House aligns and contributes to 10 SDGs including “health and wellbeing”, “economy and job creation”, “social housing and energy poverty”, “resilient and innovative buildings”, “sustainable consumption and production”, as well as “climate change protection and accountability”.

[https://passipedia.org/basics/passive\\_house\\_and\\_the\\_sustainable\\_development\\_goals?s\[\]=united&s\[\]=nations](https://passipedia.org/basics/passive_house_and_the_sustainable_development_goals?s[]=united&s[]=nations)

The United Nations list the Passive House standard and path to reduce emissions.

<https://phnw.memberclicks.net/un-lists-passive-house-standard-and-path-to-reduced-emissions>

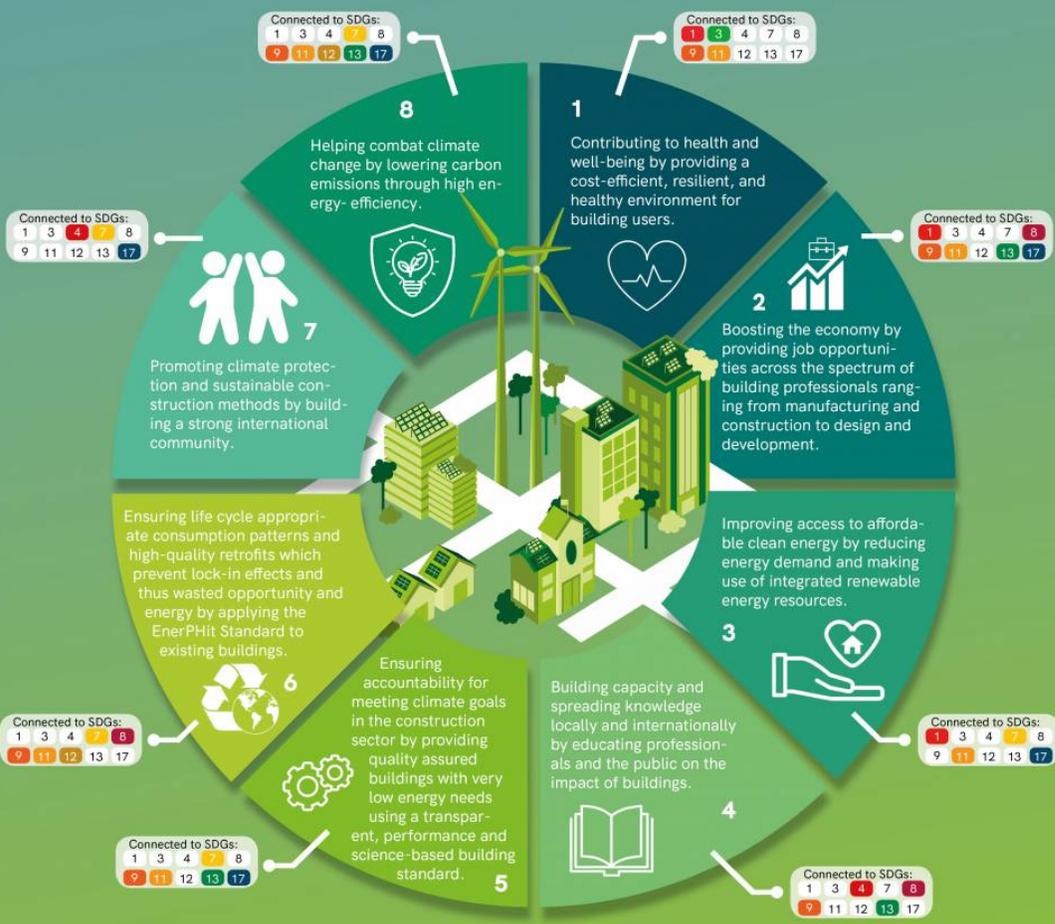
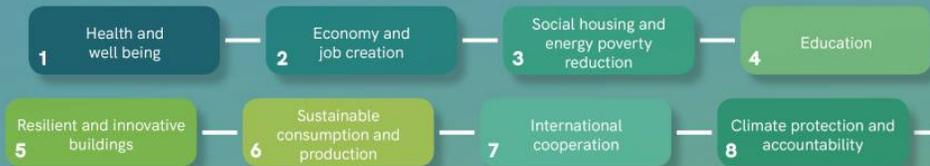
**SUSTAINABLE DEVELOPMENT GOALS**



# Passive House and the Sustainable Development Goals

## Connecting an international building standard with global aims

Eight umbrella categories under which the Passive House Standard contributes to the Sustainable Development Goals (SDGs):



Source: "Passive House and the Sustainable Development Goals (SDGs)", iPHA 2021. Article available on Passipedia.org



## APPENDIX J

### Passive House Institute: “Criteria for the Passive House, EnerPHit and PHI Low Energy Building Standards Version 10b with IP (inch-pound) units June 2022”

[https://passiv.de/downloads/03\\_building\\_criteria\\_ip\\_en.pdf](https://passiv.de/downloads/03_building_criteria_ip_en.pdf)

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### Passive House Institute: “Building Certification Guide”

This Guide is intended to supplement to the "Criteria for the Passive House, EnerPHit and PHI Low Energy Building Standards" ("Criteria") published by the Passive House Institute and posted online. It explains the Criteria's requirements given here in a brief and precise manner.

[https://passiv.de/downloads/03\\_building\\_certification\\_guide.pdf](https://passiv.de/downloads/03_building_certification_guide.pdf)

**– END OF DOCUMENT –**



June 29, 2022

Minnesota Housing  
Attn.: Tamara Wilson  
400 Wabasha Street N, Suite 400  
St Paul MN 55102

[htc.mhfa@state.mn.us](mailto:htc.mhfa@state.mn.us)

Dear Ms. Wilson,

Thank you for the opportunity to submit public comments on the proposed 2024-2025 Qualified Allocation Plan. Scott County CDA has not yet applied for Low-income Housing Tax Credits (LIHTC) directly, rather has been working in partnership to encourage developers to utilize this resource to build developments across our County. Scott County has been successful in recent years with nearly 350 units receiving tax credits through MN Housing, which has been beneficial to our communities supporting our residents and employers. Thank you for your efforts to support these units in our communities.

Scott County was the fastest growing county in Minnesota during the 2000s. From 2010 to 2020, Scott County's rank among the core seven Metro Area counties was second, just behind Carver County and remained so in 2020.

We appreciate being able to comment on the 2024-2025 Qualified Allocation Plan especially as Scott County is one of two counties in the seven-county Metropolitan Area that is not an entitlement county or have any entitlement cities within our county. As a result, MN Housing's LIHTC program is critical to being able to build additional units in our County, as we do not receive any direct allocation of Federal funding for housing development through such programs as LIHTC, community development block grant (CDBG) and HOME.

I would offer the following comments on the proposed 2024-2025 Qualified Allocation Plan (QAP):

- 1) Increasing Geographic Choice
  - **Access to Transit** – though Scott County is located in the Metropolitan Area, its communities are more reflective of the definition for small urban areas, which is defined as places with populations fewer than 50,000. All of the communities in Scott County currently have populations fewer than 50,000. Utilizing this definition for suburban counties and the associated access to transit criteria could make developments more competitive and would be more reflective of the availability of transit access in our county. (pages 26-29)

2) Supporting Community and Economic Development

- **Community Development Initiative** - In the spring of 2016, Scott County Association for Leadership and Efficiency (SCALE) launched the Live-Learn-Earn initiative, which is a multi-sector partnership focused on improving the livability and economic vitality of Scott County. It brings together businesses, non-profits, government, and community members to develop strategies and action plans in the areas of Transportation, Housing, Workforce Development, and Education Preparedness. A key goal of SCALE is to ensure that Scott County residents have access to affordable housing and would help us achieve this goal. Creating affordable housing where no more than 30% of incomes are being spent on housing is a key objective of the Live-Learn-Earn initiative and we appreciate MN Housing recognizing this initiative in the competitive tax credit process. (pages 30-31)

**Multifamily Award History** –Scott County has not received a tax credit award since 2019 though various developers have submitted multiple applications. Half of our county scores between 10-15 points while the other half scores between 16-20 points for Geographic Point Potential. This criteria doesn't improve the competitiveness of our communities that score between 10-15 points and makes our communities that score between 16-20 points less competitive against the rest of the Metro area. (page 36)

Thank you for the opportunity to submit public comments on the proposed 2024-2025 Qualified Allocation Plan and for the financial assistance provided that assists in the creation of additional affordable housing in our communities.

Respectfully,



Julie R. Siegert  
Executive Director  
[jsiegert@scottcda.org](mailto:jsiegert@scottcda.org)

**Wilson, Tamara (MHFA)**

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**From:** Leah Hall <lhall@threeriverscap.org>  
**Sent:** Tuesday, June 21, 2022 1:07 PM  
**To:** #MHFA\_HTC  
**Subject:** QAP Change Comments

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Good afternoon MHFA HTC team!

Thank you for the opportunity to participate in the QAP listening sessions and for your time on comment review. We really appreciate your work!

Here are some comments I would like to submit on behalf of Three Rivers:

- We fully support the Rural Development/Small Project Set-aside changes. We hope that this pool will continue to increase over time to serve both USDA RD acquisition/rehab needs and new construction.
- We fully support the Rural/Tribal methodology changes so that smaller rural areas and more urbanized areas are balanced
- Streamlining HPH/PWD application materials for housing that integrates both supportive housing units and non-supportive housing units makes sense. Encourage developers to still work with the CoC early on to determine what type of housing is needed, collaborate for possible service funding, etc.
- PWD/HPH units – consider other rental assistance alternatives for these units. In rural areas LTH Housing Support and Regular Housing Support is often the only ‘project based’ rental option, which does not work well for all households. Consider allowing developers of supportive housing units to partner with organizations that have tenant-based vouchers that can work in partnership with the developer to bring rental assistance options to tenants. Example: HTF, portable Section 8 for HRAs that have homelessness as a priority & Bridges vouchers, HUD Rental Assistance that is tenant based and more.
- Geographic Scoring – With the proposed changes, provide flexibility with scoring tracts in rural areas. For example, if one project site in a rural town scores 18 points and another area of the community just a half-mile away scores 24 points, there should be a process for requesting a review of the MHFA geographic scoring numbers for the town to determine if it makes more sense that an entire rural town has the same score. In rural areas that do not have fixed bus routes/trains/etc, access to services and transportation does not vary dramatically across many rural towns.
- Clarification of Equitable Development is needed. There should be some flexibility to include voices of persons who want to have input in the project, but do not want to be part of a group that is identified as a ‘Qualified Stakeholder Group’. Persons with disabilities, persons that have experienced trauma and persons that have experienced homelessness may not want to be categorized as a ‘person with lived experience’ in a public or group-style setting. Allow developers to be creative in collecting input and engage persons in the project planning process, if the population they are working with is not willing/able to participate in a group.

Thank you!

Leah

**Leah Hall, CCAP**

Community Development Director

[lhall@threeriverscap.org](mailto:lhall@threeriverscap.org)



310 W. 19th Terrace  
Kansas City, MO 64108

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June 29, 2022

Commissioner Jennifer Ho  
Minnesota Housing Finance Agency  
400 Wabasha Street North  
St. Paul, MN 55101-1998

Commissioner Ho:

We appreciate the opportunity to comment on MHFA's draft 2024-2025 Qualified Allocation Plan and associated application documents. Over the past 27 years, Travois has had the privilege of working with five Minnesota Tribes and Tribally Designed Housing Entities on 31 Low Income Housing Tax Credit Projects. On behalf of Travois, please accept the following comments on the proposed 2024-2025 changes.

#### **General Comments on Structure and Scoring**

Travois actively works in 17 states on LIHTC developments including 9 states where we assisted with LIHTC applications in the past year. We commend Minnesota Housing's online portal as one of the strongest we have seen. The usability, clear design, and help text are tremendously applicant-friendly.

Where we see opportunity for improvement is the complexity of Minnesota Housing's scoring categories themselves. We understand Minnesota Housing's need to ensure that the awarded projects align with the state's priorities but the scoring categories in Minnesota are particularly complicated – even with the changes suggested this year. It would greatly benefit applicants, property managers, service providers, equity investors, *and* Minnesota Housing if everything was trimmed and streamlined. Each year, Minnesota Housing's categories have new tracks, exceptions, footnotes, and qualifiers. Can we step back and examine if it is all necessary? Every state is susceptible to a little "QAP creep" but 30-40 pages of just scoring category explanations (not including methodology explanations) is significant. For comparison, Arizona's QAP was recently revamped to 49 pages total. Applicants in Minnesota are expected to intimately understand over 400 pages among the QAP, worksheets, methodologies, guides, instructions, overlays, and manuals. Of course, short is not always better and we understand there are nuances that must be considered. It would certainly be beneficial, though, if a balance could be found to lower the barrier to entry for developers and ease the development and operations of affordable housing in Minnesota.

#### **Permanent Supportive Housing**

We support shifting documentation required for Partially Supportive Housing projects to post-award. However, we have one clarification question. The 2024-2025 Self-Scoring Worksheet Section C1 states "Minnesota Housing, at its sole discretion, will determine if there is a market need for HPH units...If Minnesota Housing determines that there is not a need for additional HPH units within the local market, the applicant agrees that *Minnesota Housing may remove the*

*proposed HPH units from the project or convert the proposed units to units with rent restricted 30% MTSP and/or maintain a priority to serve homeless households” (emphasis added).*

If Minnesota Housing were to determine that there is not a need for additional HPH units within the local market, would either of the above italicized scenarios allow the applicant to maintain the requested HPH points? At what stage of the project’s development is this decision determined? Additional explanation of this scenario would be appreciated.

### **Rental Assistance, Furthering Rental Assistance, Serves Lowest Income Tenants/Rent Reduction**

We would love to see Minnesota Housing simplify these categories. We suggest Minnesota Housing have one tiered category for Rental Assistance and one tiered category for Income commitments. The Rental Assistance category could simply be a percentage of units covered by Rental Assistance (X percentage for X points, etc.). The Income commitments could simply be a project average income (X points for 55% average, X points for 50% average, etc). We recommend removing any Rent Restriction points and require developments to match the Rent Commitments to the Income Commitments (i.e. any 50% MTSP income unit = 50% MTSP rent unit). With the removal of the Rent Restriction-specific points, Minnesota Housing could also remove the restriction that units cannot have both Rental Assistance and a 50% Rent Restriction.

### **Increasing Geographic Choice, Need for More Affordable Housing Options**

We ask Minnesota Housing to adjust the Tier 1 language to include both Tribal Reservations and Tribal Communities. Tribal members in Minnesota live both on and off Tribal Reservations, and many live outside of the reservation boundaries for employment and familial connections. Tribal leaders have a responsibility to serve their members both on and off the reservation, and many outline those responsibilities for certain off-reservation, Tribal Communities as part of an Indian Housing Plan or Tribal Economy Plans. It is our recommendation that MHFA accept a self-certification from the Tribe that the project is on the Tribal Reservation or in a Tribal Community. If the leader of a sovereign, tribal nation certifies that a proposed project meets this definition, MHFA should accept this as sufficient evidence.

### **Equitable Development**

Section 4B Equitable Development of the proposed 2024-2025 Self-Scoring Worksheet states that *“A Qualified Stakeholder Group must be an independent body separate and apart from the proposed project owner, sponsor, developer, development team, service provider and management agent of record for the project.”*

This category does not make sense for tribal housing entities developing LIHTC projects on tribal land. For most tribal LIHTC projects in Minnesota, they are filling the units off an extensive waiting list. The projects are not speculative; the tribal housing entity knows exactly who is going to live in the units. The housing entity staff examines the waiting list to see the types of households, the desired location, the size of the requested units, and necessary services. Further, the tribal housing entity (primarily staffed by Indigenous people) is governed by a Housing Board (all Indigenous people) appointed by elected Tribal Council members (all Indigenous people). The Housing Entity staff determine design, location, and supportive services based on the directives of the Tribal Council and the Housing Board.

Travis recommends that this requirement automatically be met by Tribally sponsored projects.

### **Rural/Tribal**

Travois supports the idea of a tiered system for the Rural/Tribal points by population. However, we do not believe the 2-point differential will be enough to make up for the disadvantages truly rural projects face in the other data-centered categories. The Workforce Housing points (3 - 6 points) are only available to communities that have 2,000+ jobs or a net increase of 100+ permanent employees from one employer over 5 years. The Rural Access to Transit points (4 - 7 points) are unlikely to be achieved by a community of less than 5,000 people. Walkscore points (1-2 points) are a perennial challenge for any truly rural project. These three data-centered categories total 8 to 15 points which leaves tribal projects with a significant scoring deficit compared to non-rural/tribal projects that have greater opportunities to score higher.

We recommend a new top tier for this category for projects in Rural/Tribal communities of less than 3,000 people for 15 points.

### **Qualified Census Tracts/Community Revitalization, Tribal Equivalent Areas, and Opportunity Zones**

We do not support the removal of the Leech Lake Reservation from the Tribal Equivalent Areas. Leech Lake Housing maintains an extensive waiting list of low-income tribal members. This category, along with other scoring categories like Workforce Housing rely almost entirely on Census data. We understand the value of focusing on Census data to help determine the areas of greatest need in the state. However, Minnesota Housing's reliance on Census data does not tell a complete picture of many Indigenous communities. Indigenous people are the most undercounted population on the U.S. Census and this trend will likely be worse from the 2020 Census<sup>1</sup>. Due to traumas caused by the Federal Government, many Indigenous people distrust the Federal Government and Census data collectors<sup>2</sup>. Geographic isolation can further contribute to Indigenous people being undercounted.

Further, other Geographic-focused points like Workforce Housing, Access to Transit, and Walkscore encourage developers to create projects in communities that score high in these categories. Unlike non-tribal developers, though, tribal LIHTC developers are not going pick and choose where to develop in the state to seek more points in the competitive process. Tribes are always going to develop housing within their Tribal Reservations or Tribal Communities (on or off reservation communities where their tribal members live and work) – no matter the points.

### **BIPOCBE/WBE**

We support the edits to the Ownership/Sponsorship and Development Team category as long as it clear that it is acceptable for the property owner and management agent to have an identity of interest and achieve full points. Tribally sponsored projects are unique in that the tribally designated housing entities or tribal corporate entities are the sponsor, developer, management agent, often the service provider, lender, lessor, and guarantor. Tribal entities often strive to maintain as much control of their projects on their land as possible. It is intrinsic to a tribe's sovereignty.

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<sup>1</sup><https://www.census.gov/newsroom/press-releases/2022/2020-census-estimates-of-undercount-and-overcount.html>

<sup>2</sup> <https://www.mprnews.org/story/2019/12/16/native-american-leaders-work-to-overcome-community-mistrust-of-census>

For these same reasons, the Partnership points don't make sense for tribal projects. Tribal developers are Indigenous people owning, operating, and managing these projects *entirely*. It is not an exaggeration that practically every decision is made by an Indigenous person. Tribal developers have built their own capacity from the ground up and continue to find ways to support their communities through job training programs, contributions to the Tribal Employment Rights Office (TERO) of each Tribe, and professional partnerships between tribal departments and tribal organizations. It is our opinion that this category only makes sense for LIHTC projects controlled by non-BIPOCBE/WBE people.

### **Workforce Housing Communities**

We propose that Minnesota Housing create a new, top tier category within the Workforce Housing Communities category for LIHTC projects sponsored and funded by a large, local employer (over 500 employees). For most tribal LIHTC projects, the Tribe, TDHE, or tribal corporate entity is a major employer in the area investing in creation of affordable housing for their workforce. They are funding the soft, deferred loan to the project, funding all project infrastructure via an equity contribution (Other Contributions), funding ongoing Rental Assistance, and guaranteeing operations via Housing Assistance Payment Agreement. We believe this wraparound support by a major employer is a premier example of workforce housing in Minnesota.

The Long Commute Communities points are still only intended for projects located in communities with 2,000 jobs or more in 2018. This cut off is arbitrary and unnecessary. If a community has a large proportion of people commuting long distances into the town for work, there is a strong demand for workforce housing. We recommend that MHFA award these points for any community where more than 15% of the workforce travels 30+ miles into the community for work (as evidenced by LED on the Map).

Thank you for the opportunity to provide comments on the 2024-2025 draft QAP documents. If you have any questions regarding the suggestions above, please do not hesitate to contact me directly.

Sincerely,



Alexandria Murnan  
Director of Affordable Housing



June 28, 2022

VIA EMAIL SUBMISSION

Minnesota Housing  
Attention: Tamara Wilson  
400 Wabasha Street North, Suite 400  
St. Paul, MN 55102  
[htc.mhfa@state.mn.us](mailto:htc.mhfa@state.mn.us)

**RE: Proposed 2024-2025 Housing Tax Credit Program Qualified Allocation Plan**

Dear Sir or Madam:

Violence Free Minnesota (VFMN) is submitting this letter to request that modifications be made to the 2024-2025 Housing Tax Credit Program (HTC Program) Qualified Action Plan (QAP) to ensure that the HTC program properly addresses the needs and rights of survivors of domestic violence. We appreciate the opportunity to submit this input and work with the Minnesota Housing Finance Agency (MHFA) to reduce the housing barriers that survivors in our community face.

VFMN is a statewide coalition of over 90-member programs working to end relationship abuse. Our mission is to represent victim/survivors of relationship abuse and member programs; challenge systems and institutions; and support, educate, and connect member programs. VFMN member organizations provide direct services and advocacy to tens of thousands of individuals experiencing domestic violence every year, including extensive housing-related services. Over twenty of VFMN's member programs are direct emergency shelter providers. Non-shelter programs also provide housing related assistance to survivors through various means such as housing provision, housing navigation services, and/or housing referral services where appropriate.

The lack of affordable housing is a consistent barrier for survivors who are trying to leave an abusive situation and secure safety and stability for themselves and their families. The inability to access housing often forces survivors to make the unacceptable choice between remaining in a violent household or being plunged into homelessness. This connection between domestic violence and homelessness is seen throughout Minnesota. In 2018, the Minnesota Interagency Council on Homelessness identified domestic violence as being one of the top five key reasons why Minnesotans experience homelessness.<sup>1</sup>

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<sup>1</sup> See Heading Home Together: Minnesota's 2018-2020 Action Plan to Prevent and End Homelessness (2018), [https://mn.gov/dhs/assets/minnesota-action-plan-18-20\\_tcm1053-328234.pdf](https://mn.gov/dhs/assets/minnesota-action-plan-18-20_tcm1053-328234.pdf), citing Wilder Research Center,

Recent studies further illustrate the extent of this crisis in our State. On the night of January 1, 2020, Minnesota conducted the annual Point in Time Count (PIT Count), surveying people throughout Minnesota who were facing sheltered or unsheltered homelessness. Survey respondents were asked if they were currently fleeing domestic violence; more than 1 in 10 responded yes. On the same evening, VFMN conducted a supplemental survey effort- The Safe Housing Survey- with the help of its member programs. VFMN found that approximately an additional 1,515 people in Minnesota were likely fleeing or attempting to flee a violent situation and did not have access to shelter or another housing option.<sup>2</sup> Of those approximate 1,515 people, an estimated 780 (over 50%) reported staying with an abusive partner, 675 stayed with friends or family (“doubled up”), and 61 stayed in a vehicle.

The HTC Program is an important and growing generator of affordable housing in Minnesota. But in its current form, the program fails to provide inclusive access or sufficient protections for survivors. VFMN has provided input to the Agency on several occasions regarding these issues, including comments submitted in December 2021 pertaining to the drafting of the 2024-2025 QAP. VFMN appreciated, and continues to appreciate, the Agency’s openness to receiving those comments and participation in conversations regarding housing access for survivors. However, we were disappointed to see that the proposed 2024-2025 QAP language that was released earlier this month did not include amended language to address the program’s shortfalls relating to the needs and rights of survivors. VFMN submits these comments with the hope that MHFA will update the 2024-2025 QAP and related documents to further address the needs of survivors.

## **I. Encouraging & Prioritizing Housing Development for Survivors**

To effectively incentive, and in turn actualize, the creation of affordable housing for survivors, MHFA should include survivors of domestic violence, dating violence, sexual assault, stalking, and human trafficking in key scoring and prioritization provisions of the QAP and related documents. As highlighted above, survivors- who are disproportionately women and children experiencing general based violence-face homelessness at higher rates due to abuse. Yet, developers and housing system stakeholders, are often unaware of or lack a full understanding of the intersection between housing, domestic violence, and the resulting equity disparities and are not focused on developing housing that addresses the needs of survivors. To help combat those issues, affirmative steps must be taken to encourage the increased inclusion of survivors in affordable housing development. Below are suggested changes to the 2024-2025 QAP that could start addressing this goal:

### **A. Including Survivors in the QAP Selection Criteria:**

To help ensure that there is sufficient inclusion of survivors in the HTC Program, survivors should be listed as an enumerated group in the QAP selection criteria. The current structure of the selection criteria creates gaps that results in lost opportunities for housing development that would address survivor needs, thereby further perpetuating housing disparities. These gaps in the QAP are, in part, due to pre-existing

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Homelessness in Minnesota: Findings from the 2015 Homelessness Study (2016), <http://mnhomeless.org/minnesota-homeless-study/reports-and-fact-sheets/2015/2015-homelessness-in-minnesota-11-16.pdf>.

<sup>2</sup> The Safe Housing Survey is conducted separately from the PIT Count. The Safe Housing Survey is an effort to complement PIT Count data by reaching survivors who are homeless, but are not experiencing the types of homelessness that fall within the parameters of the PIT Count (i.e. doubled up, Category 4). Efforts were taken in the collection and calculation of the Safe Housing Survey data to avoid duplication with the PIT Count wherever possible.

issues in mainstream housing systems which are interwoven with the selection criteria in the QAP, and therefore impact the HTC Program. This problem could be reversed by directly listing survivors in the selection criteria.

Issues with the incorporation of survivors into mainstream housing systems are unfortunately quite real in Minnesota, and as noted above have a reverberating effect on the HTC Program as it is currently structured. Mainstream housing systems often define homelessness in a fashion that does not consider the varied and unique ways that homelessness can present in a survivor's life, use assessment standards that do not properly identify a survivor's housing needs, and/or lack trauma-informed and survivor-centered housing options and outreach. These system deficiencies, among others, create a situation where survivors and their families are not properly identified or assessed by my mainstream housing systems.

One example of this issue, which trickles down to the HTC program, is the way that the coordinated entry system (CES) handles assessing permanent supportive housing needs. Within CES, survivors who have a critical need for long-term housing with supportive services many times are not properly prioritized for permanent supportive housing because they do not fall within the chronic homelessness definition; a definition that fails to properly recognize the unique dynamics of homelessness for many survivors who are "feeling or attempting to flee domestic abuse." This issue in the CES system influences the HTC Program. Since the HTC definition of High Priority Homelessness (HPH) is tied to a CES' permanent supportive housing designation, many survivors may be improperly excluded from the Permanent Supportive Housing for HPH selection criteria category. Although the HPH category is only one category in the QAP selection criteria, it has been cited as a category that would naturally include survivors for purposes of the HTC Program and avoid the need for survivors to be separately enumerated on the QAP's selection criteria list. But as discussed here, inclusion of survivors in the HPH selection criteria category cannot be relied upon if CES does not properly identify the supportive housing needs of survivors.

Listing survivors as an enumerated population in the 2024-2025 selection criteria will help to avoid this issue and combat other gaps as well. It will properly align the QAP with the Agency's stated priority of meeting the housing needs of those who are not captured properly by CES. And more generally, increase opportunities for survivor-centered housing to be developed through the HTC program.

B. Inclusion of Survivors in the Economic Development Guidelines of the Self Scoring Worksheet (SSW):

The Equitable Development section of the proposed SSW outlines the requirements for receiving points as an Equitable Development project. The housing inequities that survivors face due to abuse are not directly addressed by this section. Steps such as those listed below could help to rectify that omission:

- *Threshold Requirements:* The proposed 2024-2025 SSW requires that, to obtain points as an Equitable Development project, a project proposal must show that it is focused on one of the populations enumerated in the SSW. Survivors are not named in that list. The addition of survivors would promote increased development specifically focused on addressing inequities that are created by abuse.

- *Stakeholder Participation:* The proposed 2024-2025 SSW states that “[t]o receive Equitable Development points, there must be evidence that the project attempts to address the needs of a Community Most Impacted (CMI) by housing disparities and that a Qualified Stakeholder Group, with meaningful participation from that community has a significant role in the project proposal...” Naming survivors as an impacted group, as noted above, would also promote the ability of survivors to further the development of survivor-centered and trauma-informed housing under this requirement. Engaging those voices would lead to increased stability and longevity in housing for survivors and decrease the chance of survivors facing further trauma and danger in their housing situation.

## II. Violence Against Women Act (VAWA) Compliance

Action is needed by MHFA to effectively implement, and increase compliance with, VAWA protections in the HTC Program. MHFA has taken several important steps to-date to address VAWA implementation. However, problematic gaps remain, which MHFA can address by updating MHFA policies and adding additional provisions to the 2024-2025 QAP and supporting documents. Taking those steps would create needed clarity, increased awareness, and further compliance relating to VAWA protections in the HTC context. MHFA not only has the power to make these additions, but such action would be a best practice as reflected in guidance such as that provided by the National Council of State Housing Agencies.<sup>3</sup> To meet proper VAWA implementation and compliance standards, MHFA should make the following revisions to the proposed 2024-2025 QAP and related documents:

### A. VAWA Compliance- QAP Scoring & Project Eligibility Requirements:

Amend Chapter 2, Section J, of the 2024-2025 QAP to include Non-Compliance with VAWA and/or Minnesota Housing VAWA-Related Policies in the list of unacceptable practices. That provision should include penalties such as those outlined in the QAP section regarding violations of Minnesota Housing’s Fair Housing Policies and Tenant Selection Plan Guidelines, including but not limited to application disqualification and substantial point penalties for future HTC development proposals.

### B. VAWA Compliance- Agency Policies & Guidance:

- Update MHFA Policies, Compliance Manual, and/or other applicable documents to clearly assert that:
  - A domestic violence-related incident does not constitute good cause for eviction of a survivor.
  - Criminal activity related to abuse cannot be grounds for denying tenancy or assistance to a survivor.
  - Owners can, and should, bifurcate a lease in situations involving abuse when the bifurcation is requested by a survivor, allowing the survivor to remain in their subsidized unit.

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<sup>3</sup> National Council of State Housing Agencies (NCSHA), *NCSHA RECOMMENDED PRACTICES IN HOUSING CREDIT ADMINISTRATION* (2017) at <https://www.ncsha.org/resource-center/housing-credit-recommended-practices/>.

- Owners are *required* to create and submit emergency transfer plans to MHFA.
- Owners must make every effort to honor in a timely fashion lease termination, lease bifurcation, and/or emergency transfer requests from survivors.
- Property management staff at HTC properties who interface with tenants must complete training regarding domestic violence and VAWA requirements.
- MHFA will assess VAWA compliance for HTC properties and for entities applying for the HTC Program. MHFA policy should specify at which juncture(s), and through what mechanisms, this assessment will be performed. Such guidance should include, but need not be limited to:
  - A framework for VAWA violation reporting and processing, such as 1) defining the mechanisms by which tenants or others can submit complaints to MHFA regarding potential VAWA violations at HTC properties, (2) a uniform procedure by which MHFA will record and respond to violation reports, and (3) a requirement that HTC property owners provide information about that violation reporting process to tenants.
  - Guidance regarding at what junctures VAWA adherence, including an evaluation of reported VAWA violations, will be reviewed by MHFA; such as on an ongoing basis, at the time of application submission, and/or during the annual certification process.

VFMN commends the steps that MHFA has taken thus far to implement VAWA regulation compliance, and we appreciate MHFA's openness to engagement and partnership. In that vein, we hope that the Agency will amend the 2024-2025 QAP, SSW, HTC Program Compliance Manual, and related documents to reflect the input provided in these comments. Doing so would make great strides towards increasing housing access and legal protections for survivors throughout Minnesota. We thank you for this opportunity to submit comments.

Sincerely,

Guadalupe Lopez  
Executive Director  
Violence Free Minnesota