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# State of Minnesota Consolidated Annual Performance and Evaluation Report

Federal Fiscal Year 2024

December 2024

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## CR-05 - Goals and Outcomes

### Progress the jurisdiction has made in carrying out its strategic plan and its action plan. 91.520(a)

**This could be an overview that includes major initiatives and highlights that were proposed and executed throughout the program year.**

As designed by the U.S. Department of Housing and Urban Development (HUD), this report primarily pertains to those programs funded through federal assistance allocated to Minnesota state agencies under Community Development Block Grants (CDBG), Emergency Solutions Grants (ESG), HOME Investment Partnership (HOME), the National Housing Trust Fund (NHTF), and Housing Opportunities for Persons with AIDS (HOPWA). The state makes this report available on behalf of the Minnesota Department of Employment and Economic Development (DEED), the Minnesota Department of Human Services (DHS), and Minnesota Housing Finance Agency (Minnesota Housing).

It is important to note that the state provides affordable housing and community development through a variety of programs, many of which are funded through agency resources or state and federal appropriations. In Federal Fiscal Year (FFY) 2024, Minnesota Housing alone reserved/committed funds to assist almost 40,000 households with rent assistance, down payment and first mortgage financing, home improvement financing, homebuyer education, the rehabilitation or construction of affordable rental housing, and other assistance (not including over 34,000 units of Section 8 housing for which Minnesota Housing administers the housing assistance contract). In addition, 5,800 households were assisted with COVID Emergency Rental Assistance – Targeted Assistance funds.

The state has identified objectives and expected outcomes for federally funded housing and community development assistance through a process of public hearings and forums held throughout the state. Housing advocates, service providers, residents, and other stakeholders are invited to participate in these events and to provide input on local needs, priorities, and problems (see the citizen participation plan and public comments attached to the *Consolidated Housing and Community Development Plan, FY 2022-2026*). The Annual Action Plan addresses how objectives are to be met each year. Under most federal programs covered in this report, the state has been close to meeting its previous annual projections.

DEED's Small Cities Development Program had some challenges in matching certain activity goals set in the 2024 annual action plan. These goals were set based on the 2024 awarded grants. DEED's final five-year plan (2022- 2026) goal is within reach based on the strategic plan to date's percentage of completed accomplishments per activity. Projects are still being completed even with the continual after effect of the pandemic and grantees' difficulties with

stalled and short construction season, shortage of lead licensed contractors and lead risk assessors, supply chain issues and the skyrocketing cost of available materials.

In addition, DEED is administrating the CDBG-CV program funded by the Community Development Block Grant (CDBG) funds to be used to prevent, prepare for, and respond to the coronavirus (COVID-19). Activities funded through the CDBG-CV program are Broadband Infrastructure Improvements, Retrofitting Buildings/Shelters, Updating Commercial HVAC systems and Public Assistance. Six (6) projects which consists of four (4) Broadband projects, one (1) Broadband and Commercial project and one (1) Retrofitting a shelter have since been completed. Remaining projects are in various stages of construction and completion.

**Comparison of the proposed versus actual outcomes for each outcome measure submitted with the consolidated plan and explain, if applicable, why progress was not made toward meeting goals and objectives. 91.520(g)**

Categories, priority levels, funding sources and amounts, outcomes/objectives, goal outcome indicators, units of measure, targets, actual outcomes/outputs, and percentage completed for each of the grantee’s program year goals.

**Table 1 - Accomplishments – Program Year & Strategic Plan to Date**

Goal	Category	Source/Amount made Available	Indicator	Unit of Measure	Expected Program Year 2024	Actual Program Year 2024	Percent Complete
Address Housing Rehabilitation Needs - DEED	Affordable Housing	CDBG: \$6,557,000	Rental units rehabilitated	Household Housing Unit	132	100	75.76%
			Homeowner housing rehabilitated	Household Housing Unit	201	288	143.28%
Increase Affordable Housing Opportunities- Minnesota Housing	Affordable Housing	HOME: \$10,373,193.49 NHTF: \$3,144,833.37	Rental units constructed	Household Housing Unit	90	30	33.00%
			Rental housing rehabilitated	Household Housing Unit	25	0	0.00%
Support Economic Development and Workforce Needs - DEED	Non-Housing Community Development	CDBG: \$2,260,400	Façade treatment/business building rehabilitation	Business	62	85	139.09%
Facilitate Housing and Service for the Homeless	Homeless	ESG: \$1,970,630	Tenant-based rental assistance/ rapid rehousing	Persons Assisted	150	117	78.00%
			Homeless person Overnight Shelter	Persons Assisted	3,750	3,807	101.52%
			Homelessness Prevention	Persons Assisted	70	86	122.85%

Goal	Category	Source/Amount made Available	Indicator	Unit of Measure	Expected Program Year 2024	Actual Program Year 2024	Percent Complete
Enhance Special-Needs Housing & Services	Non-Homeless Special Needs	HOPWA: \$455,194	Homelessness Prevention	Persons Assisted	190	187	98.42%
Improve Public Facilities and Infrastructure - DEED	Non-Housing Community Development	CDBG: \$10,394,031	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing	Persons Assisted	2,740	1,274	46.49%
			Public Facility or Infrastructure Activities for Low/Moderate Income Housing Benefit	Persons Assisted	4,686	1,929	41.17%

**Assess how the jurisdiction’s use of funds, particularly CDBG, addresses the priorities and specific objectives identified in the plan, giving special attention to the highest priority activities identified.**

Minnesota’s objectives in the distribution of housing and community development resources are to create suitable living environments; provide decent, affordable housing; and create economic opportunities within the state. In working to achieve those objectives, the state has prioritized populations with the greatest need for assistance (see SP-25 “Priority Needs” in the **2022-2026 Consolidated Plan for Housing and Community Development**).

Priorities include renters with incomes at or below 30% of area median income (AMI), homeowners with incomes of 51% to 80% of AMI, and people not experiencing homelessness with special needs. For HOME units, 46% of renter households occupying units completed in FFY 2024 had incomes below 30% of AMI. One hundred percent of the tenants in NHTF units had incomes below 30% of AMI.

In addition to general affordable housing, Minnesota Housing assists people experiencing homelessness or people with special needs at risk of becoming homeless who struggle with housing stability through several programs funded by the state legislature, including the Family Homeless Prevention and Assistance Program, Bridges rental assistance, the state Housing Trust Fund rent assistance, Homework Starts with Home, and Housing Infrastructure Bonds. These programs assisted nearly 13,000 households in 2024. The agency also deployed federal resources for emergency housing assistance through the U.S. Treasury’s COVID Emergency Rental Assistance Program and the COVID Homeowners Assistance Fund.

Minnesota Housing constructed 30 rental units compared to the expected goal of 115 between its HOME and NHTF programs. Performance with the anticipated number of housing units produced depends on how timely a project can get to closing, construction, and lease-up, and can take up to several years from selection to complete. A project’s completion date can be impacted by various factors, including increased project costs leading to funding gaps and construction delays, among others. Two projects close to project completion not completed during FY 2024 were impacted by delays in submitting required project closeout due diligence. Another project’s HOME funds were swapped out to help Minnesota Housing meet the expenditure deadline of another program.

With its federal resources, the state assists the greatest number of people through the Emergency Solutions Grant (ESG). ESG assistance includes operating and supportive service costs for emergency shelter facilities and rental assistance and housing relocation and stabilization services for homeless persons and those at imminent risk of homelessness who need to be re-housed.

With its federal resources, the state provides the greatest amount of assistance through the Community Development Block Grant (CDBG) Small Cities Development Program (SCDP). As noted in the Action Plan, CDBG focused on creating suitable living environments, economic development and public facilities and infrastructure. Priorities include renters and homeowners with incomes at or below 80% of area median income (AMI). The unit of measure for public facilities projects is based on the city's LMI being at least 51% LMI. These spending priorities have been established through the planning process, which determines where the most need is, as well as the capacity to make an impact on those in need in the State of Minnesota. The amount spent on each category is determined both by past performance and the current ability to meet housing and community development needs in Minnesota. Current economic development funds will be utilized for the SCDP program. State resources with fewer restrictions were made available to assist with the creation of jobs for low to moderate income persons. With the authority of the DEED Commissioner, CDBG funds set aside for those activities that were not used were reallocated to other CDBG activities.

Commercial rehabilitation projects have 85 accomplishments compared to the expected goal of 62. Owner occupied housing rehabilitation projects have 288 accomplishments compared to the expected goal of 201. Rental housing rehabilitation projects have 100 accomplishments compared to the expected goal of 132. Landlords expressed some reluctance to participate in the program given the rent levels and challenges related to the rental market due to the pandemic.

The unit of measurement for public facilities projects is based on person assisted for both Low and Moderate Income (LMI) and other than LMI. Public Facility projects accomplishments of 3,203 assisted persons, consisting of 1,929 LMI persons and 1,274 other than LMI persons. The owner-occupied housing rehabilitation and commercial rehabilitation projects have exceeded the goals set in the annual action plan. Overall, the public facility infrastructure projects have exceeded the 5-year Consolidated Plan goals.

The CDBG-CV projects are progressing steadily with 6 CDBG-CV projects completed. Remaining projects are in various stages of construction and completion. The unit of measurement for broadband infrastructure projects is based on person assisted for both Low and Moderate Income (LMI) and other than LMI. The broadband infrastructure projects accomplishments of 5,860 assisted persons, consisting of 3,535 LMI persons and 2,325 other than LMI persons. Commercial rehabilitation projects updating HVAC systems have been very successful.

DEED's Minnesota Investment Fund (MIF) had zero accomplishments for LMI jobs and businesses. Due to elevated funding levels from other states funded sources, federal resources have not been used, hence with the authority of DEED Commissioner, these funds have been reallocated to the Small Cities Development Program.



## CR-10 - Racial and ethnic composition of families assisted

Describe the families assisted (including the racial and ethnic status of families assisted). 91.520(a)

**Table 2 – Table of assistance to racial and ethnic populations by source of funds excluding ESG**

	CDBG	HOME	HOPWA	NHTF
White	700	18	71	0
Black or African American	5	3	100	0
Asian	8	0	4	0
American Indian or American Native	4	5	1	3
Native Hawaiian or Other Pacific Islander	7	0	0	0
More than one race	0	0	11	1
<b>Total</b>	<b>724</b>	<b>26</b>	<b>187</b>	<b>4</b>
Hispanic	19	4	30	0
Not Hispanic	743	22	157	4

Describe the clients assisted (including the racial and/or ethnicity of clients assisted with ESG).

**Table 3 – Table of assistance to racial and ethnic populations for ESG**

	ESG
American Indian, Alaska Native, or Indigenous	259
Asian or Asian American	66
Black, African American, or African	1,667
Hispanic/Latina/e/o	575
Middle Eastern or North African	0
Native Hawaiian or Pacific Islander	12
White	1,405
Multiracial	387
Client doesn't know	0
Client prefers not to answer	11

	ESG
Data not collected	8
<b>Total</b>	4,390

## Narrative

According to the Census Bureau's estimates in the *American Community Survey, 2023*, low- and moderate-income households (those earning less than \$50,000 in 2023) of a race other than white comprise an estimated 23% of the households in Minnesota, and households of Hispanic or Latino ethnicity comprise an estimated 5% of the households in Minnesota.

CDBG assisted 738 households in FFY 2024. Of that number, 700 were white, 5 Black/African American, 8 Asian, 4 American Indian/Alaskan Native, 7 Native Hawaiian/Other Pacific Islander, 3 Asian & White, 4 Black/African American & White, 1 American Indian/Alaskan Native & Black/African American and 6 other multi-racial. Of the total, 19 were Hispanic households. Among CDBG-assisted households, 95% of households were white, 1% Black/African American, 1% Asian, less than 1% American Indian/Alaskan Native, 1% Native Hawaiian/Other Pacific Islander, less than 1% Asian & White, 7% Black/African American and White and 1% other multi-racial. Households with two or more races do not fit into the CAPER table above.

CDBG-CV has assisted 50,735 persons in FY2024. Of that number, 25,617 were white, 7,498 Black/African American, 5,087 Asian, 539 American Indian/Alaskan Native, 74 Native Hawaiian/Other Pacific Islander, 21 American Indian/Alaskan Native & White, 150 Asian & White, 75 Black/African American & White and 11,674 other multi-racial. Of the total, 18,304 are Hispanic.

As summarized in the IDIS Report *HOME Summary of Accomplishments for FFY 2024* 69% of HOME-assisted households were white, 12% Black/African American, 0% Asian, 19% American Indian/Alaskan Native, and 15% more than one race. Of the total HOME-assisted households, 15% of households were Hispanic/Latinx. Households with two or more races do not fit into the CAPER table above.

Note that HOME funds historically were available primarily in non-entitlement areas, which are less diverse and may have had limited opportunity for HOME-funded projects to serve a higher percentage of Black, Indigenous and people of color.

With ESG funding, DHS assisted 4,009 clients during Program Year 2024 with shelter, prevention, and rapid re-housing assistance. Because the ESG demographics table was changed to include ethnicity in the same count as race, and because some clients selected both a race and an ethnicity, the total count in this table (4,390) is higher than the total numbers served

(4,009). Additionally, in HMIS “Client doesn’t know” and “Client prefers not to answer” are combined into one option. The eleven clients selecting this combined option in HMIS are included here under “Client prefers not to answer” since it is impossible to know on how this should be split out. It should also be noted that "Middle Eastern or North African" is not an option in HMIS so clients did not have the opportunity to select that identity.

DEED’s, Minnesota Housing’s, and DHS’s current *Analysis of Impediments to Fair Housing Choice* report and action plan continues to make progress on the *2018 Analysis of Impediments to Fair Housing Choice for Minnesota* available at: [Analysis of Impediments to Fair Housing Choice](#).

Each year, the state documents agency actions taken to overcome impediments (see CR 35 of this report).

## CR-15 - Resources and Investments 91.520(a)

### Identify the resources made available

Table 4 – Resources Made Available

Source of Funds	Resources Made Available	Amount Expended During Program Year
CDBG	\$24,191,616.03	\$15,966,977
HOME	\$10,373,193.49	\$11,128,425
HOPWA	\$455,194	\$172,343
ESG	\$1,970,630	\$1,970,630
NHTF	\$3,144,833.37	\$2,848,151

### Narrative

In addition to CDBG’s normal allocation, HUD has awarded the State of Minnesota with three special allocations of CDBG funds to be used to prevent, prepare for, and respond to the coronavirus (COVID-19). The State of Minnesota Small Cities Development Program had made CDBG-CV funds of \$37,600,868 available to non-entitlement and entitlement communities throughout the State of Minnesota to prevent, prepare for, and respond to coronavirus. Grants have been progressing steadily with CDBG-CV disbursements totaling \$15,917,794.47. Out of the total disbursed, \$258,062.92 for updating HVAC systems in commercial buildings, \$15,211,681.35 for broadband infrastructure development and retrofitting buildings, \$3,319.15 for public services and \$442,731.05 for general administration, planning and technical assistance.

Funding provided by HUD to Minnesota for FFY 2024 under housing and community development programs is shown above. The expended amounts during a program year could be higher or lower than resources made available due to timing of projects completions, particularly capital funding for projects via CDBG, HOME and NHTF, which can take a few years to complete from the time the funds are made available.

State agencies provide a large amount of assistance other than federal funds for affordable housing. For example, in FFY 2024, Minnesota Housing reserved/committed loans/grants for approximately \$2.3 billion in housing assistance to non-Section 8 households. Minnesota Housing resources include bond sale proceeds and other mortgage capital, federal housing tax credits, state appropriations, and its own resources. (These figures from the agency’s most recent reporting are shown for context and differ from expenditures shown in IDIS because Minnesota Housing reports on loans/grants reserved/committed for funding while IDIS includes funds for projects that are completed and occupied in the reporting year.)

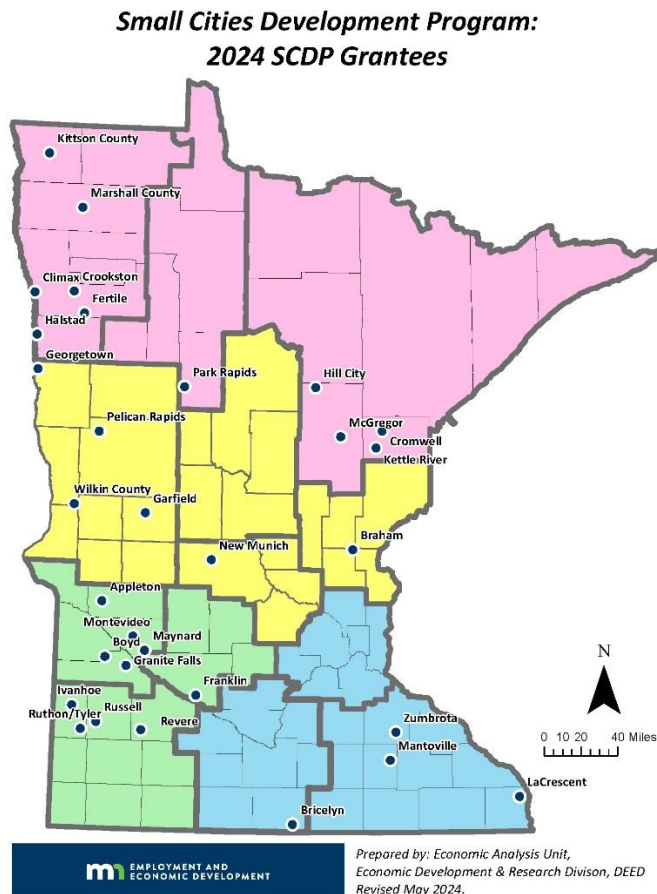
In addition, HUD awarded funding to Minnesota (\$3.1 million in 2013, \$3 million in 2015, \$7 million in 2020 and most recently a fourth round of \$ 7.9 million) for the Section 811 demonstration that Minnesota Housing and DHS currently are jointly implementing. Under this demonstration, Minnesota Housing provides rent assistance on behalf of households with a member who is disabled.

### Identify the geographic distribution and location of investments

Table 5 – Identify the geographic distribution and location of investments

Target Area	Planned Percentage of Allocation	Actual Percentage of Allocation	Narrative Description
Non-Entitlement	100	100	Funding Distribution for CDBG Small Cities program
Statewide	100	100	ESG, HOME and NHTF are available statewide

### Small Cities Development Program: 2024 SCDP Grantees



The funds for the grantees will be used for the following:

City of Appleton, \$943,000.00

Owner Occupied Housing Rehab - (20 Homes) & Commercial Rehab - (8 buildings).

City of Boyd, \$600,000.00

Public Facility Improvements – Water distribution lines.

City of Braham, \$600,000.00

Public Facility Improvements – Rehab existing well and connection to water treatment plant.

City of Bricelyn, \$600,000.00

Public Facility Improvements – Water distribution lines.

City of Climax, \$546,168.00

Public Facility Improvements – Water distribution lines.

City of Cromwell, \$600,000.00

Public facility Improvements – Rehab Community Center.

City of Crookston, \$1,198,000.00

Owner Occupied Housing Rehab - (16 homes), Rental Housing Rehab - (3 mixed use) & Commercial - (13 buildings).

City of Fertile, \$600,000.00

Public facility Improvements – Water distribution lines.

City of Franklin, \$600,000.00

Public Facility Improvements – Watermain looping and water distribution lines.

City of Garfield, \$589,950.00

Public Facility Improvements – Repave street after sewer main replacement.

City of Georgetown, \$600,000.00

Public Facility Improvements – Source water connection to water supply and water distribution lines.

City of Granite Falls, \$600,000.00

Public Facility Improvements – Streetscape.

City of Halstad, \$600,000.00

Public Facility Improvements – Water distribution lines.

City of Hill City, \$600,000.00  
Public Facility Improvements – Replace Sewer force main.

City of Ivanhoe, \$599,150.00  
Owner Occupied Housing Rehab (8 homes) & Rental Housing Rehab (26 units).

City of Kettle River, \$600,000.00  
Public Facility Improvements – Wastewater and portable drinking water updates.

City of La Crescent, \$600,000.00  
Public facility improvements – Streetscape.

City of Mantoville, \$431,250.00  
Owner Occupied Housing Rehab – (15 homes).

City of Maynard, \$562,913.00  
Public Facility Improvements – Infrastructure improvements (water tower/tank and water plant rehab).

City of McGregor, \$600,000.00  
Public Facility Improvements – Rehab wellhouse.

City of Montevideo, \$600,000.00  
Rental Housing Rehab - (42 units).

City of New Munich, \$445,625.00  
Owner Occupied Housing Rehab (10 homes) & Rental Housing Rehab - (11 units).

City of Park Rapids, \$1,003,900.00  
Rental Housing Rehab - (15 units) and (7 mixed use units) & Commercial Rehab -(18 buildings).

City of Pelican Rapids, \$948,750.00  
Owner Occupied Housing Rehab - (17 homes) & Commercial Rehab - (10 buildings).

City of Revere, \$600,000.00  
Public Facility Improvements – Stormwater conveyance system including catch basins, manholes, storm sewer pipe & service laterals.

City of Russell, \$460,000.00  
Owner Occupied Housing Rehab - (12 homes) & Rental Housing Rehab - (8 units).

City of Ruthton & Tyler, \$1,194,550.00  
Owner Occupied - (22 homes) & Public Facility Improvements – Water tower.

City of Zumbrota, \$597,713.00

Owner Occupied Housing Rehab – (21 homes).

Kittson County, \$563,500.00

Owner Occupied Housing Rehab – (20 homes).

Marshall County, \$575,000.00

Owner Occupied Housing Rehab – (20 homes).

Wilkin County, \$1,173,000.00

Owner Occupied Housing Rehab – (20 homes) & Commercial Rehab - (13 buildings).

## **Narrative**

DEED's Small Cities Development Program CDBG funds are made available to non-entitlement jurisdictions assisting cities and counties with funding for housing, public facility infrastructure and commercial rehab projects. The planned percentage of allocation and actual percentage of allocation is 100% based on the distribution of funds. Thirty-one (31) grantees were awarded during the 2024 federal fiscal year. The CDBG-CV funds received by DEED was made available and awarded to both non-entitlement and entitlement jurisdictions in 2021. Two (2) awarded CDBG-CV grants were approved for additional project funding and remained within the project activity funding limit. Awarded projects are currently under construction.

Other than the unprecedented CDBG-CV awards, the largest percentage of assistance covered in this report that the state provided with federal resources is through CDBG, particularly for the rehabilitation of residential homes, commercial and the improvements on public facilities. In 2024, 11% of the distribution of funds were for publicly or privately owned commercial buildings, 31% for housing which included owner occupied housing projects and rental housing, 50% for public facility improvements and 8% for general administration. A map and list of grantees showing the distribution of projects awarded funding in 2024 is attached in IDIS.

Listed below are outreach and training sessions (both in- person and remote) conducted this fiscal year:

- Jan 2024 - Conference meeting with USDA RD and State Historical Preservation Office (SHPO) on Environmental Review Process and Section 106.
- Jan 2024 - Speaker at the SW Regional Community & Economic Developers Meeting.
- Jan 2024 - Speaker at the MN SE Regional Housing Conference in Winona.
- Feb 2024 - Conference meeting with local Brownfield for Redevelopment in MN.
- Apr 2024 - Conference meeting with State agencies on Broadband Infrastructure and Small Cities Development Program.



- July 2024 - Conference meeting with partnering agencies and stakeholders on public facility infrastructure activities.
- Aug 2024 - Small Cities Implementation Training at City of Walker and City of Marshall.
- Sept 2024 - Roundtable at the National Association of Housing and Redevelopment Officials (NAHRO) 2024 Fall Conference.
- Sept 2024 - SCDP Implementation Training at City of Winona
- Sept 2024 - SCDP Application Training Webinar.
- Oct 2024 - SCDP Office Hour sessions to non-entitlement communities to discuss the SCDP application, activities and requirements.
- Oct 2024 - Environmental Training Workshops in the Northwest Region of the State.
- Oct 2024 - Conference meeting with MN Association of Townships & Conference meeting with developers for potential Multifamily rehabilitation/conversion projects.
- Nov 2024 - Environmental Review Training Workshops in Wilmar.
- Nov 2024 - Conference meeting with MN Departments of Health on public facility infrastructure activities.
- Nov 2024 - Speaker at the West Central Regional Water District conference on public facility infrastructure programs.

Minnesota targets HOPWA funds to areas outside the 13-county Twin Cities metropolitan area, which is served by the City of Minneapolis HOPWA grant.

HOME and NHTF funds are available statewide.

ESG Shelter resources are distributed statewide, with priority given for non-entitlement areas, and secondly to entitlement areas which have used their full ESG allocation for emergency shelter operations and have additional need for emergency shelter resources. For ESG Prevention and Rapid Re-Housing funding, funds are only awarded to applications from non-ESG entitlement areas of the state, resulting in all ESG Housing funds being expended in these Balance of State areas.

### **Leveraging**

**Explain how federal funds leveraged additional resources (private, state and local funds), including a description of how matching requirements were satisfied, as well as how any publicly owned land or property located within the jurisdiction that were used to address the needs identified in the plan.**

ESG requires a one-to-one matching of funds. The State and its ESG sub-recipients expended \$1,970,630 in non-ESG funds. These funds which were awarded through the State Emergency Service Program (ESP) appropriation and funds emergency shelter across the state.

DEED leverages its CDBG housing rehabilitation funds with Minnesota Housing, USDA Rural Development, Minnesota Public Facilities Authority, Greater Minnesota Housing Fund, lender, and property owner contributions. Each applicant jurisdiction is expected to provide as much local money as practicable, contingent upon the financial capability of the applicant. DEED, the Public Facility Authority, and Rural Development coordinate funds for correcting or improving public infrastructure, especially for low- and moderate-income communities. DEED staff estimates that CDBG projects historically have leveraged nonfederal funds in an amount at least equal to CDBG funds.

HOME requires that each participating jurisdiction make contributions to housing that qualifies as affordable housing under the HOME program. These contributions must total not less than 25 percent of the funds drawn from the jurisdiction's HOME Investment Trust Fund Treasury account. Minnesota Housing satisfies this requirement through investments in two rental assistance programs funded by the Minnesota State Legislature as detailed in Table 7 – Match Contribution for the Federal Fiscal Year:

1. The State Housing Trust Fund provides rental assistance to high priority homeless families and individuals, defined as households prioritize for permanent supportive housing by the Coordinated Entry System.
2. The Bridges program provides assistance to households in which one or more adult members has a mental illness. This program helps people with disabilities live in a more community-based and integrated setting while receiving services.

Minnesota Housing allocates Low-Income Housing Tax Credits for the development of affordable rental housing, often in conjunction with agency-financed first mortgages and/or other contributions, such as deferred or gap funding including HOME and NHTF.

A scoring criterion used to evaluate projects with respect to competitive HOME fund awards is efficient use of scarce resources and leverage. It includes measurements related to readiness to proceed by evaluating the percentage of the development's funding that is secured/committed. It also includes measurements for non-capital contributions and low intermediary costs.

Minnesota Housing, DEED, and DHS do not own any land or property that is relevant to use under the federal programs covered by this plan. Consequently, no publicly owned land or property was used to address the needs identified by in the plan.

**Table 6 – Fiscal Year Summary - HOME Match Report**

Fiscal Year Summary – HOME Match	
1. Excess match from prior Federal fiscal year	\$202,902,033
2. Match contributed during current Federal fiscal year	\$14,364,633
3. Total match available for current Federal fiscal year (Line 1 plus Line 2)	\$217,266,666
4. Match liability for current Federal fiscal year	\$1,934,129
5. Excess match carried over to next Federal fiscal year (Line 3 minus Line 4)	\$215,332,537

**Table 7 – Match Contribution for the Federal Fiscal Year**

Match Contribution for the Federal Fiscal Year								
Project No. or Other ID	Date of Contribution	Cash (non-Federal sources)	Foregone Taxes, Fees, Charges	Appraised Land/Real Property	Required Infrastructure	Site Preparation, Construction Materials, Donated Labor	Bond Financing	Total Match
1	09/30/2023	\$10,333,022	0	0	0	0	0	\$10,333,022
2	09/30/2023	\$4,031,611	0	0	0	0	0	\$4,031,611

**Table 8 – Program Income**

Program Income – Enter the program amounts for the reporting period				
Balance on hand at beginning of reporting period	Amount received during reporting period	Total amount expended during reporting period	Amount expended for TBRA	Balance on hand at end of reporting period
\$6,111,484	\$7,685,491	\$2,218,092	\$0	\$11,578,833

**Table 9 – Minority Business and Women Business Enterprises**

<b>Minority Business Enterprises and Women Business Enterprises – Indicate the number and dollar value of contracts for HOME projects completed during the reporting period</b>						
Blank Cell	Total	Minority Business Enterprises				White Non-Hispanic
		Alaskan Native or American Indian	Asian or Pacific Islander	Black Non-Hispanic	Hispanic	
<b>Contracts</b>						
Dollar Amount	\$8,295,477	0	0	0	0	\$8,295,477
Number	1	0	0	0	0	1
<b>Sub-Contracts</b>						
Number	43	0	0	0	0	43
Dollar Amount	\$8,143,313	0	0	0	0	\$8,143,313
Blank Cell	Total	Women Business Enterprises	Male			
<b>Contracts</b>						
Dollar Amount	\$8,295,477	0	\$8,295,477			
Number	1	0	1			
<b>Sub-Contracts</b>						
Number	43	4	39			
Dollar Amount	\$8,143,313	\$1,128,095	\$7,015,218			

**Table 10 – Minority Owners of Rental Property**

<b>Minority Owners of Rental Property – Indicate the number of HOME assisted rental property owners and the total amount of HOME funds in these rental properties assisted</b>						
<b>Total</b>		<b>Minority Property Owners</b>				<b>White Non-Hispanic</b>
		Alaskan Native or American Indian	Asian or Pacific Islander	Black Non-Hispanic	Hispanic	
Number	1	0	0	0	0	1
Dollar Amount	\$4,521,123	0	0	0	0	\$4,521,123

**Table 3 – Relocation and Real Property Acquisition**

<b>Relocation and Real Property Acquisition – Indicate the number of persons displaced, the cost of relocation payments, the number of parcels acquired, and the cost of acquisition</b>						
Parcels Acquired				0	0	
Businesses Displaced				0	0	
Nonprofit Organizations Displaced				0	0	
Households Temporarily Relocated, not Displaced				0	0	
<b>Households Displaced</b>	<b>Total</b>	<b>Minority Property Enterprises</b>				<b>White non-Hispanic</b>
		Alaskan Native or American Indian	Asian or Pacific Islander	Black Non-Hispanic	Hispanic	
Number	0	0	0	0	0	0
Cost	0	0	0	0	0	0

## CR-20 - Affordable Housing 91.520(b)

Evaluation of the jurisdiction's progress in providing affordable housing, including the number and types of families served, the number of extremely low-income, low-income, moderate-income, and middle-income persons served.

**Table 4 – Number of Households**

	One-Year Goal	Actual
Number of Homeless households to be provided affordable housing units	0	8
Number of Non-Homeless households to be provided affordable housing units	115	22
Number of Special-Needs households to be provided affordable housing units	0	0
<b>Total</b>	<b>115</b>	<b>30</b>

**Table 5 – Number of Households Supported**

	One-Year Goal	Actual
Number of households supported through Rental Assistance	0	0
Number of households supported through the Production of New Units	90	30
Number of households supported through Rehab of Existing Units	25	0
Number of households supported through Acquisition of Existing Units	0	0
<b>Total</b>	<b>115</b>	<b>30</b>

**Discuss the difference between goals and outcomes and problems encountered in meeting these goals.**

The one-year goal of 115 units (Table 11), set out in the state's 2024 Action Plan, is stated as the goal for rehabilitated and newly constructed rental units funded through HOME and NHTF.

In most years with completed projects, we anticipate variation in funding new construction versus rehabilitation in HOME and NHTF, and while the plan splits the activities, actual activities year to year will not reflect an even split depending on market need, and applications received by Minnesota Housing. As stated in CR-10, Minnesota Housing constructed 30 new rental units compared to the expected goal of 90, which is not unusual given the various factors that may impact a project's completion date. Performance with the anticipated number of housing units

produced depends on how timely a project can get to closing, construction, and lease-up, and can take up to several years from selection to completion. A project’s completion date can be impacted by various factors, including increased project costs leading to funding gaps and construction delays, among others. Two projects close to project completion not completed during FY2024 were impacted by delays in submitting required project closeout due diligence. Another project’s HOME funds were swapped out to help Minnesota Housing meet the expenditure deadline of another federal program.

For ESG funding, the goal of providing rapid re-housing (rental-assistance) to 150 persons (Table 12) was not achieved, with ESG providers assisting 117 persons with rapid re-housing assistance. A variety of factors to contribute to the actual number of persons served (versus planned) and outcomes achieved, including the ratio of households in need of rapid re-housing or prevention assistance (since both are eligible under ESG grants), increased housing expenses (landlords requiring increased move-in expenses), lengths of stay in the program, and difficulty accessing housing due to extremely limited affordable housing vacancies, especially in communities in greater Minnesota.

**Discuss how these outcomes will impact future annual action plans.**

The state will continue to assess outcomes against goals and data regarding needs. The state will also continue to solicit input from stakeholders and partners annually to respond to the housing and community development needs of Minnesota communities and will write future annual action plans based on that process, e.g., based on new or changing assistance needs identified by communities, stakeholders, and other assistance providers.

**Include the number of extremely low-income, low-income, and moderate-income persons served by each activity where information on income by family size is required to determine the eligibility of the activity.’**

**Table 6 – Number of Households Served**

<b>Number of Households Served</b>	<b>CDBG Actual</b>	<b>HOME Actual</b>	<b>NHTF Actual</b>
Extremely Low-income	100	12	4
Low-income	114	9	0
Moderate-income	166	5	0
Total	380	26	4

## **Narrative**

As reported in IDIS, 98% of beneficiaries of CDBG rehabilitation housing programs in 2024 had incomes at or below 80% of HUD median income. Non-low-mod income participants accounted for the other 2%. The 98% meets HUD's CDBG requirements of 51% of rental units be occupied by LMI participants.

In accordance with guidelines, all households assisted with HOME funds have gross incomes at or below 80% of area median income, and tenant rents meet the affordability requirements of 24 CFR 92.252. For FFY 2024, 46% of assisted households were in the lowest income category (30% of area median or less), 35% were in the 31%-50% category, and 19% were in the 51%-60% category. All households assisted with NHTF funds have gross incomes at or below 30% of area median income.

All HOPWA-assisted households had gross incomes at or below 80% of area median income; approximately 50% had incomes at or below 30% of area median.



## **CR-25 - Homeless and Other Special Needs 91.220(d, e); 91.320(d, e); 91.520(c)**

**Evaluate the jurisdiction's progress in meeting its specific objectives for reducing and ending homelessness through:**

**Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs.**

The most recent Point in Time Count (PIT) of persons experiencing homelessness in Minnesota occurred on January 24, 2024. Preliminary data from the 2024 PIT identified 9,182 individuals and people in families experiencing homelessness on a single night in January, a 9% increase from the 2023 count. The number of people in households with children experiencing homelessness increased by 41% since the 2022 count. The increase in family homelessness may be attributed to the end of the eviction moratorium and other COVID-19 related protections, which were particularly effective in serving families, as well as the arrival of families immigrating to the United States who were served in the shelter system. The number of people experiencing unsheltered homelessness increased by 24% between the 2023 and 2024 count while the number of people in shelter increased by 6%. Many view the annual Point-In-Time (PIT) count as a significant undercount of persons who experience homelessness over the course of the year, or even a single night. Limitations include HUD's requirement that the PIT be conducted in January, and lack of additional funding to support this major undertaking.

The Minnesota Interagency Council on Homelessness is led by the Lieutenant Governor and includes 14 Cabinet-level agencies and the chair of the Metropolitan Council, and it is accountable for leading the State's efforts to move towards housing, health, and racial justice for people experiencing homelessness. When the Council initially convened in 2013, it established *Heading Home: Minnesota's Plan to Prevent and End Homelessness*, the first plan to focus on the vision of achieving housing stability for all Minnesotans. In 2018, they adopted *Heading Home Together: Minnesota's 2018-2020 Action Plan to Prevent and End Homelessness*.

In 2022, after the shared experience of working with partners across Minnesota to protect and support people facing homelessness during the pandemic, while confronting the racism and injustice in our systems following the murder of George Floyd, Governor Walz and Lieutenant Governor Flanagan tasked the Minnesota Interagency Council on Homelessness to develop a strategic plan focused on housing, racial, and health justice for people facing homelessness in

Minnesota to guide the work of state government on this issue for the remainder of their second term.

While *Crossroads to Justice: Minnesota's New Pathways to Housing, Racial and Health Justice for People Facing Homelessness* certainly builds on previous Minnesota strategic plans to prevent and end homelessness, it goes further than any previous effort to center the voices and expertise of people with lived expertise-and focuses our measures of success not only on reducing the number of people who are experiencing homelessness in the state, but also on reducing the disparity of who experiences homelessness.

The plan was developed in phases over a year and a half long process that was co-led by ten paid Justice Consultants, all people with lived experience of homelessness representing different experiences and different parts of the state. In April – June 2022, the Council contracted with Rainbow Research, a local firm, to lead Phase 1 which was focused on creating an operational definition of housing, racial, and health justice. The Council required Rainbow to hire 10 consultants with lived experience of homelessness to lead the work. Rainbow and the team of consultants facilitated five workgroup meetings and two community conversations to build the justice definition. In June 2022, the Council committed to the [justice definition](#).

In Phase 2, the Council identified a set of bold results to move the state's work to prevent and end homelessness towards justice and developed specific strategies to achieve those results. These three pieces form the framework of the plan:

- **Justice Definition:** the foundation for all our work and serves as the North Star for the Council's next strategic plan.
- **Results:** The big, bold outcomes that will drive movement towards justice. No one agency will be responsible for any of these results. Each of them will require interagency commitment and collaboration.
- **Strategies and actions:** The specific, measurable commitments by agencies and interagency teams to achieve the results.

On October 27, 2023, the Council committed to *Crossroads to Justice: Minnesota's New Pathways to Housing, Racial and Health Justice for People Facing Homelessness* as the State's plan.

MICH agencies began their implementation of the Crossroads to Justice Plan in early 2024. Fourteen Implementation Consultants with lived experience of homelessness were onboarded in April and assigned agencies to support in May. The Implementation Consultants and the community are at the center of the Plan's implementation structure; their expertise and priorities help shape the work of agency Action Leads, who collaborate within and across their agencies and report their progress in quarterly Results meetings and in written updates to

MICH staff. To date, Results meetings have been held twice for each of the five Plan Results, for a total of ten meetings. The purpose of the Results meetings is to understand if the strategies and actions we are taking are getting us closer to the results we want to achieve and if any adjustments need to be made.

Currently, 10 Continuum of Care (CoC) regions exist in Minnesota covering the entire state. DHS has offered each CoC committee the opportunity to review and provide recommendations on each ESG application submitted from their region, as well as other DHS-administered homeless programs. This ensures that ESG funding is used to address locally determined priorities for shelter, prevention, and rapid re-housing. In addition, in 2023 and 2024 Minnesota Housing supported six CoCs in Greater Minnesota and one Minnesota Tribal Collaborative with grants ranging from \$42,500 to \$60,000 each for planning and operating costs.

The Minnesota Department of Human Services (DHS) has implemented a Best Practices and Technical Assistance effort to encourage shelter providers to reduce the number of barriers faced by vulnerable populations seeking emergency shelter. These populations facing barriers may be part of the increase in unsheltered persons who are unable to access emergency shelter due to limited space as well as sobriety, criminal background exclusions, work or case management participation requirements, and other barriers to entry.

Additionally, DHS implemented a new structure for the RFP and granting process in 2019, with updates in 2023, with the goal to make the process more equitable and accessible, particularly for new and culturally specific organizations. The RFP process continues to look for new strategies to support this as well as increase the input of people with lived experience in determining priorities for funding, such as having people with lived experience on the review panel.

The largest capital resource authorized by the Legislature to build housing (permanent supportive housing) for people facing homelessness is the Housing Infrastructure program. During the 2023 Legislative Session, Minnesota Housing received a \$200 million appropriation for the Housing Infrastructure program. In 2024, Minnesota Housing received \$50 million in new authorization for Housing Infrastructure Bonds. This funding was made available rental housing, single family development and manufactured home park infrastructure in 2023 and remaining funding is planned to be awarded in 2024. Additional permanent supportive housing resources are financed with federal low-income housing tax credits through the agency's Consolidated Request for Proposal Process.

To promote early identification and more effective responses to the needs of Minnesota students experiencing housing instability and homelessness, Minnesota Housing, the Minnesota Department of Education, the Minnesota Department of Human Services, the Minnesota Interagency Council on Homelessness, and the Heading Home Minnesota Funders Collaborative

collaborate on a program called Homework Starts with Home. Under this program, school- and community-based collaborative programs will help homeless or at-risk families with school-age children achieve housing stability and promote academic success. These efforts are supported with grants totaling \$3.5 million from two sources: Housing Trust Fund and Family Homeless Prevention and Assistance Program.

In 2023, Minnesota Legislature made an appropriation of \$1.250 million in FY 2024-25 to the Department of Human Services to support the statewide Homeless Management Information System (HMIS). This system helps housing and service providers to more effectively coordinate assistance and services to meet the needs of the homeless or near-homeless people. Minnesota Housing and the Department of Human Services annually supports the operation of HMIS, along with contributions from providers and CoCs.

### **Addressing the emergency shelter and transitional housing needs of homeless persons**

ESG funding is used to strengthen the Continuum of Care (CoC) systems by providing direct services to persons experiencing homelessness. ESG and match funds were provided to sub-recipients in all but one CoC region, each of which has a priority to provide shelter and supportive services for individuals and families experiencing homelessness. ESG funds were provided to shelters to pay for the operating and service costs of these programs, and to providers to rapidly re-house persons experiencing homelessness and to prevent individuals and families from experiencing homelessness.

CoC organizations apply to HUD annually for funding under the McKinney Vento Homeless Assistance Program to address homelessness. In addition, the state funds both site-based and scattered-site transitional housing with \$6,184,000 in state funds each year. In State Fiscal Year 2024, the state provided \$22,094,000 in Emergency Services Program (ESP) funding.

The Minnesota Department of Human Services (DHS) has initiated a Best Practices and Technical Assistance effort to encourage shelter providers to reduce the number of barriers faced by vulnerable populations seeking emergency shelter. These populations facing barriers may be part of the increase in unsheltered persons who are unable to access emergency shelter due to limited space as well as sobriety, criminal background exclusions, work or case management participation requirements and other barriers to entry.

In August 2019, the Center for Medicare and Medicaid Services (CMS) approved the Minnesota Department of Human Services (DHS) plan to add Housing Stabilization Services to the state's Medicaid plan. The new services for seniors and people with disabilities were launched by DHS in July 2020. These services are intended to support an individual's transition into housing, increase long-term stability in housing in the community, and avoid future periods of homelessness or institutionalization.

This could be an important step in meeting the needs of a growing population of persons in emergency shelter and transitional housing who are 55 and older. While HUD's annual Point in Time count unfortunately does not break down the reported persons experiencing homelessness by detailed age grouping, the triennial Wilder Research Homelessness in Minnesota report does, and in the most recent data available (2023) found 11 percent of persons experiencing homelessness were over age 55, a figure which had increased 7 percent from 2018 – the only age group to see an increase compared to 2018. ESG shelter data showed that 9 percent of single adults served in 2023 in the ESG program were over age 55.

**Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: likely to become homeless after being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); and, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs**

The state received \$2,235,077 in FFY 2023 in ESG program funding to support sub-recipients' ongoing efforts to provide shelter and rapid re-housing and prevention assistance to homeless and at-risk households. ESG funds were used to provide supportive services to persons through the emergency shelter where they were staying, as well as prevent and rapidly re-house households who were at-risk of or experiencing homeless. Supportive services included case management, transportation, and connections to mental health care, substance abuse treatment, childcare, and legal advice and assistance.

One of the state's most significant strategies for providing homelessness prevention assistance is the Family Homeless Prevention and Assistance Program (FHPAP). In 2023, The Minnesota Legislature provided \$115.5 million for the next two-year period. This was a \$95 million increase over the previous two years. In 2024, the Legislature provided an additional \$8.1 million for this program. The entire FY 2024-25 appropriations have been allocated to local partners. With FHPAP, Minnesota Housing assisted over 10,260 households in 2023 by providing short-term housing and services, primarily to families with children with a median annual income of roughly \$11,000. In 2023, the Legislature provided \$10 million of the funding for FHPAP is for a direct allocation to Tribal Nations.

The state also provides \$23.3 million for the biennium in base appropriation funding for the state Housing Trust Fund. In 2023, the program served just over 1,200 households with rental assistance and nearly 750 rental units with operating subsidies. Many of the individuals served by the program have experienced homelessness.

The 2023 Legislature also provided \$9.7 million for the Bridges rental assistance program for the next two years. This was a \$2 million increase compared to the last budget. Under the

Bridges program, Minnesota Housing provides rental assistance to households in which an adult member has a serious mental illness, serving around 709 households in 2023. This program helps people with disabilities live in a more community-based and integrated setting while receiving services. The administrators for this program prioritize individuals leaving segregated settings.

The Minnesota Interagency Council on Homelessness has also provided technical assistance to assist in the establishment of CoCs, which have developed regional plans that identify assistance needs of people experiencing homelessness or people at risk of becoming homeless, gaps in regional service delivery for the homeless, and a strategy for addressing those gaps. Currently, 10 CoC regions exist in Minnesota covering the entire state. In 2023 and 2024 Minnesota Housing supported six CoCs in Greater Minnesota with grants ranging from \$42,000 to \$55,500 each for operating costs.

Local Homeless Prevention Aid was created by the 2021 Legislature to help local governments ensure no child is homeless within a local jurisdiction by keeping families from losing housing and helping those experiencing homelessness find housing. Those funds will start flowing to local governments in 2023. Counties must use this aid to fund new or existing family homeless prevention and assistance projects or programs.

In 2023, the Minnesota Legislature created a new, statewide rent assistance program modeled after the federal Section 8 Housing Choice Voucher program administered by Housing and Urban Development (HUD). Typically, only 1 in 4 households that qualify for the federal program receive financial assistance. The program received appropriations of \$46 million for FY 2024-25 and is also funded by increases in the metro area sales tax that took effect on October 1, 2023. The increment of sales tax dedicated to the new rent assistance program is estimated to generate \$77 million over the two-year period, although actual collections so far are around 10% below forecast. Resources through the new program will be available locally in 2025. There is a priority in the program to target families with household incomes less than 30% AMI.

In 2023, the Minnesota Legislature created the Strengthen Supportive Housing program and appropriated \$25 million. This amount was reduced to \$10 million after the 2024 Legislative session. The funds can be used to cover costs associated with supportive housing developments. Costs may include but are not limited to building operating expenses such as front desk, tenant service coordination, revenue shortfall, and security costs. The funds can also be used to create partnerships with the health care sector and other sectors to demonstrate sustainable ways to provide services for supportive housing residents, improve access to health care, and reduce the use of expensive emergency and institutional care. Minnesota Housing is working closely with the Department of Human Services specifically on ways to better access Medicaid resources. In the 2024 Legislative session \$15 million was

reallocated from this program to a new program called Recapitalization of Distressed Multifamily Properties where the \$15 million is set-aside for permanent supportive housing developments.

**Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again**

The Minnesota Interagency Council on Homelessness and the Department of Human Service developed and continues to advance and train agency staff on implementing five Foundational Services Practices intended to help our “mainstream” programs – those not specifically targeted to people experiencing homelessness – work better for people experiencing homelessness.

The five Foundational Service Practices are:

1. Know the housing status of people served.
2. Actively reach out to the homeless.
3. Limit requirements for in-person appointments.
4. Assist with gathering required verifications/ documentation.
5. Allow for multiple methods of communication about benefits and services.

Currently, nine of the Council agencies have implemented these practices across one or more programs in their agency, including Minnesota Housing, and are seeing increasing accessibility to programs and an increase in innovation in how agencies are working with individuals and families experiencing homelessness.

The Council, primarily through the work of the Minnesota Department of Veterans Affairs, developed a Veterans Registry that enables service providers to identify the resources each individual veteran experiencing homelessness needs and to make the appropriate connections with those resources. Nine regions of the state, representing 86 of the state’s 87 counties, have been confirmed by the Federal government as having met all criteria to show they have ended Veteran homelessness. These regions have also presented evidence that they have systems in place to meet the needs of Veterans at-risk of or experiencing homelessness on an ongoing basis. As of October 8, 2024, 193 Veterans remain on the Veterans Registry statewide.

Minnesota also has several state funded programs that support helping people facing homelessness transition to permanent housing and ensuring individuals and families don’t return to homelessness. There are programs focused on access to supportive housing,

prevention assistance, and rental assistance. In 2020, Housing Stabilization Services, a new Medical Assistance benefit, launched to help people with disabilities, including mental illness and substance use disorder, and seniors find and keep housing. This benefit supports the important connection between health and housing and supports individuals facing homelessness who have a disability find and keep stable housing. DHS continues to work with housing providers to better access and utilize these resources.

Minnesota Housing places a priority in its Request for Proposals and funding selection process on rental housing development that includes units of supportive housing for high priority homeless individuals. Most developments that receive funding have at least some supportive housing units.

Funding for the Family Homeless Prevention and Assistance program are also used for rapid re-housing to provide rental assistance for people sleeping outside. The funds are also used for street outreach.



## CR-30 - Public Housing 91.220(h); 91.320(j)

### Actions taken to address the needs of public housing

In 2023, the Legislature appropriated \$87 million in resources for the purpose of preserving public housing. This includes both state general obligation bonds and state appropriations, including \$5 million specifically for Minneapolis Public Housing Authority. The funds provided to Minnesota Housing are used for health, safety, and energy efficiency improvements in existing public housing in all 87 counties. In 2024, Minnesota Housing committed \$39.5 million to maintain and upgrade 18 public housing buildings. The investments will preserve 1,641 apartments and townhomes across the state, with three in the Twin Cities metro and 15 in Greater Minnesota. The remaining funds will be committed in 2025. Since 2012, the Legislature has authorized \$148.5 million in resources specifically for the preservation of public housing:

Year	Amount	# of Projects	# of Units
2012	\$5.5 million	14	950
2014	\$20 million	35	2,438
2017	\$10 million	27	1,844
2018	\$10 million	20	1,622
2020	\$16 million	21	1,870
2023	\$87 million	TBD	TBD
Total	\$148.5 million	117	8,724

### Actions taken to encourage public housing residents to become more involved in management and participate in homeownership

Minnesota does not own or manage public housing and does not have access to public housing residents to encourage them to participate in management or homeownership.

Minnesota Housing encourages homeownership for lower income households through outreach and education under the Homeownership Capacity Program and the Homeownership Education, Counseling, and Training Program. Minnesota Housing's affordable mortgage financing and down payment loans are available to first-time and repeat homebuyers that meet income requirements. In 2024, these programs served (DATA PENDING) potential homebuyers.

### Actions taken to provide assistance to troubled PHAs

The state recognizes the need for preservation and rehabilitation of federally assisted affordable housing and provides general obligation bond proceeds for rehabilitation under

Minnesota Housing's Publicly Owned Housing Program (POHP). In the 2023 State Legislative session, Minnesota Housing received the largest amount of general obligation bond funding for the Publicly Owned Housing Program that it had ever received. In addition, the program received \$41 million of general appropriations, which enables public housing projects that were not eligible for GO Bond funding to receive POHP funding for the first time. Minnesota Housing released approximately \$41 million in GO Bond funding in early 2024 and selected 18 public housing projects across the state to receive those funds. The appropriation funds will be released in 2025.

## **CR-35 - Other Actions 91.220(j)-(k); 91.320(i)-(j)**

**Actions taken to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment. 91.220 (j); 91.320 (i)**

In 2023, the Minnesota Legislature created two state aid programs for local units of government beginning in 2024. These aid programs will provide local communities resources to address local housing challenges. The aid can be used to provide emergency rental assistance, financial support for non-profit housing owners and a range of housing development uses. In the 2024 Legislative Session the Legislature evaluated proposals regarding local land use and zoning but nothing passed. It is anticipated that this will be an issue in the 2025 Legislative session.

Minnesota Housing through its annual allocation of development resources is encouraging different construction methods that can reduce the cost of housing construction, including but not limited to modular construction.

Minnesota Housing has implemented cost containment measures in its funding selection process by identifying projects with high costs (based on Agency and industry standards) and requiring justification for those with higher-than-expected costs. Details can be found here: [Annual Cost Containment Report](#).

The state has identified limited resources as a barrier to the provision of affordable housing development. To increase the development of affordable housing, Minnesota Housing working with partners has consistently requested funds in the bonding bill for Housing Infrastructure Bonds to address the barrier of a lack of financing resources. Since 2012, the Legislature has authorized \$765 million in resources specifically for the Housing Infrastructure program. In 2023, more than \$1.3 billion was provided for affordable housing programs in FY 2024-25 through Minnesota Housing.

Besides Housing Infrastructure, the Legislature provided additional development resources in the agency's biennial budget. For FY 2024-25 they appropriated:

1. \$129.9 million for the Economic Development and Housing Challenge program to fund both multifamily rental and single-family homeownership new construction and redevelopment.
2. \$39 million in the Greater Minnesota Workforce Housing Program for financial assistance to build market-rate and mix-income residential rental properties.

3. \$8.4 million in preservation resources to assist with repair, rehabilitation, and stabilization of federally assisted rental housing that is at risk of aging out of federal assistance programs.
4. \$7.5 million in rental rehabilitation loans to preserve rental housing in small communities.
5. \$5.5 million in single family rehabilitation loans to help low-income homeowners make basic health and safety improvements to their homes.
6. \$17.0 million in funding for the manufactured home park redevelopment to provide grants for manufactured home park acquisition, improvements, and infrastructure.
7. \$60.5 million for the workforce homeownership program to provide development resources to increase the supply of homeownership opportunities.

The Legislature also created several new development programs in 2023. They include:

1. \$90 million for Community Stabilization to provide resources to preserve and improve existing housing commonly referred to as Naturally Occurring Affordable housing.
2. \$40 million for Homeownership Investment Grants for development, financing and rehabilitation and resale of homes for affordable owner-occupancy.
3. \$10 million for High-Rise Sprinkler grants to install sprinkler systems in existing properties currently unprotected by fire suppression systems.
4. \$8 million for Greater Minnesota Housing Infrastructure to provide grants up to 50% of the cost of public infrastructure for housing development.

In 2024, the Legislature provided an additional \$8.1 million for the FHPAP program. The Legislature also reallocated \$25 million from three programs to increase the total available in the Community Stabilization program from \$90 million to \$115 million for FY 2024-25. The reallocations came from the Strengthening Supportive Housing program (\$15 million), Challenge Program (\$7 million) and Workforce Homeownership Program (\$3 million). With the reallocations, the Legislature created a new program totaling \$50 million for the Recapitalization of Distressed Multifamily Properties with \$15 million set-aside for permanent supportive housing. A full summary of the 2024 Legislative changes can be found [here](#).

### **Actions taken to address obstacles to meeting underserved needs. 91.220(k); 91.320(j)**

For the 2024-2025 biennium, the Minnesota Legislature appropriated funds to people with some of the greatest housing needs, including: \$9.7 million through the Bridges program to provide rent assistance to households experiencing mental illness; \$123.6 million for family homeless prevention and assistance; and \$23.3 million for the state Housing Trust Fund, which

provides rent assistance and operating subsidies to households at the lowest income levels. In 2023, median annual household income for these programs were \$8,025, \$11,292, and \$10,495 respectively.

In addition, the Minnesota Legislature provided \$3.5 million in base funding for the Homework Starts with Home initiative to provide rental assistance to families with school age children that are homeless or highly mobile.

In 2023, the Workforce Housing Development program received \$39 million in funding which provide development resources for housing in underserved, smaller communities (populations less than 5,000) in Greater Minnesota. These funds will create over 800 units of new rental homes across the state.

In 2023, the Minnesota Legislature created a new, statewide rent assistance program modeled after the federal Section 8 Housing Choice Voucher program administered by Housing and Urban Development (HUD). Typically, only 1 in 4 households that qualify for the federal program receive financial assistance. The program received appropriations of \$46 million for FY 2024-25 and is also funded by a increases in the metro area sales tax that took effect on October 1, 2023. The increment of sales tax dedicated to the new rent assistance program is estimated to generate \$77 million over the two-year period, although actual collections so far are around 10% below forecast. Resources through the new program will be available locally in 2025.

Minnesota Housing is also directing more development resources to projects intended to serve people with incomes at or below 30% AMI, people with disabilities and people experiencing homelessness or at-risk of homelessness.

#### **Actions taken to reduce lead-based paint hazards. 91.220(k); 91.320(j)**

DEED requires that all proposed housing rehabilitation projects on homes built prior to 1978 complete a lead risk assessment by a certified risk assessor. All lead hazards identified must be included in the rehabilitation work conducted by a certified renovator (EPA RRP training) and workers. A lead-based paint abatement supervisor is required if the total lead work of the project exceeds \$25,000. Grantees must provide all housing occupants the required handouts and lead hazard information pamphlet and collect owner acknowledgement of receipt. If lead is found through an assessment, all notices in 24 CFR Part 35 must be provided.

#### **Actions taken to reduce the number of poverty-level families. 91.220(k); 91.320(j)**

The Minnesota Family Investment Program (MFIP) is the state's major public assistance initiative for low-income families with children (funded with a combination of federal TANF and

state funds). MFIP's three main goals are to help people leave and remain independent of welfare, obtain and keep jobs, and increase income/decrease poverty. Efforts to ensure that the state meets MFIP goals include employment and job training services, health care assistance, and childcare subsidies for MFIP families. This includes a diversionary work program that helps people to find employment before they reach the need for MFIP. The 2019 Minnesota Legislature approved the first increase (of \$100/month) in 33 years to the MFIP monthly cash benefit.

In addition to administering ESG and state-funded homeless assistance programs, the Department of Human Services and the Office of Economic Opportunity at the Department of Children, Youth, and Families administers a variety of federal and state funded anti-poverty and self-sufficiency programs, allocating approximately \$110 million a year in federal and state appropriations to more than 200 organizations and programs working with low-income families in Minnesota. These programs address families' basic social needs while providing opportunities for the development of the skills necessary for economic self-sufficiency, and include Federal and State Community Action Grants, Individual Development Accounts (IDA) programs, Supplemental Nutrition Assistance Program (SNAP) Education and Outreach, USDA Commodities (TEFAP) and Minnesota Food Shelf Funding (MFSP).

### **Actions taken to develop institutional structure. 91.220(k); 91.320(j)**

Affordable housing and community development assistance in Minnesota depends upon a large network of local lenders, developers, housing authorities, real estate agents, community action agencies, nonprofit organizations, faith-based organizations, and local governments throughout the state. The state fosters cooperation through interagency task forces, councils, and other cooperative efforts identified in its ***Consolidated Plan for Housing and Community Development 2022-2026***.

DEED, DHS, and Minnesota Housing work to minimize assistance gaps and to coordinate available resources in a variety of ways: Minnesota Housing and its partners, such as the Metropolitan Council, issue joint requests for proposals and coordinate the process of reviewing and selecting proposals for funding with other agencies. HUD, the U.S. Department of Agriculture, and Minnesota Housing have an interagency agreement to align/reduce state and federal physical inspections of subsidized rental housing. Minnesota Housing and DHS have been working together to develop a more coordinated grant-making process for resources available through both agencies to address the needs of people experiencing homelessness.

In 2024, Minnesota Housing allocated well over \$4 million in grants to local organizations under the Technical Assistance and Operating Support Program, which is funded through both legislative appropriations and Minnesota Housing resources.

## **Actions taken to enhance coordination between public and private housing and social service agencies. 91.220(k); 91.320(j)**

The state hosts several councils or work groups, including:

1. The Metro Interagency Stabilization Group (ISG), which works cooperatively to address policy and financing issues related to the stabilization and preservation of federally assisted and publicly funded rental housing in the Twin Cities metro area. ISG members include Minnesota Housing, the Family Housing Fund, the Minneapolis Community, Planning and Economic Development Department, the Saint Paul Planning and Economic Development Department, Hennepin County, HUD, and the Federal Home Loan Bank of Des Moines.
2. The Greater Minnesota Interagency Stabilization Group (ISG) is a consortium of public and nonprofit funders created to cooperatively address policy issues and financing for the preservation of federally assisted rental housing outside of the Twin Cities metro area. The participants include Minnesota Housing, HUD, USDA RD, DEED, Minnesota National Association of Housing and Redevelopment Officials (NAHRO), Duluth LISC, and the Greater Minnesota Housing Fund. By coordinating information about properties at risk of converting to market rate housing or at risk of loss due to physical deterioration, the participants can strategically target their combined resources.
3. The Minnesota Interagency Council on Homelessness, which includes 14 state agencies, works to investigate, review, and improve the current system of service delivery to people who are homeless or at risk of becoming homeless; improve coordination of resources and activities of all state agencies relating to homelessness; and advise Minnesota Housing in managing the Family Homelessness Prevention and Assistance Program (FHPAP). Some work of the council is supported by private foundations that fund certain activities under the state's action plan.
4. The Stewardship Council works to address the capital, service, and operating needs of supportive housing for homeless families and individuals. The council includes representatives from federal, state, and local agencies as well as private philanthropic organizations and nonprofit agencies.
5. The Minnesota HIV Housing Coalition, which facilitates access to quality housing and appropriate support services for individuals and families living with HIV in Minnesota. The Coalition advises the City of Minneapolis and Minnesota Housing on the expenditure of HOPWA funds.
6. The Olmstead Subcabinet, which includes 13 state agencies/entities responsible for the development and implementation of the state's Olmstead Plan. The plan strives to ensure that Minnesotans with disabilities will have the opportunity to live, learn, work, and enjoy life in the most integrated setting of their choice.

7. A NOAH Working Group has been formed as a spin-off of the Interagency Stabilization Group. The group is an intergovernmental policy group focused on coordinating advocacy and funding efforts around the preservation of naturally-occurring-affordable-housing (NOAH) properties (which are affordable without government subsidies and income/rent restrictions) in the Twin Cities Metro Area. The group started meeting in the summer of 2020, and includes metro area cities, counties, The Metropolitan Council, and intermediaries working on NOAH preservation. The group meets monthly, and exchanges information about best practices in preserving NOAH housing, efforts to obtain new funding, and other NOAH related initiatives. This group plans to work to determine priority projects for preservation, as well as to continue to advocate for funding to help preserve NOAH properties.

### **Identify actions taken to overcome the effects of any impediments identified in the jurisdictions analysis of impediments to fair housing choice. 91.520(a)**

State agencies adopted the most current Analysis of Impediments to Fair Housing Choice (AI) in 2018 and continue taking actions based on that plan. The goals currently reflected in the AI are 1) address disproportionate housing needs; 2) address discrimination and improve opportunities for mobility; 3) expand access to housing for persons with disabilities; 4) address limited knowledge of fair housing laws through education, outreach and development tools and resources; and 5) decrease the loss of housing through displace and eviction. The AI details the consistent and persistent challenges with these goals as well as strategies to help overcome them. The State also spent time identifying how the pandemic impacted the barriers and related strategies including the distribution of over \$500 million in emergency rental assistance.

The state submits the following actions taken in FFY 2024 to address impediments in its ***Analysis of Impediments to Fair Housing:***

#### **State of Minnesota Analysis of Impediments to Fair Housing Choice *Federal Fiscal Year 2024 Report***

##### **Introduction**

It is the policy of Minnesota Housing to affirmatively further fair housing throughout its programs so that individuals of similar income levels have equal access, regardless of protected class status. Minnesota Housing's fair housing policy incorporates the requirements of the Fair Housing Act, Title VII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendment Act of 1988, as well as the Minnesota Human Rights Act. Fair Housing is an important issue across the country; it is crucial that low-income households have access to affordable housing free from discrimination in communities of their choice.



The State of Minnesota's current Analysis of Impediments to Fair Housing Choice (AI) and Action Plan were approved by Minnesota Housing's Board of Directors in September of 2018. Staff developed an action plan to address challenges to fair housing choice for protected classes identified in the AI. This plan was developed to be flexible to respond to market or other forces that impact fair housing challenges.

The following report reflects activities through all of Minnesota Housing's programming and includes actions in collaboration with the following state partners:

- Department of Human Services (DHS)
- Department of Human Rights (DHR)
- Department of Employment and Economic Development (DEED)
- Minnesota Interagency Council on Homelessness
- Olmstead Implementation Office

The goals reflected in the AI are to:

1. Address Disproportionate Housing Needs
2. Address Discrimination and Improve Opportunities for Mobility
3. Expand Access to Housing for Persons with Disabilities
4. Address Limited Knowledge of Fair Housing Laws through Education, Outreach and Developing Tools and Resources
5. Decrease the Loss of Housing Through Displacement and Eviction

## **Goal 1: Address Disproportionate Housing Needs**

In this goal area, the State of Minnesota seeks to identify programmatic funding or collaborative responses that can support efforts to increase housing opportunities through expanded or streamlined existing funding resources and through collaboration with a variety of partners to provide services and information and identify other resources.

This goal area addresses a variety of challenges in the housing market faced by households of color and Indigenous communities<sup>1</sup>, persons with disabilities, and large families to achieve access to safe quality housing in a community of their choice.

### *Challenge 1.a. | Rental Housing in Poor Condition*

Rental housing in poor condition is the top barrier found across the state, particularly for the most vulnerable low-income renters from protected classes under fair housing law. Minnesota Housing and partners prioritize preserving federally assisted housing and existing affordable housing to ensure conditions are safe as part of the state's key actions to improve conditions. Additionally, supporting tenant education of their rights helps to address this challenge.

**Action: Continue and consider expanding programs to support small rental developments (5-50 units) through continued funding of public housing rehabilitation programs and supporting smaller PHAs to build capacity.**

#### **Publicly Owned Housing Program (POHP):**

POHP is a competitive funding program that uses the proceeds of General Obligation Bonds (GO) to provide financing in the form of a 20-year, deferred, forgivable loan with a 35-year affordability period to public housing authorities and agencies (PHAs). PHAs use these loans to rehabilitate and preserve public housing in the state. Funds can be used only for capital costs that add value or life to the buildings.

To balance PHA capacity with program requirements, POHP program staff has worked to streamline the POHP application to a more concept-based approach. Applicants no longer need to order third party reports or provide an exact development budget at application. If the applicant moves beyond the application phase, those elements are completed with the assistance of POHP staff post-selection.

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<sup>1</sup> The Analysis of Impediments plan uses the term "People of Color or Hispanic Ethnicity" – in this report, the term "People of Color and Indigenous Communities" will be used interchangeably as consistent with Minnesota Housing's most recently adopted Strategic Plan.

In May 2023, the Minnesota Legislature approved approximately \$87 million in GO Bonds and state appropriations to fund the POHP program. This is the largest funding amount the program has ever received.

A POHP Request for Proposals (RFP) was launched in January 2024 for \$41 million with the 2023 GO bond funding provided by the State Legislature. Applications were due in March 2024.

Minnesota Housing staff provided over 40 POHP applicants with individual technical assistance sessions prior to the application deadline. During these technical assistance sessions, POHP staff explained general program guidelines and learned more about each applicant's proposed rehabilitation project. Selections were made in June 2024 and included 3 new HRAs that had never received POHP funding. After selection, POHP staff held individual "launch meetings" with each selected PHA to review the due diligence process. These launch meetings took place from August to October 2024.

Technical assistance was also provided post-selection to applicants during the due diligence process and prior to the loan closing process. Program staff also participated in the Fall 2024 Minnesota NAHRO conference to provide program information and additional technical assistance to PHAs and HRAs.

For the 2020 POHP projects, 21 of the 22 selected projects have closed and/or completed construction.

Minnesota Housing staff are working on releasing another RFP for the POHP funds that will be released in early 2025.

### **Rental Rehabilitation Deferred Loan Program (RRDL)**

The RRDL program provides resources to rehabilitate existing rental housing in Greater Minnesota so that affordability is preserved and low to moderate income households have access to safe and decent housing.

In 2019 the issued an RFP focused on the preservation of RD 515 projects. Many of those projects had stalled due to the impact of COVID and changes in the construction environment.

In 2021, a program guide change was approved which allows funding increases up to a maximum loan amount per unit of \$50,000 and \$700,000 for previously selected projects under certain conditions. This allowed many of the 2019 RRDL RD RFP projects to proceed without eliminating critical needs items from their scope of work. All RRDL

projects that were funded in the 2019 RFP have either closed or completed construction.

In 2023, program staff issued a new RRDL RFP focused on projects with RD 515 mortgages. Selections were approved by the Board in September 2023. Ten (10) projects were selected for funding, and staff is providing technical assistance to these borrowers as they work through due diligence and closing.

There are plans for an additional RRDL funding process in 2025.

### **Small Cities Development Program Rental Rehabilitation**

Rental rehabilitation is an eligible activity under the Small Cities Development funding program which is managed by DEED. This activity would be part of a competitive grant application. Cities and counties that are eligible for the State Community Development Block Grant (CDBG) program funding may apply for rehabilitating public and private rental units within their jurisdictions. Funding may assist in rehabilitating single family rental units, duplex rental units, multi-family rental buildings and mixed-use buildings with commercial space on the first floor. Single family and duplex rental units must house a low-to-moderate income household and rents must adhere to HUD Fair Market Rent for the term of the loan. Multi-family rental buildings and mixed-use buildings assisted with CDBG funding must house 51% or more low-to-moderate income households and rents must adhere to HUD Fair Market Rent for the term of the loan. This activity may serve as a good leverage and gap financing for larger projects.

**Action: Investigate resources for quick response fund for life/safety concerns by continuing and considering expansion of resources for developments currently in Minnesota Housing's portfolio and considering establishment of a receivership revolving loan fund under state statute 504B.451.**

### **Asset Management Loan Program (FA/FAF):**

The Asset Management Loan program provides resources on a pipeline basis to address immediate critical repairs, and deferred maintenance. Part of the funding for this program comes from Financing Adjustment and Financing Adjustment Factor (FA/FAF), which are federal funds. There were no eligible applications for AM loans in FFY24 and no loans committed.

**Action: Continue support for HOME Line as a hotline for tenants' rights.**

Minnesota Housing extended a fifteen-month funding contract with HOME Line in the amount of \$300,000 in July of 2024 considering the usual timing in budget approval by

the legislature and ample time for contract execution. In State Fiscal Year 2024, HOME Line fielded 19,605 tenant calls, most common reasons related to evictions, repairs, and security deposits. Based on HUD definitions, 88% of callers are low income; 41% extremely low income. Over two-thirds (68%) of callers are women, and 48% identify as Indigenous, Black and people of color.

*Challenge 1.b. | Insufficient housing for large families*

In Minnesota, large families and immigrant families face much higher rates of cost burden and overcrowding than other types of renters. Large families are also disproportionately affected by difficulties in finding landlords who accept Section 8 and are met with markets with smaller units. Single family homes are often better sized and configured for larger families.

**Action: For rental development resources, continue to provide points for large family housing in selection criteria of *Minnesota* Housing funding resources, including through the Low-Income Housing Tax Credit Qualified Allocation Plan.**

Minnesota Housing recognizes the need to improve the housing system. This includes focusing on the people and places most impacted by housing instability, especially children. The Large Family Housing selection criterion was revised for the 2022-2023 Qualified Allocation Plan (QAP) and the 2022-2023 Self-Scoring Worksheet (SSW) to further incentivized the development of affordable rental housing for families with children in two ways.

The 2022-2023 QAP and 2024-2025 QAPs contain a family housing threshold option reserved for tax credit projects in the metropolitan area where at least 75 percent of the total tax credit units contained two or more bedrooms and at least one-third of the 75 percent contained three or more bedrooms. Outside of the metropolitan area, projects could meet a locally identified housing need, which could include family housing.

Second, the SSW offers opportunities for projects to claim points for large family housing with two or more bedrooms if the proposal is for a project that provides family housing that is not restricted to persons 55 years old or older. The owner agrees to market to families with minor children. The 2024-2025 SSW provides an opportunity for 12-15 points for large family housing (previously 5-7 points in the 2021 SSW). In addition, the SSW provides opportunity for additional points for 4 or more-bedroom units (previously 3 - 4-bedroom units in the 2021 SSW). These changes were incorporated to incentivize developments that can house larger families.

***Action: For homeownership activities, continue to support the enhanced financial capacity program in reaching large immigrant families, prioritize large family housing in the Impact Fund, provide priorities for large families in down payment assistance, and evaluate how these priorities reach large families.***

In FFY 2024 Minnesota Housing provided affordable first mortgage loans to 1,411 households with four or more people. 1,331 of those also received a Minnesota Housing downpayment and closing cost loan.

In FFY 2024, 40% of households receiving financial wellness coaching in the Homeownership Capacity program had four or more people.

In FFY 2024, 25% of the households served under the Agency's Impact Fund development program had four or more people.

*Challenge 1.c. | Homeownership and mortgage lending gaps*

Minnesota experiences one of the largest racial disparities in homeownership in the country compared with other states, though we have seen modest progress recently. Recent American Community Survey data show Minnesota had the 11<sup>th</sup> largest disparity between white and BIPOC households, whereas previously Minnesota was consistently in the bottom four states. Homeownership represents one of the most common wealth-building opportunities for households and provides stability for families. A disparity in homeownership rates for Black, Indigenous, and people of color (BIPOC) exacerbates racial disparities in education, health, and other outcomes.

***Action: Enhance and continue partnerships to remove barriers to homeownership and reduce the lending gaps between BIPOC and white non-Hispanic households, as well as continue supporting and strengthening the Homeownership Opportunity Alliance.***

In FFY 2024, 41.5% of Minnesota Housing's Start Up program first time homebuyer loans went to BIPOC households (1,742 of 4,123 loans).

**Homeownership Opportunity Alliance:**

Minnesota Housing co-leads (with the Minnesota Homeownership Center) an industry-wide coalition to expand homeownership for households of color, called [the Homeownership Opportunity Alliance](#) (HOA). The goal of this coalition is to collaboratively develop partnerships, programs, resources and best practices as a catalyst to systemic change that advances homeownership equity in Minnesota. The HOA provides outreach to BIPOC communities through their ["Get Ready. Be Ready!"](#)

campaign to connect BIPOC households with [homebuyer education services and build awareness that homeownership is possible](#).

In FFY 2024 the HOA accomplished the following:

- Participation of over 50 organizations with over 200 individual members.
- Engaged community organizations in the Saint Cloud region about homeownership opportunities and challenges in the region, adding HOA members based in the region to represent the unique needs of that community. Issues include the needs of interest-averse households and education around alternatives to the contract-for-deed options that have grown more prevalent as an interest-free home-purchase tool, and the needs of first-generation homebuyers.
- Engaged the overall homeownership industry in Minnesota to support preparation and coordination amongst lenders, real estate agents, and homeownership advisors, for the launch of the State’s \$150 million investments in first-generation homebuyer downpayment assistance to ensure clear understanding of the opportunity to address the homeownership gap, the process requirements, and to troubleshoot barriers and challenges.
- Continued the “Get Ready. Be Ready!” campaign outreach and marketing with a focus on outreach to Latino communities and Spanish-speaking audiences, including radio, print, and social media efforts. Examples include:
  - Participated in the Homeownership Center’s “Welcome Home Podcast” to help spread the word about the work of the HOA and the resources available to potential homeowners.
  - Expanded social media presence and activity through Facebook, LinkedIn, and Instagram

***Action: Identify homeownership education activities occurring in the market and evaluate program activities; this includes the Homebuyer Education Counseling, and Training (HECAT) program at Minnesota Housing, supporting partners in working on initiatives to help households save for down payments, and other homeownership capacity activities:***

**Homeownership education, counseling, and coaching programs**

As the Agency’s two homeownership education, counseling, and coaching programs have fully transitioned from a one-year to two-year cycle, it has given better opportunities to proactively reach out to new potential providers, especially those reaching BIPOC communities and underserved geographic areas of the state. Incoming participants in the pre-purchase coaching program in FY24 were 89% Black, Indigenous and People of Color (BIPOC).

***Action: Partner with Tribal Nations to consider strategies to increase homeownership for American Indian households both on and off tribal lands, including continued work on the feasibility of eventual tenant ownership for eligible tax credit properties and conducting a mortgage lending session at bi-annual Indian Housing conference.***

The Housing Tax Credit (HTC) team continued to work with any owners interested in starting or completing the process of Eventual Tenant Ownership (ETO). We successfully transitioned Red Lake Housing I to Eventual Tenant Ownership in FY2023. Staff worked with the Red Lake Housing Authority to complete the process and due diligence items, resulting in the Declaration of Land Use Restrictive Covenants (LURA) being released and 16 Tribal tenants became homeowners. We are currently working with Red Lake to convert additional HTC units to homeownership for Red Lake Housing II and Red Lake Housing III.

The Minnesota Housing Commissioner, Deputy Commissioner, Minnesota Housing Tribal Liaison, and HTC staff visited Bois Forte Tribal Council, housing staff and tenants in June 2024 to move forward in the ETO process. HTC team holds regularly meetings with Bois Forte to move the units towards homeownership.

The HTC team continues to work with other entities who show interest in the program such as the White Earth and Leech Lake tribes, as well as non-tribal properties. Multifamily staff, in coordination with the legal team, will continue to provide ongoing support and technical assistance to organizations as needed.

*Challenge 1.d. | Very high standards for rentals*

When rental properties require standards out of reach for many renters, the barriers to getting housing increase dramatically, especially in a very tight rental market, and impact people of color, people with disabilities and large families most dramatically. Properties often require three times income, high security deposits, and require no past record of criminal activities or credit problems.



***Action: If found effective, seek additional resources to expand the Landlord Risk Mitigation Fund program to help address housing needs of persons with criminal records, substance abuse challenges and other barriers.***

The Landlord Risk Mitigation Fund<sup>2</sup> program pilot began on September 1, 2017, and ended on August 31, 2022. It initially began as a 3-year pilot and due to the success of the program including a low property owner claim rate, the pilot was extended an additional two years. A total of 281 households and 547 individuals were served. Data indicates that the program effectively targeted households with high barriers including the following related to Heads of Households:

- 78% of experienced more than one episode of homelessness including 23% chronic homelessness and 56% long term homelessness.
- 62% have disability of long duration.
- 47% experienced domestic violence and of those 20% were fleeing domestic violence at the time of program entry.
- 30% had at least one unlawful detainer on their record.
- 12% had been released from jail and of those, 49% had been released within the previous year.
- 30% had at least one criminal offense (drug, violent, sex, arson) and of those, 29% had drug offenses, 15% violent offenses, and 36% multiple offenses.
- Fifty six percent of households served identified as Black, Indigenous or persons of color.

Between September 2018 and August 2022, there were 262 individuals that exited the program. Ninety-one percent of households did not return to homelessness within a year after program exit. Those that were recently discharged from prison, within three months of program entry, had a higher rate of return, 17%, and those experiencing long term homelessness, 12%. It's also notable that BIPOC households returned to homelessness at a higher return compared to white, non-Hispanic households, 8% and 6% respectively.

The 2021 property owner survey results indicated the most appealing feature to property owners when considering participation in the program was having access to

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<sup>2</sup> Minnesota Housing stakeholders have indicated that the term “landlord” is problematic, and the agency has since transitioned to the term property owner. The development of the pilot occurred prior to this change. This document uses “the pilot” to refer to the Landlord Risk Mitigation Fund rather than its name

the fund if needed (39%). After participating in the program, however, only 25% consider this the most appealing feature. Most property owners indicate having someone to contact if issues arise (41%) or having a case manager that is providing support to the household (28%) are the most important features of the program, indicating that most property owners, 69%, consider services to households and property owners to be the most appealing features.

Sixty one percent of property owners stated they would be willing to utilize the program again, while 32% stated they may utilize the program again. In addition, 63% would recommend this program to other property owners, and 24% stated they may recommend this to other property owners.

The mitigation fund was an effective use of resources. Only 22 claims, totaling \$32,173 were made against the \$227,000 dedicated to the mitigation fund, or 14% of funds available. The pilot created additional housing opportunities for low-income high barrier households. While funds appropriated for this pilot were one-time, in 2023 the Minnesota legislature approved up to \$1M in Family Homeless Prevention and Assistance Program (FHPAP) funds for fiscal year 2024, to create or expand risk mitigation programs for improving housing opportunities to homeless and at-risk households with rental barriers. Planning is currently underway and will build upon the success and learnings of the pilot in addition to feedback from partners and stakeholders. It's anticipated a Request for Proposals will be issued in early 2025 and funds committed later that year. See also Goal 3.a.

***Action: Regularly provide informational materials on best practices related to tenant selection plans to owners and manager of properties of Minnesota Housing financed rental developments.***

Minnesota Housing adopted new Tenant Screening Guidelines in December 2020. The new guidelines add specific tenant screening criteria and processes for developments receiving funding from the majority of Minnesota Housing programs to address housing access barriers experienced by people most impacted by exclusionary screening criteria. Changes include:

- Added a requirement for all properties to review supplemental evidence at the time of application from applicants who want to refute information in a screening report and/or provide additional information to demonstrate their ability to be a good tenant.
- Added criteria for all properties to limit review of housing history, credit, and income requirements.

- Added criteria for supportive housing units that removes or limits screening criteria for people experiencing homelessness and/or with disabilities:
- Applicants cannot be rejected based on housing and credit history and housing providers cannot require an income to rent ratio. These are common barriers for people experiencing homelessness and housing instability.
- Limits criminal background screening criteria to address the disparate impact of typical criminal screening criteria for Black, Indigenous and People of color and people who have been homeless.

Staff continued to implement the new tenant selection plan guidelines and screening criteria with all multifamily rental projects selected for funding. All owners of selected projects must complete an acceptable tenant selection plan prior to closing on financing or tax credit carry over. Help text and additional training tools are provided for staff and housing providers. Staff review all tenant selection plans for adherence to guidelines.

*Challenge 1.e. | Affordable housing and landlords accepting housing choice vouchers only located in higher poverty areas*

When a household receives a tenant-based Housing Choice Voucher, they can find housing of their choice in the marketplace. However, voucher holders face many barriers in utilizing vouchers and often face landlords who do not accept the voucher or have rents above payment standards.

**Action: Continue to prohibit properties with funding through Minnesota Housing from refusing to lease to a tenant based on the status of the tenant as a voucher-holder or recipient of similar rental assistance.**

Owners of properties financed through Minnesota Housing cannot refuse to lease a unit in the project because the applicant holds a voucher. Compliance of this requirement is monitored through affordability period.

We have made two significant policy changes to the 2022-2023 Low-income Housing Tax Credit Qualified Allocation Plan (QAP) that continue with the 2024-2025 QAP.

First, we added the following requirements for LIHTC (9% and 4%) and deferred projects: Must set aside a minimum of 2% of units with rents restricted at 30% Multifamily Tax Subsidy Project (MTSP) rent levels and must set aside a minimum of 3% of unit rents at or below the housing assistance payment (HAP) standard, which may be the same units as the 30% MTSP units or different units.

Second, we created a pointing incentive for deeper rent targeting with four new point tiers ranging from 5-9%, 10-19%, 20-29%, and 30-40% of total units with rents at 30% of

MTSP. Rents at the lower 30% MTSP limits align much better with HAP standards than LIHTC rents at 50% or 60% MTSP limits, which exceed the HAP payment standard in some markets.

The QAP also provides geographic scoring incentives for locations with greater housing affordability needs, which are defined as places with a low share of affordable rental housing as compared to all housing options in a community or a large share of renters that are cost burdened by their rent.

## **Goal 2: Address Discrimination and Improve Opportunities for Mobility**

In this goal area, the State of Minnesota intends to identify strategic and collaborative approaches to consider both place-based solutions and mobility solutions to provide households access to housing in communities of their choice.

*Challenge 2.a. | Non-white and Hispanic residents are disproportionately segregated into some, often high poverty neighborhoods*

Decades of housing policies that racially segregated communities and continued implicit and explicit practices disproportionately limit choice of households of color and Indigenous communities in Minnesota.

**Action: Support efforts to review where investments in creation, preservation, and rehabilitation of affordable housing is occurring relative to areas of concentrated poverty and economic opportunity to encourage a full range of housing choices. (For example, helping to keep HousingLink’s Low Income Housing Tax Credit development database current to report distributions).**

New LIHTC units financed by Minnesota Housing between 2005 and 2024 are spread throughout the Twin Cities Metropolitan Region, with 4 percent of these units located in HUD’s defined “Racially and Ethnically Concentrated Areas of Poverty”.

Minnesota Housing annually reviews the distribution of investments in affordable housing. The Low-income Housing Tax Credit is the predominant tool for financing new affordable housing. Through the authority specified in Minn. Stat. §462A.222 and 462A.223, Duluth, Rochester, St. Cloud, Washington County, Minneapolis, St. Paul and Dakota County are authorized to administer HTC allocations as suballocators. The City of Minneapolis, City of St. Paul, Dakota County and Washington County administer their HTCs locally as suballocators. Duluth, St. Cloud and Rochester have entered into Joint Powers Agreements with Minnesota Housing through which the agency will perform the HTC allocation or awards, and compliance monitoring.

LIHTC development proposals submitted to Minnesota Housing are extensively reviewed by a team of staff underwriters, architects, asset management and supportive housing staff for:

- Consistency with Minnesota Housing’s mission and strategic priorities
- Compliance with statutes and program rules, including geographic distribution of resources
- Consistency with program requirement, eligible uses, and priorities
- Financial feasibility, market need, architectural quality, and overall development team capacity

Minnesota Housing provides ongoing support of the HousingLink Streams database, which includes LIHTC and other affordable housing to make data accessible for analysis.

*Challenge 2.b. | Challenges in accessing housing in concentrated areas of wealth or other opportunities*

Households of color or Indigenous communities, large families, and voucher holders disproportionately lack access to housing in concentrated areas of wealth or other opportunities.

**Action: Evaluate and continue solutions that mitigate barriers to developing housing in areas of wealth or other opportunities. (For example, address barrier of NIMBYism).**

Minnesota Housing staff attend regional housing meetings of housing staff at the city and county housing departments to track local policy and financing strategies to meet housing needs, support housing stability and expand housing choice in their respective cities and counties. The Urban Land Institute – MN and Twin Cities Local Initiatives Support Corporations separately convene these groups to discuss strategies and highlight examples of efforts to advance housing choice.

Minnesota Housing convened three regional housing forums in Greater Minnesota. The Agency invited other housing intermediaries to share the financial resources and technical assistance they offer. These forums convened a variety of housing partners including housing developers, city and county staff, community-based organizations, social service providers and others to highlight resources, provide examples of development projects, and highlight the work of organizations leading equity and inclusion efforts in the region. Minnesota Housing also hosted a housing forum with Indian Housing Directors from nearly all the Tribal Nations in Minnesota. The Agency shared general housing resources, including new resources specific to Tribal Nations, and listed to attendees about their priorities, goals, and needs.

Through its Capacity Building Grant Program, Minnesota Housing provides grants to organizations whose work focuses on addressing root causes of housing instability, challenges, and disparities. These grants also prioritize efforts to support the self-determination and elevate the voices of those most impacted by housing challenges to define the housing types and locations that fulfill their vision of opportunity. Current grantees are completing their second year of their contract. In May 2024, the Agency also launched its 2024 Capacity Building Request for Proposals (RFP) with increased funding from a 2023 legislative appropriation. As a result, over three times the funding and four times the individual maximum award is available through this RFP. Contracts will begin in 2025.

A few examples of projects funded by the Capacity Building Grant Program include:

Duluth Local Initiative Support Corporation is funded to build their capacity to help the city of Duluth administer the local Housing Trust Fund which is an important funding source for more housing development.

Inquilinx Unidxs por Justicia (Renters United for Justice) is organizing renters living in a portfolio of properties that were not properly maintained by the property owner. The Minnesota Attorney General reached a settlement with this property owner so the renters could have quality housing.

Isuroon, an organization led by and focusing Somali and East African women, is leading a public education initiative to prevent predatory lending practices, particularly through Contract for Deed. This constituency has been disproportionately targeted for these predatory lending practices.

The Urban Land Institute of Minnesota will offer housing development workshops for local jurisdictions in the suburban metropolitan areas and expand these offerings to Greater Minnesota. Called "Navigating Your Competitive Future," these workshops help decision-makers in communities better understand how housing, and specifically affordable housing, is important for community and economic development.

**Action: Monitor any proposed regulatory changes regarding source of income protections.**

Minnesota Housing is evaluating source of income protection work at the City of Minneapolis and other local jurisdictions through policy and community development efforts.

Minnesota Housing and the Department of Human Rights also had a state level proposal supported by the Governor during the 2021, 2022, 2023 and 2024 legislative sessions on this topic, but the Legislature did not act on this proposal. This proposal will continue to

be a part of the Governor's legislative agenda heading into the state's 2025 legislative session..

*Challenge 2.c. | Challenges accessing economic and other opportunities*

Racially segregated communities have experienced disinvestment and continue to experience disinvestment that reduces economic opportunities in these communities. Accessing opportunities disproportionately impacts persons with Limited English Proficiency.

**Action: Promote contracting opportunities for women and Black, Indigenous, and People of Color-owned business entities in all programs.**

Minnesota Housing promotes contracting opportunities for Black, Indigenous, People of Color, and Women-Owned Business Enterprises through multifamily and single-family programs.

For single family programs, the Impact Fund development program provides an incentive for applicants led by BIPOC and women.

For multifamily, Minnesota Housing's Qualified Allocation Plan (QAP) is the principal document that guides the housing priorities of Housing Tax Credits and other deferred Multifamily funding resources. This plan also incorporates elements of Minnesota Housing's broader Strategic Plan which aims to create an inclusive and equitable housing system, preserve existing affordable housing, and strengthen disinvested communities.

Creating an inclusive and equitable housing system includes diversifying the development partners we work with and promoting opportunities for Black, Indigenous, People of Color, and women-owned Business Enterprises. We implemented new inclusive elements for the 2022-2023 QAP and further refined the policy in the 2024-2025 QAP. In the 2024-2025 QAP, we made the following changes:

- Increased the total points available for this selection criteria.
- Added additional points for owners/sponsors that are Black, Indigenous, People of Color, and Women-owned Business Enterprises
- Added points for development teams that include Black, Indigenous, People of Color, and Women-owned Business Enterprises
- Added additional points for development teams that partner with a Black, Indigenous, People of Color, and Women-owned Business Enterprises with the specific goal of building their capacity to develop, manage, construct, design or own affordable housing in the future.

Agency staff also made several updates to the Black, Indigenous and People of Color-owned Business Enterprise and Women-owned Business Enterprise Compliance Standards, which address equitable marketing and outreach requirements for contracting and purchasing opportunities resulting from Minnesota Housing-financed developments including:

- Clarified the programs that trigger these requirements.
- Clarified the certification programs that businesses can be certified through to count towards Minnesota Housing's percentage goals.

The 2022-2023 QAP and the 2024-2025 QAP also includes significant policy improvements designed to further promote community and economic development, increasing geographic choice, and promoting preservation activities that preserved existing affordable housing, including:

- Greater priority placed in communities with a low share of affordable rental housing options.
- New selection points for Equitable Development made available which aims to empower communities to drive and meaningfully participate in development to be responsive to their needs. We further refined the criteria in the 2024-2025 QAP clarifying the requirements and defining key terms of the criteria.
- New selection points made available for developments that are in Opportunity Zones to foster greater community investment.
- Increased selection points for preservation developments

Minnesota Housing also has contracting goals for BIPOCBE/WBE that apply to all projects receiving Agency deferred loan funding, including federal and non-federal sources. The goals are designed to achieve certain percentage goals for BIPOCBE/WBE participation at the development and subcontractor level. Minnesota Housing staff is currently in the process of updating these percentage goals to reflect current BIPOCBE/WBE business ownership data.

Minnesota Housing administers HOME and NHTF funding from HUD that triggers Section 3. During the FY 2024 reporting period, six projects received over \$200,000 in HUD funding that triggered Section 3 requirements. Across these six projects, 6.2% of the total labor hours worked were worked by Section 3 Workers and 4.8% were worked by Targeted Section 3 Workers. While these numbers fell short of the HUD benchmarks of 25% for Section 3 Worker labor hours and 5% for Targeted Section 3 Worker labor hours, there was improved performance with these benchmarks in FY 2024 when compared to FY 2023.



Minnesota Housing continued to be a member of the Twin Cities Section 3 Collaborative and collaborated with Twin Cities Section 3 Collaborative staff to notify currently certified Section 3 Businesses of upcoming contracting opportunities on its Section 3 projects and to identify and certify more Section 3 Businesses and Workers. Minnesota Housing's other activities consisted of directing general contractors to existing resources to identify existing Section 3 Businesses to outreach to when bidding a project, providing examples of qualitative efforts that can be used, and working with general contractors to identify and certify Section 3 Workers and Businesses already working on its Section 3 projects. Minnesota Housing also worked on providing more project-specific resources to help general contractors more effectively implement HUD's suggested qualitative efforts.

**Action: Continue to support the preservation of affordable housing opportunities as a strategy for community investment.**

Minnesota Housing continues to be involved in a rural preservation workgroup. USDA Rural Development 515 properties have unique preservation challenges, and Minnesota Housing includes a set aside in the Low-Income Housing Tax Credit program to support USDA-RD properties and has partnered with USDA RD to create a specific initiative under the Rental Rehabilitation Deferred Loan program for 515 properties.

Minnesota Housing is also the contract administrator for the Performance Based and Traditional Contract administration programs for project-based Section 8 properties in Minnesota. This administrative work with these properties allows the state to better understand and address the preservation needs of these properties.

Minnesota Housing staff, continue to be an active participant in the Interagency Stabilization Group (ISG) that includes state, federal and local funders that get together to discuss various preservation issues and the preservation needs of specific developments. This group meets regularly throughout the year.

**Goal 3: Expand Access to Housing for Persons with Disabilities**

The State of Minnesota seeks to identify collaborative and programmatic funding responses to rehabilitate and create new accessible affordable housing options, support accessibility improvements in single units, and help people with disabilities transition into independent living settings.

*Challenge 3.a. | Shortage of affordable, accessible housing*

For people with disabilities, simply acquiring housing and remaining housed are significant challenges. Wait lists for affordable, accessible housing are years long in many rural areas.

**Action: Evaluate and enhance existing funding resources to provide preference in housing developments for persons with disabilities, including preference points in the Low-income Housing Tax Credit Qualified Allocation Plan and other competitive capital funding resources.**

**Multifamily Consolidated Request for Proposals and Low-Income Housing Tax Credit Allocation:**

Minnesota Housing recognizes the need to improve the housing system. This includes supporting people with disabilities. The 2024-2025 Qualified Allocation Plan (QAP) and 2024-2025 Self-Scoring Worksheet (SSW) incentivizes the development of affordable rental housing serving people with disabilities in two ways.

First, projects selected through the QAP must meet one of five threshold areas and one specifically pertains to housing persons with disabilities. Projects without age restrictions can achieve this threshold through a percentage of the units set aside and rented to persons who meet one of five definitions related to disabilities.

Second, the SSW offers opportunities for projects to claim 7-13 selection points for units set aside for people with disabilities at 30% MTSP Income limits. Within this selection criteria, Minnesota Housing offers the option for owners to also apply for HUD Section 811 Project-based Rental Assistance so that units set aside for people with disabilities will also have a rental subsidy and not pay more than 30% of their income for rent.

**Publicly Owned Housing Program:**

Out of the 2024 POHP projects (which were approved in June 2024 and just getting underway), several included upgrades to entry doors to make them ADA compliant, one included fire safety and sprinkler installations and one included sidewalk improvements to make them more accessible.

POHP program staff will continue to prioritize projects that improve accessibility and life safety in upcoming RFPs.

**Rental Rehabilitation Deferred Loan Program (RRDL):**

In 2019 an RRDL RFP was held specifically for RD projects. In March 2020, selections were approved. Selections included 21 projects, encompassing 544 units. Funds were committed to address critical deferred maintenance and accessibility issues in these projects. Approximately 65% of USDA Rural Development households are elderly or disabled, and the average household income is \$13,551. Projects selected included improvement such as walkway and pavement fixes, elevator upgrades, and other items designed to improve the overall accessibility and livability of these buildings. (See note about RRDL RD RFP in Section 1a above).

As of September 2024, all selected RRDL projects have closed and/or completed construction.

Another RRDL RFP targeted to RD projects was issued in 2023, and the selections were made in September 2023. Ten projects were selected, and like the 2019 Round, include items designed to improve the accessibility and livability of the buildings, which serve very low income and vulnerable populations. Two of these projects have moved to closing and the rest are still in the underwriting phase.

There are plans for an additional RRDL funding process in 2025.

**Action: If found effective, seek additional resources to expand the Landlord Risk Mitigation Fund<sup>3</sup> program.**

Action within Challenge 1.d. above discusses the Property Owner Mitigation Fund pilot program activities. While funds appropriated for this pilot were one-time, in 2023 the Minnesota legislature approved up to \$1M in Family Homeless Prevention and Assistance Program (FHPAP) funds for fiscal year 2024, to create or expand risk mitigation programs for improving housing opportunities to homeless and at-risk households with rental barriers. Planning is currently underway and to date has included evaluation of the pilot results, as well as engagement with partners and stakeholders. It is anticipated a Request for Proposals will be issued in early 2025 and funds committed later that year. Challenge 3.b. | Shortage of resources to make accessibility improvements

If a voucher holder requires a reasonable accommodation, PHAs may not have the resources available to assist with the accommodation. There are also not resources to assist non voucher holders in accessibility improvements more broadly.

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<sup>3</sup> Minnesota Housing stakeholders have indicated that the term “landlord” is problematic, and the agency has since transitioned to the term property owner. The development of the pilot occurred prior to this change. This document uses “the pilot” to refer to the Landlord Risk Mitigation Fund rather than its name.

**Action: Provide education and outreach of existing homeownership programs to make accessibility improvements, including streamlining Minnesota Housing’s Rehab Loan Program to make program more accessible to lenders, and promote to seniors and persons with disabilities, evaluating the Impact Fund projects for accessibility improvements, continuing to promote Minnesota Housing’s Fix Up Fund for persons with disabilities, and continuing to provide priorities for down payment assistance.**

**Fix Up loan Program:**

During FFY 2024, Minnesota Housing provided Fix Up loans to at least 14 households with a disability. In September 2022, Minnesota Housing increased the maximum Accessibility Loan from \$25,000 to \$35,000 to accommodate more substantial accessibility improvements. The Accessibility Loan option offers a lower interest rate than the standard Fix Up options to make accessibility improvements more affordable, though accessibility improvements are also allowed under other Fix Up loan options (maximum loan amount of \$75,000).

**Rehabilitation Loan Program/Emergency & Accessibility Loan Program (RLP/ELP):**

In FFY 2024, 53% of the households served by the income targeted RLP/ELP (an income at or below 30% area median income) had at least one household member with a disability.

**Homeownership Programs:**

In FFY 2024, Minnesota Housing provided affordable first mortgage loans to at least 69 households with disabilities, all of whom also received a Minnesota Housing down payment and closing cost loan.

**Impact Fund Program:**

In FFY 2023, 13% of the households served under the Impact Fund program had a household member with a disability.

In FFY 2023, 75% of the new construction homes developed using Minnesota Housing Impact Fund dollars were fully visitable meaning the homes included no step entrances, 32-inch doorways, and a bathroom on the main level.

In FFY 2023, Minnesota Housing awarded Impact Fund dollars in the amount of \$448,700 to Impact Fund Program Administrators to make accessibility improvements for homeowners.

### *Challenge 3.c. | Shortage of resources to transition to independent living settings*

There is a shortage of workers to help transition to and support independent living, and processes to apply for supports are complex and onerous.

**Action: Collaborate with housing and supports activities in the state’s Olmstead Plan and initiatives that increase the number of people with disabilities who live in the most integrated housing of their choice.**

There are several key activities in the [Olmstead workplan](#) related to housing and services in partnership with Minnesota Housing. These include:

- The Bridges program (described below)
- The Section 811 program (described below)
- Ensuring HousingLink’s products and services serve people with disabilities.

**Action: Minnesota Housing will continue to provide rental assistance to persons with serious mental illness and evaluate program effectiveness.**

Minnesota Housing was awarded a fourth round of Section 811 funding bringing an additional \$7,986,651 to the state to assist transitioning people from institutions and homelessness into independent living settings. The Bridges Program (rental assistance to people with a mental illness) received an increase of \$2 million dollars in base funding bringing the total funding to \$13,060,000.

Bridges served 568 households, and Section 811 served 160 households and will serve an additional 160 households over the next 3 years with Round 3 and an additional 282 units with Round 4 over the next 7-10 years.

**Action: Minnesota Housing and DHS will continue implementation of the Section 811 rental assistance**

Under the Section 811 PRA Supportive Housing Program, HUD has awarded Minnesota four rounds of funding for a total of 608 units of project-based rental assistance to create integrated supportive housing for people with disabilities who are extremely low-income. These units will serve people who are long-term homeless or leaving institutions of care. The 811 program households have average incomes less than \$11,000 annually and are receiving, on average, monthly assistance of about \$684. All households include an individual with a disability and half of households identify as a person of color or from Indigenous communities.

Minnesota Housing is implementing this program in collaboration with the Minnesota Department of Human Services (DHS). DHS coordinates outreach and referrals for 811

applicants and ensures that tenants are connected to service providers. The 811 PRA program is an important tool to support the goals of the state's Olmstead Plan to provide integrated housing options for people with disabilities. Minnesota Housing has awarded contracts to property owners for 233 units at 35 properties, and there are currently 160 households living in Section 811 PRA units. Round Three funding has been used in the 2021, 2022, 2023, and 2024 RFPs, producing 174 units with 22 units anticipated to begin service at the end of 2024 and early 2025. The round four award announcement was just received in October 2024. The pipeline application for existing units has been postponed and a scheduled date has not yet been identified.

**Action: Other programmatic action to provide resources to transition into independent living settings, Housing Infrastructure Bonds**

Minnesota Housing continues to make advancements in addressing statewide housing needs for people with disabilities. Providing pointing incentives for many types of multifamily developments to include units for persons with disabilities has been an Agency priority for over a decade. Project selections continue to advance the objectives of Minnesota's Olmstead Plan, and in the 2023 Request for Proposal funding round, Minnesota Housing created or preserved 129 units specifically set-aside to serve people with disabilities. This includes 7 units that will also receive HUD Section 811 Project-based Rental Assistance. This was a new pointing incentive added to the 2022-2023 QAP to encourage projects to incorporate this federal subsidy.

Minnesota Housing also prioritizes the creation of units to prevent and end homelessness. Data from supportive housing providers, service providers, and local HUD Continuum of Care point-in-time counts and Coordinated Entry lists provide evidence that many individuals who experience homelessness may also have Behavioral Health needs (people with mental illness or substance use disorders). Thus, the new permanent supportive housing units created via Minnesota Housing's funding resources provide independent-living housing for these populations.

**Goal 4: Address Limited Knowledge of Fair Housing Laws Through Education, Outreach, and Developing Tools and Resources**

The State of Minnesota will engage in collaborative approaches to expand education efforts by partnering with the Department of Human Rights, participation in conferences, and sustaining and improving tools like the Affirmative Fair Housing Marketing Toolkit.

#### *Challenge 4.a. | Limited knowledge of fair housing laws and resources*

A perennial fair housing issue is lack of knowledge. Tenants, landlords, lenders, and borrowers do not always know their rights or responsibilities. In addition, we need to strengthen relationships with other Fair Housing entities and partners.

#### **Action: Support efforts to maintain and promote the FairHousingMN.org website and online tool to develop Affirmative Fair Housing Marketing Plans and expand education and oversight of AFHMPs in Minnesota Housing's portfolios**

In FFY 2021, reviews of AFHMP's were included with all physical inspections conducted by compliance officers on properties financed with Housing Tax Credits, HOME, National Housing Trust, and/or agency deferred loans. The task was added to each physical inspection to track these reviews in Minnesota Housing's system. The AFHMP review task is considered completed after the review or the compliance officer determines that the review is not applicable because the property is not required to have an AFHMP or the AFHMP is already reviewed by another staff person or entity.

As of October 9, 2024, of the 284 inspections due in CY 2024, 118 AFHMPs have been successfully reviewed, 74 were not applicable, and the remaining inspections are still in process.

Minnesota Housing provided an operations grant of \$175,000 to the HousingLink to maintain updated affordable housing listings, Affirmative Fair Housing Marketing Toolkit, research and housing supply data and other efforts to support housing choice and stability. The HousingLink reported that in 2022, 133 companies used Affirmative Fair Housing Marketing Toolkit to create their Affirmative Fair Housing Marketing Plans. This resulted in 99 users and 2,171 projects created using the toolkit.

#### **Action: Work with Minnesota Department of Human Rights, Minnesota NAHRO, Minnesota Multi Housing Association and similar organizations to provide education regarding housing discrimination laws through their annual conferences.**

Minnesota Housing staff continues to meet with industry partners to explore the possibilities of training multifamily property owners, managers and service providers on fair housing. Meetings are conducted with Minnesota Multi Housing Association, Minnesota NAHRO and HUD to brainstorm and develop trainings on current issues to draw attendees in and educate them in fair housing.

Training session topics are developed by reaching out to MMHA members, as well as our staff and customers, to determine where gaps in knowledge exist and further training is desired.

The 2024 Working Together Conference was publicized by Minnesota Housing on our website. Minnesota Multi Housing Association and Minnesota NAHRO sent multiple email blasts as well as hard copy mailings. 2024 Working Together Conference sessions included:

- Ask the Attorney: Fair Housing & Landlord Tenant Law
- Fair Housing

**Action: Continue to support educational opportunities and outreach efforts with suburban community elected and appointed officials to understand the important and effectively plan for a full range of housing choices.**

Minnesota Housing regularly participates in the annual policy making processes of Metro Cities, League of Minnesota Cities, and the Municipal Legislative Commission to understand their housing policies and priorities, as well as to receive feedback on the agency's programs.

Various Minnesota Housing's staff has spoken to these groups and staff have on-going relationships with the group's staff and members regarding the importance of housing that is affordable and equitable. Recent conversations have focused the on new initiatives and programs that Minnesota Housing is undertaking because of the historic housing funding from the 2023 legislative session. Staff have also historically participated in the Regional Council of Mayor's meetings.

**Action: Distribute fair housing educational materials at annual conferences, public venues, and other opportunities.**

Documents about fair housing were available at the 2024 Working Together Conference and as mentioned above, there were two sessions about this topic.

Minnesota Housing's internal cultural competency committee hosts monthly events that are often directly related to fair housing issues.

**Action: Each State CDBG Grantee must complete at least one fair housing activity each year.**

Each State CDBG grantee developed and adopted a Fair Housing Plan and affirmatively furthered their Fair Housing plan by completing at least one unique fair housing activity each year the grant remains open. Activities are reported in the State's annual report each year.

DEED Small Cities Development Program (SCDP) staff carries out education efforts for grantees and potential grantees on fair housing and equal opportunity topics during SCDP implementation training workshops and application webinar trainings.



DEED staff distributed Fair Housing and Equal Opportunity brochures and posters (multiple languages) to attendees during events focused on engagement and outreach efforts and during individual technical assistance with grantees throughout the year.

**Action: Build relationships and internal capacity for Fair Housing related work**

The agency continued to focus on three key areas with respect to Fair Housing work this year. This year, we finalized the reporting process with HUD and provided updated data on LIHTC selected projects to ensure their Fair Housing team's LIHTC database is current. The second involves coordination with both HUD and the Minnesota Department of Human Rights where we identify a list of properties and management companies that have been found to be in violation with Minnesota Housing's Fair Housing policy. This year our outreach has increased to quarterly. This information is then used to report any Fair Housing violation to the IRS through the 8823 process for LIHTC projects and is used to determine applicable penalties associated with any new applicants for LIHTC funding as outlined in the paragraph below.

Minnesota Housing has language in the 2024-2025 LIHTC Qualified Allocation Plan that failure to comply with Minnesota Housing's policies, procedures or requirements may be penalized according to Minnesota Housing's Fair Housing Policy, up to an including disqualification of the application. In addition, Minnesota Housing may impose up to a 35-point penalty on future HTC development to all parties involved in the ownership and/or management on the development(s) that are in non-compliance. The penalty points will be assessed in four funding rounds (generally two calendar years).

**Goal 5: Decrease the Loss of Housing Through Displacement and Eviction**

To move towards this goal, the State of Minnesota will identify opportunities to support preservation of Naturally Occurring Affordable Housing (NOAH) and other ways to mitigate the effects of displacement or evictions.

*Challenge 5.a. | Redevelopment displacing current renters of Naturally Occurring Affordable Housing (NOAH)*

NOAH properties reflect a large stock of homes that are affordable to lower income households and are without subsidy. Redevelopment of NOAH properties is displacing current residents and is predominantly occurring in the Twin Cities Region. It is estimated that Minnesota is losing 2,000 units every year.

**Action: Continue support of the NOAH Impact Fund and partner with the Greater Minnesota Housing Fund to evaluate the effectiveness of the fund.**

Naturally occurring affordable housing (NOAH) is unsubsidized housing without income or rent restrictions that is affordable to moderate- and low-income renters. A substantial number of naturally affordable rental developments are being converted to higher-market rents or are simply operated under poor management and in disrepair. These conditions threaten the stability of families and communities, and these impacts disproportionately impact persons of color and persons with disabilities.

Minnesota Housing has joined with the Greater Minnesota Housing Fund to invest in the NOAH Impact Fund to finance the acquisition and preservation of naturally affordable class B and Class C rental housing in partnership with high performing owner-operators with the shared social goal of preserving affordability for the long term.

Related, in 2023, the Governor requested funding, and the Minnesota legislature approved \$90 million in one-time funding resources to preserve and improve existing housing stock, commonly referred to as NOAH. In 2024, this program was modified by the Legislature providing \$41.750 million for multifamily rental and \$10 million for single family ownership. Minnesota Housing is developing these programs.

**Action: Monitor state legislation regarding right of first refusal and opportunity to purchase measures for manufactured home parks (tenant purchase rights) and consider the next steps for Minnesota Housing related to the preservation of manufactured home parks to address critical infrastructure issues that limit preservation opportunities or offset/replace opportunities that are no longer available.**

Minnesota Housing staff is in regular conversations with key stakeholders on this issue including North Country Foundation, All Parks Alliance for Change/Housing Justice Center and the Manufactured and Modular Home Association. In 2023, a law passed that requires park owners to notify Minnesota Housing and residents if they receive an unsolicited offer for their park. The detail of that offer is shared with interested stakeholders to provide residents and interested third parties an opportunity to purchase the park and is available on the agency's website

Agency staff are in the process of awarding its fifth round of Manufactured Home Community Redevelopment Program infrastructure grants. Manufactured home park infrastructure is funded by state appropriations and is also an eligible use of Housing Infrastructure funding. The standalone program received a one-time increase of \$15 million in 2023. The base funding for the program is \$2 million.

*Challenge 5.b. | Eviction filings negatively impact renters regardless of outcome*

Evictions disproportionately impact households of color and Indigenous communities and even an eviction filing will raise ongoing barriers to accessing housing.

**Action: Monitor work to define and limit predatory rental practices, including questionable eviction practices and poor conditions of rental units.**

During the 2023 legislative session, several policy bills were passed related to landlord/tenant law. These policy changes include:

- 14-day notice required prior to filing eviction
- Limit eviction reporting until a judgment is rendered and expand expungement requirements.
- Ability to terminate a lease due to tenant infirmity.
- Disclosure of non-optional fees and whether utilities are included in rent.
- Right to counsel for residents of public housing in breach of lease proceedings.
- Minimum temperature of 68 degrees required October 1 through April 30.
- Clarification of emergency and required repairs.
- Several of these changes were recommended by the Governor.

**Action: Eviction Prevention Programming Activities**

The Family Homeless Prevention and Assistance Program (FHPAP) provides financial assistance to households at risk of losing their housing.

FHPAP funds are used for supportive services and direct financial assistance to prevent homelessness or re-house homeless households as quickly as possible. Services include housing navigation and case management to find and keep housing. Direct financial assistance includes payments for rental assistance, security deposits, mortgage assistance, and utility assistance. The program is typically operated by more than 20 administrators including counties, Tribal Nations and Community Action Programs and several other non-profit organizations. The FHPAP program has demonstrated consistent outcomes including 94% of households receiving assistance to prevent housing loss exiting with stable housing as well as 84% of households experiencing homelessness exiting to stable housing.

In the 2022-23 biennium, the legislature advanced additional one-time funding to assist households which was available during the summer of 2023. Typically, the program serves about 5-10% of eligible households. With the additional funds, the program served 43% (6447 total) of eligible households.

For the 2024-25 biennium, we received one-time funds for the FHPAP program which were awarded in two rounds. Round 1 included \$10 million in a direct allocation to ten tribal nations plus \$61,855,000 in funds for 23 administrators providing statewide coverage. This included two new culturally specific administrators in Greater Minnesota. Round 2 was issued with the intent to solicit administrators who could serve culturally specific populations. We issued \$29,393,844 in funds for 24 grant administrators including seven new administrators in the metro area who intend to serve culturally specific populations. The program typically has \$20.5M per biennium so the additional funding allowed the program to expand assistance to additional households in need.

In addition, a Workgroup to Expedite Rental Assistance was formed with legislators, constituents and housing administrators to develop a concept for determining the need for prevention assistance, tracking the expediency of assistance and removing barriers for applying for assistance. The [Workgroup to Expedite Rental Assistance](#) drafted legislation which passed in 2024 with timelines to implement recommendations starting in January 2025.

### **Emergency Response Programs**

Other eviction prevention activities occurred through two federally funded emergency response programs, the Coronavirus Relief Fund (implemented as COVID Housing Assistance Program), and the Emergency Rental Assistance program.

Supported by federal funds, Minnesota Housing established RentHelpMN to provide financial assistance to households at risk of losing their housing. The program covered eligible costs that were incurred between April 2021 and January 2022. RentHelpMN received approximately 102,000 applications and paid out more than \$449 million to help create housing stability for people at risk of losing their housing.

Below are several important demographics from household served by the program:

- 3% of households served were Indigenous
- 53% of households served were Black or other People of Color
- 38% of households served were White
- 85% of households served had incomes of 200% or less of the federal poverty level
- 67% of households served were in urban settings (Metro)
- 33% of households served were in greater Minnesota

In August 2023 Minnesota Housing launched RentHelpMN – Targeted Assistance. This program is a federally funded, referral-based program providing direct assistance for

renters who have experienced or are at risk of financial hardship due to the COVID-19 pandemic. It's designed to help prevent homelessness and maintain housing stability. RentHelpMN – Targeted Assistance provides renter households access to referral-based direct assistance through Housing Stability Services (HSS) providers.

Minnesota Housing partnered with service providers across the state to administer the program. Service providers worked within their communities to identify eligible renters and help them apply for the program through referrals.

The Targeted Assistance program closed for new referrals on August 31, 2024. Final applications are being processed from those referrals and will be completed in the fall of 2024.

The program has served approximately 6,000 households with \$39 million in emergency rental assistance. Final program numbers will be reported once all applications are processed, appeals completed, and payments made. The program will continue to move towards final shutdown, including closing out appeals and providing tax forms to recipients. All the funds must be fully obligated by September 30, 2025.

### **Housing Stability Services**

Supported by federal funds, Minnesota Housing established the Housing Stability Services program. By contracting with 18 local service providers across the state of Minnesota, people experiencing a housing emergency may receive either eviction prevention services and/or housing navigation services under this program. Minnesota Housing extended the contracts for 18 providers that will continue to provide services through January 31, 2025 when this program will end due to one-time funding being fully expended.

## **CR-40 - Monitoring 91.220 and 91.230**

**Describe the standards and procedures used to monitor activities carried out in furtherance of the plan and used to ensure long-term compliance with requirements of the programs involved, including minority business outreach and the comprehensive planning requirements**

For DEED's Small Cities Development Program (SCDP), grantees are monitored through desk and on-site monitoring. Desk monitoring is conducted on an ongoing basis which includes reviewing startup documents, policies and procedures, environmental review documents, ongoing activities, disbursement requests, labor standards, annual reports/performance measurements, audits, final reporting, and closeouts reporting. On-Site monitoring is conducted at least once during the term of the grant agreement. The State decides to conduct desk versus on-site monitoring based on cost and time evaluation. HUD's Personally Identifiable Information policy has been maintained.

Attached in IDIS is the SCDP Internal Monitoring Procedures.

### **Internal SCDP Monitoring Procedures**

All grants will be monitored to determine if the grant activities meet the following: national objective, eligible activities, grant and financial management, activity specific and grant progress.

There are three types of monitoring conducted:

1. On-site Monitoring
2. On-going Desk Monitoring
3. Remote Monitoring - Case by case basis

On-site monitoring will be completed at least one time within the grant period. The goal is to monitor each grantee early enough to prevent problems but late enough to review grantee performance and progress. DEED has developed a checklist to assist in the monitoring areas such as grant management, fair housing and equal opportunity employment, Davis Bacon Labor Standards, inspections and bidding, and contractor payments. Activities are reviewed for eligibility, meeting federal objectives, and if adequate progress has been made by the grantee within the time stated in the funding agreement. The checklist will be used at the visit with a description of a concern or a finding if applicable. Upon monitoring completion, staff will input data into the monitoring spreadsheet.

The following is the onsite monitoring process:

1. Notification of visit: The grantee and administrator will be emailed or called to set up the monitoring appointment and provided the monitoring checklist for preparation.
2. Entrance meeting onsite (describing the process) will occur between the state, grantee, and administrator;
3. State monitoring conducted using monitoring checklist: see areas reviewed in next section;
4. Exit Meeting: Provide positive feedback and discuss findings/concerns;
5. Cover letter and monitoring report written and approved by director prior to delivery;
6. Notification of results to mayor and administrator: Cover letter and report;
7. Follow up to clear Findings within 60 days from report date (when possible).

During the COVID-19 pandemic and Stay Home Order, SCDP staff was still conducting monitoring but via remote/desk monitoring using different technologies available to conduct remote meetings and receiving documents electronically. This has proved to be successful. To accommodate grantees that do not possess up to date technology, grantees are able to use alternative communication means such as telephone calls, and US mail to deliver the pertinent documents necessary for a successful monitoring. Any electronic transmittal of information would need to follow HUD's Personally Identifiable Information (PII) handling policies and procedures. Monitoring of economic development projects uses the same process as those established through the State of Minnesota's CDBG competitive program.

The SCDP unit has incorporated remote monitoring on a case-by-case basis contingent on any potential infectious disease outbreaks.

Areas reviewed will consist of:

1. Activity Eligibility and National Objective;
2. Grant and Financial Management;
3. General areas of review: environmental, fair housing, labor standards- if applicable, grant progress, policies/procedures, and individual case files

Desk monitoring consists of DEED reviewing the items below at any time during the grant period:

1. Annual Reports/Performance Measurements
2. Disbursement Requests
3. Labor Standards-Notice of Contract Awards and Final Reports
4. Policies and procedures

5. Environmental
6. Requested information

For ESG, DHS program staff review all ESG grantees using a risk analysis tool created with technical assistance from HUD. The tool has four broad areas of analysis: 1) General agency information, e.g., previous monitoring results, 2) program operations, e.g., compliance and reporting issues, 3) fiscal operations, and 4) organization Board of Directors/Executive Management.

The tool allows DHS staff to determine if a grantee needs immediate attention or can receive a visit as part of regular monitoring. A regular monitoring rotation ensures grantees are monitored at least once every two years, with most receiving annual monitoring visits. Staff review a random selection of files for specific documentation of homelessness, disability status, target population, on-going assessment, follow-up, and supportive services. Staff verify the full number of participants being served, timeliness and eligibility of grant expenditures, and eligibility of matching fund expenditures.

For HOME, Minnesota Housing monitors HOME rental properties for compliance, requiring owners to submit tenant income and rent information for review annually. Requirements include: 1) owners' annual submission of a Deferred Loan Owner Certification and report of unit events, including income and rent certifications, in the Property Online Reporting Tool; and 2) property inspections at least as frequently as required by 24 CFR §92.504(d) for compliance with property standards and to verify the accuracy of information owners submitted.

On-site inspection consists of a review of administrative records as well as a physical inspection and tenant file review of 20% of the HOME-assisted units. Minnesota Housing typically inspects a minimum of four HOME units (or all HOME units if property has four HOME units or less). If a property is found to be out of compliance, the owner receives notice of noncompliance. If noncompliance is not corrected within the allotted period, usually 30 days, the owner is given a 10-day grace period in which to address issues and, if any violations remain, a failure to comply notice is sent with an additional 10-day correction period. If noncompliance remains uncorrected, possible action may be an extension of the effective period or calling the loan due.

Currently, Minnesota Housing uses HOPWA funds to provide only STRMU assistance. Minnesota Housing currently contracts with Clare Housing to implement STRMU programming and follows applicable provisions of 2 CFR 200 and State of Minnesota statute for subrecipient monitoring under the HOPWA program.



**Description of the efforts to provide citizens with reasonable notice and an opportunity to comment on performance reports.**

The state notified the public of the availability of the draft through state social media outlets and eNews, including to organizations and partners that work directly with minorities, non-English speaking persons and persons with disabilities. Our eNews distribution includes an extensive network of providers for persons with disabilities, through the Olmstead Implementation Office currently located at Minnesota Housing. The draft CAPER for 2024 was available for public comment for 15 days beginning November 18, 2024, through the close of the business day on December 2, 2024. Minnesota Housing and DHS posted copies of the draft CAPER on their websites, and DEED posted a link to the version on Minnesota Housing’s website. Hard copies were available from Minnesota Housing, DEED, and DHS upon request.

Public input into the draft CAPER is considered in preparing the final report to HUD. The State received twelve emails with public comment from residents and social services agencies. Seven of the emailed comments requested assistance for personal housing matters outside the scope of the 2024 CAPER’s content. The remaining comments were accepted and can be read along with the State’s responses beginning on page 98.

## CR-45 - CDBG 91.520(c)

**Specify the nature of, and reasons for, any changes in the jurisdiction’s program objectives and indications of how the jurisdiction would change its programs as a result of its experiences.**

The state does not plan on changing its objectives. Our experiences indicate that requests for DEED’s CDBG funds are twice as much as our allocation. Therefore, we think our objectives align with the interest shown.

However, during these unprecedented times of the COVID-19 pandemic, Minnesota Department of Employment and Economic Development thru the supplemental allocation of the CARES Act have developed and funded new CDBG-CV activities based on community outreach for both entitlement and non-entitlement communities to prevent, prepare for and respond to the coronavirus/COVID19 pandemic. Projects include broadband development, public services, retrofitting buildings and commercial rehabilitation. Projects are currently underway and are set to meet the CDBG-CV grant deadline.

Does this Jurisdiction have any open Brownfields Economic Development Initiative (BEDI) grants?	No
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**[BEDI grantees] Describe accomplishments and program outcomes during the last year.**

## CR-50 - HOME 91.520(e)

### **Include the results of on-site inspections of affordable rental housing assisted under the program to determine compliance with housing codes and other applicable regulations**

**Please list those projects that should have been inspected on-site this program year based upon the schedule in §92.504(d). Indicate which of these were inspected and a summary of issues that were detected during the inspection. For those that were not inspected, please indicate the reason and how you will remedy the situation.**

In past years, Minnesota Housing used HOME allocations to fund down payment assistance to first-time homebuyers, rehabilitation loans to homeowners, and rehabilitation loans to owners of rental property. Based on the critical need to both preserve existing affordable rental housing and develop new rental housing to meet a very large gap in the availability of affordable housing, all HOME funds are now allocated to fund rental housing activities, including rehabilitation and new construction.

Minnesota Housing conducted a remote review of administrative records and tenant files for rental properties due to be inspected in 2024 and completed the on-site habitability inspections. The following table lists the inspection dates and results of these reviews.

With respect to Violence Against Women Reauthorization Act of 2013 and the reauthorization in 2022, Minnesota Housing implemented the final rule of VAWA, promulgated in 2016 and effective December 16, 2016, and has incorporated 2022 changes. For HOME (and National Housing Trust Fund) properties, this implementation included: 1) notice of occupancy rights and certification forms distributed at appropriate times, and 2) the development and adoption of an emergency transfer plan (found here: [Minnesota Housing Finance Agency Emergency Transfer Plan for Victims of Domestic Violence, Dating Violence, Sexual Assault, or Stalking](#)). Policies and procedures were put in place to ensure privacy and data security for reporting of VAWA transfer requests and results. For FFY 2024, no transfer requests were received.

Inspection Date Range: 1/1/2024 to 11/01/2024

Property Number	Property Name	City	Total HOME Units	IDIS Number	Compliance End Date	No Longer Monitored Reason	Year Onsite Inspection Due	Date of Physical Inspection & Admin Records	Date of File Review	Violation Summary	Compliance Officer
D0012	Northbridge Apartments	Albert Lea	26	8936	2/6/2024		2023	9/20/2023	9/26/2023	Habitability violations noted in one unit are in process of being corrected. No tenant file violations.	Jessica Hehling
D0232	Unity Place	Brooklyn Center	98	8339	7/10/2024		2023	8/16/2023	In process	Habitability violations in two units are in process of being corrected. Tenant file review done separately from physical inspection, and is still in process	Connie Montgomery

D0734	Gus Johnson Plaza	Mankato	26	9345	3/16/2026		2023	9/13/2023	In process	Habitability violation in one common area is in process of being corrected. Tenant file review is in process.	Jessica Hehling
D1552	Lewis Park Apartments	Saint Paul	63	9239	5/9/2025		2023	8/8/2023	9/11/2023	Habitability violations in 13 HOME units and common areas of two buildings. Owner used a form of tenant income certification that is proprietary to a private company that does not authorize it for use by anyone else. All violations clarified or corrected.	Sue Morrison

D1886	Northern Oaks (aka Three Rivers Duplexes)	Northfield	8		12/31/2026		2023	9/12/2023	9/14/2023	Habitability violations in two units are in process of being corrected. No tenant file violations.	Jessica Hehling
D2393	Ridgeview Court Townhomes	Paynesville	8		11/1/2028		2023	8/15/2023	9/15/2023	Habitability violations in three units are in process of being corrected. No tenant file violations.	Susan Bucko
D3370	Ebenezer Tower	Minneapolis	43	9344	7/1/2031		2023	9/13/2023	In process	Inspection report from physical inspection is in process. Tenant file review done separately from physical inspection, and is in process	Connie Montgomery
D3475	Maryland Park	Saint Paul	32	9381	1/5/2026		2023	9/28/2023	In process	Inspection report from physical inspection is in process.	Jessica Hehling

										Tenant file review done separately from physical inspection, and is in process	
D7713	Seward Towers East and West	Minneapolis	122	9710	08/04/27		2023	Scheduled for 11/8/2023	In process	REAC inspected the property in March 2023, but only 7 HOME units were inspected. Tenant file review done separately from physical inspection and is in process.	Marisa S Myhre
D7717	Solace Apartments	Saint Peter	16	1000090	12/06/37		2023	7/13/2023	7/21/2023	Habitability violations in five units have been corrected. No tenant file violations.	Sue Morrison
D7718	Maplewood Apartments	Saint Peter	24	9711	05/04/32		2023	7/12/2023	In process	Habitability violations in four units have been corrected. Tenant file review done	Jessica Hehling

										separately from physical inspection, and is in process.	
D8118	North Moorhead Village	Moorhead	18				2023	9/21/2023	In process	First inspection as part of project completion. No habitability violations noted. Tenant file review done separately from physical inspection and is in process.	Marisa S Myhre
D0246	Woodmere Apartments	Buffalo	54	7043	1/9/2023	Compliance obligations successfully fulfilled for full term					Sue Morrison
D0489	Yorkdale Townhomes	Edina	22	8933	11/13/2028						Marisa S Myhre
D0703	Edgewood Townhomes (fka Groveland Estates)	Litchfield	29	7115	7/17/2023	Compliance obligations successfully fulfilled for full term					Sue Morrison
D0854	Seward Square	Minneapolis	19	9238	4/22/2025						Connie Montgomery



D1130	Storybrook Apartments	Pipestone	12	8231	8/9/2023	Compliance obligations successfully fulfilled for full term					Sue Morrison
D1194	Jordan Tower II	Red Wing	86	9850	12/10/2039						Sue Morrison
D1893	Fisher Townhomes	Fisher	10		11/21/2030						Marisa S Myhre
D2391	West Birch Estates	Princeton	8		10/12/2028						Susan Bucko
D3468	Como By The Lake	Saint Paul	24	10068	10/22/2033						Jessica Hehling
D3787	New San Marco Apartments	Duluth	6	4944	6/4/2028						Susan Bucko
D7586	Minneapolis Portfolio Preservation (MP3)	Minneapolis	183	9577	01/21/27						Sue Morrison
D7858	Riverview Apartments & Hilltop Villas	Sebekka	23	9851	02/03/34						Susan Bucko
D7963	Amorce II - Bridgeway and Park Acres	Robbinsdale	32	9958	04/02/34						Jessica Hehling

D8103	Spring Creek II	Northfield	25		08/11/42					HOME affordability period not started	Sue Morrison
D8108	Le Sueur Meadows II	Le Sueur	27		12/22/40						Jessica Hehling
D8114	Brewery Creek	Duluth	36							HOME affordability period not started	Tere Hopponen
D8121	Dublin Heights	Mankato	26		06/23/41						Sue Morrison
D8122	White Oak Estates	Baxter	8		06/29/41						Susan Bucko
D8253	Cambridge Apartments	Cambridge	28							HOME affordability period not started	Tere Hopponen
D8313	Restoring Waters	Saint Paul	6							HOME affordability period not started	Tere Hopponen
D8389	5240 Apts	Crystal	6							HOME affordability period not started	Tere Hopponen

**Provide an assessment of the jurisdiction's affirmative marketing actions for HOME units. 92.351(b)**

Minnesota Housing has provided a HOME Compliance Guide to owners and management agents of each HOME-assisted rental property. The guide covers all HOME compliance issues including leases, rents, incomes, maintaining unit mix, affirmative marketing, and property standards.

Minnesota Housing's guidance for lending or development promote and require compliance with fair housing laws and regulations. Minnesota Housing requires Affirmative Fair Housing Marketing Plans for the marketing and occupancy of assisted units in developments of five units or more. Owners are required to review Affirmative Fair Housing Marketing Plans every one to two years, and as part of its inspection procedures, Minnesota Housing will review to determine if updates are needed.

Note that HOME funds historically were available primarily in non-entitlement areas, which are less diverse and may have limited previous opportunity for HOME-funded projects to serve a higher percentage of people of color or Hispanic ethnicity.

**Refer to IDIS reports to describe the amount and use of program income for projects, including the number of projects and owner and tenant characteristics**

Minnesota Housing does not separately track activities (or parts of activities) that are funded with program income, which the agency uses in accordance with grant specific accounting, and which may be used simultaneously with new grant funds. Tracking project, owner, and/or tenant characteristics separately is impossible; however, since program income is not used for purposes different from entitlement funds, characteristics presumably would be the same as entitlement-funded activities.

**Describe other actions taken to foster and maintain affordable housing. 91.220(k) (STATES ONLY: Including the coordination of LIHTC with the development of affordable housing). 91.320(j)**

Minnesota Housing requests funding proposals from housing sponsors under a consolidated application process. The agency combines tax credits with amortizing mortgages and deferred loans using state appropriations, agency resources, and contributions from funding partners to make tax credit developments more affordable to lower income households.

Based on an assessment of local housing needs, Minnesota Housing has developed and updated a tax credit allocation plan that gives preference to certain types of development, e.g., those that serve the lowest income households and/or high-priority homeless, preserve

federally assisted housing, and/or provide increased geographic choice. The state's most recent Qualified Allocation Plan and priorities for housing tax credit allocation may be viewed at: [Tax Credits](#)

## CR-55 - HOPWA 91.520(e)

### Identify the number of individuals assisted and the types of assistance provided

Table for report on the one-year goals for the number of households provided housing using HOPWA activities for: short-term rent, mortgage, and utility assistance payments to prevent homelessness of the individual or family; tenant-based rental assistance; and units provided in housing facilities developed, leased, or operated with HOPWA funds.

**Table 7 – HOPWA Number of Households Served**

Number of Households Served Through:	One-Year Goal	Actual
Short-term rent, mortgage, and utility assistance to prevent homelessness of the individual or family	190	187
Tenant-based rental assistance		
Units provided in permanent housing facilities developed, leased, or operated with HOPWA funds	0	0
Units provided in transitional short-term housing facilities developed, leased, or operated with HOPWA funds		

### Narrative

The state provided housing assistance to 183 households using HOPWA funds for short-term rent, mortgage, and utility (STRMU) assistance payments to prevent homelessness for a low-income individual or family living with HIV/AIDS. The five-year plan projected 190 households be served with HOPWA funds in 2024. Across the five years of the plan, the goal for HOPWA is to serve 1,100 households and is based upon HUD projections for Minnesota through formula modernization, which will be phased in over a five-year period.

Since 1999, Minnesota Housing has received an annual allocation of HOPWA funds from HUD to provide housing assistance and support services to people outside the 13-county Twin Cities metro area (which is served through a grant to the City of Minneapolis). Minnesota Housing and the Department of Human Services collaborate to undertake outreach efforts to help meet the needs of people with HIV/AIDS living in Greater Minnesota. This collaboration allows for greater coordination in the implementation of HIV/AIDS related projects.

In 2023, Minnesota Housing put out a Request for Proposals for new Project Sponsors to provide STRMU assistance to eligible individuals and families. This RFP resulted in \$188,619 committed to Rainbow Health and \$340,000 to Clare Housing in FY22 and FY23 HOPWA entitlement funds. Both project sponsors have established statewide networks to deliver assistance in areas of need throughout Greater Minnesota. The project sponsors' programs

have worked closely with HIV service providers in Greater Minnesota, including the Mayo Clinic's HIV Clinic and Social Services, the Rural AIDS Action Network, and Rainbow Health's own case management program in Duluth.

In July 2024, Rainbow Health Minnesota dissolved. Minnesota's Department of Human Services worked with regional service providers to ensure continued housing stability to all existing households. Minnesota Housing, Rainbow Health, and Clare Housing collaborated to assign Rainbow Health's remaining \$111,336 HOPWA funds to Clare Housing, effective September 2024. Clare Housing has leveraged their own network as well as the above-mentioned HIV service providers to continue service to eligible households while expanding service to newly referred households.

Using HOPWA assistance, Rainbow Health and Clare Housing provided (STRMU) assistance to prevent the homelessness of eligible individuals or families.

## CR-56 – HTF SECTION

Describe the extent to which the grantee complied with its approved HTF allocation plan and the requirements of 24 CFR part 93.

Table 15 - CR-56 HTF Units in HTF activities completed during the period

Tenure Type	0 – 30% AMI	0% of 30+ to poverty line (when poverty line is higher than 30% AMI)	% of the higher of 30+ AMI or poverty line to 50% AMI	Total Occupied Units	Units Completed, Not Occupied	Total Completed Units
Rental	4	0	0	4	0	4
Homebuyer	0	0	0	0	0	0

### Narrative

One NHTF project was completed in FFY 2024: East Conifer Estates, with 4 HTF units. East Conifer Estates was a new construction permanent supportive housing project in Bemidji, Minnesota, focused on serving high priority homeless households, people with disabilities, and individuals and families with behavioral health challenges.

## CR-58 – Section 3

**Table 16 – CR-58 Total Labor Hours**

	<b>CDBG</b>	<b>HOME</b>	<b>ESG</b>	<b>HOPWA</b>	<b>HTF</b>
Total Number of Activities	52	5	0	0	2
Total Labor Hours	65,214	162,584.34	0	0	68,344.83
Total Section 3 Worker Hours	620	11,908.31	0	0	1,113.50
Total Targeted Section 3 Worker Hours	0	9,477.46	0	0	688

**Table 17 – CR-58 Qualitative Efforts – Number of Activities by Program**

	<b>CDBG</b>	<b>HOME</b>	<b>ESG</b>	<b>HOPWA</b>	<b>HTF</b>
Outreach efforts to generate job applicants who are Public Housing Targeted Workers	1	1	0	0	0
Outreach efforts to generate job applicants who are Other Funding Targeted Workers	1	4	0	0	2
Direct, on-the-job training (including apprenticeships)	1	4	0	0	2
Indirect training such as arranging for, contracting for, or paying tuition for, off-site training	0	1	0	0	0
Technical assistance to help Section 3 workers compete for jobs (e.g., resume assistance, coaching)	0	0	0	0	0
Outreach efforts to identify and secure bids from Section 3 business concerns	0	5	0	0	2
Technical assistance to help Section 3 business concerns understand and bid on contracts	0	3	0	0	1
Division of contracts into smaller jobs to facilitate participation by Section 3 business concerns	0	3	0	0	1
Provided or connected residents with assistance in seeking employment including: drafting resumes, preparing for interviews, finding job opportunities, connecting residents to job placement services	0	1	0	0	2



	CDBG	HOME	ESG	HOPWA	HTF
Held one or more job fairs	0	2	0	0	2
Provided or connected residents with supportive services that can provide direct services or referrals	1	0	0	0	0
Provided or connected residents with supportive services that provide one or more of the following” work readiness health screenings, interview clothing, uniforms, test fees, transportation	0	0	0	0	0
Assisted residents with finding child care	0	0	0	0	0
Assisted residents to apply for, or attend community college or a four year educational institution	0	0	0	0	0
Assisted residents to apply for, or attend vocational/technical training	0	0	0	0	0
Assisted residents to obtain financial literacy training and/or coaching	0	0	0	0	0
Bonding assistance, guaranties, or other efforts to support viable bids from Section 3 business concerns	0	1	0	0	1
Provided or connected residents with training on computer use or online technologies	0	0	0	0	0
Promoting the use of a business registry designed to create opportunities for disadvantaged and small businesses	0	3	0	0	1
Outreach, engagement, or referrals with the state one-stop system, as designed in Section 121(e)(2) of the Workforce Innovation and Opportunity Act	0	0	0	0	0
Other	0	0	0	0	0

**Narrative**

The CDBG-CV grant reported Section 3 activities. Three broadband infrastructure projects have been completed. The projects did not meet the benchmark requirements for Section 3 Worker hours and Targeted Section 3 Worker hours but have completed qualitative efforts.

Since Minnesota's ESG funds did not fund housing rehabilitation, housing construction, or other public construction projects, Section 3 is not applicable to Minnesota's ESG-funded projects.

Since Minnesota's HOPWA funds did not fund housing rehabilitation, housing construction, or other public construction projects, Section 3 is not applicable to Minnesota's application of STRMU programming under HOPWA.

During the FY 2024 reporting period, there were six projects that received over \$200,000 in HUD funding from Minnesota Housing under construction. From these projects, there was a combined \$22,767,210 in HOME funding and \$12,580,875 in NHTF funding, with a total HUD funding of \$35,348,085, and a combined Total Development Cost, or business opportunity, of \$144,895,652.

For the FY 2024 reporting period, Minnesota Housing fell short of the Section 3 Worker labor hour benchmark of 25% and the Targeted Section 3 Worker labor hour benchmark of 5%. Across the five active projects receiving HOME funds, 7.32% of the total labor hours worked were worked by Section 3 Workers, but 5.83% were worked by Targeted Section 3 Workers. For the two active projects receiving NHTF funds, 1.63% of the total labor hours worked were worked by Section 3 Workers and 1.01% were worked by Targeted Section 3 Workers.

Across the six active projects, a combined 155 contractors and subcontractors performed work during the reporting period. Out of these, 3 certified Section 3 Businesses performed work.

During the FY 2024 reporting period, Minnesota Housing continued to be a member of the Twin Cities Section 3 Collaborative. Minnesota Housing most notably collaborated with Twin Cities Section 3 Collaborative Staff to notify currently certified Section 3 Businesses of upcoming contracting opportunities on its Section 3 projects and to identify and certify more Section 3 Businesses and Workers. While still falling short of HUD's Section 3 benchmarks, this work resulted in improved performance with these benchmarks overall during the FY 2024 reporting period when compared to the FY 2023 reporting period.

Minnesota Housing's other activities during the FY 2024 reporting year consisted of directing general contractors to existing resources to identify existing Section 3 Businesses to outreach to when bidding a project, providing examples of suggested qualitative efforts that can be used, and working with general contractors to identify and certify Section 3 Workers and Businesses already working on its Section 3 projects. Minnesota Housing also worked on providing more project-specific resources to help general contractors more effectively implement HUD's suggested qualitative efforts.

## CR-60 - ESG 91.520(g) (ESG Recipients only)

ESG Supplement to the CAPER in e-snaps

For Paperwork Reduction Act

### 1. Recipient Information—All Recipients Complete

#### Basic Grant Information

Recipient Name	MINNESOTA
Organizational DUNS Number	804832640
UEI	KGAPBAMK58L3
EIN/TIN Number	411599130
Identify the Field Office	MINNEAPOLIS
Identify CoC(s) in which the recipient or subrecipient(s) will provide ESG assistance	Minneapolis/Hennepin County CoC

#### ESG Contact Name

Prefix	Mr
First Name	ISAAC
Middle Name	D
Last Name	WENGERD
Suffix	
Title	Agency Policy Specialist

#### ESG Contact Address

Street Address 1	MN Dept Human Services
Street Address 2	444 Lafayette St.
City	St. Paul
State	MN
ZIP Code	55164-
Phone Number	6514313815
Extension	
Fax Number	6514317309
Email Address	ISAAC.WENGERD@STATE.MN.US

## ESG Secondary Contact

Prefix	Mr
First Name	Annie
Last Name	Wells
Suffix	
Title	Homeless Assistance Grant Manager
Phone Number	6517282196
Extension	
Email Address	annie.wells@state.mn.us

## 2. Reporting Period—All Recipients Complete

Program Year Start Date	10/01/2022
Program Year End Date	09/30/2023

## 3. Subrecipient Form – Complete one form for each subrecipient

**Subrecipient or Contractor Name:** Alexandra House

**City:** Blaine

**State:** MN

**Zip Code:** 55434, 1534

**DUNS Number:** 926939539

**UEI:** NLU1HMOVKS7Q9

**Is subrecipient a victim services provider:** Y

**Subrecipient Organization Type:** Other Non-Profit Organization

**ESG Subgrant or Contract Award Amount:** 175,000

**Subrecipient or Contractor Name:** BI-COUNTY COMMUNITY ACTION PROGRAM, INC

**City:** Bemidji

**State:** MN

**Zip Code:** 56619, 0579

**DUNS Number:**

**UEI:** TJGDRBE72B3

**Is subrecipient a victim services provider:** N

**Subrecipient Organization Type:** Other Non-Profit Organization

**ESG Subgrant or Contract Award Amount:** 53,000

**Subrecipient or Contractor Name:** Grace House of Itasca County

**City:** Grand Rapids

**State:** MN

**Zip Code:** 55744, 3982

**DUNS Number:** 799149344

**UEI:**

**Is subrecipient a victim services provider:** N

**Subrecipient Organization Type:** Other Non-Profit Organization

**ESG Subgrant or Contract Award Amount:** 125,000

**Subrecipient or Contractor Name:** KOOTASCA COMMUNITY ACTION, INC.

**City:** Grand Rapids

**State:** MN

**Zip Code:** 55744, 3982

**DUNS Number:**

**UEI:** GNR2RU9M8WN4

**Is subrecipient a victim services provider:** N

**Subrecipient Organization Type:** Other Non-Profit Organization

**ESG Subgrant or Contract Award Amount:** 114,500

**Subrecipient or Contractor Name:** LAKES AND PRAIRIES COMMUNITY ACTION PARTNERSHIPS

**City:** Moorhead

**State:** MN

**Zip Code:** 56560, 2083

**DUNS Number:** 039375647

**UEI:** S21TNXM8THK9

**Is subrecipient a victim services provider:** N

**Subrecipient Organization Type:** Other Non-Profit Organization

**ESG Subgrant or Contract Award Amount:** 158,000

**Subrecipient or Contractor Name:** Partners for Affordable Housing

**City:** Mankato

**State:** MN

**Zip Code:** 56001, 4430

**DUNS Number:** 015129260

**UEI:** HJJKEGCH1JD8

**Is subrecipient a victim services provider:** N

**Subrecipient Organization Type:** Other Non-Profit Organization

**ESG Subgrant or Contract Award Amount:** 555,000

**Subrecipient or Contractor Name:** SALVATION ARMY St. Cloud

**City:** Mankato

**State:** MN

**Zip Code:** 56304

**DUNS Number:** 002805922

**UEI:** VU22A5YJSLJ3

**Is subrecipient a victim services provider:** N

**Subrecipient Organization Type:** Faith-Based Organization  
**ESG Subgrant or Contract Award Amount:** 177,546

**Subrecipient or Contractor Name:** Sanford Health of Northern Minnesota  
**City:** Bemidji  
**State:** MN  
**Zip Code:** 56601-6151  
**DUNS Number:** 036909278  
**UEI:**

**Is subrecipient a victim services provider:** N  
**Subrecipient Organization Type:** Other Non-Profit Organization  
**ESG Subgrant or Contract Award Amount:** 125,000

**Subrecipient or Contractor Name:** Servants of Shelter of Koochiching County  
**City:** International Falls  
**State:** MN  
**Zip Code:** 56649 - 2241  
**DUNS Number:** 079386356  
**UEI:**

**Is subrecipient a victim services provider:** N  
**Subrecipient Organization Type:** Other Non-Profit Organization  
**ESG Subgrant or Contract Award Amount:** 154,000

**Subrecipient or Contractor Name:** Stepping Stone  
**City:** Anoka  
**State:** MN  
**Zip Code:** 55303-1161  
**DUNS Number:** 362238870  
**UEI:**

**Is subrecipient a victim services provider:** N  
**Subrecipient Organization Type:** Other Non-Profit Organization  
**ESG Subgrant or Contract Award Amount:** 184,500

**Subrecipient or Contractor Name:** United Community Action Program  
**City:** Willmar  
**State:** MN  
**Zip Code:** 56201, 3304  
**DUNS Number:** 037473485  
**UEI:** PEZYQ4FPLLC7

**Is subrecipient a victim services provider:** N  
**Subrecipient Organization Type:** Other Non-Profit Organization  
**ESG Subgrant or Contract Award Amount:** 201,777

## **CR-65 - Persons Assisted**

HUD has transitioned ESG Persons Assisted reporting from CR-65 (embedded within the CAPER report) to the Sage Repository for HUD reporting. As a result, beginning in 2021 this section will no longer be completed. An ESG CAPER statewide report with similar data (downloaded from the Sage system) will be an included attachment to the state's overall published CAPER.

## CR-70 – ESG 91.520(g) - Assistance Provided and Outcomes

### 8. Shelter Utilization

Table 8 – Shelter Capacity

Number of New Units — Rehabbed	0
Number of New Units — Conversion	0
Total Number of bed-nights available	424,214
Total Number of bed-nights provided	328,102
Capacity Utilization	77.5%

### 9. Project Outcomes Data measured under the performance standards developed in consultation with the CoC(s)

#### SHELTER GOAL

GOAL: 3,750 individuals in households receiving safe, adequate emergency shelter.

OUTCOME: 3,807. The goal of sheltering 3,750 individuals was achieved in 2024.

#### PREVENTION/RAPID RE-HOUSING GOALS

GOAL: 150 persons received tenant-based rental assistance/rapid rehousing.

OUTCOME: The goal of 150 persons receiving tenant-based rental assistance/rapid rehousing was not achieved, as 117 households achieved this outcome in 2024.

GOAL: 70 persons are assisted with homelessness prevention services.

OUTCOME: The goal of 70 persons assisted with homelessness prevention services was achieved as 86 persons were assisted with homelessness prevention services.



## **CR-75 – Expenditures**

Expenditure Data for CR-75 is included in the Complete CAPER attached to the state's larger CAPER submission.

## Public Comments and State Responses

### 1. Comment from Resident

I am submitting my comments regarding affordable housing. I am a senior and know that we need much more income-based housing to be built in the suburban areas outside of the Twin Cities proper. There are too many “luxury” apartments communities being built that many of the senior population cannot afford. I hope this continues to change going forward for the positive. I appreciate the opportunity to express my concern on this issue.

**State Response:** *Thank you for your letter. Developing housing in every corner of the state is a priority for Minnesota Housing. Overall, as documented in the agency's annual Program Assessment, we know that Minnesota Housing's programs are reaching every region of the state and are reasonably balanced between the metro and Greater Minnesota. And yet we know not every community is impacted equally by the agency's work. We understand that specific issues, such as the cost of infrastructure, in rural Minnesota create challenges to developing new housing. This is a topic of great importance to Minnesota Housing, and we continuously work to assess geographic equity in our programming.*

### 2. Comment from Resident

I think you guys can do better with the amount of funds you receive for people in Minnesota. I don't know these programs in detail. But I can tell you I'd have no one living on the streets while addressing mental health disorders. Fix the drug epidemic and create more employment opportunities so everyone that has the ability to tear a piece of paper has some kind of job. Sadly, I'm the % that get tossed under the radar because everyone gave up on me as a child, so I in turn gave up on myself. With God by my side, I will do more for this state in one year than anyone in government who thinks they know better because of your education. Yes, some may have a rough background. But someone had to give you that skill. I'm self-taught and you can't break this resilient soft heart. God bless, I pray for the ones in charge to feel. Pray the greedy fall and are exposed so we can save our county.

**State Response:** *Thank you for your comment. The CAPER describes how the State used specific federal resources (CDBG; ESG; HOME; HOPWA; NHTF) on specifically defined eligible activities during Federal Fiscal Year 2023 and does not provide information on mental health disorders or health policy outside of eligibility requirements for the programs listed. We do recognize the great need for affordable housing and housing assistance programs within all sectors of Minnesota. Your comment is accepted and will be shared with relevant staff at Minnesota Housing.*

### 3. Comment from Resident

My comment is general in nature. It is not the government's responsibility to encourage, maneuver, or manipulate the housing market to suit its or any of its constituency's or special interests' preferences. In a free country like ours, it is up to the market to determine how housing is planned, built, and allocated. Period. Get out of the way and let the market decide such things, in the most efficient manner, as it ultimately always does. Thank you.

**State Response:** *Thank you for your comment.*

### 4. Letter from Sue Watlov-Phillips, MICAH

It would be helpful not to have the comment period during Thanksgiving or Holiday period.

**State Response:** *Thank you for your comment. The timing of the CAPER submission and the public comment period often conflicts with the Thanksgiving and other winter holidays. We will work to avoid this in the future.*

We encouraged to see in the HOME units, 46% of renter households occupying units completed in FFY 2024 had incomes below 30% of AMI. One hundred percent of the tenants in NHTF units had incomes below 30% of AMI.

**State Response:** *Thank you for your comment.*

We are very concerned about the disparities in the HOME 69% white and CDBG program 95% white. The HOPWA and HTF served a more diverse population.

**State Response:** *Thank you for your comment. DEED's CDBG funds are specifically for non-entitlement communities in the Greater Minnesota area. Unlike the Metropolitan areas, populations of people of color are not represented in every Greater Minnesota Community. Demographics can be captured for housing projects as eligibility is determined based on the participating households. However, public facility projects are eligible by area benefit activity (LMA) where eligibility is based on the community meeting 51% low and moderate beneficiaries and demographics are not captured in the IDIS reporting system. DEED continues to encourage grantees to conduct effective community outreach and to promote Fair Housing, Section 3 and CDBG programs to include households of color. Through these efforts, DEED is striving to make positive movements in recognizing and helping to address disparities but limited use by our diverse population continues due to the demographics in the Greater Minnesota area. For HOME, please remember that the CAPER only reports on the projects completed during the reporting year. In 2024, the two HOME projects completed were located in Greater Minnesota, where populations of people of color tend to be smaller or not fully represented. Minnesota Housing works to ensure that projects are funded in both Greater Minnesota and the Twin Cities*

*metro – as a result, the demographic information will look different from year to year depending on when projects are completed.*

Table 9: Only one minority rental housing owner- What type of outreach and assistance is being provided to increase this number?

***State Response:*** *Minnesota Housing strongly encourages a wide variety of developers and owners to apply through our Multifamily Consolidated RFP, particularly owners and developers that are newer to the work or of diverse backgrounds. Please remember that the CAPER only reports on projects that were funded and completed with our relatively small HOME grants, and it does not represent the wider breadth of diversity of owners and developers that are funded with state dollars or with other sources. In terms of outreach and assistance Minnesota Housing provides several technical assistance and capacity building opportunities for newer developers and owners, many of whom represent BIPOC communities.*

We are very supportive of: The plan was developed in phases over a year and a half long process that was co-led by ten paid Justice Consultants, all people with lived experience of homelessness representing different experiences and different parts of the state. In April – June 2022, the Council contracted with Rainbow Research, a local firm, to lead Phase 1 which was focused on creating an operational definition of housing, racial, and health justice. The Council required Rainbow to hire 10 consultants with lived experience of homelessness to lead the work. Rainbow and the team of consultants facilitated five workgroup meetings and two community conversations to build the justice definition. In June 2022, the Council committed to the justice definition.

MICH agencies began their implementation of the Crossroads to Justice Plan in early 2024. Fourteen Implementation Consultants with lived experience of homelessness were onboarded in April and assigned agencies to support in May. The Implementation Consultants and the community are at the center of the Plan’s implementation structure; their expertise and priorities help shape the work of agency Action Leads, who collaborate within and across their agencies and report their progress in quarterly Results meetings and in written updates to MICH staff. To date, Results meetings have been held twice for each of the five Plan Results, for a total of ten meetings. The purpose of the Results meetings is to understand if the strategies and actions we are taking are getting us closer to the results we want to achieve and if any adjustments need to be made.

The Minnesota Department of Human Services (DHS) has implemented a Best Practices and Technical Assistance effort to encourage shelter providers to reduce the number of barriers faced by vulnerable populations seeking emergency shelter. These populations facing barriers may be part of the increase in unsheltered persons who are unable to access emergency shelter

due to limited space as well as sobriety, criminal background exclusions, work or case management participation requirements, and other barriers to entry.

***State Response:*** Thank you for your comment.

This program has been very helpful for manufactured home communities: 2023 Legislative Session, Minnesota Housing received a \$200 million appropriation for the Housing Infrastructure program. In 2024, Minnesota Housing received \$50 million in new authorization for Housing Infrastructure Bonds. This funding was made available rental housing, single family development and manufactured home park infrastructure in 2023 and remaining funding is planned to be awarded in 2024.

***State Response:*** Thank you for your comment.

This program is a valuable resource but underutilized because Medicaid billing is very complex and smaller organizations do not have the capacity to use it: In August 2019, the Center for Medicare and Medicaid Services (CMS) approved the Minnesota Department of Human Services (DHS) plan to add Housing Stabilization Services to the state's Medicaid plan. The new services for seniors and people with disabilities were launched by DHS in July 2020. These services are intended to support an individual's transition into housing, increase long-term stability in housing in the community, and avoid future periods of homelessness or institutionalization.

***State Response:*** Thank you for your comment.

This an excellent program: Local Homeless Prevention Aid was created by the 2021 Legislature to help local governments ensure no child is homeless within a local jurisdiction by keeping families from losing housing and helping those experiencing homelessness find housing. Those funds will start flowing to local governments in 2023. Counties must use this aid to fund new or existing family homeless prevention and assistance projects or programs.

***State Response:*** Thank you for your comment.

The State needs to ensure supportive housing programs have the capital and operating reserves to maintain their programs. We cannot continue to bail out these programs with funding such as: In 2023, the Minnesota Legislature created the Strengthen Supportive Housing program and appropriated \$25 million.

***State Response:*** Thank you for your comment.

We are very supportive of ongoing support to preserve our valuable public housing asset. In 2023, the Legislature appropriated \$87 million in resources for the purpose of preserving public housing.

**State Response:** *Thank you for your comment.*

We are very supportive of: In 2023, the Minnesota Legislature created two state aid programs for local units of government beginning in 2024. These aid programs will provide local communities resources to address local housing challenges. The aid can be used to provide emergency rental assistance, financial support for non-profit housing owners and a range of housing development uses. In the 2024 Legislative Session the Legislature evaluated proposals regarding local land use and zoning but nothing passed. It is anticipated that this will be an issue in the 2025 Legislative session.

**State Response:** *Thank you for your comment.*

We are very supportive of: In 2023, the Minnesota Legislature created a new, statewide rent assistance program modeled after the federal Section 8 Housing Choice Voucher program administered by Housing and Urban Development (HUD). Typically, only 1 in 4 households that qualify for the federal program receive financial assistance. The program received appropriations of \$46 million for FY 2024-25 and is also funded by an increase in the metro area sales tax that took effect on October 1, 2023. The increment of sales tax dedicated to the new rent assistance program is estimated to generate \$77 million over the two-year period, although actual collections so far are around 10% below forecast. Resources through the new program will be available locally in 2025.

**State Response:** *Thank you for your comment.*

Thank you for providing: The state submits the following actions taken in FFY 2024 to address impediments in its Analysis of Impediments to Fair Housing. We continue to be very concerned about inequities and disparities in homeownership and over representation of people from diverse communities in rental housing. We strongly support:

- Action: Continue support for HOME Line as a hotline for tenants' rights.
- Action: For rental development resources, continue to provide points for large family housing in selection criteria of Minnesota Housing funding resources, including through the Low Income Housing Tax Credit Qualified Allocation Plan.
- Action: For homeownership activities, continue to support the enhanced financial capacity program in reaching large immigrant families, prioritize large family housing in the Impact Fund, provide priorities for large families in down payment assistance, and evaluate how these priorities reach large families.
- Action: Enhance and continue partnerships to remove barriers to homeownership and reduce the lending gaps between BIPOC and white non-Hispanic households, as well as continue supporting and strengthening the Homeownership Opportunity Alliance.
- Action: Partner with Tribal Nations to consider strategies to increase homeownership for American Indian households both on and off tribal lands, including continued work on the

feasibility of eventual tenant ownership for eligible tax credit properties and conducting a mortgage lending session at bi-annual Indian Housing conference.

- Action: seek additional resources to expand the Landlord Risk Mitigation Fund program to help address housing needs of persons with criminal records, substance abuse challenges and other barriers.
- Action: Continue to prohibit properties with funding through Minnesota Housing from refusing to lease to a tenant based on the status of the tenant as a voucher-holder or recipient of similar rental assistance.
- Action: Support efforts to review where investments in creation, preservation, and rehabilitation of affordable housing is occurring relative to areas of concentrated poverty and economic opportunity to encourage a full range of housing choices. (For example, helping to keep HousingLink's Low Income Housing Tax Credit development database current to report distributions).
- Action: Evaluate and continue solutions that mitigate barriers to developing housing in areas of wealth or other opportunities. (For example, address barrier of NIMBYism).
- Action: Promote contracting opportunities for women and Black, Indigenous, and People of Color-owned business entities in all programs.
- Action: Continue to support the preservation of affordable housing opportunities as a strategy for community investment.
- Action: Evaluate and enhance existing funding resources to provide preference in housing developments for persons with disabilities, including preference points in the Low-income Housing Tax Credit Qualified Allocation Plan and other competitive capital funding resources
- Action: Collaborate with housing and supports activities in the state's Olmstead Plan and initiatives that increase the number of people with disabilities who live in the most integrated housing of their choice.
- Action: Minnesota Housing will continue to provide rental assistance to persons with serious mental illness and evaluate program effectiveness.
- Action: Minnesota Housing and DHS will continue implementation of the Section 811 rental assistance
- Action: Monitor state legislation regarding right of first refusal and opportunity to purchase measures for manufactured home parks (tenant purchase rights) and consider the next steps for Minnesota Housing related to the preservation of manufactured home parks to address critical infrastructure issues that limit preservation opportunities or offset/replace opportunities that are no longer available.
- Housing Stability Services Supported by federal funds, Minnesota Housing established the Housing Stability Services program. By contracting with 18 local service providers across the state of Minnesota, people experiencing a housing emergency may receive either eviction prevention services and/or housing navigation services under this program. Minnesota Housing extended the contracts for 18 providers that will continue to provide services through January 31, 2025 when this program will end due to one-time funding being fully expended.

**State Response:** *Thank you for your comments and continued support of our work, we are continuing to adapt to and update responses to Impediments to Fair Housing.*

#### **5. Comment from Gary Kwok, MICAH**

I think the MN Housing should create a speakers bureau to explain to the non-English literate or speaking communities working with the social service agencies serving them, the programs which would potentially apply to them. I think MN Housing should have employees from the various cultural groups in order to make the website subsections culturally appropriate in terms of terminology and educational range.

**State Response:** *Thank you for your comment. The State takes language access and cultural competency seriously and strives to ensure access to all programs to all Minnesotans. Each state agency and program tailors their language access and cultural competency policies to the needs of their constituencies. That said, Minnesota Housing's policies include translating various key documents, making use of language blocks, and ensuring the availability of translation and interpreting services when appropriate. In addition, requests for proposals for many of our programs include criteria that scores the applicant's ability to provide linguistically and culturally appropriate services. Minnesota Housing strives to publicize grant and public comment opportunities to a wide variety of culturally specific social service agencies.*