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# State of Minnesota Consolidated Annual Performance and Evaluation Report

Federal Fiscal Year 2023

December 2023

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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) 2023, Minnesota Housing alone reserved/committed funds to assist over 27,000 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 nearly 28,000 units of Section 8 housing for which Minnesota Housing administers the housing assistance contract). In addition, the COVID Emergency Rental Assistance Program (RentHelpMN) assisted nearly 150 households and the COVID Homeowner Assistance Fund (HomeHelpMN) assisted over 85,000 households through September 30, 2023. Additional information about other housing and community development may be obtained through Minnesota Housing, DEED and DHS.

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 challenges in matching the goals set in the 2023 annual action plan. These goals were set based on the 2023 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 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. All 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 2023	Actual Program Year 2023	Percent Complete
Address Housing Rehabilitation Needs - DEED	Affordable Housing	CDBG: \$8,849,550	Rental units rehabilitated	Household Housing Unit	208	150	72.12%
			Homeowner housing rehabilitated	Household Housing Unit	241	210	87.14%
Increase Affordable Housing Opportunities- Minnesota Housing	Affordable Housing	HOME: \$10,689,578 NHTF: \$4,881,843	Rental units constructed	Household Housing Unit	90	28	31.11%
			Rental housing rehabilitated	Household Housing Unit	25	17	68.00%
Support Economic Development and Workforce Needs - DEED	Non-Housing Community Development	CDBG: \$2,440,000	Façade treatment/business building rehabilitation	Business	61	86	140.98%
Facilitate Housing and Service for the Homeless	Homeless	ESG: \$1,892,728	Tenant-based rental assistance/ rapid rehousing	Households Assisted	150	126	84.00%
			Homeless person Overnight Shelter	Persons Assisted	9,300	13,256	142.54%
			Homelessness Prevention	Persons Assisted	215	93	43.26%

Goal	Category	Source/Amount made Available	Indicator	Unit of Measure	Expected Program Year 2023	Actual Program Year 2023	Percent Complete
Enhance Special-Needs Housing & Services	Non-Homeless Special Needs	HOPWA: \$448,073	Homelessness Prevention	Persons Assisted	220	161	73.18%
Improve Public Facilities and Infrastructure - DEED	Non-Housing Community Development	CDBG: \$10,217,580	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing	Persons Assisted	4,365	1,609	36.86%
			Public Facility or Infrastructure Activities for Low/Moderate Income Housing Benefit	Persons Assisted	5,412	2,338	43.20%

**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, 54% of renter households occupying units completed in FFY 2023 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 more than 11,000 households in 2023. The agency also deployed federal resources for emergency housing assistance during the pandemic through the U.S. Treasury’s COVID Emergency Rental Assistance Program and the COVID Homeowners Assistance Fund.

Minnesota Housing constructed 28 rental units compared to the expected goal of 90 and rehabilitated 17 units out of the expected goal of 25. 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 2023 were impacted by construction delays and delays in submitting required project closeout due diligence.

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 86 accomplishments compared to the expected goal of 61. Owner occupied housing rehabilitation projects have 210 accomplishments compared to the expected goal of 241. Rental housing rehabilitation projects have 150 accomplishments compared to the expected goal of 208. 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 3,947 assisted persons, consisting of 2,338 LMI persons and 1,609 other than LMI persons. The commercial rehabilitation projects have exceeded the goals set in the annual action plan.

The CDBG-CV projects are progressing steadily. Grantees have completed all necessary environmental reviews, design, and planning. The public services activity and some broadband infrastructure projects will be closing soon. 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 4,662 assisted persons, consisting of 2,841 LMI persons and 1,821 other than LMI persons. The remaining projects have already broken ground and are during various stages of construction and assistance. Commercial rehabilitation projects updating HVAC systems have been very successful with 11 accomplishments.

DEED's Minnesota Investment Fund (MIF) projected zero LMI jobs with zero accomplishments. 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

	CDBG	HOME	ESG	HOPWA	NHTF
White	715	27	6,663	92	9
Black or African American	21	0	4,304	58	7
Asian	5	1	280	3	0
American Indian or American Native	6	0	2,149	2	1
Native Hawaiian or Other Pacific Islander	6	0	79	1	0
More than one race	64	0	0	5	0
<b>Total</b>	<b>817</b>	<b>28</b>	<b>13,475</b>	<b>161</b>	<b>17</b>
Hispanic	25	4	1,259	18	0
Not Hispanic	792	24	12,216	43	17

### Narrative

According to the Census Bureau's estimates in the *American Community Survey, 2022*, low and moderate income households (those earning less than \$50,000 in 2021) 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 817 households in FFY 2023. Of that number, 715 were white, 21 Black/African American, 5 Asian, 6 American Indian/Alaskan Native, 6 Native Hawaiian/Other Pacific Islander, 1 American Indian/Alaskan Native & White, 1 Asian & White, 54 Black/African American & White, 1 American Indian/Alaskan Native & Black/African American and 7 other multi-racial. Of the total, 25 were Hispanic households. Among CDBG-assisted households, 87% of households were white, 3% Black/African American, less than 1% Asian, less than 1% American Indian/Alaskan Native, less than 1% Native Hawaiian/Other Pacific Islander, less than 1% American Indian/Alaskan Native & White, less than 1% Asian & White, 7% Black/African American and White and less than 1% other multi-racial. Households with two or more races do not fit into the CAPER table above.

CDBG-CV has assisted 50,655 persons in FY2023. Of that number, 25,551 were white, 7,492 Black/African American, 5,085 Asian, 535 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 11,672 other multi-racial.

As summarized in the IDIS Report ***HOME Summary of Accomplishments for FFY 2023***, 96% of HOME-assisted households were white, 0% Black/African American, 4% Asian, 0% American Indian/Alaskan Native, and 0% more than one race. Of the total HOME-assisted households, 14% 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 13,475 households during Program Year 2023 with shelter, prevention and rapid re-housing assistance. Of those, 49% identified as white, 3% as Black/African American, 16% as American Indian or Alaskan Native, 2% as Asian/Asian American. Ninety-one percent of persons in ESG-funded programs identified as Non-Hispanic ethnicity. Households with two or more races and those not disclosing race/ethnicity data do not fit into the CAPER table above.

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 *2020 Analysis of Impediments to Fair Housing Choice for Minnesota* available at: [Analysis of Impediments to Fair Housing Choice](#). The State is in the process of making an addendum to this work related to the pandemic.

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 3 – Resources Made Available

Source of Funds	Resources Made Available	Amount Expended During Program Year
CDBG	\$26,362,270	\$13,493,842
HOME	\$10,689,578	\$10,273,733
HOPWA	\$448,073	\$232,722
ESG	\$1,892,728	\$1,892,728
NHTF	\$4,881,843	\$4,220,208

### 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 in order to prevent, prepare for, and respond to coronavirus. Grants have been progressing steadily with CDBG-CV disbursements totaling \$15,336,878. Out of the total disbursed, \$263,061 for updating HVAC systems in commercial buildings, \$13,851,548 for broadband infrastructure development and retrofitting buildings, \$31,500 for public services and \$1,190,769 for general administration, planning and technical assistance.

Funding provided by HUD to Minnesota for FFY 2023 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 2023, Minnesota Housing reserved/committed loans/grants for approximately \$1.7 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.)

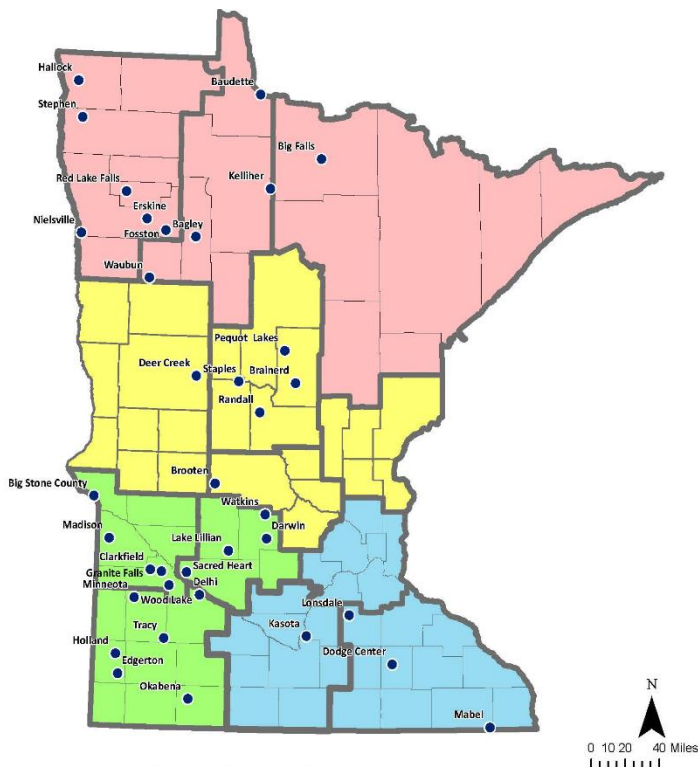
In addition, HUD awarded funding to Minnesota (\$3.1 million in 2013, \$3 million in 2015, and most recently a third round of \$7 million was awarded in August 2020) for the Section 811 demonstration that Minnesota Housing and DHS currently are jointly implementing. Under this demonstration, Minnesota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

### Identify the geographic distribution and location of investments

Table 4 – 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: 2023 SCDP Grantees



Prepared by: Economic Analysis Unit,  
Economic Development & Research Division,  
DEED (August 2023)

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

- City of Bagley, \$345,000.00, Owner Occupied Housing Rehab
- City of Baudette, \$1,200,000.00, Rental Housing Rehab and Public Facility Improvements
- City of Big Falls, \$170,430.00, Rental Housing Rehab
- City of Brainerd, \$575,000.00, Owner Occupied Housing Rehab & Rental Housing Rehab
- City of Brooten, \$600,000.00, Public Facility Improvements
- City of Clarkfield, \$600,000.00, Public facility Improvements
- City of Darwin, \$600,000.00, Public Facility Improvements
- City of Deer Creek, \$581,430.00, Public facility Improvements
- City of Delhi, \$600,000.00, Public Facility Improvements
- City of Dodge Center, \$431,250.00, Owner Occupied Housing Rehab
- City of Edgerton, \$1,049,375.00, Owner Occupied Housing Rehab, Rental Housing Rehab & Commercial Rehab
- City of Erskine, \$704,375.00, Rental Housing Rehab & Commercial Rehab
- City of Fosston, \$597,713.00, Owner Occupied Housing Rehab
- City of Granite Falls, \$943,000.00, Rental Housing Rehab & Commercial Rehab
- City of Hallock, \$414,000.00, Owner Occupied Housing Rehab
- City of Holland, \$600,000.00, Public Facility Improvements
- City of Kasota, \$554,000.00, Public facility improvements
- City of Kelliher, \$417,300.00, Public Facility Improvements
- City of Lake Lillian, \$600,000.00, Public Facility Improvements
- City of Lonsdale, \$431,250.00, Owner Occupied Housing Rehab
- City of Mabel, \$600,000.00, Public facility improvements
- City of Madison, \$599,610.00, Owner Occupied Housing Rehab & Rental Housing Rehab
- City of Minnesota, \$599,265.00, Owner Occupied Housing Rehab & Rental Housing Rehab
- City of Nielsville, \$600,000.00, Public Facility Improvements
- City of Okabena, \$600,000.00, Public Facility Improvements
- City of Pequot Lakes, \$600,000.00, Public Facility Improvements
- City of Randall, \$600,000.00, Public Facility Improvements
- City of Red Lake Falls, \$929,200.00, Owner Occupied Housing Rehab, Rental Housing Rehab & Commercial Rehab
- City of Sacred Heart, \$1,175,000.00, Owner Occupied Housing Rehab and Public Facility Improvements

- City of Staples, \$948,750.00, Owner Occupied Housing Rehab, Rental Housing Rehab & Commercial Rehab
- City of Stephen, \$368,000.00, Owner Occupied Housing Rehab & Commercial Rehab
- City of Tracy, \$1,127,000.00, Owner Occupied Housing Rehab & Commercial Rehab
- City of Watkins, \$943,000.00, Owner Occupied Housing Rehab & Commercial Rehab
- City of Waubun, \$573,600.00, Public Facility Improvements
- City of Wood Lake, \$600,000.00, Public Facility Improvements
- County of Big Stone, \$599,265.00, City of Correll & City of Ortonville, Owner Occupied Housing Rehab & Rental Housing Rehab

## 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-six (36) grantees were awarded during the 2023 federal fiscal year. The CDBG-CV funds received by DEED was made available and awarded to both non-entitlement and entitlement jurisdictions in 2021. Four (4) 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 2023, 10% of the distribution of funds were for publicly or privately owned commercial buildings, 38% for housing which included owner occupied housing projects and rental housing, 44% for public facility improvements and 8% for general administration. A map and list of grantees showing the distribution of projects awarded funding in 2023 is attached in IDIS.

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

- December 2022 - Speaker at the Business Development Meeting on Small Cities Development Programs.
- January 2023 - Speaker at the Economic Development Association of Minnesota (EDAM) Winter Conference.
- April 2023 - Conference meeting with Stakeholders on Small Cities Development Activities.
- May 2023 - Conference meeting with State Agencies on Broadband Infrastructure activities and Small Cities Development Program.

- May 2023 - Speaker at the Regional Meeting for Community and Economic Developers.
- June 2023 - Conference meeting with partnering agencies and stakeholders on Small Cities' Public Facility activities.
- August 2023 - Small Cities Development Program Application Training Webinar.
- September 2023 - Speaker at the National Association of Housing and Redevelopment Officials (NAHRO) conference in Duluth.
- September 2023 - Conducted Small Cities Development Program Implementation Training Workshops in Bemidji, Fergus Falls and North Mankato.
- September 2023 - Conducted Small Cities Development Program Office Hours to non-entitlement communities to discuss the Small Cities Development Program's application, activities and requirements.
- October 2023 - Speaker at the West Central Regional Water District meeting on Small Cities Public Facility and 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 \$1,892,728.17 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.

In 2023, of the projects receiving HOME funds, HOME dollars comprised 43% of total funds committed to those projects.

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 6 – 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.

Regarding Program Income, the numbers in Table 7 differ from those Minnesota Housing reported in HUD's Integrated Disbursement & Information System (IDIS). The PR-09 report shows an additional \$61,766 of program income that was received in September of 2022 that was not entered into IDIS until after the end of the 2022 federal fiscal year. As a result, \$61,766 is included in IDIS as program income for the 2023 federal fiscal year. The number reported in Table 7 below represents the actual program income received during 2023.

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 5 – Fiscal Year Summary - HOME Match Report**

Fiscal Year Summary – HOME Match	
1. Excess match from prior Federal fiscal year	\$190,174,413
2. Match contributed during current Federal fiscal year	\$13,800,612
3. Total match available for current Federal fiscal year (Line 1 plus Line 2)	\$203,975,025
4. Match liability for current Federal fiscal year	\$994,526
5. Excess match carried over to next Federal fiscal year (Line 3 minus Line 4)	\$202,902,033

**Table 6 – 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	09/30/2022	\$9,935,171	0	0	0	0	0	\$9,935,171
2	09/30/2022	\$3,865,441	0	0	0	0	0	\$3,865,441

**Table 7 – 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
\$9,948,205	\$2,107,884	\$5,994,605	\$0	\$6,111,484

**Table 8 – 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	\$1,293,027	0	0	0	0	\$1,293,027
Number	1	0	0	0	0	1
<b>Sub-Contracts</b>						
Number	61	0	0	2	1	58
Dollar Amount	\$7,008,973	0	0	\$163,030	\$68,000	\$6,777,943
Blank Cell	Total	Women Business Enterprises		Male		
<b>Contracts</b>						
Dollar Amount	\$1,293,027	0		\$1,293,027		
Number	1	0		1		
<b>Sub-Contracts</b>						
Number	35	4	31			
Dollar Amount	\$7,008,973	\$235,840	\$6,773,133			

**Table 9 – 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	\$5,799,000	0	0	0	0	\$5,799,000

**Table 10 – 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 11 – Number of Households**

	One-Year Goal	Actual
Number of Homeless households to be provided affordable housing units	0	0
Number of Non-Homeless households to be provided affordable housing units	115	45
Number of Special-Needs households to be provided affordable housing units	0	0
<b>Total</b>	<b>115</b>	<b>45</b>

**Table 12 – 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	28
Number of households supported through Rehab of Existing Units	25	17
Number of households supported through Acquisition of Existing Units	0	0
<b>Total</b>	<b>115</b>	<b>45</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 2023 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 28 rental units compared to the expected goal of 90 and rehabilitated 17 units out of the expected goal of 25, which is not unusual given the various factors that may impact a project's completion date. Two

projects close to project completion not completed during FY 2023 were impacted by construction delays and delays in submitting required project closeout due diligence.

For Emergency Solutions Grant (ESG) funding, the goal of providing rapid re-housing (rental-assistance) to 150 households (Table 12) was not achieved, with ESG providers assisting 126 households with rapid re-housing assistance. A variety of factors to contribute to the actual number of households 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 and limited housing turnover during the pandemic and eviction moratorium.

**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 in order 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 13 – 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	158	15	17
Low-income	86	9	0
Moderate-income	110	4	0
Total	354	28	17

**Narrative**

As reported in IDIS, 99% of beneficiaries of CDBG rehabilitation housing programs in 2023 had incomes at or below 80% of HUD median income. Non-low-mod income participants accounted for the other 1%. The 99% meets HUD’s CDBG requirements of 51% of rental units be occupied by LMI participants.

CDBG-CV funds has assisted 39,494 extremely low-income persons, 6,027 low-income persons and 592 moderate-income persons.

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 2023, 54% of assisted households were in the lowest income category (30% of area median or less), 32% were in the 31%-50% category, and 14% 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 44% 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 25, 2023. Preliminary data from the 2023 PIT identified 8,393 individuals and people in families experiencing homelessness on a single night in January, a 6% increase from the 2022 count. The number of people in households with children experiencing homelessness increased by more than a quarter (27%) between the 2022 and 2023 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. Additionally, the number of people experiencing unsheltered homelessness decreased by 5% between the 2022 and 2023 count while the number of people in shelter increased by 9%. However, 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 13 Cabinet-level agencies and the chair of the Metropolitan Council, and it is accountable for leading the State's efforts to achieve housing stability for all Minnesotans. 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 the Justice Plan 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 has been completed 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](#).

The Council is now in Phase 2 which is focused on working to identify a set of bold results that moves the state’s work to prevent and end homelessness towards justice as well as developing the specific strategies to achieve those results. These three pieces form the framework of the next 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.

The implementation of this plan will be co-led and co-monitored by a team of Implementation Consultants with lived expertise and will begin in late autumn 2023.

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 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, in particular 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. This funding was made available rental housing, single family development and manufactured home park infrastructure in 2023 and any remaining funding will 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 have developed an 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 funds were provided to sub-recipients in every CoC region, each of which has a priority to provide shelter and supportive services for individuals and families experiencing homelessness. ESG funds also were provided to shelters in all CoC regions 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 approximately \$3.2 million in state funds each year. In State Fiscal Year 2022, the state provided \$6.84.M in Emergency Services Program (ESP) funding, which includes the \$5M annual increase in ESP base funding for emergency shelter and street outreach that was approved for State Fiscal Years 2022 and 2023.

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 (2018) found 10 percent of persons experiencing homelessness were over age 55, a figure which had increased 25 percent from 2015. ESG shelter data is consistent with this finding, with 13 percent of single adults served in 2021 in the ESG program 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 \$2,202,778 in FFY 2020 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. This included \$110,152 for state administrative costs. 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 homelessness. Supportive services included case management, transportation, 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. With these resources, Minnesota Housing assisted over 4,341 households in 2022 by providing short-term housing and services, primarily to families with children with a median annual income of roughly \$13,000. \$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 2022, the program served just over 1,200 households with rental assistance and nearly 800 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 650 households in 2022. 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 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. Resources through the new program will be available locally in 2024. 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. The funds can be used to cover costs needed for supportive housing to operate effectively. 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.

**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. Eight regions of the state, representing 85 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 19, 2023, 294 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.

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. 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 2023, these programs served nearly 7,000 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, but Minnesota had no specific goal in the Action Plan for 2022 to provide financial or other assistance to troubled PHAs in the state. Outreach has been made to the one troubled PHA identified by HUD. Additionally,



Minnesota Housing will seek additional State general obligation bonds for the Publicly Owned Housing Program.

## **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 it is anticipated the Legislature will evaluate local codes and zoning issues.

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 \$715 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.

**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; \$115.5 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 2022, median annual household income for these programs were \$10,800, \$12,948, and \$9,000 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.

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. Resources through the new program will be available locally in 2024.

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 Office of Economic Opportunity (OEO) at the Department of Human Services 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 2023, Minnesota Housing allocated well over \$1 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 first effort of the Working Group was to coordinate on NOAH data to have clear and consistent data (and methodology) about the number of NOAH properties and units in the Metro area. The group also developed a "fact sheet" about NOAH that was used during the 2021

Legislative Session and to help educate local councils on NOAH issues. 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 in 2018 and continue taking actions based on that plan. The State is currently working on an addendum to further explore how the pandemic impacted the barriers and related strategies and updates goals as well as noting progress made since 2018. This addendum will likely be publicly available in early 2024.

The state submits the following actions taken in FFY 2022 to address impediments in its ***Analysis of Impediments to Fair Housing:***

#### **State of Minnesota Analysis of Impediments to Fair Housing Choice Federal Fiscal Year 2023 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. Work in 2022 continued to face challenges not contemplated in the 2018 report, especially as we continue working in an emergency response environment because of the COVID-19 pandemic. Over the last year, the State has been working on an addendum to the AI which provides general updates on the original plan from 2018, highlights progress made and adds additional action steps that incorporate lessons

learned from the state's experiences and response to the COVID 19 pandemic. The state expects to make the addendum publicly available in 2024.

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, nor 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.

A POHP Request for Proposals (RFP) for \$15 million was launched in February 2021 with GO bond funding provided by the State Legislature. Applications were due in late April 2021.

Minnesota Housing staff provided over 25 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. This year the requirement for the applicant to have a minimum Public Housing Assessment Score (PHAS) of 80 score was removed. This enabled new PHAs and HRAs to apply for the first time. Selections were made in July 2021 and included 5 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 2021.

Technical assistance is also provided post-selection to applicants during the due diligence process and prior to the loan closing process. Program staff have also participated in the 2022 and 2023 Minnesota NAHRO conference to provide program information and additional technical assistance to PHAs and HRAs. These changes have benefitted PHA applicants by simplifying the process and reducing the cost of applying for Agency funds. It has also benefitted POHP staff by allowing them to provide more in-depth technical assistance and help boost the capacity of the smaller number of selected borrowers.

COVID and the related changes in the construction environment have caused delays and cost increases in many of the selected 2020 POHP projects. However, as of September 30, 2023, 14 of the selected projects have closed and started construction and four of those 14 have completed construction.

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. Minnesota Housing staff are working on releasing a new RFP in late 2023 or early 2024, a second round in the summer of 2024, and a third round likely in 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.

Due to the impact of shortages and escalating costs of certain materials, the developments selected during the 2019 RRDL RD RFP have been facing funding gaps after receiving construction bids for their projects. The RRDL program guide previously stated that the maximum loan amount per unit is \$35,000 and \$500,000 per project. Most of the RRDL RD RFP projects selected were awarded the maximum loan amount, leaving no room for a funding increase under the current program requirements. 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 has allowed many projects to proceed without eliminating critical needs items from their scope of work. Staff is continuing to provide technical assistance to help borrowers meet due diligence requirements and get their projects to closing.

COVID and the related changes in the construction environment have caused significant delays to the selected RRDL RD RFP projects, as well as the reorganization of the Agency's federal partner, USDA RD. As of September 30, 2023, nine of the selected RRDL projects have closed, and it is anticipated that seven more will close in early 2024.

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 will provide technical assistance to these borrowers as they work through due diligence and closing.

### **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.

The agency has not taken any formal steps to consider the establishment of a receivership revolving loan fund under current state law, but the Family Housing Fund continues to explore state legislation that would impact that section of law and the agency remains in conversation with them.

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

Minnesota Housing extended a one-year funding contract with HOME Line in the amount of \$200,000 in July of 2023, continuing funding from previous years at similar amounts. In State Fiscal Year 2023, HOME Line fielded 20,114 tenant calls, most common reasons related to evictions, repairs, and security deposits. Based on HUD definitions, 89% of callers are low income; 47% extremely low income.

*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. Additionally, Greater Minnesota proposals are eligible for additional points for proposals that contain units with three or more bedrooms. 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 4–5-bedroom units (previously 3-4 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 2023 Minnesota Housing provided affordable first mortgage loans to 1,156 households with four or more people. 1,108 of those also received a Minnesota Housing downpayment and closing cost loan.

In FFY 2023, 41% of households receiving financial wellness coaching in the Homeownership Capacity program had 4 or more people.

In FFY 2023, 35% 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 13<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 2023, 37.5% of Minnesota Housing’s Start Up program first time homebuyer loans went to BIPOC households (1433 of 3820 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 2023 the HOA accomplished the following:

- Participation of 52 organizations with over 207 individual members.
- Invited home inspectors to participate in the HOA to include all areas of the homeownership process in the alliance.
- Continued the “Get Ready. Be Ready!” campaign outreach and marketing to the African American and African Immigrant communities, 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. We have also been able to work with our key program partners regarding potential increases in foreclosure counseling due to the COVID-19 pandemic.

As one example of success, incoming participants in the pre-purchase coaching program in FY23 were 90% Black, Indigenous and People of Color (BIPOC), the same as the previous year and an increase of 3% for 2021 and before.

**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 I Housing 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. Red Lake is also interested in the ETO process for two other projects. Staff will continue to work with the Tribe on their homeownership goals.

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 program pilot began on September 1, 2017, and ended on August 31, 2021. It initially began as a 3-year pilot and due to the success of the program including a low landlord 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 2021, 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.

There was a total of 18 landlord claims during the five-year term, with an average claim amount of \$1,561. At the conclusion of the pilot, nearly 88% of the landlord pool was not utilized.

In 2021, the most appealing feature to landlords when considering participation in the program was having access to the fund if needed (39%). After participating in the program, however, only 25% consider this the most appealing feature. Most landlords 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 landlords, 69%, consider services to households and landlords to be the most appealing features.

Sixty one percent of landlords 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 landlords, and 24% stated they may recommend this to other landlords.

During the 2023 legislative session, the Minnesota legislature approved up to \$1M in fiscal year 2024 to create or expand risk mitigations programs. 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 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 owner 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 2022 are spread throughout the Twin Cities Metropolitan Region, with 8 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 monthly 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 worked with Greater Minnesota Housing Fund to convene regional housing forums in Greater Minnesota. 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.

Through its Capacity Building Initiatives and Intermediary Capacity Building Program, Minnesota Housing has provided 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.

A few examples of projects funded by the Capacity Building Initiatives and Intermediary Capacity Building include:

The HousingLink and Build Wealth MN, Inc. used the Capacity Building Initiative grant to work together to expand housing choice for renters by providing them the financial coaching services offered Build Wealth MN, Inc's and enrolling them in the Beyond Backgrounds program which works with landlords to rent to Beyond Backgrounds renters who have barriers to rental.

Metropolitan Consortium of Community Development: MCCD will use the Intermediary Capacity Building grants funds to strengthen and grow the community development field by offering free trainings on housing development and finance, supporting the field's ability to create and shape meaningful programs and policies, and develop a strategy to help non-profit affordable housing developers identify strengths and tools to collectively meet the community's housing needs. Specifically, MCCD will design and implement a Housing Development and Housing Finance training series for community-based organizations led by and/or working in Black, Indigenous, People of Color, low wealth and other groups challenged by housing access and stability. MCCD will also design and implement professional development sessions for a learning cohort comprised of non-profit community development staff that focus on creating effective housing policies and practices to better meet the continuum of housing needs. Finally, MCCD, will lead a strategic planning process on the non-profit development community's collective ability to meet affordable housing needs, identifying gaps and use new tools to better achieve housing stability.

**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 also had a state level proposal supported by the Governor during the 2021 and 2022 legislative session on this topic, but the Legislature did not act on this proposal. The Governor included it in his legislative agenda for 2023, but it did not become law. This proposal will continue to be a part of the Governor's legislative agenda heading into the state's 2024 legislative session and will continue to be incorporated into the AI addendum, which should be publicly available in 2024.

*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 hiring process 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 outcomes of BIPOCBE/WBE participation at the development and subcontractor level.

Agency staff made updates to the Section 3 Compliance Guide to clarify the requirements of the Section 3 Final Rule. Minnesota Housing will be monitoring its first projects according to the Section 3 Final Rule requirements. New agency forms were developed to document compliance with these requirements. Internal processes and forms were updated to track Section 3 Worker and Targeted Section 3 Worker labor hours. The new agency forms also include a form to track Section 3 Worker and Targeted Section 3 Worker labor hours for projects not tracked in LCPtracker.

**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.

**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 offered opportunities for projects to claim 7-13 selection points for units set aside for people with disabilities.

**Publicly Owned Housing Program:**

Out of the 2020 POHP projects (which were approved in July 2021, and just getting underway), Aitkin County HRA is planning on adding ADA compliant entry doors to the building to improve accessibility for disabled residents. The 2020 POHP projects also included four elevator modernizations which improves accessibility and safety for all residents. Other 2020 projects that received funding included fire safety and sprinkler installations, which were prioritized after a tragic fire in a Minneapolis public housing building in 2019.

COVID and the related changes in the construction environment have caused delays and cost increases in many of the selected 2020 POHP projects. However, as of September 2023, 14 of the selected POHP projects have closed, and several more are in the process of completing due diligence.



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. RRDL resources were made available to any owner of RD buildings of eight or more units in the form of a 20-year deferred loan up to \$500,000 (or \$35,000/unit maximum) with 10% forgiveness at the end of the loan term. In March 2020, selections were approved. Selections included 21 projects, encompassing 544 units. Funds have been 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).

COVID and the related changes in the construction environment have caused significant delays to the selected RRDL RD RFP projects, as well as the reorganization of the Agency's federal partner, USDA RD. As of September 2023, 9 of the selected RRDL projects have closed, and it is anticipated that seven more will close in early 2024.

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.

**Action: If found effective, seek additional resources to expand the Landlord Risk Mitigation Fund program.**

Action within Challenge 1.b. above discusses the Landlord Risk Mitigation Fund program activities. In 2023, the Minnesota legislature approved up to \$1 million for fiscal year 2024 to create or expand risk mitigation programs.

*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.

**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 2023, Minnesota Housing provided home improvement 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 2022, 41% 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 2023, Minnesota Housing provided affordable first mortgage loans to at least 55 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 third round of Section 811 funding bringing an additional \$6,428,000 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 \$11,060,000.

Bridges served 650 households, and Section 811 served 158 households and will serve an additional 160 households over the next 3 years with Round 3.

**Action: Minnesota Housing and DHS will continue implementation of the Section 811 rental assistance pilot, partner with HUD in program evaluation, and if found effective, consider other funding sources available for similar program should no further federal assistance become available.**

Under the Section 811 PRA Supportive Housing Program, HUD has awarded Minnesota three rounds of funding for a total of 325 units of project-based rental assistance to create integrated supportive housing for people with disabilities who are extremely low-income. Minnesota is focusing these units to 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 \$646. 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 159 units at 24 properties, and there are currently 147 households living in Section 811 PRA units. Round Three funding has been used in the 2021, 2022 and 2023 RFPs producing 66 units that are not under contract but are anticipated to begin service sometime between 2023 and 2025. The pipeline application for existing units has been postponed and a scheduled date has not 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 2022 Request for Proposal funding round, Minnesota Housing created or preserved 98 units specifically set-aside to serve people with disabilities. This includes 36 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 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 16, 2023, of the 282 inspections due in CY 2023, 134 AFHMP's have been successfully reviewed, 62 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 2023 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. 2023 Working Together Conference sessions included:

- Ask the Attorney: Fair Housing & Landlord Tenant Law
- Best Practices in De-Escalation & Connecting in Crisis

**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 and League of Minnesota Cities to understand their upcoming priorities and receive feedback on the agency's work. Minnesota Housing's Commissioner has spoken to both constituencies about the importance of housing that is affordable and equitable and has focused the presentations on new initiatives that Minnesota Housing is undertaking to address barriers to housing choice. 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 2023 Working Together Conference and as mentioned above, there were at least 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 approved 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.

Relatedly, 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. Minnesota Housing will be developing this program over the next year.

**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 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 details of that offer is shared with interested stakeholders to provide residents and interested third parties an opportunity to purchase the park.

Agency staff are in the process of awarding its fourth 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.

**Action: Other NOAH actions**



In 2023, the Minnesota legislature approved \$90 million in one-time funding resources to preserve and improve existing housing stock, commonly referred to as NOAH. Minnesota Housing is in the process of developing this program.

*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) provide 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 FHPAP program has demonstrated consistent outcomes including 94% of households receiving assistance to prevent housing loss existing with stable housing as well as 84% of household experiencing homelessness exiting to stable housing.

Another asset of FHPAP is that funds may be used to pay for staff who can support clients and work with landlords to mitigate the housing emergency and prevent loss of housing. Some of the programs have utilized staff to provide mediation help for

landlords as an option for assisting households prior to filing evictions. Several counties across the state have also started eviction prevention programs that are coordinated with court processes so that tenants are able to avoid eviction. FHPAP is often a funding source that can be utilized for tenants facing a court eviction process to mitigate or resolve the situation to avoid an unlawful detainer being added to their rental record.

In March of 2023, the legislature allocated early commitment of \$50 million in additional FHPAP funds to assist households who were homeless or at risk of homelessness. Another \$45 million was committed for the 2024-2025 biennium.

### **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 is partnering with service providers across the state to administer the program. Service providers are working within their communities to identify eligible renters and help them apply for the program through referrals. Minnesota Housing has approximately \$42.5 million available for the operation of this program, including funds

for administrative costs and services. 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 19 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 19 providers that will continue to provide services through at least June 2024.

## **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 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. Follow-up monitoring may occur if there are significant findings of non-compliance with program requirements or if other administrative difficulties become apparent from reviews. DEED staff provides technical assistance to grant administrators. Monitoring of economic development projects uses the same process as those established through the state of Minnesota's CDBG competitive program. During the midst of the pandemic, the monitoring process had remained the same and was conducted remotely due to the health emergency brought on by coronavirus disease (COVID-19) and actions taken to prevent the spread of the disease. HUD's Personally Identifiable Information policy has been maintained. With the pandemic lifted, on-site monitoring is being implemented, with an option of remote monitoring on a case-by-case basis.

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. Below and attached in IDIS is the SCDP Internal Monitoring Procedures.

#### **SCDP Monitoring Process**

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. A monitoring 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.

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, each year 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. 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 contracts with Rainbow Health 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. For example, per our Citizen Participation Plan, we reach out to a wide network of councils and coalitions focusing on specific populations, including the Council on Asian Pacific Minnesotans, Central Cultural Chicano, CLUES, Council for Minnesotans of African Heritage, Minnesota Council on Latino Affairs, and the Upper Midwest American Indian Center. In addition, 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 2023 was available for public comment for 15 days beginning November 20, 2023, through the close of the business day on December 5, 2023. 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. The electronic copies of the CAPER were fully accessible documents suitable for screen readers.

Public input into the draft CAPER is considered in preparing the final report to HUD. The State received ten emails with public comment from residents, developers, and social service agencies. Three of the emailed comments requested assistance for personal housing matters outside the scope of the 2023 CAPER's content. The remaining comments were accepted and can be read along with the State's responses beginning on page 102.

## 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 the past, Minnesota Housing has used HOME allocations to fund down payment assistance to first-time homebuyers, rehabilitation loans to homeowners, and rehabilitation loans to owners of rental property. Currently, 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 have been allocated to fund rental housing activities, including rehabilitation and new construction.

Minnesota Housing conducted a remote review of administrative records and tenant files for properties due to be inspected in 2023 and completed the on-site habitability inspections. Note, on-site physical inspections for HOME and NHTF were prioritized during FY23 in anticipation of HUD's implementation of NSPIRE. As a result, several tenant file reviews are still in process. 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 2023, there were no transfer requests made.

Inspection Date Range: 1/1/2023 to 11/01/2023

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

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
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	Sue Morrison

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
										use by anyone else. All violations clarified or corrected.	
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	Connie Montgomery

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
										inspection is in process. Tenant file review done separately from physical inspection, and is in process	
D3475	Maryland Park	Saint Paul	32	9381	1/5/2026		2023	9/28/2023	In process	Inspection report from physical inspection is in process. Tenant file review done separately from physical inspection, and is in process	Jessica Hehling
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	Marisa S Myhre

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
										inspected. Tenant file review done separately from physical inspection and is in process.	
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 separately from physical inspection, and is in process.	Jessica Hehling

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
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	Litchfield	29	7115	7/17/2023	Compliance obligations successfully					Sue Morrison

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
	Groveland Estates)					fulfilled for full term					
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



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
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

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
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 14 – HOPWA Number of Households Served**

<b>Number of Households Served Through:</b>	<b>One-Year Goal</b>	<b>Actual</b>
Short-term rent, mortgage, and utility assistance to prevent homelessness of the individual or family	220	161
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 161 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 220 households be served with HOPWA funds in 2023. 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.

Minnesota Housing had \$386,643 in FY2022 HOPWA funds to utilize during the 2023 program year. During this time, \$183,709 was committed to Rainbow Health Minnesota. The remaining \$202,934 was added to the overall funding pool for the Request for Proposal (RFP) process scheduled for December 2023. This amount will be allocated in conjunction with the FY2023 funding of \$448,073, made available to Minnesota Housing in October of this year. Rainbow

Health has established statewide networks to deliver assistance in areas of need throughout Greater Minnesota. Rainbow Health's Greater Minnesota emergency housing assistance program has 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.

Using HOPWA assistance, Rainbow Health provides (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	17	0	0	17	0	17
Homebuyer	0	0	0	0	0	0

### Narrative

One NHTF project was completed in FFY 2023: Amber Apartments, with 17 HTF units. Amber Apartments was a new construction project in Minneapolis, Minnesota focused on permanent supportive housing for people facing homelessness, people with disabilities, and housing for individuals with really low incomes.

## 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	84	5	0	0	1
Total Labor Hours	11,781	105,055.90	0	0	21,771.62
Total Section 3 Worker Hours	228	2,476.02	0	0	1,086
Total Targeted Section 3 Worker Hours	0	952.02	0	0	0

**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	0	0	0	0
Outreach efforts to generate job applicants who are Other Funding Targeted Workers	1	1	0	0	1
Direct, on-the-job training (including apprenticeships)	0	3	0	0	1
Indirect training such as arranging for, contracting for, or paying tuition for, off-site training	0	1	0	0	1
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	3	0	0	1
Technical assistance to help Section 3 business concerns understand and bid on contracts	0	1	0	0	0
Division of contracts into smaller jobs to facilitate participation by Section 3 business concerns	1	2	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	1	1	0	0	1



	CDBG	HOME	ESG	HOPWA	HTF
Held one or more job fairs	2	2	0	0	1
Provided or connected residents with supportive services that can provide direct services or referrals	0	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	1	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	2	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	1	0	0	0
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. One broadband infrastructure project has been completed this federal fiscal year. The project 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 2023 reporting period, there were five projects that received over \$200,000 in HUD funding from Minnesota Housing under construction. From these projects, there is a combined \$22,767,210 in HOME funding and \$4,209,369 in NHTF funding, with a total HUD funding of \$26,976,579, and a combined Total Development Cost, or business opportunity, of \$124,860,830.

For the FY 2023 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, 2.36% of the total labor hours worked were worked by Section 3 Workers and 0.91% were worked by Targeted Section 3 Workers. For the one active project receiving NHTF funds, 4.99% of the total labor hours worked were worked by Section 3 Workers and 0% were worked by Targeted Section 3 Workers.

Across the five active projects, a combined 58 contractors and subcontractors performed work during the reporting period. Out of these, 2 certified Section 3 Businesses performed work.

During the FY 2023 reporting period, Minnesota Housing joined the Twin Cities Section 3 Collaborative, which is a collaborative of governmental entities with the goals of increasing the participation of Section 3 Businesses and Section 3 Workers, providing centralized communication and outreach to increase the visibility of Section 3 contracting and training opportunities to Section 3 Businesses and Workers, and offering centralized certification services to potential Section 3 Workers and Section 3 Businesses to increase participation in each member's Section 3 contracting obligations and goals. The activities of the collaborative will supplement and strengthen Minnesota Housing's own activities to help meet Section 3 requirements.

Minnesota Housing's other activities during the FY 2023 reporting year consisted of directing developers and 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 from the businesses and workers to be working on a Section 3 project.

With this being the first year of getting data on performance with the new Section 3 requirements, Minnesota Housing will look at how it can better leverage the activities of the

Twin Cities Section 3 Collaborative and strengthen its own activities to better communicate its Section 3 contracting and training opportunities to existing Section 3 Businesses and Workers when projects go out to bid. Minnesota Housing staff also plans to increase Section 3 Worker and Business certification efforts outside of the Twin Cities metro and provide more project-specific resources to help developers and 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

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

#### ESG Contact Name

<b>Prefix</b>	Mr
<b>First Name</b>	ISAAC
<b>Middle Name</b>	D
<b>Last Name</b>	WENGERD
<b>Suffix</b>	
<b>Title</b>	Agency Policy Specialist

#### ESG Contact Address

<b>Street Address 1</b>	MN Dept Human Services
<b>Street Address 2</b>	444 Lafayette St.
<b>City</b>	St. Paul
<b>State</b>	MN
<b>ZIP Code</b>	55164-
<b>Phone Number</b>	6514313815
<b>Extension</b>	
<b>Fax Number</b>	6514317309
<b>Email Address</b>	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

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

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

**City:** Bemidji

**State:** MN

**Zip Code:** 56619, 0579

**DUNS Number:**

**UEI:** TJGDJRBE72B3

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

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

**ESG Subgrant or Contract Award Amount:** 45000

**Subrecipient or Contractor Name:** THREE RIVERS COMMUNITY ACTION COUNCIL

**City:** Zumbrota

**State:** MN

**Zip Code:** 55992, 0157

**DUNS Number:**

**UEI:** JNTGNQ33U378

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

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

**ESG Subgrant or Contract Award Amount:** 70000

**Subrecipient or Contractor Name:** WEST CENTRAL MINNESOTA COMMUNITIES

**City:** Elbow Lake

**State:** MN

**Zip Code:** 56531, 4414

**DUNS Number:**

**UEI:** SYEMLLVWWVG5

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

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

**ESG Subgrant or Contract Award Amount:** 57500

**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:** 168313

**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:** 400000

**Subrecipient or Contractor Name:** INTER-COUNTY COMMUNITY COUNCIL

**City:** Oklee

**State:** MN

**Zip Code:** 56742, 0189

**DUNS Number:**

**UEI:** NPQXE2JK83D9

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

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

**ESG Subgrant or Contract Award Amount:** 92500

**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:** 115000

**Subrecipient or Contractor Name:** RED LAKE HOMELESS SHELTER, INC  
**City:** Redlake  
**State:** MN  
**Zip Code:** 56671, 0280  
**DUNS Number:** 623149254  
**UEI:** FDHCNCFAMKC7

**Is subrecipient a victim services provider:** N  
**Subrecipient Organization Type:** Other Non-Profit Organization  
**ESG Subgrant or Contract Award Amount:** 225000

**Subrecipient or Contractor Name:** SALVATION ARMY ROCHESTER  
**City:** Rochester  
**State:** MN  
**Zip Code:** 55906, 3706  
**DUNS Number:** 125485958  
**UEI:** J6HZN2R6G894

**Is subrecipient a victim services provider:** N  
**Subrecipient Organization Type:** Faith-Based Organization  
**ESG Subgrant or Contract Award Amount:** 106000

**Subrecipient or Contractor Name:** SCOTT CARVER DAKOTA CAP  
**City:** Shakopee  
**State:** MN  
**Zip Code:** 55379, 1547  
**DUNS Number:** 085104610  
**UEI:** Z9MKVEHU4K36

**Is subrecipient a victim services provider:** N  
**Subrecipient Organization Type:** Other Non-Profit Organization  
**ESG Subgrant or Contract Award Amount:** 195000

**Subrecipient or Contractor Name:** Mahube-Otwa Community Action Partnership  
**City:** Detroit Lakes  
**State:** MN  
**Zip Code:** 56501, 2722  
**DUNS Number:** 037473071  
**UEI:** C3KLVM2JD2D7

**Is subrecipient a victim services provider:** N  
**Subrecipient Organization Type:** Other Non-Profit Organization  
**ESG Subgrant or Contract Award Amount:** 80000

**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:** 69587

**Subrecipient or Contractor Name:** Salvation Army - Brainerd  
**City:** Brainerd  
**State:** MN  
**Zip Code:** 56401, 3506  
**DUNS Number:** 081033115  
**UEI:** YQ64NMZKAJM3  
**Is subrecipient a victim services provider:** N  
**Subrecipient Organization Type:** Faith-Based Organization  
**ESG Subgrant or Contract Award Amount:** 15585

**Subrecipient or Contractor Name:** Salvation Army - St. Cloud  
**City:** Saint Cloud  
**State:** MN  
**Zip Code:** 56304, 1247  
**DUNS Number:** 002805922  
**UEI:** VU22A5YJSLJ3  
**Is subrecipient a victim services provider:** N  
**Subrecipient Organization Type:** Faith-Based Organization  
**ESG Subgrant or Contract Award Amount:** 140000

**Subrecipient or Contractor Name:** Semcac  
**City:** Rushford  
**State:** MN  
**Zip Code:** 55971, 8812  
**DUNS Number:** 066860073  
**UEI:** RLNGKXWT3C17  
**Is subrecipient a victim services provider:** N  
**Subrecipient Organization Type:** Other Non-Profit Organization  
**ESG Subgrant or Contract Award Amount:** 80000

**Subrecipient or Contractor Name:** A Place for You  
**City:** Pine City  
**State:** MN



**Zip Code:** 55063, 1530

**DUNS Number:** 758511277

**UEI:**

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

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

**ESG Subgrant or Contract Award Amount:** 110000

**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:** 90000

**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:** 151582

**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:** 40000

**Subrecipient or Contractor Name:** Violence Intervention Project

**City:** Thief River Falls

**State:** MN

**Zip Code:** 56701, 4305

**DUNS Number:** 193113198

**UEI:** DUTLNMNCRFE4

**Is subrecipient a victim services provider:** Y  
**Subrecipient Organization Type:** Other Non-Profit Organization  
**ESG Subgrant or Contract Award Amount:** 31000

**Subrecipient or Contractor Name:** Alluma  
**City:** Crookston  
**State:** MN  
**Zip Code:** 56716, 2914  
**DUNS Number:** 084113620  
**UEI:** Z6NGYXJ8QPS9  
**Is subrecipient a victim services provider:** N  
**Subrecipient Organization Type:** Other Non-Profit Organization  
**ESG Subgrant or Contract Award Amount:** 110000

## **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 15 – Shelter Capacity

Number of New Units — Rehabbed	0
Number of New Units — Conversion	0
Total Number of bed-nights available	631,689
Total Number of bed-nights provided	563,973
Capacity Utilization	89%

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

#### SHELTER GOAL

GOAL: 9,300 individuals in households receiving safe, adequate emergency shelter.

OUTCOME: 13,256. The goal of sheltering 9,300 individuals was achieved in 2023.

#### PREVENTION/RAPID RE-HOUSING GOALS

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

OUTCOME: The goal of 150 households receiving tenant-based rental assistance/rapid rehousing was not achieved, as 126 households achieved this outcome in 2023.

GOAL: 215 persons are assisted with homelessness prevention services.

OUTCOME: The goal of 215 persons assisted with homelessness prevention services was not achieved as 93 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. Resident

My only comment post-reading of the strategic plan is that the agency is doing an excellent job of being a partner to help us forward the mission of home ownership. Thank you for all your work!

*State response: Thank you for your support.*

### 2. Resident

Over the past year we saw some homeowners in community associations using funds to pay for outstanding debt EVEN when they had already collected funds from their insurance provider. This is not only defrauding MN Housing and tax payers but also their own insurance company. There is little to no scrutiny when awarding funds and other needy renters could use the funding.

*State response: Thank you for your comment. Please note, the Consolidated Annual Performance and Evaluation Report describes how the State used specific federal resources (CDBG; ESG; HOME; HOPWA; NHTF) on specifically defined eligible activities during Federal Fiscal Year 2023, as outlined in our Consolidated Plan (2022 – 2026). The CAPER does not report on programs that assist homeowners. Your comment is accepted and will be shared with relevant staff at Minnesota Housing.*

### 3. Resident

Minnesota does not have a housing shortage. It has people who cannot afford a house. But that does not necessarily indicate a housing shortage. There are Minnesotans who can't afford a car. Does that indicate a car shortage? Some Minnesotans can't afford groceries. Is there a grocery shortage? Many Minnesotans own a home in the Twin Cities, a lake cabin up north, and a condo in a warm climate. People with money have plenty of houses. Some poor people have houses too. That's why there are many mortgage foreclosure notices in the paper every day. Instead of subsidizing real estate developers, government could subsidize low paid workers. Or, better yet, quit subsidizing firms that underpay their workers. As time goes on, workers are getting a smaller fraction of profits. Owners, managers, and investors take a larger share. Maybe firms that pay workers well could be given an advantage in their ability to get government contracts. Our economy should reward companies that serve us well, not companies that underpay our workers and ship our jobs abroad. Owners of rental properties who provide affordable housing could be taxed less than those who charge more. Maybe government should try harder to help the American worker.

**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 detail objectives on the State's spending or taxation strategies more generally. Your comment is accepted and will be shared with relevant staff at Minnesota Housing.

When government officials build a billion-dollar football stadium, they should not add hundreds of millions of dollars to our real estate taxes. It is not possible to have high real estate taxes and affordable housing.

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

#### 4. Joe Nathan, Center for School Change

Emphasize and prioritize creation of permanent, deeply affordable housing that is owner-occupied.

**State response:** Thank you for your comment. During the planning process for the 2022 – 2026 Consolidated Plan, one of the highest needs identified within the State was affordable rental housing. As a result, Minnesota Housing is targeting its limited HOME and NHTF funding to address needs in rental housing markets. DEED is targeting CDBG funding to address owner occupied housing rehabilitation and rental housing rehabilitation. This strategy was approved by HUD.

When supporting creation of rental housing, please use mechanisms to make it difficult/impossible for rental housing for low-income people to be created that after a few years can be sold to somewhat who jacks up the rents.

**State response:** Thank you for your comment. Federal statute requires that for HOME new construction projects, the affordability period must be maintained for 20 years, while for rehab projects, the affordability length depends on the federal funding investment per unit. NHTF funded projects must maintain the affordability period for 30 years for all project types. While the affordability period for HOME and NHTF funded projects may be 20 – 30 years, many are paired with Housing Tax Credits, which can set restrictions on affordability for up to 40 or 50 years. Additionally, Minnesota Housing incentivizes longer affordability periods through the scoring process and most/all of Minnesota Housing HOME constructions projects have an affordability period of 30 years. Rent and income requirements must be maintained during the entire period of affordability.

Use some of the available dollars to encourage creation programs such as those by GAP School in St Paul and Good Will/Easter Seals Minnesota, in which young people are building homes for low-income people and people experiencing homelessness.

**State response:** Thank you for your comment. As of now, utilization of federal dollars toward developing such programs is not included in our current Consolidated Plan, as approved by HUD.

Please read and learn from the research from Khalique Rogers and Dr. Tom Kottke, [as published by MinnPost](#).

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

## **5. Letter from Richard Bienapfl, Tapestry Industries**

The State of Minnesota through the Minnesota Housing Finance Agency has diligently and successfully provided programs to meet many of the needs for affordable housing throughout the state.

However, it has failed to equitably distribute the funds state to meet the needs of the rural counties and communities. While housing has been created in some outstate communities for homelessness and supportive housing needs, the MHFA has failed to provide funding for low-income housing tax credit projects to communities in need of affordable housing for its general population. There is a substantive need for labor for growing outstate businesses and a commensurate need for affordable housing to house labor for these manufacturing and service employment opportunities.

As an experienced developer having produced more than 6,000 units of Section 8 and LIHTC affordable housing, while working closely with each of numerous communities, both metro and rural, it is our opinion the MHFA scoring system is prejudice to the larger metropolitan areas of the state. The outstate communities, due to their size, do not have the financial wherewithal to provide direct project subsidies the entitlement communities have available. The outstate communities do not have a plethora of non-profit service agencies to provide services to projects in these smaller communities. And, among other issues, there has been substantial emphasis in the project scoring process on “supportive housing”. A need in all communities, but smaller cities do not experience the extent of homelessness and other ills that require significant supportive services. Their affordable housing need is driven by their desire to assist their general up and coming population with affordable housing, to provide labor to the manufacturing and services companies that located in their communities, and the need to assist their aging populations to move from their single homes into multifamily facilities to meet their housing needs.

These rural communities suffer from the same high costs of construction as do the metro areas, but production of this housing, including single family homes, has been stifled. The only way to meet the needs of these communities is to create assisted housing of various types that bring monthly housing costs into line with incomes. The production of senior housing can be a stimulant to creating affordable family housing by moving seniors from their single-family homes into multifamily properties, providing the seniors with more age-appropriate housing and at the same time freeing up single family homes for younger, working-class families that are affordable to them.



By example the following communities that have substantial employment opportunities have been ignored for a significant period for the creation of additional affordable housing. These are meant to only be examples of such communities as many more exist in Minnesota.

### **Marshall, MN**

Major Employers:

Schwan's

Southwest State University

Last new construction **family** project – 35 units townhomes – 2002

Prior family project – 50 townhomes 1995

Last **senior** housing – 24 units 1992

### **Austin, MN**

Major Employers:

Hormel

Mayo Clinic

Last **family** new construction family project – 38 townhouses – 2016

Prior family project – 50 townhomes 2002

Last **senior** housing – 72 units 1992

### **Albert Lea, MN**

Major Employers:

United Way

Land O'Lakes

Minnesota Corrugated Steel

Last **family** new construction project – 24 units – 2001

Last **senior** housing – 45 units, 1994

### **North Mankato, MN**

Major Employers - Part of Mankato SMSA

Last family new construction project – 17 townhouse units – 1995

Last **senior** housing – 72 units, 1991

### **Virginia, MN**

Major Employers:

Mincora Mining

Polaris

No **family** new construction ever allocated

No **senior** new construction ever allocated

### **Warroad, MN**

Major Employer: Marvin Windows

No **family** new construction ever allocated

No **senior** new construction ever allocated

**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. In 2024, the agency will be releasing the largest ever development program for Greater Minnesota where over 75% of the new construction is in communities with a population of less than 5,000. Additionally, we'll be establishing the Greater Minnesota Infrastructure Program that will provide \$8 million to address the infrastructure needs associated with housing development in Greater Minnesota. This general topic is important to us and our Research and Evaluation will be completing a study coming out this winter to help the agency assess geographic equity over the past 5 years.

## 6. Letter from Sue Watlov Phillips – MICAH

MICAH continues to have concerns on distribution of funding and limited impact in addressing the disparities within our community especially in use of CDBG, HOME, ESG, NHTF, and HOPWA funding. Current use of funding does not meet the Goals Addressing Impediments to Affirmatively Furthering Fair Housing.

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

Page 11: "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 2020 Analysis of Impediments to Fair Housing Choice for Minnesota available at: Analysis of Impediments to Fair Housing Choice. The State is in the process of making an addendum to this work related to the pandemic." Will there be any opportunity to comment on this?

**State response:** Thank you for your comment. The State is not intending to publish this addendum for public comment at this time.

HOME funding: Only 1 contract awarded to a Hispanic subcontractor and only 4 women businesses and only 0 diverse landlords. This does not meet the Goals of Addressing Impediments to Affirmatively Furthering Fair Housing Goals.

**State Response:** Minnesota Housing has established specific goals for contracting with Black, Indigenous, or People of Color owned businesses or Women owned businesses. Projects with deferred financing through Minnesota Housing trigger the Black, Indigenous, and People of Color-owned Business Enterprise and Women-owned Business Enterprise marketing and outreach requirements and performance goals. The

*owner/developer must take all necessary affirmative steps to help ensure that it and its contractors use Black, Indigenous, and People of Color-owned Business Enterprises and Women-owned Business Enterprises when possible, in accordance with Minnesota Housing's Multifamily Division Black, Indigenous, and People of Color-owned Business Enterprise and Women-owned Business Enterprise Compliance Guide, for all project related contract awards that exceed \$25,000. In addition, Minnesota Housing has worked on incentivizing projects that will be owned by MBE/WBE entities through its QAP and Self-Scoring Worksheet over the past few years.*

We strongly support tenant based rental assistance as a part of ARP HOME funds.

***State response:*** *Thank you for your comment. HOME ARP funding is outside the scope of the 2023 annual CAPER and had a separate public comment period earlier this year. Although the State does not utilize regular HOME dollars for tenant based rental assistance (TBRA), we have other State funded programs that utilize funds for TBRA. This includes FHPAP and the "Bring it Home" program.*

Page 24: While we understand you must report based on PIT Count, this archaic system with HUD's restrictive definition of homelessness does not provide an accurate count of number of people experiencing homelessness in MN. We have over 17,000 youth experiencing homelessness counted by MN Dept of Education each year in the school system.

***State Response:*** *Thank you for your comment. The State recognizes that many view the annual PIT count as a significant undercount of persons who experience homelessness over the course of the year. While the limitations are significant, it is currently the only statewide point in time or other count of homelessness conducted on a yearly basis.*

MICAH very pleased to see MICH hire 10 consultant that had experienced homelessness to help write their strategic plan and MN Housing also hire 12 consultants with lived experience of housing instability, homelessness and discrimination for their strategic plan. MICAH has been advocating for MICH and all State and Federal agencies, CoCs and providers do this this for decades. People affected need to be at every decision table to express their needs and wants about their lives as plans are developed, implemented, evaluated and resources are distributed.

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

MICAH was honored to assist MDH in development of the Trusted Messenger Program with people experiencing homelessness, equip the Trusted Messengers, and help facilitate and manage the Trusted Messenger Program.

***State Response:*** *Thank you for your team's effort.*

Page 27: Minnesota needs to further expand this Medicaid Program and MN should include people experiencing homelessness and housing instability on its teams (including Federal TA grant team if MN is chosen) to ensure we are meeting people’s needs and using Medicaid resources, NOT homeless funding, for services whenever possible.

**State Response:** *Thank you for your comment. We agree that including people with lived experience of homelessness and housing instability is critical to ensuring programs and efforts at ending homelessness are effective.*

Page 27: “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 (2018) found 10 percent of persons experiencing homelessness were over age 55, a figure which had increased 25 percent from 2015. ESG shelter data is consistent with this finding, with 13 percent of single adults served in 2021 in the ESG program over age 55.” *Please add to the end of the paragraph: Elderly are the fastest growing population by % of people experiencing homelessness. Between 2023 and 2038, the number of Minnesotans who are age 65 or older is expected to grow by 21%, while Minnesota’s overall population is only expected to grow by 8%. As older Minnesotans from the Baby Boom generation (born between 1946 and 1964) become less independent over time, the need will rise for home modifications and housing with service connections.*

**State Response:** *Thank you for your comment. We are unable to add statistics to the report without verifying the source of the data, but your comment will be included in the CAPER.*

Page 28: FHPAP program funds need to be consolidated (fast track and general appropriations) and simplified, back to original statutory language, providing flexibility to communities and their advisory Boards to determine the use of these funds. MN Housing must eliminate all the extra rules and procedures they have added to the 1993 law which are creating confusion, higher administrative costs and lack of flexibility at the community level.

**State Response:** *Thank you. Your comment will be forwarded to the appropriate staff at Minnesota Housing.*

Page 29: “Helping homeless persons.” Please change the phrase “homeless persons” to “people experiencing homelessness.”

**State Response:** *Thank you for your comment. This phrasing comes from HUD’s CAPER template and is quoted directly to show our response to their required prompt.*

Page 29: “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...” *MICAH has always strongly supported having State Agencies and providers assist people experiencing homelessness access mainstream systems. Good to see this being implemented.*

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

Page 32: MICAH strongly encourages and supports the State to help troubled public housing authorities.

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

MN is not meeting its Fair Housing Goals. While there are certainly positive movements and changes in policies. The funding distribution, contracting and actual people being served is not significantly addressing the disparities in our community.

**State Response:** *Thank you for your comment. The Federal Fiscal Year 2023 Analysis of Impediments to Fair Housing Report included in the CAPER is meant to provide a snapshot of what actions the State has taken over the past year to address its stated Fair Housing goals. The funding distribution, contracting, and populations served may change year to year based on the types of housing projects applying through Minnesota Housing’s Consolidated RFP process, the number of MBE/WBE developers and contractors engaging with the RFP process, the amount of federal funding available, and several other factors. The State continues to advance its outreach efforts to ensure that as many Minnesotans as possible can utilize funding and engage with/have access to affordable, fair housing opportunities.*

MICAH encourages using diverse instead of BIPOC. To be more inclusive of diversity (faith, ethnicity, sexual identification) of folks in our state.

**State Response:** *Thank you for your comment. The State recognizes that using this term is not as specific or as helpful depending on how and when it is used. We will continue to strive to be as inclusive as possible in our terminology.*

MICAH encourages the State to support MICAH’s efforts to include Limited knowledge of fair housing laws and resources into the requirements in curriculum for every middle school and high school students.

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

State of Minnesota Analysis of Impediments to Fair Housing Choice Federal Fiscal Year 2023 Report: The success of these goals would be greatly enhanced, if the State would hire consultants that had experienced homelessness, housing instability and/or discrimination to work with staff on each of these goals to address barriers and advocate for increased funding.

**State Response:** *Thank you for your comment. Minnesota Housing has hired consultants with lived experiences for several agency initiatives including the development of new agency Strategic Plan that was recently adopted, the development of 'Crossroads to Justice: Minnesota's New Pathways to Housing, Racial and Health Justice for people facing homeless' and within a few specific programs including the Family Homelessness Prevention and Assistance Program. The Agency is looking to expand this practice to more programs and throughout the agency in the years to come.*

## **7. Gary Kwong – MICAH**

With regard to p 15 of the 2023 CAPER report section about: “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.” Although there were outstate trainings, I submit that too many local officials are almost volunteers or older retirees so traveling to and participating in sessions such as September 2023 - Conducted Small Cities Development Program Implementation Training Workshops in Bemidji, Fergus Falls and North Mankato. Would involve entire days and perhaps overnight stays be the attendees at their own expense due to limited budgets and/or losing pay from their regular jobs. Using internet training sessions with either phone or computer-based training would increase participation and spread of information.

**State Response:** *Thank you for your comment. DEED had increased training locations to lessen the overhead cost for program administrators attending the trainings. A pre-recorded SCDP Application Training video is posted on DEED’s website for interested parties to view at their convenience. Several Q & A Office hours are scheduled to facilitate follow-up questions.*

On p 17 the Bridges program is cited. The Bridges program assists households in which one or more adult members has a serious mental illness. This program helps people with disabilities live in a more community-based and integrated setting while receiving services. Does “serious

mental illness” require diagnosis by professional mental health treatment providers who are scarce or not trusted in rural and urban areas in cultural groups that have stigma about mental health?

**State Response:** *Thank you for your comment. State statute requires that to be eligible, at least one individual in the household must be diagnosed with a mental illness by a mental health professional. Minn. Stat. 245.462, subd. 20 (a). Describes which types of mental health professionals can provide verification. Please note that there was an error in our description of the program; to be eligible, an individual must be diagnosed with a “mental illness,” not a “serious mental illness.” This does lower the threshold for eligibility. This has been corrected in our final version of the CAPER.*

There should be a specific mention in the summary of “refugee” visa status people because they are low income but have been not necessarily, historically excluded or considered to be “people of color”. Although they may initially have sponsors or sponsoring organizations their language skills and housing system understanding is limited. People who understand the needs of refugee cultural groups should be represented at decision-making tables.

**State Response:** *Thank you for your comment. The State’s outreach to and inclusion of public participants in the development of the Consolidated Plan and our five-year goals for expending our federal HUD funds is informed by our Citizen Participation Plan, which is published in the DEED, DHS and Minnesota Housing websites. In addition to publishing notice of Consolidated Planning activities through press releases, mass emailings and website postings, we also reach out to a variety of councils and coalitions that focus on culturally specific populations, including refugees. This includes the Council on Asian Pacific Minnesotans, Central Cultural Chicano, CLUES, Council for Minnesotans of African Heritage and others.*

Implementation- There is needs to be mention of cross-cultural and non-English language competence in hiring of consultants or preferably staff in terms of effective communication of programs that are needed and could be developed or available but need more effective publicizing to social service organizations serving specific cultural groups.

**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. In addition, DEED is conducting outreach to communities and grant administrators to assist in DEED's initiative to reduce systemic barriers by encouraging more minority participation in the Small Cities Develop Program. These sessions include brainstorming ideas/methods to encourage collaboration and creative ways to reach out to the underserved population in the community.*

Staff and consultant training should include holding listening and informing sessions at specific cultural social service offices (such as, United Cambodian Association of Minnesota or NAACP), culturally specific religious churches (such as, Karen Baptist or Hmong Alliance churches), mosques, etc working with those organizations for recruiting attendees the range of concerns and understandings cannot just depend on a small number of people to represent thousands.

***State Response:*** *Thank you for your comment. In its formal engagement efforts and planning activities, Minnesota Housing intentionally invites a wide range of organizations by and for Immigrant communities as well as Indigenous, Black, and communities of color. We also proactively reach out and build relationships with these communities outside of specific planning activities and accept invitations whenever possible to meet with their communities and members.*

BIPOC – Black, Indigenous, People of Color – is sometimes taken to mean “African American” but not including African immigrant or refugees from “black Africa” such a Somali and a ranking of racism effect ignoring the Chinese Exclusion Act and Japanese internment and prohibition against being able to attain naturalized citizenship or to own land or property or to buy housing after 1943 when the Exclusion Act ended. It seems that “diverse” people is more inclusive.

***State Response:*** *Thank you for your response. The State recognizes that using this term is not as specific or as helpful depending on how and when it is used. We will continue to strive to be as inclusive as possible in our terminology.*

With the “loan” programs there is no mention of developing programs that provide an investor or institutional income that is an acceptable Muslim religious practice. There are probably close to 100,000 Muslims in Minnesota.

***State Response:*** *Minnesota Housing is in the process of establishing a new program called Homebuyer Partnership Program. The Board approved a program concept in April 2023 to allow the Agency to develop an affordable non-interest bearing first mortgage production with access to a non-bearing downpayment and closing cost loan. More work is needed in 2024 before the product will become available.*