

March 18, 2023



RE: Housing Infrastructure Bonds (HF 4819)

Dear Chair Howard and Members of the House Housing Finance and Policy Committee,

Beacon Interfaith Housing Collaborative appreciates the opportunity to comment in support of HF 4819.

Housing Infrastructure Bonds (HIBs) are an essential resource for creating new housing in the state and the only resource dedicated to funding deeply affordable Supportive Housing.

HF 4819 represents our work in coalition to create a long-term structural fix to the crisis we and other affordable housing providers feel. Right now, there is a perfect storm threatening the future of affordable housing. This is especially true for Supportive Housing, which provides both rental assistance and wrap around services to residents with the highest barriers to housing stability. Increasing homelessness, resident vulnerability, and acuity of need, combined with soaring service and security costs, have put our ability to serve these vulnerable residents in jeopardy.

To leverage state investments for the future, we need a new blueprint for home. **The way we structured funding to build affordable housing in the past is insufficient to meet today's financial realities.** It's imperative that we fund future developments sustainably--to set them up for success--and preserve affordable housing that was built with state investment in the past.

To accomplish this, we support the changes this bill makes to Housing Infrastructure Bonds. Allowing MN Housing the flexibility to fund reserves upfront for operations and services for Supportive Housing is a necessary fix. Also, prioritizing funds to recapitalize distressed buildings will stabilize the current residents of yesterday's investments.

In addition, we support the task forces created by this bill.

- The **Task Force on Long-term Sustainability of Affordable Housing** will work with MN Housing on how to structure and underwrite new affordable housing made possible by state investment. It is critical that agency staff understand the full structural extent of the problems facing affordable housing so we can work together for long-term success. Future residents deserve well-funded buildings that are not on shaky footing the moment they open their doors.
- The **Affordable Housing Insurance Cost Task Force** will evaluate the increasing insurance rates plaguing our sector and develop legislative proposals to stabilize or lower them. Without manageable insurance premiums that don't skyrocket every time a claim is made, non-profit developers like Beacon will be forced out of providing the affordable housing Minnesota needs.

Minnesota has a proud history of non-profit and government partnerships that have created a strong affordable housing sector to meet the needs of hundreds of thousands of low-income Minnesotans. We celebrate the increased resources you created for housing last year, but the structural problems we face now as non-profit providers could force us to take a step back from these developments to remain financially viable. **No one wants to lose affordable housing. We urge you to pass HF 4819 so that can be avoided.**

Thank you.

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Beacon Interfaith Housing Collaborative