

March 18, 2023



RE: Housing Infrastructure Bonds (HF 4194)

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 4194. 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. Numerous studies have shown Supportive Housing is the most effective and cost-effective intervention for chronic homelessness because it combines rental assistance with specialized services for those with the highest barriers to housing security.

Beacon is united with a broad coalition supporting the authorization of \$500 million in HIBs.

As a leading non-profit provider of Supportive Housing in Minnesota, Beacon has been the fortunate recipient of over **\$58 million** in HIBs funding. With this critical support we have created 740 total units of affordable housing; an additional 252 units are under development. Eighty percent of these units are Supportive Housing. Over 1150 residents live in Beacon homes, including adults with disabilities, formerly incarcerated individuals, youth, and families with children. None of this would have been possible without Housing Infrastructure Bonds.

Beacon also supports the changes to the eligible use of Supportive Housing for HIBs funds (lines 3.12-3.16).

This vital provision will allow MN Housing to fund operating and service costs in Supportive Housing through the capitalization of reserves. With the costs of operations increasing, capital funders need to resource new Supportive Housing adequately so it can be financially sustainable and serve residents well. These new permissible uses allow MN Housing to partner with developers in funding the whole mission of Supportive Housing through services and operations.

Finally, Beacon supports adding recapitalization as a permissible use of Housing Infrastructure Bond funds.

Surging costs, decreasing revenues, and growing needs are combined in a perfect storm that risks washing away decades of affordable housing infrastructure and the stability of the Minnesotans who depend on it. Recapitalization would enable non-profit housing providers to be good stewards of public investments made in the past by rehabilitating aging homes. Preserving existing affordable housing is always less costly than new construction.

With the growing housing crisis, we need to build new affordable homes and preserve the ones we have. By passing \$500 million in Housing Infrastructure Bonds, you will move our state forward to meet these burgeoning needs.

Thank you.

Ben Helvick Anderson
Vice President of Policy and Organizing
Beacon Interfaith Housing Collaborative