



Investment • Access • Opportunity

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2022 Qualified Allocation Plan Comments

While organizations led by and connected to communities of color and indigenous communities have been historically absent in creating or commenting on Minnesota Housing's Qualified Allocation Plan (QAP), we possess **essential expertise in shaping the goals, incentives, and, ultimately, investments that the agency puts forward**. Given the disparate harm of past policies and investments in communities of color, we urge you to consider and prioritize our concerns, comments and collective values related to the 2022 QAP.

Equity in Place (EIP) is a diverse group of strategic partners from organizations led by people of color and housing advocacy organizations that believe everyone in the Twin Cities region deserves access to opportunity wherever they want to live. Our work is centered around an understanding of the legacy and ongoing impact of structural racism in the development and growth patterns of our region — and underscores and amplifies how it has impacted our communities' access to housing, property ownership, and wealth building opportunities. We believe the only way to address our regional inequities is by bringing the expertise of impacted communities into decision making processes in meaningful and powerful ways.

Based on our collective values and vision, EIP believes the QAP can better direct investments more equitably in our communities by:

- *Shifting investment patterns and strategies to directly invest in communities of color and indigenous communities in deeper and more intentional ways.* This starts by shifting away from geographic patterns of investment that further the logic and practice of disinvestment. It also means viewing investments through the lens of who will receive resources, jobs, wealth building opportunities, as well as who gets access to housing.
- *Increasing and prioritizing longer term and deeper levels of affordability in investments in housing.* For many of our communities, only housing at the deepest levels of affordability will be affordable to existing residents who are facing displacement pressures. This should be a priority for the allocation of MHFA's resources.
- *Barring any developer who aims to make profits, while mistreating or displacing tenants, from receiving the limited government resources that support the productions and maintenance of affordable housing in our state.* MHFA must tie fair housing enforcement to its consideration of scoring and, ultimately, which projects and developers are funded.

Having reviewed the draft 2022-2023 QAP, EIP has the following comments, critiques and observations:

- **Preference for Eventual Tenant Ownership** is a significant first step, but tenant ownership is a complex transition without the right financing tools. In addition to the preference, financing tools and models should be designed by the agency to specifically support projects that choose this path. Innovation can come from developers, but must be encouraged and led by powerful institutions like Minnesota Housing. Ideally, this preference would come with real points for projects with eventual tenant ownership, which would be a more significant (meaningful?) incentive.
- **Increased incentives to serve larger family sizes** is an important and positive change that will expand the supply of affordable housing to multi-generational households and larger families, many of whom come from communities of color and immigrant communities. Increasing the number of units to accommodate larger family sizes may bring additional challenges to a developer's application in the "Financial Readiness to Proceed/Leveraged Funds" category due to increased costs. Minnesota Housing must take this into consideration so that developers are not penalized for not having a high proportion of funding secured simply because they are striving to serve larger families.
- **Proposed changes to Tenant Selection Criteria** are critical to undoing generations of discrimination from banking, criminal justice, and housing institutions. Tenant screening criteria such as income requirements, criminal histories and credit scores are used as a proxy for race, which lead to discrimination and disparate outcomes in our rental housing market. Changing them helps decrease barriers to housing for communities of color and low-wealth communities, which result in increased access to the many housing opportunities created by agency financing. Our members have successfully advocated for changes to tenant screening in Minneapolis and Saint Paul because we know that without changes to tenant screening, it won't matter how many units of affordable housing are built - people will continue to be screened out of housing.
 - **The proposed changes should apply to all units** financed with the agency's Housing Tax Credits or deferred funding to equitably expand housing access for all Minnesotans.
 - **Minnesota housing should create enforcement mechanisms** to ensure that property owners are following tenant selection plan guidance. More often than not, prospective tenants don't know they have been discriminated against until they have been denied access to housing, and by then, it is too late. Minnesota Housing must ensure that property owners are following these guidelines - and should not put the burden on renters to prove when they have been wronged.
- We support the **deeper rent targeting for 30% MTSP rents** because the greatest need for affordable housing, especially in communities of color, is at 30% AMI and below. Serving a higher number of households at 30% AMI should be awarded more points.
 - Again, deepening affordability to accommodate lower income households may bring additional challenges to a developer's application in the "Financial Readiness to Proceed/Leveraged Funds" category due to increased costs. Minnesota Housing must take this into consideration so that developers are not penalized for not having a high

proportion of funding secured simply because they are striving to deepen affordability and thus, increase housing access to families in greatest need.

- We strongly support increased points for **Long Term Affordability** and **minimum affordability term of 30 years** for all projects because the most fiscally responsible public investments are ones that are permanent and stay in service of the target beneficiaries in perpetuity. However, one necessary change is to **award additional points for long-term affordability for 50 years**, given the positive benefits to community.
- The removal of points awarded for **higher performing schools** is essential because it perpetuates disproportionate investment in whiter, wealthier neighborhoods while neighborhoods home to communities of color continue to suffer from disinvestment.
- Regarding the addition of a **new category based on the need for more affordable housing options**:
 - **We support the creation of the tier that awards points to projects in communities in which a large share of renters are housing cost-burdened.** It is an important step towards centering people, as opposed to place, in housing investment decisions.
 - For the same reasons, **we are concerned about the tier that awards points to projects in communities in which there is a low share of affordable rental housing** compared to all housing options in a community. This shifts the focus from people to geography, which has historically been used as a proxy for race in determining community investments. There are affordable housing needs in communities where little exists, but this tier risks disadvantaging historically disinvested communities that may be home to many NOAH properties, but have not received housing investments.

Our coalition has engaged in the QAP feedback process for the past two years, and the agency's willingness to center BIPOC communities and BIPOC-led community organizations is contributing to necessary changes to achieve a more equitable housing system. We hope these relationships and meaningful conversations can continue into the future. Thank you for the opportunity to provide feedback.

Equity in Place

African Career, Education, and Resources, Inc. / Alliance for Metropolitan Stability / American Indian Family Center / Community Stabilization Project / Center for Urban and Regional Affairs / Frogtown Neighborhood Association / Hope Community / Housing Justice Center / Jewish Community Action / Metropolitan Consortium of Community Developers / Minnesotans Standing Together to End Poverty and Homelessness / Native American Community Development Institute / New American Development Center / Pueblos de Lucha y Esperanza / Urban Homeworks / West Side Community Organization