MHP'S PUBLIC POLICY ADVISORY GROUP 2020 REPORT

Minnesota Housing Partnership
Public Policy Advisory Group

Introduction

From January through May of 2020, MHP convened the inaugural Public Policy Advisory Group (PPAG). The PPAG advises MHP on public policy issues in housing, with a focus on race equity analysis. MHP initiated the PPAG to expand MHP's policy development process and network of influencers. PPAG members gained expertise in affordable housing policy and finance, influenced the public policy development process, engaged in a cohort learning environment, and gained networking and professional development experiences.

Recommendations

Beginning in January 2020, PPAG members worked to identify criteria with which to guide policy evaluation, focused on housing finance. Members began with a general brainstorm of criteria important to affordable housing financing and funding, continuing to add and refine criteria in following months. PPAG members explored options for applying the criteria to a current policy proposal, including a Minnesota Affordable Housing Tax Credit. PPAG members finalized recommended criteria for evaluating housing finance policy in May 2020, with recognition that 1) recommended criteria can be further refined, to ensure greatest clarity; 2) criteria may be modified after application experience.

Criteria for Housing Finance Policy Evaluation:

Race Equity

- Identified as the most important, or first, criteria for evaluation by PPAG members
- While other equity concepts were discussed, such as geography, members agreed that isolating race criteria was most important.

Greatest Impact From Limited Public Dollars

- PPAG members identified the need to systematically evaluate return on investment.

Enhance Wealth and Ownership Options

- While identified as important to include, questions remain for PPAG as to how this criterion can apply to multiple types of housing opportunities, including multifamily.

Predictable and Dependable Funding

- PPAG members identified certainty and dependability of a funding source as key to a range of outcomes, including helping BIPOC entrepreneurs prepare for and scale to meet opportunities for project funding.

The PPAG also engaged in direct advocacy with lawmakers and administrative advocacy with Minnesota Housing, helping to develop MHP comments on COVID-19 housing stability concerns submitted to Senate Minority Assistant Leader Jeff Hayden, Minnesota Housing Commissioner Jennifer Ho, Governor Walz and Lt Governor Flanagan. PPAG members helped develop detailed recommendations on support needed for Black, Indigenous and People of Color (BIPOC) developers and BIPOC homebuyers and homeowners.

Minnesota Housing Partnership
Public Policy Advisory Group

PPAG Purpose and Highlights

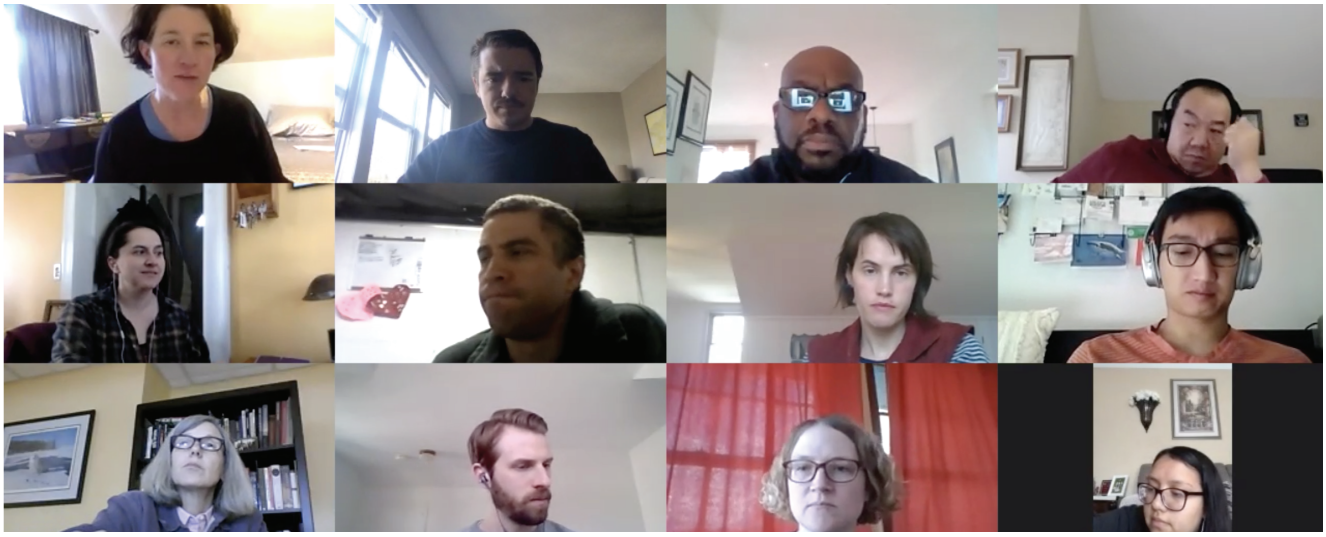
The inaugural year of the PPAG included these objectives:

- Develop criteria for review and evaluation of policy proposals
- Apply criteria, generate and share recommendations
- Build evaluation capacity
- Enhance relationships and knowledge
- Pilot processes and procedures for future PPAG groups

While the PPAG initially intended to develop criteria for evaluation of a proposed Minnesota Housing Tax Credit, its focus shifted and expanded with COVID-19.

The PPAG's objectives were substantially met, despite reconceiving the meeting framework and moving to virtual meetings for three of five meetings. The PPAG completed its recommended criteria for policy review, and members developed evaluation capacity by providing real time feedback on COVID-19 and housing stability, as well as race equity analysis, to Minnesota Housing and elected leaders.

While PPAG members did not complete evaluation of a policy proposal against recommended criteria, due to time constraints, they did initiate the process of evaluation against policies proposed at the end of the 2020 Legislative Session. Finally, PPAG members reported that opportunity to enhance relationships and knowledge was a key benefit to participating in the PPAG cohort.



PPAG Meeting: April 16, 2020

PPAG meetings included these highlights:

- Introduction to Tax Credits by Mary Tingerthal, Tingerthal Group (former Minnesota Housing Commissioner from Feb 2011 to Jan 2019)
- Group discussion with Assistance Minority Leader Senator Jeff Hayden in March 2020 regarding COVID-19 and housing stability
- Overview of 2008-10 Great Recession and comparison to COVID-19 with Margaret Kaplan, Housing Justice Center
- Administrative Advocacy Opportunities at Minnesota Housing, Alyssa Wetzel-Moore with Community Development Director, Minnesota Housing

Following the PPAG cohort meeting series, PPAG members were featured in a panel discussion at MHP's Investor's Council Breakfast, and the PPAG's recommended criteria were presented to the MHP Board of Director's. MHP has committed to furthering the recommendations of the PPAG through its public policy development process.

Evaluation and Next Steps

MHP solicited PPAG member feedback through post-meeting surveys and one on one conversations. A longer evaluation questionnaire was sent to members at the conclusion of the five-meeting series.

Highlight #1: Members enjoyed getting to know each other and appreciated the variety of experience within the group. Recommendations:

- Find more ways to develop deeper interaction and conversation by utilizing small groups more frequently
- Design more opportunities for members to get to know each other, including highlighting members' diverse experiences and expertise

Highlight #2: Members enjoyed developing comment letters, feedback to lawmakers, and criteria for evaluation, and the process for doing so. Recommendations:

- Adjust meeting flow to produce a better balance between discussion of abstract/high level principles to practice and application.
- Continue to identify opportunities to highlight and incorporate PPAG recommendations into MHP public policy development and advocacy.

Conclusion

The PPAG is an important addition to MHP's public policy development process, signifying MHP's commitment to supporting a cohort learning environment, formalizing portions of its policy development process, and ensuring racial equity and policy evaluation have ongoing focus in MHP's public policy work. MHP looks forward to improving the learning process for future PPAG cohorts utilizing recommendations from the PPAG in its public policy work.

Appendices

1 Criteria for Housing Finance Policy Evaluation
2 PPAG Members List 2020
3 PPAG Charter
4 Letter to Senator Jeff Hayden, March 24, 2020
5 Letter to Commissioner Jennifer Ho, Minnesota Housing, June 22, 2020

Appendix 1:

Minnesota Housing Partnership
Public Policy Advisory Group

PPAG RECOMMENDED CRITERIA: EVALUATION OF HOUSING FINANCE POLICY

Beginning in January of 2020, PPAG members worked to identify criteria with which to guide policy evaluation, focused on housing finance. PPAG members finalized recommended criteria for evaluating housing finance policy in May 2020, with the caveats that 1) criteria can further refined, to ensure greatest clarity, with sub criteria (or questions) added; 2) criteria may be modified after application experience.

RECOMMENDED CRITERIA	
Race equity (with potential layered sub-criteria): • Increases access to safe, affordable housing for BIPOC residents • Increases economic opportunity for BIPOC developers, contractors and sub-contractors	• Identified as the first, or most important, criteria for evaluation. • While other equity concepts were discussed, such as geography, members agreed that race equity should be specifically identified as a unique criterion. • PPAG members identified race equity as a criterion with many layers, which need further definition. As an example, questions about access to housing for BIPOC households and increasing economic opportunity for BIPOC developers and contractors are both elements of race equity evaluation.
Greatest impact from limited public dollars	• PPAG members identified tradeoffs posed by this criterion, including maximizing output versus maximizing period of affordability and other public goods, which need further discussion. • PPAG members identified the need to systematically evaluate return on investment.
Predictable and dependable funding	• PPAG members identified certainty and dependability of a funding source as key to a range of outcomes, including helping BIPOC entrepreneurs prepare for and scale to meet opportunities for project funding. • Other qualities of this criterion might include ability to work in various market conditions and stand the test of time.
Enhance wealth and ownership options	• While identified as important to include, questions remained as to how this criterion would apply to multiple types of housing opportunities, including multi-family. • PPAG members agreed that not every criterion would apply or be rated highly in every circumstance applied.

Appendix 2:

Minnesota Housing Partnership
Public Policy Advisory Group

2020 Membership

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Senior Counsel
Thrivent Financial
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Shawn Alexander
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James Archer
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Otter Tail County CDA

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Appendix 3:



Public Policy Advisory Group

MHP Mission: Minnesota Housing Partnership (MHP) strengthens development capacity and promotes public policy change to expand opportunity, especially for those with the greatest need. We support, lead, and collaborate with a diversity of partners to stimulate innovation and drive positive impact in affordable housing and community development in Minnesota and beyond.

Committee Overview: The Public Policy Advisory Group (PPAG) provides MHP with expertise and insight to promote innovating and lasting solutions for sustainable and affordable housing, advancing equitable outcomes and efficient use of resources. The PPAG advises MHP on policy development and evaluation, including review of potential structural inequities and impact on communities of color.

The PPAG members will develop expertise in affordable housing public policy, influence the public policy development process, engage in a cohort learning environment, and expand network and professional development experiences. PPAG members are volunteers.

MHP's Legislative Policy Process: MHP utilizes a variety of inputs to identify, research, develop and finalize its policy agenda. In addition to the PPAG, MHP regularly convenes stakeholder groups with subject matter experts to incubate and workshop specific policy proposals in project-based work groups. Stakeholder groups, including the PPAG, are advisory to MHP, but do not provide final decisions or approval. MHP's Executive Director gives final approval to MHP's policy agenda and policy proposals; MHP's Board of Directors provides final approval of MHP's annual Legislative Agenda.

Primary task of PPAG: The PPAG advances MHP's mission by analyzing and informing affordable housing public policy development, with focus on review and evaluation of policy proposals being considered by MHP. Evaluation may include how policy:

- Responds to housing needs traditionally overlooked;
- Imposes unintended consequences on impacted communities
- Addresses structural inequities in the housing ecosystem
- Improves outcomes for communities of color
- Enhances existing market products and tools and maximizes private, local and federal resources

- Promotes cost effective use and allocation of resources

The PPAG may analyze policy proposals incubated and workshopped in project-based stakeholder workgroups. PPAG members may also serve on project-based stakeholder workgroups.

PPAG time commitment: The PPAG will meet approximately five times annually, beginning prior to the Legislative Session, in sessions of approximately 2 hours.

Responsibilities: Members are expected to be active participants in each meeting and engage their networks as needed to provide accurate and timely feedback. Members are expected to come prepared to meetings, including having reviewed any relevant assigned materials.

Staff: Libby Murphy, Deputy Policy Director, Minnesota Housing Partnership, Libby.murphy@mhponline.org

Desired Cohort: Comprised of fifteen culturally and gender diverse members with expertise in affordable housing, equity, and community development practices, including for-profit and non-profit development, construction, finance, legal, regulatory, city administration, local policy makers, program development and implementation, program evaluation, social work, community organizing, and more. Members are considered go-to authorities in their field. The cohort will be comprised of members recruited by MHP staff.

Appendix 4:

March 24, 2020

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The Honorable Jeff Hayden
95 University Ave W
Minnesota Senate Building, Room 2209
St Paul, MN. 55155
Via email

Re: COVID-19 Housing Response Recommendations from MHP's Public Policy Advisory Group

Dear Senator Hayden:

Thank you for speaking with the Minnesota Housing Partnership's (MHP) Public Policy Advisory Group (PPAG) on Thursday, March 19, 2020, regarding the work of the Minnesota Legislature and housing issues in the context of COVID-19. We are grateful for the opportunity to share our recommendations with you and other members of the Minnesota Legislature.

MHP is a housing non-profit that strengthens development capacity and promotes public policy change to expand opportunity, especially for those with the greatest need. MHP provides capacity building for rural and Native communities throughout the United States, produces original research, and advocates for policies that advance affordable housing and strengthen communities.

MHP's Public Policy Advisory Group provides advice to MHP on public policy issues in housing, with a focus on equity analysis. Members of the PPAG represent a diversity of experience, thought, and expertise throughout the affordable housing continuum.

During our call March 19, PPAG members raised housing-related concerns for the state's COVID-19 response. The concerns identified by PPAG members reflect concerns MHP has also heard from others within the housing advocacy community; MHP urges response to these concerns from the State Legislature and State Agencies.

- First and foremost, a **robust fiscal response** is essential to help people who cannot afford their rent or mortgage payments. **Rental assistance** is essential support, for renters and to ensure landlords can continue providing safe, stable housing. While the Governor's eviction moratorium of March 23 places a temporary halt on displacement, it does not forgive or replace non-payment of rent; failure to provide financial assistance will result in future displacement of many residents and the loss of affordable housing properties that cannot continue to pay mortgage or operations fees.
- Families ready for **homeownership** will experience significant negative consequences to credit and ownership readiness, impacts exacerbated for many families of color. According to Habitat for Humanity many families they serve work in sectors most affected by business closures, include retail and other people serving industries. **The financial hardships caused by this crisis could forever put homeownership out of reach for many families, especially families of color.** As part of recovery efforts, lawmakers will need to directly engage impacted communities to find solutions to overcoming barriers to achieving homeownership. Increased investments in homeownership education and credit counseling will be critical as we help families get back on track to achieving their homeownership goals.
- PPAG members identified concern for the **ability to develop affordable housing now and in the future, worsening what was already a severe affordable housing shortage**. For projects under construction, scheduled to start construction this spring, and finalizing financing there is real

concern they will fall apart due to COVID-19's impact on the economy. Many of these projects already took years to assemble financing.

- For **immigrants, and particularly undocumented immigrants, the need for direct assistance is especially severe**. To ensure best response to our public health needs, the State must identify mechanisms to provide health support, rent and income support, and support to many entrepreneurs and small business owners, who are extremely vulnerable in the face of the health and economic crisis of COVID-19.
- Finally, **local government and redevelopment authorities** are already stretched, and are concerned about being able to help people who can't pay for housing and support small businesses among many issues. **They are ready and willing to help but want to align their support to what is offered at the state level.**

PPAG members identified issues for which administrative or executive action may provide needed solutions. Again, these are issues that other housing advocates and providers have identified to MHP as well:

- **Flexibility needed for bond and financing requirements** for affordable housing projects in development. Today, affordable housing projects have 180 days to issue bonds and close on transactions; this deadline is not reasonable in light of business closures in the financing industry and closure of many local government offices and public meeting processes that impact the development approval process. Many of the projects that might be impacted in 2020 include rehab projects intended to ensure existing affordable homes are safe and healthy.
- **Greater guidance needed for safe operations of affordable homes**. Property managers, including those of public and affordable properties, are scrambling to ensure residents and workers are safe, and properties are in compliance with public health guidelines. It is more and more clear that many staff serving these properties are "essential" workers, even as cleaning and protective gear is unavailable to properly serve residents and properties. As well, many properties are working now to revise all operating procedures to remove in-person interactions to the greatest extent possible. It is critical that the **State of Minnesota provide comprehensive guidelines for multifamily properties operations during the COVID-19 pandemic, including operations during any "shelter in place" order**.

Thank you for your attention. We are prepared to assist with any feedback helpful to ensure attention to these housing-related recommendations. Please note that PPAG members are providing recommendations as individuals, not on behalf of their respective organizations.

Sincerely,



Libby Murphy
Deputy Policy Director

On behalf of: Members of MHP's Public Policy Advisory Group
Encl: List of PPAG Members; Description of MHP's PPAG

Appendix 5:

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June 24, 2020

Jennifer Ho, Commissioner
Minnesota Housing
400 Wabasha Ave N, Ste 400
St Paul, MN 55102
Via email

Re: COVID-19 and Housing Stability Recommendations

Dear Commissioner Ho:

Thank you for your commitment to engagement on housing needs for Minnesotans. Enclosed is feedback from MHP, developed with the advice of MHP's Public Policy Advisory Group (PPAG), regarding: 1) support for BIPOC (Black, indigenous, people of color) homeowners and aspiring homeowners; 2) support for BIPOC and small developers; 3) new partnerships and areas for focus. These comments highlight issues of concern for housing stability generally and in response to COVID19, including feedback from an April 16 meeting with Alyssa Wetzel Moore.

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MHP's Public Policy Advisory Group advises MHP on public policy issues in housing, with a focus on race equity analysis. Members of the PPAG represent a diversity of experience, thought, and expertise throughout the affordable housing continuum.

Affordable Homeownership Support, with Focus on Homeowners of Color.
With COVID-19, we urge Minnesota Housing to maintain and increase support for existing and aspiring BIPOC homeowners, as data continues to show that COVID-19 is widening housing disparities by race and income. Minnesota Housing's goal must be to ensure no greater harm is done to BIPOC families, and disparities by race are reduced and eliminated. We recommend:

- Share regularly updated data disaggregated by race on applicants for homeownership products, foreclosure, and additional homeownership measures.
- Ensure homeownership loan products prioritize BIPIC homebuyers, including those whose credit, income, or savings have recently been negatively impacted by COVID-19. Options can include providing underwriting flexibility and modifying repayable deferred loans to forgivable loans in some circumstances.
- Monitor resource allocations to ensure existing homeowners, especially BIPOC homeowners, have sufficient support through culturally and geographically accessible homeowner and foreclosure counseling.
- Identify and address practices and policies that disproportionately impact first time BIPOC home buyers, such as discouraging sale to buyers with FHA or down payment incentives; broaden partnerships with industry groups to design and provide incentives and enforcement tools to eliminate practices with adverse impact on BIPOC homebuyers.

MHP is an equal opportunity provider and employer.

Prioritize Opportunity for BIPOC Developers and Contractors

The number of BIPOC developers that have received awards from Minnesota Housing is extremely small. As significant resources are required to apply for Minnesota Housing funding, developers without high balance sheets, often the case for BIPOC developers, are at a significant disadvantage. Past QAPs have also, through points, discouraged development in majority of color communities, which excludes BIPOC developers looking to work in their own communities or culturally supportive communities. It is critically important that Minnesota Housing work to dismantle systems and practices that perpetuate exclusion from financial capital and exacerbate social capital disparities by prioritizing Black entrepreneur development. We recommend:

- Identify and implement programs from other states that have helped grow the number of BIPOC developers in the housing industry. Recommendations includes set-aside programs for small developers, special tax incentives, requiring joint venture or fee-based partnerships with developers of color based on scope of work and effort, and granting preference points for development teams that include BIPOC firms.
- Invest in capacity building, in partnership with organizations already working to support increasing the number of and areas of expertise of BIPOC developers; capacity building programs should be offered in combination with defined pathways to ensure BIPOC developers can be competitive for development resources.
- Identify resources to support BIPOC developer applications for Minnesota Housing application, such as the Super RFP. One example is a revolving fund for pre-development grants to assist those without pre-development capital.
- Create exceptions to the "last in" funding source theory of the Super RFP, which often places BIPOC developers at a disadvantage. Developers with existing project resources are more competitive for Minnesota Housing funding awards, a practice that favors developers that are large, have existing resources and set relationships with lenders. For instance, in response to COVID-19, lenders are prioritizing existing relationships with larger businesses and organizations, further putting small developers and developers of color at disadvantage.
- Increase incentives, through points and other mechanisms, to encourage hiring of BIPOC owned and/or operated subcontractors, architects, law firms, and others that contribute to the development and financing of affordable housing.
- Encourage hiring practices to foster local employment opportunities and neighborhood economic development.

COVID-19 Housing Stability: Issues for Review

In addition to the two priority areas above, PPAG members have identified a variety of recommendations for consideration by Minnesota Housing.

- **Build and maintain a more robust practice of disaggregating data below the level of major racial groups; use information to modify policies and programs.** Aggregating data by major ethnic or racial group helps to preserve ethnic and race-based inequities. Minnesota Housing should consider involving community members directly affected by issues in interpreting disaggregated data. Disaggregated data should then be used to guide changes to programs and policies.
- **Preserve public land for public housing and affordable homes**. As resources become even more scarce in response to COVID19's economic impacts, ensuring public land is held in trust for future housing, or is prioritized for housing, is ever more critical.
- **Support naturally occurring affordable housing (NOAH) through specific programs and focus**: One of the greatest concerns arising is potential impact of COVID-19 on naturally occurring affordable housing, including investor interest in purchase and reduced funds

for maintenance and capital repairs. Minnesota Housing leadership in developing NOAH-specific products for financing, acquisition, and preservation is critical and necessary.

- **Support protections for workers and public funds, through enhancement of unacceptable practices accountability**. The State of Minnesota, and Attorney General Keith Ellison, have focused on potential abuses and bad actors, who may take advantage of system changes due to COVID-19. As an example, wage theft and labor trafficking are concerns that may exacerbated by COVID-19 conditions, as well as lack of adequate protection for renters.
- **Workforce development may be a new opportunity for housers**. Operating in crisis presents important opportunities for new work by Minnesota Housing. As one example, workforce development including pathways to construction and hiring in under resourced communities may be a creative and important area for investment by Minnesota Housing, in partnership with research entities and other agencies.

MHP's PPAG first met to develop criteria for evaluating policies focusing on race equity analysis in January 2020. COVID-19 exacerbated many of the existing inequities initially identified by the PPAG. Since the PPAG's last convening in May, and the local and national uprising regarding George Floyd's murder, enhanced attention to anti-Blackness and structural racism have dominated and accelerated public policy focus on race equity. The recommendations herein have heightened urgency as state, local and federal government reimagines how they serve, engage, and allocate resources.

Sincerely,

Elizabeth Glidden
Director of Strategic Initiatives and Policy

Libby Murphy
Deputy Director, Policy

Cc:

The Honorable Tim Walz, Governor
The Honorable Peggy Flanagan, Lieutenant Governor
Senator Jeff Hayden, Minnesota Senate
James Lehnhoff, Minnesota Housing
Kasey Kier, Minnesota Housing

Attachments:
Membership, MHP Public Policy Advisory Group
Charter description, MHP Public Policy Advisory Group
Recommended criteria for policy evaluation, MHP Public Policy Advisory Group