

Community Development Committee

Meeting date: July 18, 2016

Subject: Greater Minnesota Housing Fund's Naturally Occurring Affordable Housing Impact Fund

District(s), Member(s): All

Policy/Legal Reference: *2040 Housing Policy Plan*

Staff Prepared/Presented: Beth Reetz, Director, Community Development Division, (651) 602-1060

Division/Department: Community Development

Proposed Action

Information item only.

Background

Unsubsidized rental housing represents nearly 6 in 10 units affordable to households at or below 50% or area median income, or approximately 120,000 housing units in the region. The Twin Cities region is seeing more and more conversions of naturally affordable rental developments to higher-market rents while others are simply operated under poor management and in disrepair. These conditions threaten the stability of families and communities. Preservation of the existing housing stock, including the unsubsidized rental stock, is a cost effective strategy to ensuring a continued supply of housing opportunities to our region's low and moderate income households.

In 2013, the Minnesota Preservation Plus Initiative, sponsored by the Family Housing Fund and the Greater Minnesota Housing Fund, issued [*The Space Between: Realities and Possibilities in Preserving Unsubsidized Affordable Rental Housing*](#), a comprehensive study on the nature and challenges inherent in preserving Minnesota's unsubsidized housing stock.

With planning support from the McKnight Foundation, the Greater Minnesota Housing Corporation (a subsidiary of the Greater Minnesota Housing Fund) is launching an Affordable Housing Preservation Impact Investment Fund to finance the acquisition and preservation of naturally affordable rental housing to preserve affordability for the long term. The Fund's investments will target rental properties at risk of conversion to higher rents and the threat of displacement of low- and moderate-income residents. The Fund plans to begin operations in fall 2016 and has already successfully invested in a pilot project in New Brighton.

At the Community Development Committee meeting, Warren Hanson, Executive Director of the Greater Minnesota Housing Fund will share more of the background and implementation steps related to this new effort.