



HOUSING  
PARTNERSHIP  
NETWORK

# Policy Notes

**Minnesota SHARE Coalition:  
Journey to \$50 Million**



# Overview: Post-Pandemic Challenges Facing Affordable Housing Providers

Minnesota experienced the turmoil that has plagued the affordable housing sector across the nation, only worsened by the emergence of COVID-19 in 2020. Minnesota also faced additional challenges between 2020-2023, exacerbating the state's need for additional funding to support affordable housing.

- A national racial reckoning began in 2020 after the murder of George Floyd in Minneapolis, Minnesota. Nonprofit housing portfolios across the Twin Cities of Minneapolis and St. Paul continue to feel the broad impacts around public safety, security, and policing challenges.
- Minnesota experienced [one of the](#) longest pandemic-era eviction moratoria in the country, spanning from March 2020 to June 2022. This degraded a culture of payment and negatively impacted property owners' ability to sustainably manage their properties.

During the 2023 legislative session, Minnesota's government was considering major changes to its housing policy. In many communities across the state, there has been a growing interest in tenant rights in the housing conversation. The politics leaned pro-tenant in the Twin Cities, as evidenced by the adoption and reform of rent control in St. Paul and discussion around both rent control and a Tenant Bill of Rights in Minneapolis.

## Minnesota State-Level Data

Population (2020): 5,706,494<sup>1</sup>

Share of Households that Rent (2018 – 2022): 27.7%<sup>2</sup>

Cost-burdened Renters: 44.13%

Emergency Rental Assistance Total: \$671,992,504

• ERA 1: \$375,152,159<sup>3</sup>

• ERA 2: \$296,840,345<sup>4</sup>



<sup>1</sup> <https://www.census.gov/quickfacts/fact/table/MN/POP010220#POP010220>

<sup>2</sup> <https://www.policymap.com/newmaps#/> (Source for Share of Households that Rent and Cost-burdened Renters)

<sup>3</sup> <https://home.treasury.gov/system/files/136/Emergency-Rental-Assistance-Payments-to-States-and-Eligible-Units-of-Local-Government.pdf>

<sup>4</sup> [https://home.treasury.gov/system/files/136/ERA2\\_Allocations\\_Eligible\\_Entities\\_572021.pdf](https://home.treasury.gov/system/files/136/ERA2_Allocations_Eligible_Entities_572021.pdf)

## Spotlight: SHARE Coalition

### *Coming Together: The Process*

Minnesota-based HPN nonprofit member organizations, Aeon, CommonBond Communities, and Project for Pride in Living (PPL) had previously worked together on advocacy for property tax reform in broad coalitions of multifamily housing property owners which included for-profit owners. They realized that in addition to those efforts, they needed to be able to distinguish themselves as nonprofit owners from their for-profit peers and partners to better deal with their unique challenges.

Years of pandemic-related challenges and underfunding were significantly impacting nonprofit owners' ability to provide a positive resident experience. The three organizations, supported by the Bush Foundation, held monthly sessions in dialogue with one another to discuss their approach to these pandemic-related challenges and the effects on their portfolios and organizations. Through a shared willingness to be vulnerable with one another, the forum provided an opportunity to better understand what problems were specific to an organization versus which were a "reflection of the environment and systems in which [they] all worked," said Deidre Schmidt, President and CEO of CommonBond Communities.



Anishinabe III, Minneapolis, Minnesota. Photo Project for Pride in Living

## HPN Members in Minnesota

HPN members of the SHARE coalition as of 2023:



As the group was considering going after one-time American Rescue Plan Act (ARPA) funds to recapitalize on the heavy losses from 2020-2022, suddenly, the tide turned. In the 2022 November midterm election, Minnesota secured a Democratic trifecta across the state government for the first time since 2014.<sup>5</sup> Immediately following the election, a few key lawmakers, sympathetic to their plight, reached out to inquire about what they could do to be helpful during the 2023 legislative session. As the session began in January 2023, the state had a record-setting budget surplus of \$17.5 billion. For the first time in a while, there was a strong sense of optimism that something could be done to increase access to affordable housing in Minnesota -- legislative power was concentrated with the Democrats, there were resources to be allocated, and there was strong political enthusiasm around housing.

The three HPN members now had three weeks to shift gears, reorienting themselves to put together a package of how the state could help nonprofits maintain viability. This new direction required new input, so they invited the local chapter of Catholic Charities in St. Paul to join their coalition as they'd previously had notable legislative success. Winthrop & Weinstine, a law firm the groups used for other matters, offered strategy and lobbying assistance.

Thus began the Stable Housing Alliance for Recovery and Equity's (SHARE's) journey to receiving public funding in support of their operations.

### ***The Legislation: Making the Case***

In just one month, the four-member coalition drafted a bill. To start, they quickly developed a specific legislative proposal within the parameters set out to them by lawmakers. It was crucial for them to figure out what they wanted, who would qualify for it, and how much aid was needed. While developing their proposal, they kept four things top of mind:

- Connecting their financial needs with the resident experience;
- Thinking about organizational health and wellness;
- Taking a more proactive approach to advocacy;
- Considering measures that would help their organizations move forward and become more viable.

To do this, Scott Cordes, CFO and SVP of Operations for PPL said, "we described our losses in a credible way that both differentiated us from our for-profit partners and made the case as to why it was a smart, wise public investment for the state of Minnesota to make."

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<sup>5</sup> [https://ballotpedia.org/Party\\_control\\_of\\_Minnesota\\_state\\_government](https://ballotpedia.org/Party_control_of_Minnesota_state_government)

Each organization conducted a multi-pronged analysis of their rent losses, looking backwards at losses since 2020, as well as anticipated losses going forward to 2025, using baseline inflation levels as a benchmark.

Upon quantifying these expenses, they estimated together that they had suffered \$60 million in sustained losses across the four organizations, which averaged out to \$4,000 per unit. The challenge was that no one could definitively say how many organizations were in similar situations across the state. Lacking that data, they chose to double their asking number to \$120 million.

### ***Passage of the Legislation***

The coalition met with every legislator on the housing committees of the House and Senate, the Governor's office, and the HFA before convening 60 partners. The bill was supported from the beginning by Representative Michael Howard (DFL-Richfield) – chair of the House Housing Finance and Policy Committee – and Senator Lindsey Port (DFL-Burnsville). Some of the most liberal legislative members were the most skeptical of SHARE's need for the funds and their plans to utilize them. SHARE learned that they needed to explain the connection between the health of the parent company, the portfolio and how that impacted the resident experience.

Lawmakers pushed for changes to SHARE's proposal. In public conversations, Republicans insisted that SHARE broaden the legislation's scope to include for-profit property owners which did not ultimately make it into the legislation. Legislators did add language to the bill to ensure that any resources the nonprofits accessed as a result of the grant would directly and explicitly benefit residents, from staffing to services and maintenance.

In the spring of 2023, the legislature passed a \$1 billion housing package which included the Stable Housing Organization Relief Program (SHORP), a \$50 million grant program administered by the HFA.

### ***Overview of the Legislation***

The Stable Housing Organization Relief Program (SHORP) provides grant funding to Minnesota-based nonprofit organizations that meet one of the following criteria:

- Provide deeply affordable housing at a scale of 250 units or more.
- Own at least 1,000 units of naturally occurring affordable housing (NOAH) available to households at or below 60% of area median income.
- At least 50% of owned units are rented to households whose incomes are below 30% of area median income.

Once proven eligible, grantees must use these funds to improve or maintain tenants' housing stability, in accordance with the parameters outlined below:

- Property maintenance, improvements, and security
- Services, including services and programs that promote economic and social mobility
- Employee retention and attraction for employees who will provide tenant services or support
- Forgiveness of all or a portion of former or current tenant rent balances
- Additional uses as approved by the HFA commissioner that would benefit tenants

The grant has a 2-stage process. First, organizations who believed they were eligible for a portion of the funds had to apply to the Minnesota HFA. The grant, given to the organization's parent company, was then divided pro-rata based on the unit count of the qualifying organizations. No grant to an eligible organization exceeds \$4,000 per unit.

In the 2nd stage, each organization must create a work plan or report of how they plan to use the funds based on the parameters of the legislation outlined above. The money then goes through an audit process on the backend. The HFA simplified the process at the coalition's request, requiring that organizations mostly self-certify for the money to be distributed.

Read the full SHORP section of the housing legislation [here](#).

## Status of Implementation

By fall 2023, preliminary applications for the grant money had been filed by Minnesota organizations, requesting assistance for more than 26,000 units from the state funds. Grant funds have been awarded at \$1,931 per unit to eligible organizations. With property insurance costs on the rise, the SHARE organizations are not seeing positive indicators in most of their operating expenses at this point. Some of their properties still require cash advances to operate and are expected to need them for the next couple of years.

In addition to the SHORP program, the housing bill provided other opportunities for new resources. Counties and municipalities in the state will be receiving \$200 million in new sales tax proceeds for affordable housing. The coalition is working to help local governments understand how the proceeds can potentially be best directed to allow nonprofits to produce more affordable housing and ensure their portfolios and organizations remain healthy.

While the coalition is proud of its significant legislative accomplishment, the long-term financial challenges created by the pandemic and its aftermath continue to plague the affordable housing industry. Through this experience, these organizations have come to appreciate the importance of deeply engaging in the legislative process at both the state and local levels, where the voice and perspective of non-profit affordable housing operators are both needed and valued. The SHARE coalition continues to work together to broaden their partnerships and explore longer-term policy solutions to help permanently stabilize and strengthen affordable housing in their communities.

## Advocacy Lessons from the Minnesota SHARE Coalition

The members of the SHARE coalition learned a lot about advocacy during this effort. Here are some of their takeaways:

1. Legislative victories like this require a coordinated effort. It is important to work with organizations and peers who are well-positioned, bring relevant expertise, and are willing to put in the effort it takes to pass legislation.
2. Quantify your need – be intentional with your ask when advocating for funds.
3. Be vulnerable and transparent about the challenges you're facing as an organization with your partners and other stakeholders. Your common experiences create an opportunity to learn and target the legislative fix to the problem.
4. Don't take your organization's challenges or losses personally. It's natural to want to do better or be better positioned, but the reality is that the systemic and environmental challenges to the affordable housing sector are larger than any single organization and its ability to overcome them.
5. Clearly articulate the connection between the financial health of a nonprofit property owner and the resident experience – understanding and being able to convey this link is necessary in advocating for additional resources.

# Acknowledgements

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