

Reporters sometimes ask me what I have learned as governor.

Today I have learned something that troubles me deeply.

Listening to these children, who had to try to grow up without having a home, makes me sad.

Why on earth would these kids, through no fault of their own, have to be homeless?

My answer to most questions about the problems of children is usually very simple - it's up to the parents.

But here is something else I have learned -

Some early findings in the "2000 Wilder Survey of Homelessness" say 40% of all homeless adults are working.

And one out of every four is working fulltime!

25 % are working fulltime, yet they cannot afford a place to live for themselves and their families.

This is wrong!

Fulltime workers should be able to afford housing.

I know there is no simple solution to the problem of homelessness.
But one thing we can do is to address the basic problem of affordable housing.

I have made that a priority.

Affordable housing is a complex problem, so we need teamwork to make a difference.

Government has a role, and the private sector has a role. We need to cooperate.

Here's what I think the state ought to do.

These are my legislative proposals that will help prevent homelessness by encouraging more affordable homes.

#1 - New Affordable Housing Development Initiative. A \$24 million dollar effort, using TANF money, to expand the housing supply for the lowest-wage working families in the state.

#2 - Tax relief - \$96 million in property tax relief. This would reduce property tax on:

- market rate apartments by 28%,
- single family unit properties by 18%,
- 2- to 3-unit properties by 4%,
- and low-income, 4d properties by 14%.

#3 - Tax reform - -

Our property tax system is unfair, out of date, and ready for reform.

My proposal would lower tax rates for rental properties, and it would eliminate the tax capacity disparities between 2&3 unit properties and 4-plus unit properties.

We have to stop punishing success, and stop discouraging investment and improvements.

More private investment that is the key to solving the affordable housing crisis.

We need more private investment in constructing new rental housing at all rent levels.

We need rental property owners to invest their own funds in the on-going upkeep and improvement of their existing properties.

That's why we need to lower our high rental property tax rate.

And because private money is the key to the solution, perhaps the best thing government can do is to get out of the way.

That leads to:

#4 - Streamlining Development - - removing the costly barriers and red tape that slow down the development process.

Builders and developers tell us that the process is extremely complicated and time-consuming.

As we all know, time is money.

Let's save time, and cut costs.

I would like to see every city in Minnesota work on improving their housing regulations.

But the state should take the lead and set an example.

So, I asked my Commissioner of Housing Finance, Commissioner of Administration, the Director of Minnesota Planning, and the Chair of the Metropolitan Council to look for ways we could help streamline the development process.

They looked at removing barriers we have imposed at the state level and suggested optional tools for cities to use.

The result of this effort is the Streamlining Development Bill.

This bill includes some of the recommendations from the "Mayor's Housing Group" convened by the Met Council, and the "Affordable Rental Housing Task Force" convened by Minnesota Planning.

We need to be more aggressive about reducing the unnecessary costs of housing, promoting alternatives to "starter castles," and simplifying the development process.

These four legislative initiatives all hang together:

- Affordable Housing Development Initiative
- Tax Relief
- Tax reform
- And Streamlined Development.

I need your support for all of them, because a comprehensive approach to affordable housing is the best approach.

We will never eliminate the need for public funding for housing.

It will never be profitable for the private sector alone - to build and own all affordable housing.

But if we can pare down the costs of the development process, then we could increase the amount of affordable housing that doesn't need public funding.

That will allow our available public funding to go further.

Let me conclude by issuing a call:

I call on your support for my affordable housing legislative package:

- the new appropriation for rental housing production;
- the property tax reform and tax relief package;
- and the Streamlining Development bill.

I call on all communities in Minnesota to welcome housing for workers - with the same enthusiasm that they welcome new jobs, businesses, and services.

And I call on business and civic leaders to weigh in on this issue.

Help the public understand the urgent need for every community to embrace the development of housing for Minnesota's workers and to remove the barriers they have built in their own communities.

Help to prevent tomorrow's children from facing the homelessness experienced by the children we heard from today.



I've often said I will be judged as governor by the how things turn out in 20 years.

I'd like to return here in 20 years, to discuss the *history* of homeless children, and how we eliminated it by creating enough affordable housing so working parents could find a decent place to live.