

**UNITED STATES DISTRICT COURT  
DISTRICT OF MINNESOTA**

Linda Lee Soderstrom, Maria Johnson,  
Craig Goodwin, Jurline Bryant, and Julio  
Stalin de Tourniel, *on behalf of themselves  
and others similarly situated*, and

HOME Line, *a Minnesota nonprofit  
corporation*,

Plaintiffs,

v.

MSP Crossroads Apartments LLC, *a  
Minnesota corporation*, and Soderberg  
Apartment Specialists (SAS), *a Minnesota  
corporation*,

Defendants.

Civil No. 0:16-cv-00233 (ADM/KMM)

**DECLARATION OF WARREN HANSON IN SUPPORT OF  
PLAINTIFFS' MOTION FOR PRELIMINARY APPROVAL  
OF CLASS ACTION SETTLEMENT**

Under 28 U.S.C. § 1746, I, Warren Hanson, hereby declare as follows:

1. I am the President and CEO of the Greater Minnesota Housing fund ("GMHF"). GMHF is a § 501(c)(3) nonprofit organization founded in 1996 to address the affordable housing needs of households throughout Greater Minnesota.

2. GMHF advances affordable housing by directly funding affordable housing projects, by providing technical support to local communities and businesses, by linking projects with financial resources, by securing additional resources for affordable housing,

and by using research and program development opportunities to identify innovative ways of increasing affordable housing production.

3. In response to the growing crisis in the diminishing supply of naturally occurring affordable housing (NOAH) in the Twin Cities Metropolitan Area, GMHF was asked to develop a fund to assist preservation buyers seeking to acquire NOAH buildings and keep them affordable. In 2016, GHMF launched the NOAH Impact Fund to further this goal. The Fund offers below-market financing for the acquisition and preservation of naturally affordable Class B and C rental housing in partnership with high performing owner-operators with the shared social goal of preserving affordability for the long term. The former Crossroads Apartments, prior to its current ownership, was an example of the kind of NOAH property this Fund is intended to preserve.

4. I understand that, as part of the equitable relief in the settlement proposed in this case, the parties have agreed to contribute a minimum of \$200,000 of the settlement proceeds to support the acquisition and preservation of naturally affordable rental properties in the Twin Cities Metro Area that are at risk of conversion to higher rents and to address the threat of displacement of low- and moderate-income residents. Contributing those settlement proceeds to GHMF and its NOAH Impact Fund will meaningfully further those goals.

5. When owner-operators seek to acquire NOAH properties and preserve them, it is quite common to need to finance not only the acquisition price but also the cost of necessary rehabilitation. In many cases, there has been considerable deferred maintenance on these properties which must be addressed at the time of acquisition. These costs almost

always necessitate some level of rent increase at the property. Although NOAH fund buyers strive to keep rents low and affordable, even in these cases some rent increases are usually inevitable.

6. However, because so many lower income households typically reside in these properties, even modest rent increases impose a real hardship for some households. If the Court approves the proposed settlement, the resulting contribution to the NOAH Impact Fund will allow the fund to create a separate and complementary fund known as the “Crossroads Fund.” GMHF would administer the Crossroads Fund, using those funds to defer, for a time, rent increases for the lowest income households in properties acquired with NOAH Impact Fund financing, amounting to a temporary rental subsidy to those households. By giving recipients additional time before their post-acquisition rent increases kick in, residents will have additional time to secure new housing, identify other resources for absorbing the increase, or for their children to finish the school year in a familiar school. From my observation of the situation at Crossroads and in other similar properties is that the time pressure created by the acquisition can impose additional hardship on residents, which the Crossroads Fund would ameliorate.

7. I believe this proposed use of the settlement funds is fully consistent with the equitable relief described in the proposed settlement agreement, and GMHF possesses the ability and desire to skillfully administer the use of these funds to preserve naturally affordable rental properties in the Twin Cities Metro Area and reduce the risk of displacement that low- and moderate-income residents at those properties face.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 25<sup>th</sup> day of September, 2017, Minneapolis, Minnesota.

s/   
Warren Hanson