



May 3, 2021

Members of the Housing Finance and Policy Omnibus Bill Conference Committee,

On behalf of the 835 member cities of the League of Minnesota Cities, we thank you for the opportunity to submit comments as the Conference Committee considers differences between the second engrossment of HF1077 and the first unofficial engrossment of HF1077.

Housing Appropriations: Article 1

The League is supportive in general of the appropriations in the House bill that provide new funding for both existing and new housing programs to address locally identified affordable housing needs across the state. We strongly believe that additional resources for housing is a critical component of addressing Minnesota's affordable housing challenges. Funding increases to new and existing programs should be supported by new funding and should not come at the expense of other programs that continue to be oversubscribed due to the immense need for state resources to address housing.

Economic Development & Challenge Fund Grant Program—SUPPORT - House: Art.1, Sec.2 –

The League supports the \$6 million one-time increase in FY 2022 in Art. 1, Sec. 2 of the House bill. Additional funding for this flexible program will result in more housing projects being completed and will positively impact local economic development that comes with adequate affordable housing options for the local workforce.

Workforce Housing Development Program—SUPPORT - House and Senate: Art. 1, Sec. 2 –

The League appreciates the provision of \$2 million in base level funding in Art. 1, Sec. 2 of both the House and Senate bills for the Workforce Housing Development program. However, we urge the Committee to consider additional funding over the base level for this program to support workforce housing needs in Greater Minnesota cities especially given the policy language in the bill to add tribal nations as additional applicants to the program.

Manufactured Home Park Infrastructure Grants— SUPPORT - House: Art. 1, Sec. 2 –

The League supports the funding increases for Manufactured Home Park Infrastructure Grants. While we appreciate the \$750,000 increase each year of the biennium called for in the Senate bill, the funding increase comes at the cost to other programs. We support the inclusion of a \$2 million one-time increase in new funding in Art. 1, Sec. 2 of the House bill for the Manufactured Home Park Infrastructure Grant Program. Increased funding will assist more manufactured home park communities in addressing critical infrastructure improvements with grant resources that often leverage support from local municipalities.

Workforce Homeownership Program—SUPPORT - House: Art. 1, Sec. 2 – The League appreciates the increase in funding for the workforce and affordable homeownership development program that provides grants to eligible applicants, including cities, for the development of workforce and affordable homeownership projects. While both the House and Senate bills contain funding increases for the program, the League prefers the House approach to provide \$3.5 million in new funding for the program over the next biennium.

Rental Housing Rehabilitation—SUPPORT - House: Art. 1, Sec. 2 – The League supports the House position to fully fund the Rental Housing Rehabilitation program at base level. Preservation of existing affordable housing stock, both rental and owner-occupied, is a critical component of addressing needs across the housing continuum.

Local Housing Trust Fund State Matching Grants—SUPPORT - House: Art. 1, Sec. 2 – The League strongly supports the House bill’s inclusion in Art. 1, Sec. 2 of \$3 million in one-time funding to provide resources for Local Housing Trust Fund matching grants to bolster the development of more local housing trust funds across the state. Local Housing Trust Funds serve as an important and flexible tool for cities to address housing needs.

Naturally Occurring Affordable Housing Program—SUPPORT - House: Art. 1, Sec. 2 – The League supports the \$6,501,000 one-time appropriation in Art. 1, Sec. 2 of the House bill for the creation of a naturally occurring affordable housing program to assist with preservation efforts. This program will help ensure existing naturally occurring affordable housing units remain available to individuals and families with incomes at or below 60 percent of area median income.

Housing Grant Programs and Policy: Article 2

Rehabilitation Loan Amount Increase—SUPPORT - Senate: Art. 2, Sec. 10 – We appreciate that both the House and Senate bills include increases to the maximum rehabilitation loan amount. The League is supportive of the Senate bill language in Art. 2, Sec. 10 to increase the maximum loan amount to \$40,000. This increase will make available more resources for qualifying homeowners seeking to rehabilitate and preserve their homes.

Increased grant allocation for Workforce Housing Development Projects—SUPPORT House: Art. 2, Sec. 8 – The League supports the language in Article 2, Sec. 8 of the House bill to increase the maximum grant or loan amount for workforce housing projects to 50 percent of the project cost. However, we believe the language should be paired with an increase in program funding above the base amount. Without scaling up resources to account for the increased grant amounts, fewer projects will be selected for funding.

Preemption of city zoning and land use authority and comprehensive plan changes—OPPOSE - Senate: Article 2, Sec. 7-8 – The League strongly opposes the language included in the Senate bill language that broadly preempts local zoning authority by limiting planned unit development (PUD) conditions, prohibiting aesthetic conditions, etc. We are also concerned with the implications of the comprehensive plan language encouraging cities to adopt one-size-fits-all zoning and land use policies regardless of community identified needs. Cities know their communities and are in the best position to address local zoning and respond to local needs – not

the state legislature. This one-size-fits-all language attacks the fundamental importance of local control, and universally mandated zoning requirements would eliminate the uniqueness of our communities. We strongly urge members to oppose the inclusion of this language.

Points awarded based on how quickly a housing project can be constructed—OPPOSE - Senate: Article 2, Sec. 13 – The League remains concerned with the Senate bill language that requires the Minnesota Housing Finance Agency to award points based on how quickly a project can be constructed. We are concerned that this language could result in disadvantaging certain types of housing projects that may take longer due to the requirement of leveraging multiple funding sources.

Lower cost-per unit preference for housing projects—OPPOSE - Senate: Article 2, Sec. 24-25 – The League is concerned that the Senate bill language requiring a preference for projects with a lower-cost-per-square foot could still disadvantage certain types of larger housing units that seek to address the affordable housing needs of low-income families with children and multi-generational families.

Repealing the exception allowing local governments to control rents if approved by voters—OPPOSE - Senate: Article 2, Sec. 27 – The League oppose the language in the Senate bill, Article 2, Sec. 27 paragraph (b) that repeals existing statutory language allowing a city to submit a ballot question in a general election to control rents via ordinance, charter amendment, or law on private residential property. Removing the ability for cities to submit a ballot question erodes local control by eliminating a basic city function designed to ensure representative government and the ability to shape public policy based on resident input. We encourage members to oppose this language and uphold local control.

Thank you for your consideration of our positions on the above provisions in the House and Senate versions of the Housing Finance and Policy Omnibus Bill.



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