



April 15, 2026

The Honorable Aisha Gomez
5th Floor Centennial Office Building
St. Paul, MN 55155

The Honorable Greg Davids
2nd Floor Centennial Office Building
St. Paul, MN 55155

RE: Support for HF4234

Dear Co-Chair Gomez, Co-Chair Davids, and members of the House Taxes Committee:

Minnesota Housing Partnership (MHP) writes in support of HF4234, which reduces the aggregate bond limitation applicable to the allocation of private activity bonds for qualifying residential rental projects. HF4234 will allow Minnesota to receive the maximum benefit of federal changes to the Low Income Housing Tax Credit (LIHTC) made in July of 2025, which will increase affordable homes in Minnesota.

The Housing Credit is the nation's most important tool for building and preserving affordable rental homes, helping to finance almost 80,000 homes serving 186,000 low-income households from 1986 to 2004. Updates to LIHTC in H.R. 1, which became law in 2025, are considered the most significant expansion of LIHTC in over two decades.

H.R. 1 lowered the private activity bond financed-by threshold, commonly known as the "50% test," from 50% to 25% for buildings placed in service after 2025 and financed, at least in part, with bonds issued in 2026 or later; by lowering the 50% test for bond-financed housing to 25% significantly more homes can be financed with LIHTC, if states take action to align with these changes. For states like Minnesota that are oversubscribed for the multifamily private activity bond cap, this is an important change that can help maximize the use of LIHTC to create more affordable homes in Minnesota.

We need every tool available as Minnesota lawmakers consider potential solutions to the shortage of 100,000 affordable homes across the state. We urge support for HF4234.

Sincerely,

Elizabeth Glidden



See Low Income Housing Tax Credit Impact in Minnesota (1986-2004),
<https://rentalhousingaction.org/minnesota/>

See Novogradac analysis of HR 1 including estimate of new affordable homes that can be created in Minnesota: <https://www.novoco.com/notes-from-novogradac/senate-finance-committee-releases-fy-2025-budget-reconciliation-bill-that-includes-permanent-lihtc-expansion-novogradac-estimates-122-million-additional-affordable-rental-homes-over-2026-2035>