



April 21, 2025

Dear Chair Stephenson and Chair Torkelson and members of the Ways and Means Committee,

Minnesota Housing Partnership (MHP) appreciates the strong commitment to housing in H.F. 2445. H.F. 2445 balances investments in programs to keep families in their homes and developing new housing. MHP especially appreciates:

- **\$30 million in additional one-time funds to support the Family Homeless Prevention and Assistance Program (FHPAP).** These funds are critical to keeping families in jeopardy of homelessness in their homes.
- **\$20 million to the Greater Minnesota Housing Infrastructure Grant Program.**
- **\$10 million in additional one-time funds to the Economic Development and Housing Challenge Program.** But for a couple hundred thousand to a few million dollars, many projects fall apart. Challenge is a critical source of gap financing.
- **\$10 million in additional one-time funds to the Greater Minnesota Workforce Development Program.**
- **\$100 million in Housing Infrastructure Bonds.** HIBs support an array of housing development and preservation. This resource is the best way for Minnesota Housing to finance the creation of deeply affordable homes. Minnesota has a shortage of nearly 101,000 available and affordable homes to households at or below 30% of area median income (AMI). Investments in HIBs allows Minnesota Housing to leverage federal programs and private partners to help produce housing where the market will not deliver.

In addition to investments, MHP supports the inclusion of policy to:

- **Make it easier for developers to pair the State Housing Tax Credit (SHTC) with the Greater Minnesota Workforce Development Grant Program.** As the program is limited and was fully subscribed within less than two months this year, we encourage lawmakers to limit the proposed changes to projects in Greater Minnesota.
- **Develop a framework for stabilizing the regulated affordable housing sector.** The most humane and cost-effective housing strategies are those that keep people in their homes. It is imperative for lawmakers to intervene and support distressed properties providing housing for Minnesota's lowest income families. Inaction will result in displaced households.
- **Complement state programs that provide direct subsidies for housing with smart land use policies.** The proposed incentive is an important way for the state to encourage local governments that currently control land use to more effectively and efficiently utilize state resources. **The proposed policy provides *some* reward to localities that have or will redesign their land use and zoning regulations to accommodate more housing. The amendment gives local governments tremendous flexibility to implement *only one of six reforms*.** Cities that do the hard work of enacting local reforms will be rewarded with points. The bill also grants Minnesota Housing flexibility in designing its scoring system. **The bill does not penalize communities, discriminate based on geography, nor give additional points to cities that implement more than one of the proposed reforms. The amendment gives cities that choose to enact *one* of the proposed options the ability to claim land use points.** The proposed language is no different than current practice. Right now, Minnesota Housing awards points to encourage numerous policy priorities. Projects can claim points for access to transit, green building techniques, the inclusion of a playground, and much more. Projects that meet a variety of policy objectives to serve the greatest public benefit receive points in those areas. When a developer submits an application for funding it strives to get as many points as possible - but no one gets all the points. A project that doesn't receive these land use points will have other opportunities to claim other points. For thirty years, MHP has advocated that Minnesota Housing balance investments in Greater Minnesota and the metro. We have identified several scoring challenges for rural communities but we do not believe the proposed land use points present a unique challenge to Greater Minnesota. Competition for Minnesota Housing programs is great. Every program at Minnesota Housing is oversubscribed. State dollars should be maximized. Minnesota needs

over 100,000 new units of housing today. No budget target will ever be large enough to subsidize Minnesota's way out of this deficit. While some cities around the state are taking important measures to reform their land use policies, some are not. The bill simply rewards the communities already doing this work, and incentivizes more cities to follow their lead.

Sincerely,

A handwritten signature in black ink that reads "LIBBY MURPHY". The signature is written in a cursive, slightly slanted style.

Libby Murphy
Director of Policy

2446 University Avenue West, Suite 140 :: Saint Paul, MN 55114 :: 651-649-1710 :: mhponline.org