



Wednesday, April 6, 2022

Representative Paul Marquart  
597 State Office Building  
St. Paul, MN 55155

Dear Chair Marquart and members of the House Taxes Committee,

Homeownership Minnesota (HOM) is a statewide coalition of practitioners dedicated to producing, preserving, and preparing households for sustainable homeownership. Our 16 members reach every county in MN and provide homebuyers education, build new and rehabilitate existing units to increase the supply of affordable homes, and provide lending and grant programs – all with the goal of closing the racial gap in homeownership and providing workforce housing and wealth building opportunities, statewide. In addition to a verbal testimony, we would like to provide our written testimony on HF3669, specifically with regards to its impact on affordable homeownership investments.

HOM is thankful that Taxes Omnibus bill includes the appropriation of \$10 million in FY22, and in subsequent years, to the Workforce and Affordable Homeownership Program from the Mortgage Registry and Deed Tax revenue. HOM has been in pursuit of this appropriation for several years and we are optimistic that this is the year the legislature approves this appropriation.

The Mortgage Registry & Deed Tax is revenue the state has accumulated because of high demand in the homeownership market, high fair market values, and the low-interest rate marketplace for buyers. Because of this high demand and low supply environment, low- and moderate-income homebuyers are pushed out of the market, keeping them from building generational wealth and our state from closing the racial in homeownership. This is also causing a ripple effect on the rental market; since fewer people can afford to buy, there are more households in the rental market, and this is driving up rental prices for all households. Utilizing the revenue earned to build more affordable ownership opportunities throughout the state is a way to change the trend so more households can own a home, affordably in Minnesota. It will also continue to generate state revenue and replenish this pool through more home sales.

The Workforce and Affordable Homeownership Program has been funded at such low levels in the past that it has had minor impact on supply creation. Investing \$10M now, with \$10M in annual base funding in this program will provide stability and reliability to affordable homeownership developers. This type of funding could support the creation of 130 units, annually, and create a reliable source of funds for nonprofit developers. And, without an investment from the state, homeownership will rapidly become out of reach for the average Minnesotan. We support the investments noted in this bill and look forward to working with the Senate and House Committees throughout the rest of the legislative session to reach the goal of deepening the state's investment in this work.

Sincerely,

Cristen Incitti, President & CEO  
Habitat for Humanity of Minnesota, Inc.  
Homeownership Minnesota Coalition Co-Chair

Kathy Wetzel-Mastel, Executive Director  
PRG, Inc.  
Homeownership Minnesota Coalition Co-Chair

**HOM membership:** City of Lakes Community Land Trust, Dayton's Bluff Neighborhood Housing Services, Greater Metropolitan Housing Corporation, Habitat for Humanity of Minnesota\*, Home CO (Aurora-St Anthony Neighborhood Development Corporation, Build Wealth MN\*, Model Cities), MinnCAP, Minnesota Community Land Trust Coalition, Minnesota Homeownership Center, Neighborhood Development Alliance\*, NeighborWorks Home Partners\*, Northcountry Cooperative Foundation, One Roof Community Housing\*, PRG, Inc., Project for Pride in Living, Inc. (PPL), Twin Cities Habitat for Humanity\*, Urban Homeworks, Inc. (\*Denotes CDFIs)