



March 9, 2021

Members, House Housing Committee

Dear Chair Hausman and Members,

Metro Cities appreciates the opportunity to comment on legislation that supports important state programs and funding for community reinvestments in housing. HF 979 Olson supports a significant funding increase to the Challenge Program at Minnesota Housing.

Metro Cities supports state programs and incentives for reinvestment in older residential buildings and properties. Communities across the metropolitan region have aging residential structures that need repair and reinvestment. Reinvestment prevents neighborhoods from falling into disrepair, revitalizes communities, and protects a city's tax base.

One of the most responsive ways the state helps cities meet local housing needs is through the Challenge Program, funded in HF 979. The Challenge Program directly supports a full range of housing opportunities that are important to the economic and social well-being of individual communities, the metropolitan region and the state. This includes single family owner-occupied homes, small rentals and larger multifamily apartment buildings.

Under the current statute, preference is given for Challenge awards to be made to comparable proposals that include city actions or city support, including regulatory changes or waivers that result in identifiable cost avoidance or cost reductions, such as increased density, flexibility in site development standards, or zoning code requirements. Preference must also be given to proposals for projects that are accessible to transportation systems, jobs, schools, and other services. This preference approach allows the state to prioritize limited funds while preserving city authority to plan development and redevelopment that responds to and meets local needs.

We look forward to working with the committee as you build your budget to craft solutions that match state resources with city partners.

Respectfully,

Charlie Vander Aarde
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