



March 25, 2026

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

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

Via email

Re: HF3902 Strengthening the State Housing Tax Credit

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

The State Housing Tax Credit and Contribution Fund (SHTC)—approved by the Minnesota Legislature in 2021 and launched by Minnesota Housing as a program in 2023—has in a few short years become a signature success story, incentivizing hundreds of contributions by individuals and businesses to create dozens of affordable homes in their communities. We urge lawmakers to continue this success by strengthening the SHTC.

The SHTC is a straightforward and flexible program, initiated by a large coalition of business, local government, and housing leaders across Minnesota. It works well in urban, suburban, and rural communities. It has helped create single family homes and multifamily rental housing, homeownership opportunities, and deeply affordable homes for households earning less than 50% of AMI.

At a time when demand for affordable homes significantly outpaces available resources, we need dedicated, predictable funding like the SHTC program more than ever. Minnesota Housing programs are substantially oversubscribed, with only \$108 million awards made compared to multifamily funding requests of \$483 million in 2025.

The State Housing Tax Credit is a bipartisan success that empowers families, expands housing choice, and strengthens local economies. Please continue this success by continuing to improve its statewide effectiveness as a tool that works well for Greater Minnesota and the Twin Cities Metropolitan area and extending this program beyond its current sunset.

Alliance Housing Inc.
Aspen Blue, LLC
Beacon Interfaith Housing Collaborative



Carver County Community Development Agency
Catalyst for Systems Change
Central Minnesota Habitat for Humanity
City of Winona
City of Gaylord
City of Northfield Housing and Redevelopment Authority
Center City Housing
Central Minnesota Housing Partnership
CommonBond Communities
Corporation for Supportive Housing
D.W. Jones, Inc.
East Central Minnesota Habitat for Humanity
Fergus Falls Area Habitat for Humanity
Golden Valley Affordable Housing Coalition
Greater Minnesota Housing Fund
Habitat for Humanity of Martin Faribault Counties
Hope Community
Housing Justice Center
Itasca County Habitat for Humanity
Housing in Action
Lakes Area Habitat for Humanity
Laura Baker Services Association
Long Term Care Imperative
One Roof Community Housing
Our Savior's Community Services
Outreach Development Corporation
MHP
Minnesota Homeownership Center
Minnesota NAHRO
Model Cities of St Paul, Inc.
North St. Louis County Habitat for Humanity
Olmsted County
Project for Pride in Living
Simpson Housing Services
Southwest Minnesota Housing Partnership
Three Rivers Community Action
Trellis
Twin Cities Habitat for Humanity
Twin Cities Housing Development Corporation



March 26, 2026

Re: Support for HF 3902 – modifications to the State Housing Tax Credit

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

On behalf of our 842 member cities, the League of Minnesota Cities appreciates the opportunity to voice our support for HF 3902 (Igo). The bill includes important improvements to the State Housing Tax Credit (SHTC), including expanding eligibility to better support market-rate workforce housing in Greater Minnesota, establishing geographic balance language to ensure Greater Minnesota communities receive a meaningful share of available credits, and repealing the program’s existing statutory sunset.

Cities, developers, and the private sector all play essential roles in addressing housing needs that foster economic development, grow communities, and support job creation. When housing supply does not keep pace with workforce demand, communities and employers face real constraints. The SHTC was created as a flexible tool to incentivize private investment in housing while leveraging public dollars. Through the Contribution Fund, taxpayers receive a credit equal to 85 percent of their contribution and may designate funds to specific local projects. In both 2024 and 2025, the full \$9.9 million in available credits were fully subscribed, demonstrating strong demand.

HF 3902 improves the program by allowing Greater Minnesota projects eligible for market-rate workforce housing development funding to receive SHTC contributions without being income restricted. This change reflects the reality in many rural communities, where the most urgent need is housing for working families who do not qualify for income-restricted units but still cannot find available homes. The bill further strengthens geographic balance by reserving a percentage of credits each year equal to greater Minnesota’s percentage of the state population for projects located in Greater Minnesota, with any unused credits becoming available statewide after September 30 ensuring both regional equity and flexibility.

Finally, we strongly support repeal of the program’s sunset in HF 3902. Housing development requires long-term planning and predictable financing tools. Removing the sunset provides certainty to developers, lenders, and business contributors that the SHTC will remain a stable part of the financing stack.

Thank you for your time and consideration. We respectfully urge you to support HF 3902.

Sincerely,

A handwritten signature in black ink that reads 'Daniel Lightfoot'.

Daniel Lightfoot
Senior Intergovernmental Relations Representative
League of Minnesota Cities



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digikey.com

March 24, 2026

Co-Chairs Representative Greg Davids and Representative Aisha Gomez, and Members of the Committee

RE: HF 3902

Digi-Key has been a proud contributor to the State Housing Tax Credit program in both 2024 and 2025. Over these two years, we have committed \$3.5 million to help secure a 65-unit multifamily workforce housing development in Thief River Falls. This project—and the economic growth and employment it will support—would not have been possible without the Housing Tax Credit Contribution Program. The rapid subscription of this year's credits demonstrates the program's strong demand and effectiveness. Engaging private industry in this way is essential if we are going to meaningfully address Minnesota's housing shortage.

Our most recent housing study shows a vacancy rate of just 0.3% in Thief River Falls. High inflation and elevated interest rates have created a difficult environment for housing development across all types and income levels. At the same time, our county and neighboring counties are experiencing population decline. Without new housing to reverse that trend, we will struggle to maintain—let alone grow—our workforce.

Digi-Key's business remains strong. We are the largest private employer in outstate Minnesota with 3,500 employees in Thief River Falls. We grew 14% last year, and our sales are up 42% in the first two months of 2025. Today, our most urgent need is staffing. We currently need 165 additional team members in our fulfillment center that will, along with their families, need a place to live.

The proposed amendments—removing income restrictions for workforce housing projects when paired with the Workforce Housing Fund, eliminating the 2028 sunset, and ensuring geographic balance—will strengthen this program and help it continue delivering results.

Digi-Key respectfully asks for your support of these amendments.

Thank you for your time and consideration.

Sincerely,

Mark Borseth
Senior Director of Community Development and Corporate Facilities
mark.borseth@digikey.com