

House Taxes Committee
State Office Building – Room 453
100 Rev. Dr. Martin Luther King Jr. Blvd.
Saint Paul, MN 55155



April 18, 2023

Dear Chair Gomez and Members of the Committee,

The Metropolitan Consortium of Community Developers (MCCD) is an association of nonprofit community development organizations and Community Development Financial Institutions (CDFIs) committed to expanding the wealth and resources of communities through housing opportunities and economic development initiatives. MCCD's mission to build strong and stable communities can only be achieved by addressing the inequities that have shaped housing policies at every level of government. These policies and practices have prevented Black, Indigenous, and People of Color (BIPOC) and other communities from achieving housing stability, accessing capital, and building wealth.

MCCD is writing in support of the Omnibus Tax Bill (H.F. 1938). We appreciate the investments included in this bill that provide critical sources of funding for housing stability across the state.

Thank you for including funding for the Workforce and Affordable Homeownership Program. This program serves as a critical tool to address the lack of affordable workforce homeownership opportunities in Minnesota. Our state is facing a severe shortage of affordable housing, but we can continue to make progress by investing in the development and preservation of affordable homes. Nonprofit single-family developers work with BIPOC households at far greater rates than the private market, and by including this funding program, we will begin to address the racial homeownership gap that impacts all of Minnesota.

MCCD is grateful that H.F. 1938 also includes the expansion of the 4d tax classification rate to community land trust homes. Community land trusts (CLTs) ensure that low- and moderate-income families have access to homes that are affordable to them, and CLTs are uniquely qualified to eliminate racial disparities by primarily serving communities that have been historically ignored by the private market. By expanding the 4d classification rate to CLTs, we will do more to increase homeownership in BIPOC communities and decrease disparities.

MCCD also appreciates the inclusion of funding for Local Homeless Prevention Aid and Local Affordable Housing Aid. These programs will keep families from losing their housing, will ensure that those who are experiencing homelessness are able to find housing, and will support Tribal Nations and local governments to develop and preserve their affordable housing stock.

As negotiations continue, we ask you to support the reduction of the classification rate of 4d low-income rental properties to 0.25 percent (H.F. 1808 Howard). This crucial reclassification will help our nonprofit affordable housing developers to preserve their existing stock of multifamily affordable housing and will lessen the mounting financial pressures exacerbated by the COVID-19 pandemic. By authorizing this change, nonprofit developers will be able to increase their reinvestments in their existing properties and focus on developing new affordable housing units.

Thank you, Chair Gomez, for your leadership on the committee, and for including investments in housing stability in your Omnibus Tax Bill. Please reach out to Kelly Law (klaw@mccdmn.org) should you have any questions or need further information.

Sincerely,

Elena Gaarder

Chief Executive Officer

Metropolitan Consortium of Community Developers