

Housing Finance and Policy Committee
Chair Michael Howard
473 State Office Building
St. Paul, MN 55155



March 6, 2023

Dear Chair Howard, Vice Chair Agbaje and Members of the Committee,

For decades, Community Development Financial Institutions (CDFIs) in Minnesota have been able to fill financing and opportunity gaps that the private sector deems too risky. CDFIs are mission-based lenders providing opportunities to small businesses and homeowners, primarily those who identify as Black, Indigenous, People of Color (BIPOC), immigrants, women, people with disabilities and live in rural communities, at far greater rates than the private sector. As community-based and community-centered organizations, CDFIs provide innovative ways to build wealth and provide solutions to some of our State's most pressing challenges, such as homeownership disparities, lack of childcare options, healthcare inequities, and economic revitalization, to name a few.

The newly formed Minnesota CDFI Coalition is writing in support of two bills in your committee for your consideration during the 2023 legislative session that would directly support the work of CDFIs. Collectively, Minnesota's network of CDFIs has strengthened communities through affordable homeownership opportunities, access to small business capital, affordable rental housing, supportive housing, filling childcare and education needs, small business technical assistance, and homebuyer education. CDFIs across the country have been under-resourced for decades, but the bills below would help Minnesota CDFIs continue and grow their transformative work in communities across our state.

- **Homeownership Investments Grant Program ([HF 1472 Hassan/SF 2214 Bolden](#)):** This investment includes a strategic acquisition fund to compete with investor acquisitions, low and no-cost construction financing programs, and homeownership production acceleration capacity building resources, among other eligible homeownership development financing innovations. By directly funding affordable homeownership opportunities through CDFIs and nonprofit lenders Minnesota can pilot programs to increase access to homes & increase affordable housing production with the aim of reducing the racial homeownership gap.
- **First-Generation Homebuyer Downpayment Assistance Fund ([HF 12 Agbaje/SF 22 Oumou Verbeten](#)):** CDFIs are positioned to innovate and provide much-needed financing to first-generation homebuyers who have systematically been disadvantaged in accessing homeownership. This bill would help close Minnesota's homeownership gap. Minnesota's affordable housing CDFIs are mission-focused, with the experience, capacity, and flexibility to originate and close downpayment assistance loans quickly and effectively to BIPOC communities.

We hope you recognize the value that CDFIs play in the strength and success of Minnesota small businesses and households, and request your support for these bills in your supplemental budget. Please reach out to Kari Johnson (kjohnson@mccdmn.org) should you have any questions or need further information.

Sincerely,

Nasibu Sereva, African Development Center
David McGee, Build Wealth Minnesota
Jennifer Novak, Community Reinvestment Fund, Inc.
Shawn Wellnitz, Entrepreneur Fund
Jerry Cutts, First Children's Finance
Warren Hanson, Greater Minnesota Housing Fund
Cristen Incitti, Habitat for Humanity Minnesota
May yer Thao, Hmong American Partnership
Rjay Brunkow, Indian Land Capital Company
Matt Varilek, Initiative Foundation
Henry Jimenez, Latino Economic Development Center
Sumair Sheikh, Local Initiatives Support Corporation (LISC) Duluth
Elena Gaarder, Metropolitan Consortium of Community Developers
Julia Nelmark, Midwest Minnesota Community Development Corporation
Kit Fordham, Mni Sota Fund
Maritza Mariani, Neighborhood Development Alliance
Renay Dossman, Neighborhood Development Center
Jason Peterson, Neighborworks Home Partners
Warren McLean, NEON
Victoria Clark-West, Northcountry Cooperative Foundation
Tony Sertich, Northland Foundation
Nate Dorr, Northwest Minnesota Foundation
Jeff Corey, One Roof Community Housing
Kate Barr, Propel Nonprofits
Christina Jennings, Shared Capital Cooperative
Rick Beeson, Sunrise Banks
Robyn Bipes-Timm, TCHFH Lending Inc.
LeeAnn Rasachak, WomenVenture