

March 28, 2023

Representative Mike Howard, Chair
House Housing Finance and Policy
473 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
Saint Paul, MN 55155

Chair Howard and Members of the House Housing Finance and Policy Committee,

The Minnesota Inter-County Association (MICA) represents Minnesota's larger and faster growing counties including four suburban and eleven Greater Minnesota counties.

HF2335DE2 Amendment, the House Housing Finance Omnibus bill makes significant one-time investments across the entire housing continuum. MICA supports those investments. We also recognize that addressing Minnesota's urgent and growing shortage of emergency, shelter, supportive, affordable and permanent housing will require ongoing investment in communities statewide.

To that end, our Association supports the innovative, ongoing Local Affordable Housing Aid proposed by HF1419 and funded by General Fund appropriations. That consistent, flexible, formula-aid to counties and cities provide crucial resources to address homelessness, housing disparities, and shortages of market rate housing that often hinders economic development.

While HF1419 funds Local Affordable Housing Aid from state General Funds, HF2335DE2 proposes to fund this aid from a ¼ percent sales tax applied only in the seven-county metropolitan area. 25% of the revenue collected would be distributed to a rental assistance fund created in Article 2, Section 3. Increased housing investment and rental assist are both needed. However, as the legislation moves forward, we respectfully request the committee and legislature to consider how statewide needs and taxes, and local priorities and revenue sources are best aligned.

The proposed ¼ percent metro-area sales tax would generate 100% for the ongoing housing and rental assistance funding proposed for the metro area, while the non-metro rental assistance account established in the bill would be funded by General Fund appropriations, including the statewide sales tax for which 64% of revenue is collected from the seven-county metropolitan area. At the same time local option sales taxes have increasingly been implemented in recent decades largely in response to diminished state funding for core local services, transportation infrastructure, and state-determined, locally administered programs.

We appreciate the intent of the Local Affordable Housing Aid and support the significant, albeit largely one-time housing investments provided in HF233DE2 for housing infrastructure, workforce housing, rent assistance, first-generation homebuyers, and community stabilization. At this time, we encourage General Fund resources be used to fund any new Local Affordable Housing Aid.

Thank you, Chair Howard for the opportunity to offer comments on the proposed Housing Finance Omnibus bill and thank you committee members for considering this input.



Matt Massman, *Executive Director*
Minnesota Inter-County Association