



DEDICATED TO A STRONG GREATER MINNESOTA

April 21, 2025

Dear Co-Chair Stephenson and Co-Chair Torkelson and members of the Ways and Means Committee,

I am reaching out on behalf of the Coalition of Greater Minnesota Cities—an organization of more than 115 cities located outside the Twin Cities metro area—to comment on the Omnibus Housing Finance and Policy bill, H.F. 2445. We appreciate the added funding for several housing programs that benefit Greater Minnesota. Nonetheless, we have strong objections to new language that will make it even harder for most communities in Greater Minnesota to access funds needed from the Minnesota Housing Finance Agency (MHFA) and instead will redirect even more dollars to the metro area. We ask that you remove the new language from the Omnibus bill.

The language of the A4 amendment directs MHFA to prioritize state funding to jurisdictions that have “policies conducive to developing residential properties.” The policies are what one might expect in dense metropolitan areas, such as allowing for multifamily housing in 75% of commercial districts, allowing for duplexes, ADUs, and townhomes in 75% of single-family jurisdictions, and adopting an administrative approval process that is the same as for single-family homes, not mandating more than one parking stall per unit of housing, not requiring lots greater than 1/8 of an acre, and not placing certain aesthetic mandates. The MHFA can rely on representations on a city’s website to monitor compliance with those criteria.

These changes to the MHFA scoring system will make it more difficult, if not impossible, for many Greater Minnesota cities to obtain the assistance they need to increase housing. The competition for MHFA programs is already fierce, which means that to succeed, a city would likely need to adopt multiple facets of this proposal to qualify for MHFA aid. Between 2022 and 2024, 61% of MHFA awards went to the metropolitan area, while only 39% was awarded to Greater Minnesota. We fear these new criteria will worsen the disparity.

Many of our cities are already adapting to the housing crisis by adopting these types of policies. In a recent survey of CGMC members, we found that more than half of our cities have recently or are in the process of updating their comprehensive plans and/or their ordinances to increase density, modify their parking ordinances, and adopt other policies that are undoubtedly “conducive to developing residential properties.” Cities throughout Greater Minnesota are taking the steps proponents want to see in their cities but doing it in a way that works with their unique needs, their infrastructure, and their geography.

This new MHFA criteria ignores the legitimate challenges that many Greater Minnesota cities may face in meeting these precise requirements. For example, many of our cities allow housing in some of their commercial areas. Where they don’t allow residential development, it is because that area of the city is too heavily trafficked for residential, such as along highways or busy streets, is not located near schools, parks, and other residential needs, or lacks the physical infrastructure needed for residential development such as adequate sewer. Cities should not be forced to allow residential development in inappropriate locations simply to access much-needed funding from the MHFA.

These criteria also fail to recognize where environmental, city infrastructure or other concerns do not support increased density. They do not recognize that cities may adopt ordinances to protect their historical areas through

design standards. By allowing examination of a city's websites to ensure compliance, under-resourced cities would be forced to spend money on website upgrades in addition to revamping comprehensive plans and ordinances.

We ask you to remove these new criteria and focus on actions that will facilitate much-needed housing rather than requiring cities to spend more money on unnecessary steps.

As we close, we want to express our appreciation that within the state's current fiscal budget constraints, the bill authors appropriated funding to key programs that will support Greater Minnesota's economic prosperity, including the Greater Minnesota Housing Infrastructure Program and the Workforce Housing Development program. We hope to work with the bill authors on programs such as these—rather than attempts at requiring one-size-fits-all urban planning—to address our housing crisis, and we ask that you remove this problematic new language from the Omnibus bill.

Thank you for your time and concern.

A handwritten signature in black ink, appearing to read "Bradley Peterson".

Bradley Peterson, Executive Director
Coalition of Greater Minnesota Cities

A handwritten signature in black ink, appearing to read "Elizabeth Wefel".

Elizabeth Wefel, Lobbyist
Coalition of Greater Minnesota Cities

CC: Speaker Emerita Rep. Melissa Hortman
House Speaker Rep. Lisa Demuth
Commissioner Jennifer Leimaile Ho
Kevin Parker, Office of Governor Walz