



May 9, 2022

Members of the Omnibus Agriculture, Housing, and Broadband Finance and Policy Bill Conference Committee,

On behalf of the 837 member cities of the League of Minnesota Cities, thank you for the opportunity to submit comments as the Conference Committee considers differences between the third engrossment of HF 4366 and the first unofficial engrossment of HF 4366.

The League generally supports the appropriations in both the House and Senate bill that provide new funding for existing and new housing programs to address locally identified affordable housing needs across the state. We thank the House and Senate housing champions for committing to housing as an important state issue and we strongly believe that additional resources for the construction, preservation, and rehabilitation of housing across the housing spectrum is critical to addressing Minnesota's affordable housing challenges. However, the League continues to oppose preemption of local authority as well as policies that would change how Minnesota Housing awards points for housing projects seeking funding.

The League also supports the funding and policy provisions in the House and Senate language to support broadband infrastructure deployment efforts across the state. We encourage the Conference Committee to utilize both state and federal resources to bolster the state's Border-to-Border Broadband grant program.

Housing Policy

Preemption of city zoning and land use authority – OPPOSE – Senate: Art. 6, Sec. 2 – Article 6, Sec. 2 of the Senate language includes language that the League continues to oppose that preempts local zoning authority by limiting planned unit development (PUD) conditions, prohibiting aesthetic conditions, etc. Cities know their communities and are in the best position to address local zoning and respond to local needs – not the state legislature. We strongly urge members to oppose the inclusion of this language.

Repealing exception for local governments to control rents if approved by voters – OPPOSE – Senate: Art. 6, Sec. 29 – We oppose the language in the Senate bill that repeals existing authority allowing a city to submit a ballot question in a general election to control rents via ordinance, charter amendment, or law on private residential property. Removing the ability for cities to submit a ballot question erodes local control by eliminating a basic city function designed to ensure representative government and the ability to shape public policy based on resident input. We encourage members to oppose this language and uphold local control.

Points for Minnesota Housing projects awarded based on project speed – OPPOSE – Senate: Art. 6, Sec. 14 – We are concerned that awarding points based on how quickly a project can be constructed could disadvantage certain types of complex housing projects that may take longer due to leveraging multiple state and federal funding sources.

Lower cost per square foot preference for housing projects – OPPOSE – Senate: Art. 6, Sec. 30 and Sec. 31 – We are concerned that this language could disadvantage certain types of rehabilitation projects and more complex projects, such as repurposing existing non-residential buildings to provide for additional affordable housing options.

Housing Appropriations

Economic Development & Challenge Fund Grant Program—SUPPORT – House: Art. 3, Sec.2, Subd. 2 – The League supports the \$20 million in one-time funding in FY 2023 with \$17,117,000 added to the base in FY 2024 and FY 2025 for the Economic Development & Challenge Fund Grant Program. Additional funding for this flexible program will result in more housing projects being completed and will positively impact local economic development that comes with adequate affordable housing options for the local workforce.

Community Stabilization – SUPPORT – House: Art. 3, Sec. 2, Subd. 6 – The League strongly supports the inclusion of \$100 million to fund a new Community Stabilization Program to help assist with the preservation of single- and multi-family Naturally Occurring Affordable Housing (NOAH) stock. Minnesota currently loses more NOAH each year than we preserve, and this resource is much needed in our communities if we are to address this critical area of the housing spectrum and mitigate resident displacement.

Homeownership Education, Counseling, and Training Program (HECAT) – SUPPORT – House: Art. 3, Sec. 2, Subd. 11 – The League supports the additional \$1 million for HECAT that will provide more state grant funding to nonprofits and political subdivisions to assist Black, Indigenous, and People of Color and low- and moderate-income renters with educational and counseling opportunities to best prepare individuals and families for sustainable homeownership.

First Generation Homebuyers Down Payment Assistance Fund – SUPPORT – House: Art. 3, Sec. 2, Subd. 12 – The League supports the appropriation of \$50 million for a new First-Generation Homebuyers Down Payment Assistance Fund. Modeled after a successful city program, this new program will help expand homeownership and close the racial gap in homeownership.

Local Housing Trust Fund State Matching Grants—SUPPORT – House: Art. 3, Sec. 2, Subd. 13 – The League strongly supports the House bill’s inclusion of an additional \$10 million in one-time funding to provide resources for Local Housing Trust Fund matching grants to bolster the development of more local housing trust funds across the state. Local Housing Trust Funds serve as an important and flexible tool for cities to address housing needs.

Workforce Homeownership Program – SUPPORT – Senate: Art. 5, Sec. 3, Subd. 2 – We appreciate and support the \$10 million funding increase for the workforce and affordable homeownership development program that provides grants to eligible applicants, including cities, for the development of owner-occupied multi-family or single-family workforce and affordable homeownership projects.

Homeownership Investment Grants – SUPPORT – Senate: Art. 5, Sec. 3, Subd. 3 – The League appreciates and supports the proposed appropriation of \$35 million in funding for a new Homeownership Investment Grants program, which would provide resources to community development financial institutions to support efforts that increase the supply of affordable owner-occupied homes, financing, acquisition, and rehabilitation of affordable owner-occupied homes, and efforts to increase access to homeownership for communities of color.

Housing Infrastructure Bonds – SUPPORT – House: Art. 4, Sec 5, Subd. 2i – The League strongly supports the authorization of \$400 million in housing infrastructure bonds. Additional bonding resources for housing will continue to support single- and multi-family housing projects across the housing spectrum and bolster local efforts to address housing needs.

Broadband

State support for broadband grant program – SUPPORT – House Art. 7, Secs. 1-3 – The League is supportive of the House language that increases the maximum broadband grant award amount to \$10 million and provides the ability for the grant to cover more of the total cost of a project. We are also strongly supportive of the \$25 million in additional general fund appropriations for the Border-to-Border Broadband Grant Program but urge the Conference Committee to consider increasing that amount to ensure Minnesota reaches its 2026 statutory speed goal of connecting all homes and businesses to 100/20 Mbps service.

Broadband funding and policy provisions – SUPPORT – Senate Art. 2, Secs. 1-6 – We support the policy provisions in Article 2, Sec. 2 that create a new pilot program to provide broadband service to unserved and underserved areas that reduces the amount of non-state match to 15 percent of the total project cost. Greater Minnesota jurisdictions are often the hardest and most costly areas to serve and have a more difficult time attracting willing providers to deploy broadband infrastructure. The League also supports Article 2, Sec. 3, which requires the remaining \$110.7 million of Minnesota’s capital projects fund be used to support the state’s Border-to-Border Broadband grant program. In addition, the League encourages the adoption of the House additional state general fund spending for broadband on top of federal funds, which are needed if the state is to meet its 2026 statutory speed goal of connecting all homes and businesses to 100/20 Mbps service and to ensure that no construction seasons are missed waiting on federal funds to be deployed

Thank you for your consideration of our positions on the above provisions in the House and Senate versions of the Omnibus Agriculture, Housing, and Broadband Finance and Policy Omnibus Bill.



Daniel Lightfoot
Intergovernmental Relations Representative
League of Minnesota Cities



Irene Kao
Intergovernmental Relations Representative
League of Minnesota Cities