



April 12, 2023

RE: H.F. 2335

Chair Olson and members of the Ways and Means Committee,

H.F. 2335 invests \$1 billion in one-time appropriations across the housing continuum, ranging from supportive services for households experiencing homelessness to single family ownership. The bill balances preserving existing homes and creating new homes. In addition, H.F. 2335 will significantly expand access and opportunity by investing in rental and down payment assistance programs.

While all areas of the housing continuum need resources, H.F. 2335 targets investments where they are most critically needed. Minnesota's post pandemic eviction rate is disturbing. Investments in the **Family Homeless Prevention and Assistance Program (FHPAP)** provide emergency resources to prevent homelessness by keeping families in their homes. Minnesota has a deficit of more than 103,000 homes that are available and affordable to households making extremely low incomes. Investments in programs like **Housing Infrastructure Bonds (HIBs)** will create more homes for these families and rental assistance through **Bring it Home** will help families afford their homes. Minnesota continues to lose affordable homes at alarming rates. The **Community Stabilization Program** provides resources to preserve and maintain non-subsidized homes. Investments throughout the bill in manufactured housing also preserve and maintain some of the state's most affordable ownership opportunities. Minnesota Housing Partnership (MHP) appreciates the proposed increase to the **Stable Housing Organization Relief Fund**. These investments are critical to supporting the work of Minnesota's mission driven housing providers who build and manage some of the most deeply affordable homes.

Minnesota has embarrassing disparities among those experiencing homelessness, housing cost burden, and ownership. These disparities are the result of historic policy decisions and decades of underinvestment. Investments in the **First Generation Downpayment Assistance** program, programs that provide counseling and homebuyer preparation, and programs like HIBs and the Challenge Fund will all help expand homeownership opportunities.

MHP works directly with rural communities and Tribal Nations to help them meet their housing and community development needs. The appropriation to provide state matching funds to communities that establish and invest in a **Local Housing Trust Fund (LHTF)** aids community efforts to address unique local needs and supports locally identified solutions. Investments in **Capacity Building** can complement local efforts. MHP's Rural Developer Workgroup and communities we work with support additional investments in the **Greater Minnesota Workforce Housing Program**. The program's simplicity and ability to support the development of missing multifamily workforce housing is important.

The **Challenge Fund** is one of Minnesota Housing's most flexible programs to fund single family and multifamily development. But for \$500,000, many great housing projects fail. The Challenge Fund provides needed gap financing to ensure projects are fully funded.

While MHP is advocating for a statewide constitutional amendment to raise revenue for affordable housing, MHP also supports the proposal for a **7-county Twin Cities metro sales tax**. H.F. 2335's targeted stream of dedicated funds supports housing efforts in a region of the state with tremendous needs. In 2018, MHP

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identified the need for \$1 billion per year for at least 10 years to meet the 7-county Twin Cities region housing needs for households with the lowest incomes. In the metro, there are over 168,000 renters earning less than \$50,000 who pay more than they can afford for housing. From 2000 to 2019, housing cost burden in the region increased from 36% to 45%.

In the metro, severe housing cost burden often means a household pays *several thousand* dollars more per year than they can afford. According to the National Low Income Housing Coalition, 88% of households making less than \$58,000 pay more than half of their income on housing whereas only 4% of households making more experience severe cost burden. This considerable, regressive “silent housing tax” costs households thousands of dollars more than the proposed sales tax increase.

Thank you for the opportunity to provide comments.

Sincerely,

A handwritten signature in black ink that reads 'LIBBY MURPHY' in all caps. The signature is written in a cursive, slightly slanted style.

Libby Murphy
Director of Policy