



Wednesday, March 16, 2022

Representative Alice Hausman
453 State Office Building
St. Paul, MN 55155

Dear Chair Hausman and members of the House Housing Finance and Policy Committee,

Homeownership Minnesota (HOM), a statewide coalition of practitioners dedicated to producing, preserving, and preparing households for sustainable homeownership, would like to provide our written testimony on SF3994, the Governor's Housing Supplemental Budget Proposal. HOM supports the investments in affordable housing through the programs noted in the bill. The programs that specifically impact our membership include the Economic Development and Housing Challenge Program, Workforce and Affordable Homeownership Program, and Community Stabilization.

- The Economic Development and Housing Challenge Program invests in various affordable housing programs, including affordable ownership. However, historically the Challenge program has only supported an average of 100 units of affordable homeownership production. Increasing the investment in this program is deeply needed, as this bill does, including one-time and on-going investments.
- The Workforce and Affordable Homeownership Program has been funded at such low levels in the past that it has had minor impact on supply creation. Investing \$36M, with \$12M in annual base funding in this program will provide stability and reliability to affordable homeownership developers. This type of funding could support the creation of 160 units, annually, and create a reliable source of funds for nonprofit developers.
- Greater Minnesota's housing stock is aging. At the same time, many communities are unable to provide affordable housing for their workforce and multifamily rental projects are difficult to sustain and finance in smaller communities. Creating a program that is designed to preserve the housing stock for ownership housing, like the Community Stabilization program does, would support Greater Minnesota housing needs, and increase the number of affordable units available for entry-level homebuyers in the urban and rural communities around the state. Investing in a preservation program for these types of units is a good use of state resources and would support increasing the supply of affordable homes across the state.

To close the racial gap in homeownership by 1%, more than 3,000 black households would need to buy a home. In the Twin Cities metro, there are fewer than 400 homes for sale priced at \$300,000 or less. If our state is serious about closing this gap, we must create more units and provide down payment assistance for low- and moderate-income households. Without an investment from the state, homeownership will rapidly become out of reach for the average Minnesotan. We support the investments noted in this bill and look forward to working with the Senate and House Housing Committees throughout the rest of the legislative session to reach the goal of deepening the state's investment in this work. Now is this time – we cannot wait any longer.

Sincerely,

Cristen Incitti, President & CEO
Habitat for Humanity of Minnesota, Inc.
Homeownership Minnesota Coalition Co-Chair

Kathy Wetzel-Mastel, Executive Director
PRG, Inc.
Homeownership Minnesota Coalition Co-Chair

HOM membership: City of Lakes Community Land Trust, Dayton's Bluff Neighborhood Housing Services, Greater Metropolitan Housing Corporation, Habitat for Humanity of Minnesota*, Home CO (Aurora-St Anthony Neighborhood Development Corporation, Build Wealth MN*, Model Cities), MinnCAP, Minnesota Community Land Trust Coalition, Minnesota Homeownership Center, Neighborhood Development Alliance*, NeighborWorks Home Partners*, Northcountry Cooperative Foundation, One Roof Community Housing*, PRG, Inc., Project for Pride in Living, Inc. (PPL), Twin Cities Habitat for Humanity*, Urban Homeworks, Inc. (*Denotes CDFIs)