



April 7, 2021

Re: Comments on HF 1077 – House Finance & Policy Omnibus Bill

Chair Hausman and members of the House Housing Finance and Policy Committee:

The League of Minnesota Cities appreciates the opportunity to provide comments on the housing appropriations and policy outlined in HF 1077 as amended by the DE 1 amendment. On behalf of our 853 member cities, we appreciate your attention this session on the vast scope of housing needs in cities across the state of Minnesota. While local governments are innovating with limited resources to address locally identified housing needs, the state-local partnership is critical if we are to adequately address housing needs across the state.

Article 1: Appropriations

Economic Development & Challenge Fund Grant Program – The League is pleased with the \$6 million one-time increase to the Economic Development & Challenge Fund Grant program in FY 2022. 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.

Workforce Housing Development Program – The League appreciates the provision of \$2 million in base level funding for the Workforce Housing Development program. However, we urge the Committee to consider additional funding over the base level for this program to support workforce housing needs in Greater Minnesota cities especially given the policy language in the bill to add tribal nations as additional applicants to the program.

Manufacture Home Park Infrastructure Grants – The League supports the inclusion of a \$2 million one-time increase for the Manufacture Home Park Infrastructure Grant Program. Increased funding will assist more manufactured home park communities in addressing critical infrastructure improvements with grant resources that often leverage support from local municipalities.

Workforce Homeownership Program – The League appreciates the increase in funding for the workforce and affordable homeownership development program that provides grants to eligible applicants, including cities, for the development of workforce and affordable homeownership projects.

Local Housing Trust Fund State Matching Grants – The League strongly supports the inclusion of \$3 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.

Naturally Occurring Affordable Housing Program – The League supports the \$6,545,000 appropriation for the creation of a naturally occurring affordable housing program to assist with preservation efforts. This program will help ensure existing naturally occurring affordable housing units remain available to individuals and families with incomes at or below 60 percent of area median income.

Article 2: Housing Grant Programs

Rehabilitation Loan Amount Increase – The League supports the language in Article 2, sec. 1 to increase to the maximum rehabilitation loan amount to \$35,000. This increase will make available more resources for qualifying homeowners seeking to rehabilitate and preserve their homes.

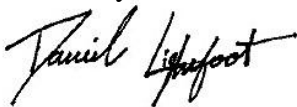
Increased Grant Allocation for Workforce Housing Development Projects – The League supports the language in Article 2, sec. 8 to increase the maximum grant or loan amount for workforce housing projects to 50 percent of the project cost. However, we believe the language should be paired with an increase in program funding above the base amount. Without scaling up resources to account for the increased grant amounts, fewer projects will be selected for funding.

Article 3: Affordable Housing Eligibility

Eligible Project Areas for Workforce Housing Development Grants – The League understands the vast need for additional workforce housing in all areas of Greater Minnesota including federally recognized tribal reservations. However, we believe the language in Article 3, sec. 5 to add federally recognized tribal reservations to the definition of eligible project areas should also be accompanied with additional resources to the program to accommodate for additional projects.

Thank you for your consideration

Sincerely,



Daniel Lightfoot
Intergovernmental Relations Representative
League of Minnesota Cities