



March 24, 2022

RE: Governor's Supplemental Housing Budget

Dear Chair Draheim and members of the Senate Housing Finance and Policy Committee:

Thank for the opportunity to weigh-in on Governor Walz' supplemental housing budget. The administration's proposed investments in housing are strong. The continuum of housing needs, from homelessness to ownership, see increased investments. But Minnesota Housing Partnership believes that the state should invest \$2 billion in 2022 to build more homes, preserve the homes we have, and expand access and opportunity by supporting cost-burdened renters and would-be homeowners.

MHP especially supports investing in the following programs:

- **Housing Infrastructure Bonds (HIB) and General Obligation (GO)** bonds are the best tools to develop, preserve, and maintain homes for Minnesota's lowest income households. HIBS are critical to developing and preserving deeply affordable homes. GO bonds have been underfunded for years. As a result, households with extremely low-incomes, including seniors and individuals with disabilities, suffer.
- The **Economic Development and Housing Challenge Program** provides critical gap financing that supports multi-family and single-family development throughout the state. Challenge resources help leverage government and private resources. Ensuring that this program is funded to better meet demand means more projects will move forward more quickly.
- The **Community Stabilization** program will prevent displacement and stabilize communities. MHP has documented that the loss of naturally occurring affordable housing (NOAH) multifamily housing is a statewide issue. This proposal would help to maintain affordable rentals and increase the number of affordable units available to entry-level homebuyers. While MHP applauds the proposed creation and one-time investment, we believe a larger investment is required to meet the need.
- The **Workforce and Affordable Homeownership Program** investments will greatly increase the creation of entry-level homes. Increasing the base funding of this program is desperately needed.
- **Down Payment Assistance** investments are critical to reducing the racial homeownership gap. With such low entry-level home inventory and historic competition for affordable homes, this assistance must be paired with resources like the Workforce and Affordable Homeownership Program, which will increase the supply and affordability of homes available to first-time homebuyers.

MHP also recognizes the importance of the proposed investments in **Greater Minnesota Workforce Housing Program**. This is a flexible and easy-to-use resource that helps meet unique Greater Minnesota community needs. **Flexible Financing for Capital Costs** are needed to help fund financing gaps created by multiple market forces. Projects that had secured financing are now scrambling to secure additional funds because costs outside of their control have increased.

**In addition, Bring it Home Minnesota is a strategic and impactful opportunity to support our lowest income families.** The Governor's budget does not invest in this transformative program. To truly end and prevent homeless, reduce housing cost burden, and expand opportunity and choice, we need a comprehensive rental assistance program.



The proposed funding for emergency rental assistance through the Family Homeless Prevention and Assistance (FHPAP) is inadequate. **Emergency rental assistance is critical for families who experience financial disruptions.**

Lastly, **we believe fully funding the Local Housing Trust Fund state matching is a perfect use of one-time surplus funds and/or American Rescue Plan Act funds.** Last year, the Legislature invested \$1 million in state matching funds. These funds will be oversubscribed. We urge lawmakers to invest an additional \$9 million in these flexible and easily deployable funds.

Thank you,

Libby Murphy  
Director of Policy