



DEDICATED TO A STRONG GREATER MINNESOTA

February 9, 2023

Senator Lindsey Port, Chair  
Senate Housing and Homelessness Prevention Committee  
3213 Minnesota Senate Building  
95 University Avenue West  
Saint Paul, MN 55155

**RE: Senate File 989**

Dear Senator Port:

On behalf of the more than 100 member cities of the Coalition of Greater Minnesota Cities (CGMC), I write in support of SF989 and its \$44 million investment into the Greater Minnesota Workforce Housing Grant program for the 2024-25 biennium. The shortage of available market-rate workforce housing in all corners of Greater Minnesota is one of the top barriers to economic expansion throughout our region. With historically low unemployment in Minnesota, our employers are forced to look beyond their communities and regions when recruiting employees to fill vacant jobs. But when housing is unavailable, it is impossible for our employers to persuade these employees and their families to relocate to their community — in many cases from out of state — to fill those jobs.

As you will hear from testifiers, a significant gap exists in workforce rental housing projects between what can be financed based on the rental revenue that a project can bring forward and the actual cost to construct a new rental property. This grant program helps bridge the expected revenue and production cost gap. But the reality is this grant alone often does not cover this disparity in full. That is why you see our cities step forward to bring other financing tools to the table, such as tax increment financing, tax abatement, the waiver of fees, and variances to make up the difference. Because of the upside-down nature of our current housing market, it will require strong partnerships between our local communities, our employers, and the state to build the necessary housing to address the needs in Greater Minnesota. And our cities stand with you, ready to help.

The Greater Minnesota Workforce Housing Grant program has a proven track record in helping build the housing needed to stimulate economic expansion in our region. But it also has proven to be one of the most over-demanded programs at the Minnesota Housing Finance Agency. This bill — which mirrors Governor Walz's budget recommendation for this program — will substantially boost funding for the program, allowing a significant number of new housing projects to be built in the next few years. This presents a great opportunity for our communities, our employers, our families, and the State of Minnesota.

We appreciate your consideration of this important bill today.

With Gratitude,

A handwritten signature in blue ink, appearing to read "B. D. H.", with a stylized flourish underneath.

Brian Holmer  
President, Coalition of Greater Minnesota Cities  
Mayor, Thief River Falls