



WASHINGTON  
COUNTY  
Community  
Development  
Agency

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April 5, 2024

The Honorable Lindsey Port  
Minnesota Senate  
3213 Minnesota Senate Bldg.  
St. Paul, MN 55155

The Honorable Eric Lucero  
Minnesota Senate  
2413 Minnesota Senate Bldg.  
St. Paul, MN 55155

RE: SUPPORT FOR SENATE FILE 3647

Dear Chair Port, Republican Lead Lucero, and members of the Senate Housing and Homelessness Prevention Committee,

I'm writing to you today in support of SF 3647, a bill that would significantly help in the creation of new permanently affordable housing choices in our communities.

Washington County Community Development Agency (CDA) and other Housing and Redevelopment Authorities (HRA) around the state are grateful for your expansive investment in our housing system last year. Despite the historic level of funding, we know one-time investments will not be enough to help meet and sustain the housing needs in the long term. That is why we need new investments in proven models of sustainable housing options.

For many years, Washington County CDA and other HRAs around the state have invested in locally owned housing options for our communities. These settings are owned by the HRA and funded with a mix of funding sources, including local levy and county bonding dollars. They are not federal public housing units, but they belong to the public.

As the housing needs in our communities have increased, so has the diversity of needs. Residents in our communities not only need deeply affordable housing, but all levels of affordability. We believe locally owned housing fits a key need that neither the private market nor current public programs can fix alone. The number of federal Public Housing units has not grown since October 1, 1999. The Low Income Housing Tax Credit (LIHTC) program is an essential tool in creating new affordable housing, yet the annual allocation falls grossly short of the need and demand. These tools simply cannot fill the need or sustain the operating costs of a strong, diverse housing continuum.

That is where locally owned and controlled housing comes in. Currently, we can step in where the private market is unable or unwilling to finance a project. We do not compete with private and affordable housing developers, we complement them. The problem is that we lack access to consistent funding mechanisms to scale this program into a self-sustaining model. With new program fund available that this bill would provide, we estimate that we could build four to five times our current development progress.

In this way, the model fixes three critical gaps in our current system.

- Provides much needed immediate capital for counties ready, willing, and able to build more housing but for lack of county funds.
- Expands a model of affordable housing that sustains itself by using market rate rents to subsidize rents and pay for operating expenses.
- Keeps subsidized housing permanently affordable.

With modest state investments we could unlock a powerful tool in supply and affordability. The locally owned housing program is specially designed to be self-sustaining in terms of operating costs. Using a mix of deeply affordable, affordable, and market rate units, the program “pays” for itself as higher rents subsidize the entire housing stock.

Each HRA is free to develop its own specific plan, and the results are impressive. Colleagues in Olmsted County have developed their own in-house management team. We have an in-house development team ready to plan, design, and build a variety of multifamily and other housing tailored to the needs of people in Washington County. While not all county HRAs currently own or operate housing, we have seen the model growing. Four of the seven metro counties and at least seven Greater Minnesota counties (that I’m familiar with) have locally-owned housing programs. I was recently contacted by two other HRA directors exploring the possibilities of developing their own programs.

We strongly support these bills and the creation of such a fund and are happy to assist in any way possible to move them forward.

Sincerely,



Melissa Taphorn  
Executive Director