



April 4, 2024

Chair Rest and Members of the Senate Tax Committee:

On behalf of the Association of Minnesota Counties (AMC) and the League of Minnesota Cities (LMC) and our local government members, we appreciate the opportunity to provide comments on SF 4875 (Mitchell), that modifies the Local Affordable Housing Aid program for metropolitan area counties and cities by expanding eligible expenditures and creating a maintenance of effort provision.

Counties and cities in the metropolitan area continue to support locally identified housing efforts across the housing spectrum through policies and local resources. The Local Affordable Housing Aid program is an important and flexible tool to provide counties and cities with direct aid to address housing needs. While we appreciate the legislative intent that the Local Affordable Housing Aid was intended to supplement existing local government efforts related to housing rather than supplant it, we are concerned that the bill as written will create unintended budgetary challenges for local governments. The maintenance of effort provision in Sec. 5 of the bill as written would require local housing efforts to only increase but never decrease, which poses concerns for counties and cities faced with budget crunches or changes in state aid. Additionally, local governments may in a given year choose to spend a disproportionate amount of its budget to maximize a certain outcome or provide additional assistance to a certain project. The language as written, may deter a county or city from doing so to avoid setting a higher water mark that it would be held to in all future years or risk losing their aid.

Additionally, while we appreciate the inclusion of supportive services and staff costs for the provision of supportive services, the provision is limited to nonprofit housing providers even though local governments are often the supportive services provider with substantial staffing costs. We recommend that Subd. 4 includes the ability for counties and cities spend funds on their own staff and supportive services programs rather than only limiting the provision to nonprofit housing providers.

We have had conversations with Senator Mitchell and will continue to work on a path forward that preserves the intent of the legislation while avoiding unintended consequences for counties and cities. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Matt Hilgart", with a long, sweeping horizontal line extending to the right.

Matt Hilgart
Director of Government Relations
Association of Minnesota Counties

A handwritten signature in black ink, appearing to read "Daniel Lightfoot", with a stylized, cursive script.

Daniel Lightfoot
Intergovernmental Relations Representative
League of Minnesota Cities