



May 7, 2025

Senator Pappas and Senate Capital Investment Committee;

I write in support of the bonding spreadsheet that includes funds for Locally Controlled Housing that would significantly help in the creation of new permanently affordable housing choices in our communities. For many years, the Washington County CDA has invested in locally owned housing options for our county. The CDA owns and operates 990 locally controlled housing units in 10 cities in addition to the 160 federally subsidized housing units.

These rental communities are owned by the CDA 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. We are looking for ways that we can add to the supply of our locally owned portfolio.

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

1. It provides much needed immediate capital for counties ready, willing, and able to build more housing but for lack of local funds.
2. Expands a model of affordable housing that sustains itself by using market rate rents to subsidize rents and pay for operating expenses.
3. 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.

We strongly support these bills and the creation of such a fund that will increase the supply of housing in Minnesota.

Sincerely,

Melissa Taphorn
Executive Director