

HOUSING IN GREATER MINNESOTA

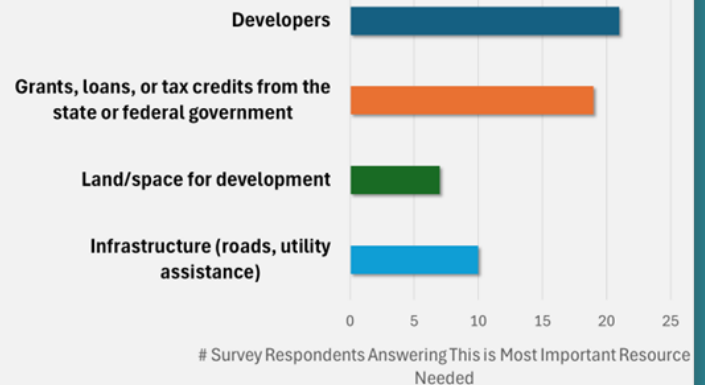
Barriers to new housing in Greater Minnesota

WHAT ARE CITIES TELLING US ABOUT HOUSING NEEDS

- Responses from over 50 Greater MN cities
- Half of all cities responded that they are updating zoning to promote density or already have
- Cities responded that top needs are developers & state or federal funding

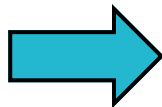
"We have a definite need for more housing of all types... The issue is that our rents/incomes aren't high enough to support the amount of development needed to meet our housing needs from the private sector." — **Hutchinson**

What Cities Need Most To Build New Housing in Greater MN



HOUSING COSTS MORE TO BUILD THAN THEY SELL FOR

**EXAMPLE:
CROW WING
COUNTY**



Median Listing Price for New Build Home in Crow Wing County

\$400k



Median Household Income in Crow Wing County: \$71k

Income Needed for \$400k Home:
\$100k/year



Median Existing Home Value in Crow Wing County

\$274k



"All forms of housing are needed. Updated housing study confirms that. Constructing market rate projects are more difficult than in the past due to higher construction costs & borrowing costs." — **Detroit Lakes**

"Our housing study shows a need of 1,350 units over the next 11 years... A 66-unit apartment complex shows a \$4 million financing gap, & a 55+ Housing development \$2 million in financing gap." — **Thief River Falls**

SUPPORT SOLUTIONS TAILORED TO GREATER MINNESOTA'S HOUSING CHALLENGES



Mandating Metro development solutions won't solve Greater Minnesota housing problems.

CRITICAL PROGRAMS

- **Workforce Housing Development.** Competitive Greater Minnesota funding for workforce rental housing. Communities are required to match one dollar for every two dollars in state funding.
 - In 2024, the program had 48 applications for almost \$100 million and awarded almost \$39 million to 27 projects, including two projects in Central, three in Northeast, one in Northwest, twelve in Southeast, seven in Southwest and two in West Central Minnesota. Funding will drop to \$2 million per year starting in FY2026.
- **Greater Minnesota Housing Infrastructure Grants program.** New competitive program to support cities, counties, and Tribal Nations in creating sites for workforce and affordable housing in Greater Minnesota. Grant funds can cover up to 50% of the capital costs for housing. The legislature appropriated \$8 million in one-time funding and the program is not rolled out yet.
- **Greater Minnesota Small Cities Affordable Housing Aid Grants.** New program established to aid Greater Minnesota cities with fewer than 10,000 people to develop and preserve affordable housing. The legislature appropriated \$4.5 million in competitive grants one-time grants in 2023. There is no base funding for this program and the program is not rolled out yet.

POLICY CHANGES

- Update the **State Housing Tax Credit** so the program can leverage Workforce Housing Development resources by allowing the programs to work together.
- Make changes to **housing TIF requirements** so surplus TIF can be redirected to local Affordable Housing Trust Funds, adjust income restrictions and streamline workforce housing TIF requirements (469.174-176) so the program is more accessible for Greater Minnesota communities.

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