



February 10, 2025

Re: SF 0203 (Housing Infrastructure Bonds) and SF 0982 (Economic Development and Housing Challenge Program)

Dear Senator Port and members of the Committee on Housing and Homelessness Prevention:

Minnesota Housing Partnership (MHP) writes in support of S.F. 0203, which would allocate \$400 million for Housing Infrastructure Bonds to create deeply affordable homes, and S.F. 0982, which Increase by \$10M the Economic Development and Housing Challenge Fund.

The **Economic Development and Housing Challenge (Challenge)** program is a flexible source of gap funds for multifamily and single-family development. Challenge funds are the last source of financing needed to move a project forward.

MHP is currently working with two communities that plan to apply for funding in 2026. Both projects are eligible for Challenge funds. Midwest Minnesota Community Development Corporation (MMCDC) is developing a 24-unit townhome project in Mahanomen. The project will serve families with children, the local workforce, persons that have experienced homelessness and persons with disabilities. Kootasca HRA is working on a 24-unit apartment to house the local workforce and families, including Native families in partnership with Leech Lake HRA. For both of these projects, the Challenge Fund is a critical resource.

Housing Infrastructure Bonds (HIBs) are another flexible source of funding for projects across the state. HIBs are unique in that they can leverage federal resources to build new housing and preserve existing housing for extremely low- and very low-income households.

In Minnesota, there are 287 U.S. Department of Agriculture (USDA) Rural Development (RD) 515 units in rural MN that are awaiting approval from the USDA to prepay their mortgages and turn these units market rate, resulting in the loss of all 287 affordable housing units. These homes are often the most affordable homes in their community. They are home to elders, families with children, and persons with disabilities. HIBs are one of a few tools that MN nonprofits and Housing and Redevelopment Authorities (HRAs) can use to acquire and rehabilitate these homes and maintain affordability.

MHP is currently assisting Southwest Minnesota Housing Partnership (SWMHP) with a RD 515 acquisition to preserve much needed affordable housing in Hutchinson Minnesota. SWMHP has secured bonds to rehab this 24-unit property. HIBs will improve the health and safety of the



homes by providing funds for siding, windows, roof repair, doors, accessibility improvements, interior improvements, new flooring, and a radon mitigation system.

Minnesota Housing Partnership (MHP) expands housing and community development opportunity for those most impacted by economic and racial disparities by leading collaborative work to promote systems change and grow equitable development capacity. For more than 30 years, MHP has accomplished this mission by producing data-informed research, advocating for equitable housing policy, and providing community development services across the US.

Thank you for your attention and your work on behalf of the State of Minnesota.

Sincerely,

Libby Murphy
Director of Policy