



February 19, 2025

Re: HF 1067, Aligning MN housing Tax credit contribution account with the Workforce Housing Development Program

Dear Chair Igo and members of the House Housing Committee,

As long-time leaders in the effort to create the State Housing Tax Credit and Contribution Fund, MHP strongly endorses this effort to align the tax credit contribution account with the Workforce Housing Development program.

The State Housing Tax Credit (SHTC) bill was initiated by a large coalition of business, local government, and housing leaders across Minnesota. While modeled after a successful contribution style credit in North Dakota, the SHTC was designed in partnership with many who develop housing in Greater Minnesota. Core principles of the coalition were that the program was to be flexible, simple, and work in rural areas.

Advocates of the SHTC always intended for it to be a flexible program, so that the SHTC could support projects that don't always compete well in Minnesota Housing's qualified allocation plan including those from rural areas.

The SHTC incentivizes private investment and promotes community and economic development. Contributions from taxpayers, rather than a prescriptive program guide, guide where investments are made.

The proposed change is a welcome adjustment to help the program work as intended by those who helped design the SHTC. The changes will:

- **Maximize flexibility.** The change will allow developers to more easily layer funding sources when necessary.
- **Maximize responsiveness to community needs.** Communities throughout Minnesota need many types of housing. Greater Minnesota affordable homes and market rate apartments need financial support.
- **Relieve uncertainty.** Contributors have expressed uncertainty about contributing to projects that may either have to give back SHTC resources or cannot move forward because they cannot secure Greater Minnesota Workforce Housing (Workforce) Program dollars. Developers have expressed confusion and uncertainty about pairing the SHTC and Workforce program, especially once the Workforce program returns to oversubscribed base funding levels.



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

In partnership with:

Cook County Housing and Redevelopment Authority
Central Minnesota Housing Partnership, Inc.
D.W. Jones Inc
Greater Minnesota Housing Fund
Midwest Minnesota Community Development Corporation
Range Association of Municipalities and Schools
Three Rivers Community Action Partnership