

March 6, 2017
Senator Torrey Westrom
Senate Agriculture, Rural Development, & Housing Finance Committee

Dear Chair Westrom,

With nearly 30 years of experience working with both community leaders and housing developers across the state, Minnesota Housing Partnership knows the urgent need for workforce housing — and the reality of what it takes to get it done. As the state's major resource to create housing for families across a wide range of incomes, the **Challenge Fund is essential** in advancing workforce housing development that helps communities grow and sustain their economies.

By taking aim at the critical funds provided by this effective and proven tool, **S.F. 908 robs urgently needs resources from working Minnesota families to serve those with higher incomes.** MHP opposes S.F. 908.

- **MHP does not support an effort to compromise the state's major resource for creating housing for families across a wide range of incomes** by *decreasing* funding for those most in need to *increase* market-rate housing. The Challenge Program serves working families — yet S.F. 908 takes from those lower-income families to create market-rate only workforce housing.
- **MHP does not support removing income limits from any portion of the Challenge program.** S.F. 908 removes income criteria from \$6.5 million of Challenge Funds for two years. The vast majority of Minnesotans in need of housing have incomes that are well within the \$62,000 income cap of the Challenge program. While some communities do need housing for workers earning more than 80% of the median renter income and 115% of homeowner median income, resources for this higher-income population are provided by the Workforce Housing Program in the Department of Employment and Economic Development.
- **MHP does not support restrictive language that prohibits pairing workforce housing funds with resources for rent- or income-restricted apartments.** Local communities, with the help of developers, need maximum flexibility in assembling a broad range of financing tools to ensure projects will be successful. If many of the sources we now employ are excluded because of this proposed rule, workforce housing development will be compromised.
- **MHP SUPPORTS H.F. 1470/S.F.1540 which funds the Challenge program at an additional \$4 million.** The Challenge program is an effective and widely used program with a proven track record of addressing workforce housing shortages in Greater Minnesota.

We urge the committee to support the Challenge Fund — and resources for the full spectrum of needs along Minnesota's Housing Continuum.

Sincerely, Jeremy Schroeder, MHP Policy Director