



April 6, 2021

**Re: City comments on Senate Omnibus Housing Bill (SF 969)**

Dear Members of the Senate Housing Finance Policy Committee:

The League of Minnesota Cities, Coalition of Greater Minnesota Cities, Minnesota Association of Small Cities, Metro Cities, and Municipal Legislative Commission appreciate the opportunity to provide joint comments on SF 969, the Senate Omnibus Housing bill. While cities continue to innovate and support housing needs at the local level with limited resources, the state-local partnership is crucial to address housing needs across the state. Robust state funding and policies that bolster local efforts are necessary to address statewide goals. While SF 969 provides much needed state resources for certain housing programs, we are concerned with proposed cuts to critical housing programs proposed appropriations that fall short of the need to adequately address the statewide affordable housing crisis. We also strongly oppose policy language that limits local control by preempting local decision-making authority.

**Housing Appropriations: Article 1, sections 1-4**

SF 969 funds existing programs, such as the Workforce Housing Development grant program at FY 20-21 levels. However, without the inclusion of any new funding for housing programs, any program funding increases come at the expense of painful cuts to other crucial programs. The bill severely limits the ability to make any meaningful headway, and in fact, may limit progress in addressing statewide affordable housing needs.

- ***Economic Development & Challenge Fund Grant Program*** –The \$2 million funding cut over the next biennium and the \$2 million funding cut in the subsequent biennium will result in fewer housing projects being completed and many communities losing economic development that comes with adequate affordable housing options for the local workforce. We recommend increased funding for the Challenge Program, a flexible grant program that has a proven track record in providing cities with assistance to meet locally identified housing needs.
- ***Workforce Housing Development*** – We appreciate the proposed appropriation of \$2 million in base level funding for the Workforce Affordable Homeownership Development Program over the next biennium and \$2 million in the subsequent biennium. However, we urge the Committee to consider additional funding over the base level for this program to support workforce housing needs in Greater Minnesota cities.
- ***Local Housing Trust Fund Match*** – We are disappointed that funding was not included to provide state match funding for Local Housing Trust Funds to bolster the development of more trust funds across the state. Local Housing Trust Funds serve as an important and flexible tool for cities to address housing needs and modest state support for matching grants.
- ***Workforce Homeownership Program*** – We appreciate the increase in funding for the workforce and affordable homeownership development program that provides grants to eligible applicants, including cities, for the development of workforce and affordable homeownership projects. However, given the vast scope of Minnesota's affordable and workforce housing challenges, increased funding for this

program should complement existing programs and should not be funded at the expense of existing resources.

**Housing Policy: Article 2, sections 1-27**

- ***Preemption of city zoning and land use authority*** – Article 2, Sec. 7 and 8 includes language that broadly preempts local zoning authority by limiting planned unit development (PUD) conditions, prohibiting aesthetic conditions, etc. Cities know their communities and are in the best position to address local zoning and respond to local needs – not the state legislature. This one-size-fits-all bill attacks the fundamental importance of local control, and universally mandated zoning requirements would eliminate the uniqueness of our communities. We strongly urge members to oppose the inclusion of this language.
- ***Points awarded based on how quickly a housing project can be constructed*** – Article 2, Sec. 13 requires the Minnesota Housing Finance Agency to award points based on how quickly a project can be constructed. We are concerned that this language could result in disadvantaging certain types of housing projects that may take longer due to the requirement of leveraging multiple funding sources.
- ***Lower cost-per unit preference for housing projects*** – Article 2, Sec. 24, and Sec. 25 includes language that requires preference for projects with a lower-cost-per-unit. We are concerned that this language could disadvantage certain types of larger housing units that seek to address the affordable housing needs of low-income families with children and multi-generational families.
- ***Repealing the exception allowing local governments to control rents if approved by voters*** – Article 2, Sec. 27, paragraph (b) includes the repeal of language allowing a city to submit a ballot question in a general election to control rents via ordinance, charter amendment, or law on private residential property. Removing the ability for cities to submit a ballot question erodes local control by eliminating a basic city function designed to ensure representative government and the ability to shape public policy based on resident input. We encourage members to oppose this language and uphold local control.

Thank you for the opportunity to provide comments on SF 969, the Senate Omnibus Housing bill.

Sincerely,

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