



March 3, 2026

Re: Support for SF 4043 and SF 4044 – modifications to the State Housing Tax Credit

Chair Port and members of the Senate Housing and Homelessness Prevention Committee:

On behalf of our 842 member cities, the League of Minnesota Cities appreciates the opportunity to voice our support for SF 4043 and SF 4044, authored by Senator Carla Nelson. Both bills include important improvements to the State Housing Tax Credit (SHTC), including expanding eligibility to better support market-rate workforce housing in Greater Minnesota, establishing geographic balance language to ensure Greater Minnesota communities receive a meaningful share of available credits, and repealing the program’s existing statutory sunset.

Cities, developers, and the private sector all play essential roles in addressing housing needs that foster economic development, grow communities, and support job creation. When housing supply does not keep pace with workforce demand, communities and employers face real constraints. The SHTC was created as a flexible tool to incentivize private investment in housing while leveraging public dollars. Through the Contribution Fund, taxpayers receive a credit equal to 85 percent of their contribution and may designate funds to specific local projects. In both 2024 and 2025, the full \$9.9 million in available credits were fully subscribed, demonstrating strong demand.

Both bills improve the program by allowing Greater Minnesota projects eligible for market-rate workforce housing development funding to receive SHTC contributions without being income restricted. This change reflects the reality in many rural communities, where the most urgent need is housing for working families who do not qualify for income-restricted units but still cannot find available homes. SF 4043 further strengthens geographic balance by reserving 50 percent of credits each year for projects located in Greater Minnesota, with any unused credits becoming available statewide after September 30 ensuring both regional equity and flexibility.

Finally, we strongly support repeal of the program’s sunset in SF 4044. Housing development requires long-term planning and predictable financing tools. Removing the sunset provides certainty to developers, lenders, and business contributors that the SHTC will remain a stable part of the financing stack.

Thank you for your time and consideration. We respectfully urge you to support SF 4043 and SF 4044.

Sincerely,

A handwritten signature in black ink that reads 'Daniel Lightfoot'. The signature is written in a cursive, flowing style.

Daniel Lightfoot
Senior Intergovernmental Relations Representative
League of Minnesota Cities