



May 8, 2025

Re: Comments on the Housing Finance Omnibus Bill

Chair Port, Chair Howard and members of the Omnibus Housing Finance Conference Committee:

The League of Minnesota Cities appreciates the opportunity to provide comments on the housing appropriations and policy bill as the conference committee reconciles the differences between the third engrossment of SF 2298 and the second unofficial engrossment of SF 2298. On behalf of our 841 member cities, we appreciate both the House and Senate’s attention this session on the vast scope of housing needs in cities across the state of Minnesota despite budget constraints. While local governments are innovating with limited resources to address locally identified housing needs, an expanded state-local partnership and an increase in housing resources are critical if we are to adequately address housing needs across the state.

Economic Development & Challenge Fund Grant Program – House Language – Article 1, Sec. 2, p. R2 Lines 2.13-2.17

The League is pleased with the Senate’s position for a one-time increase to the Economic Development & Challenge Fund Grant program in FY 2026. Funding this important and flexible program with an additional one-time increase of \$10 million over the next biennium will result in more housing projects being completed and will positively impact local economic development that comes with adequate affordable housing options for the local workforce.

Workforce Housing Development Program – House Language – Article 1, Sec. 2, p. R2 Lines 2.30-3.5

The League appreciates the House language, which includes an additional one-time increase of \$10 million in FY 2026 for the Workforce Housing Development program. The need for additional workforce housing in greater Minnesota cities is immense to support local economic expansion and ensure that cities can offer new workforce housing opportunities to accommodate job growth. Funding this program with additional resources above base funding will ensure that more workforce housing opportunities are made available in the greater Minnesota cities that need it most.

Manufactured Home Park Infrastructure Grants – House Language – Article 1, Sec. 2, p. R2 Lines 3.8-3.13 – The League supports the House’s inclusion of an additional \$2 million in one-time funding in FY 2026 for Manufactured Home Park Infrastructure Grants. Infrastructure serving manufactured home parks is most often private infrastructure and, in many parks, it has fallen into disrepair. This program is critical to support a key source of affordable housing in communities across the state and additional funding will ensure that more residents in manufactured home parks are served by improved infrastructure including water systems, sewer lines and roads.

Workforce Homeownership Program – House Language – Article 1, Sec. 2, p. R3 Lines 3.16-3.19

The League supports the House's position providing an additional \$3 million in one-time in FY 2026 for the Workforce and Affordable Homeownership Program. This successful program provides grants to eligible applicants including cities to support development costs, rehabilitation, land development, and the construction of new owner-occupied workforce housing. Workforce housing is sorely needed in cities across the state to support local economic expansion and job growth.

Family Homeless Prevention (FHPAP) – House and Senate Language – Article 1, Sec. 2, p. R4

The League appreciates both the House and Senate's attention to increasing the funding for FHPAP in FY 2026. FHPAP is critical in supporting housing stability and keeping renters in their homes.

Greater Minnesota Housing Infrastructure Grants – House and Senate Language – Article 1, Sec. 2, p. R7

The League strongly supports the inclusion in both the House and Senate language providing funding for the Greater Minnesota Housing Infrastructure Grant Program. While we prefer the House position of \$20 million over the next biennium, we urge the conference committee to include funding for this vital program at a meaningful level. Infrastructure, especially in greater Minnesota cities, is often the most expensive component of residential development and state resources to assist cities with the cost of installing necessary infrastructure, especially in greater Minnesota, will help attract more development.

State Housing Tax Credit Modifications – Senate Language – Article 2, 9, p. R19 Line 17.3

The League supports the inclusion of policy language that seeks to better align the State Housing Tax Credit program with the Greater Minnesota Workforce Development Program in granting flexibility on the affordability parameters of the existing program. This change will expand applicability for the housing tax credit to provide resources for market rate workforce housing developments in greater Minnesota.

Housing Infrastructure Bonds – House Language – Article 2, Sec. 1, p. R31 Lines 9.5-9.7

The authorization of \$100 million in general fund spending for housing infrastructure for FY 2026 and FY 2027 is crucial and will help construct and preserve units across the housing spectrum. Housing Infrastructure Bonds continue to be an important and flexible capital investment resource for housing utilized in communities across the state and we appreciate the inclusion of an additional Housing Infrastructure Bond authorization.

Thank you for your consideration

Sincerely,



Daniel Lightfoot
Senior Intergovernmental Relations Representative
League of Minnesota Cities