



March 12, 2024

**Re: Comments on HF 4555 – Maintenance of effort for receipt of local affordable housing aid**

Dear Chair Howard and members of the House Housing Finance and Policy Committee:

The League of Minnesota Cities appreciates the opportunity to provide our comments on HF 4555 (Howard), which establishes a maintenance of effort provision for cities receiving Local Affordable Housing Aid under Minn. Stat. § 477A.35. Local Affordable Housing Aid is direct aid distributed to first-, second-, and third-class cities and counties in the metropolitan area via formula to assist local governments in developing and preserving affordable housing within their jurisdictions.

We understand that the intent of the Local Affordable Housing Aid legislation was to serve as additional aid to support and not supplant existing local housing efforts. However, the maintenance of effort provision in the bill currently as written must consider the variation of city budgets. More specifically, the maintenance of effort provision is written so the qualification for the receiving of aid is predicated on city housing efforts only ever increasing in the amount of resource. This may pose potential challenges in times of difficult budget decisions that may result in cuts including times of recession or reductions in other state aids. Additionally, we recommend that there be additional clarification that new money is not required to suffice the maintenance of effort provision given that many cities fund their housing programs through revolving loan funds.

Lastly, we appreciate the provisions in subdivision 4 of the bill that add the funding of supportive services or staff supportive services for supportive housing defined under section 462A.37, subdivision 1. We recommend that this provision include the ability for cities to utilize their funding in situations where city staff are involved in supportive services programs rather than limiting that provision to nonprofit providers.

Thank you for your consideration and we look forward to working with you on this language to address these clarifications.

Sincerely,

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

Daniel Lightfoot  
Intergovernmental Relations Representative  
League of Minnesota Cities