



Tuesday, May 10, 2022

Dear Chair Sundin, Chair Westrom, Chair Hausman, Chair Draheim and members of the Agriculture and Housing Conference Committee,

As you consider the various investments proposed to advance the state of Minnesota through our Agriculture and Housing investments, Homeownership Minnesota (HOM) writes to express the importance of investing in affordable homeownership in Minnesota. We remain optimistic that our state will take this historic opportunity to make an investment in affordable homeownership that aligns with the magnitude of the problem we have before us.

Investing in solutions means we must invest in the production of more affordable homeownership units in Minnesota. Our state needs to solve the supply and demand challenges of this crisis. Investing in the creation of 500 new units per year is needed to create more affordable ownership opportunities for households of color in the state. Without more supply, prices will continue to escalate, keeping low-and-moderate income households out of the homebuying market. Our racial disparities are worse today than they were 50 years ago, and without a true investment in the production of more units, it will only get worse.

Current funding levels for Minnesota Housing homeownership production programs only support the creation of between 100 and 140 units annually. Our state needs to be investing in the creation of 3000 homeownership units annually, to meet the need. As recently as last week, there were fewer than 1200 homeownership units priced at less than \$250,000 available for purchase, across the entire state. In the Twin Cities Metro, that number is fewer than 200.

We are seeking investments in the following to advance affordable homeownership in Minnesota:

- \$45M investment in the Workforce & Affordable Homeownership Program (\$15M one-time, with \$15M/y in the base budget)
- Create affordable homeownership set aside requirements for all three affordable housing programs: Challenge fund (50% set aside), Community Stabilization Program (25%) and Housing Infrastructure Bonds (30%)
- Invest \$85M in Homeownership Investment Grants for affordable housing lenders and community development financial institutions
- \$5M for Equities 9000, targeted mortgage program for BIPOC households to close racial gap in ownership and
- Investing in Down Payment Assistance for First Generation Homebuyers

These programs and a portion of the investments we have outlined are contained in HF4366/SF4019 and when combined with the proposed policy changes that include homeownership set asides, will significantly increase affordable home production across the state.

In today's budget environment, there are enough resources for these critical investments, so every Minnesota has a safe, stable, and affordable place to call home. Thank you for your leadership and partnership in this work.

Sincerely,

Cristen Incitti, President & CEO, Habitat for Humanity of Minnesota, Inc.
Homeownership Minnesota Coalition Co-Chair

Kathy Wetzel-Mastel, Executive Director, PRG, Inc.
Homeownership Minnesota Coalition Co-Chair

HOM membership: City of Lakes Community Land Trust, Dayton's Bluff Neighborhood Housing Services, Greater Metropolitan Housing Corporation, Habitat for Humanity of Minnesota*, Home CO (Aurora-St Anthony Neighborhood Development Corporation, Build Wealth MN*, Model Cities), MinnCAP, Minnesota Community Land Trust Coalition, Minnesota Homeownership Center, Neighborhood Development Alliance*, NeighborWorks Home Partners*, Northcountry Cooperative Foundation, One Roof Community Housing*, PRG, Inc., Project for Pride in Living, Inc. (PPL), Twin Cities Habitat for Humanity*, Urban Homeworks, Inc. (*Denotes CDFIs)