

Minnesota Housing Partnership 2019 State Legislative Agenda

Local Housing Trust Fund State Match

To grow and sustain their economies, cities are looking for creative ways to make housing development work. Local Housing Trust Funds (LHTF) are funds established by local government dedicating local public revenue for housing.

Local housing trust funds are a **consistent, flexible resource for housing** within a local jurisdiction. Trust funds help communities leverage public and private resources and jumpstart projects that draw investment and jobs. LHTFs enable communities to prioritize developments that **maximize benefit to the local community**.



With a growing need for affordable, quality homes for Minnesotans, state investments that leverage public and private local funds are smart policy.



There are more than **770 city, county and state housing trust funds** in 47 states and Washington, D.C.



Nationwide, these funds generate more than **\$1 billion per year**.



On average, **every \$1** a city trust fund invests in housing **leverages \$6** in additional public and private funds.

Leaders across Minnesota are eager to address housing challenges in their communities.

In **Mankato**, local leaders face significant challenges in providing adequate homes for the growing number of working households. "We need more tools in the toolbox, and we just don't have them," says Patricia Ziegler of the Mankato Economic Development Agency.

Deanna Hemmesch, with the **Central Minnesota Housing Partnership**, has the same need for additional tools. "Many of my small town projects don't have a way to leverage funds," she says. Without those dollars, her projects often aren't competitive in applying for state funding.

PROPOSED LEGISLATION

\$10 million State Match Fund for Local Housing Trust Funds

MHP is coordinating efforts with local government partners to secure a \$10 million appropriation to match local investments and incentivize creation of LHTFs.

State investments are proven to motivate communities to create and resource LHTFs.

Nearly half of U.S. cities with LHTFs received initial funds to launch their LHTF.² Since 2003, Iowa has provided state funds to stimulate creation of local housing trust funds, incentivizing establishment of 26 local housing trust funds serving 95 of the state's 99 counties.³

We must act now to establish a state match fund to spur the creation of Local Housing Trust Funds.

Leaders in Winona, a growing community, identified **creation of an LHTF as an important tool to support housing needs**. City Manager Steve Sarvi says a state matching fund could make a "crucial difference" in helping communities leverage local investment in an LHTF. "As we envision the next 30 years we're asking, **how do we continue to attract new talent and remain a viable community?**" Sarvi says. "Communities like Winona can use local housing trust funds to help answer that question. We're ready to step up and invest to support business growth and ensure community members can make ends meet. And **a state matching fund would give us the leverage we need to jumpstart those local investments.**"

A PROVEN TOOL IN COMMUNITIES ACROSS MINNESOTA

ROCHESTER: The City of Rochester's housing trust fund **leveraged \$22 million in funds and served more than 1,000 households** from 1999 to 2012. According to Steve Borchardt, Housing Initiative Director for the Rochester Area Foundation, "there's no question" the fund helped to attract development and jobs to the area.

RED WING: In 2015, the City of Red Wing established an Affordable Housing Trust Fund (AHTF), which is funded by maximizing the HRA levy. Since then, the AHTF has **accumulated at approximately \$100,000 per year to nearly \$300,000 today**. To date, the AHTF has provided homebuyer assistance loans to at least five families.

MINNEAPOLIS: The City of Minneapolis created its Affordable Housing Trust Fund (AHTF) in 2003, and resources it with a combination of city and federal resources. As a direct result of the AHTF the city **tax base has expanded by up to \$800 million**, leveraging \$9 for every dollar invested in the fund.

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1. *Opening Doors to Homes for All: The 2016 Housing Trust Fund Survey Report*, Center for Community Change, 2016
2. Local housing trust funds must provide a 25% local match threshold to receive state funds. Iowa Code section 16.181.

Learn more at mhponline.org

