State Policy Agenda 2020

LOCAL HOUSING TRUST FUND STATE MATCH

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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 motivate communities to create and resource LHTFs.

Nearly half of U.S. cities with LHTFs received initial funds to launch their LHTF1. 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.2

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

WHAT IS A LHTF?

Local Housing Trust funds (LHTF) are funds established by local government dedicating local public revenue for housing. Money from local housing trust funds can be used for a broad range of housing objectives; examples include loans and grants for new construction or rehab, down payment assistance, rental assistance, and more.

Across Minnesota, local communities are asked to respond to housing needs. The State Match program will incentivize communities to create Local Housing Trust Funds and leverage greater investments with local dollars.

A State of Minnesota LHTF match fund is a partnership with local governments at a time of critical housing needs in all corners of Minnesota. Leveraging state and local dollars to solve housing challenges is smart policy for our state.

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2. Local housing trust funds must provide a 25% local match threshold to receive state funds. Iowa Code section 16.181.
A PROVEN TOOL IN COMMUNITIES ACROSS MINNESOTA

In 2015, the City of Red Wing established a local housing trust fund, which is funded by maximizing the HRA levy. Since then, the housing trust fund has received funding at approximately $100,000 per year. To date, the housing trust fund has provided homebuyer assistance loans to many families and financed the development of affordable apartments, among other projects.

The City of Minneapolis created a local housing trust fund in 2003, and resources it with a combination of city and federal resources. As a direct result of Minneapolis’ housing trust fund, the city tax base has expanded by up to $800 million, leveraging $9 for every dollar invested in the fund.

Officials 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.

A state match to create and grow local housing trust funds helps cities and counties develop new tools to meet their affordable housing needs, including critical leverage to secure private and public funds.

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