

LEAGUE OF MINNESOTA CITIES

CITY ISSUE FACT SHEET

WORKFORCE HOUSING SOLUTIONS FOR CITIES ACROSS MINNESOTA



LEAGUE-SUPPORTED SOLUTION:

- Create a workforce housing TIF district that is not constrained by traditional income limits to be used by cities that meet demand criteria. **(HF 1178/SF 1168)**
- Pass legislation creating a workforce housing tax credit to spur development of workforce housing. **(HF 1020/SF 785)**
- Support additional tools and funding for communities to aid in the development of both market-rate workforce housing and affordable housing.

Cities fear the housing shortage will hurt local economies by prompting businesses to expand elsewhere, taking jobs and community vitality with them.

PROBLEM:

A number of cities in Greater Minnesota have local employers that want to expand operations and hire more employees, but lack the tools to work with private developers to create market-rate housing for new workers. The same developers who build in bigger cities look at some smaller communities in Greater Minnesota and can see higher risk because so much of the city's economic base depends on one or two larger employers.

BACKGROUND:

Despite a growing demand for market-rate rental housing in some cities, the private market is unable to meet that demand because the cost of construction in many communities exceeds the amount that lending institutions can finance.

Under current law, cities can use a housing tax increment financing (TIF) district to finance affordable housing with income and rent restrictions, but cannot use a housing TIF district for market-rate housing. An economic development TIF district can be used for business development, but not for housing.

DID YOU KNOW?

A League proposal that would have created a workforce housing TIF district was included in both the Senate and House tax bills, but was one of the dozens of provisions lost when negotiations over the omnibus tax bill collapsed at the end of the 2015 session.



FOR MORE INFORMATION:

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