



12600 Whitewater Drive | Suite 150 | Hopkins, MN 55343

March 11, 2024

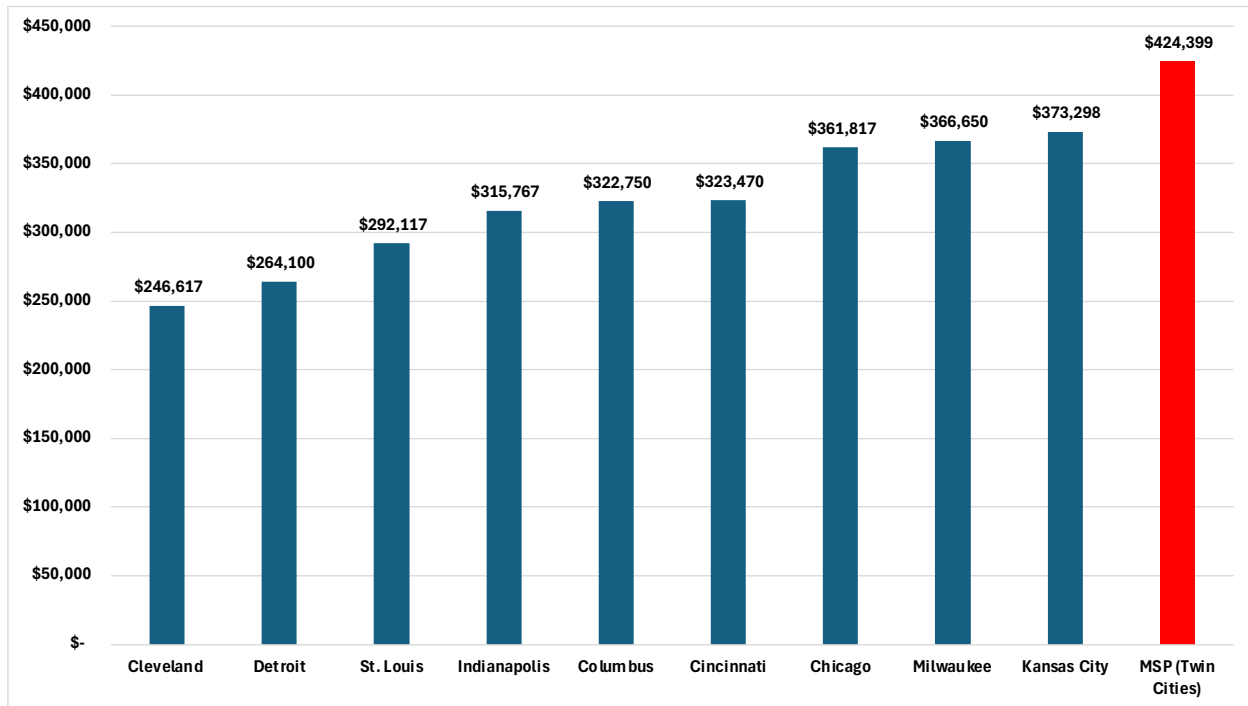
Mr. Chair and Members of the Housing Finance and Policy Committee

My name is Martha Njolomole, and I am an Economist at Center of the American Experiment. Minnesota needs more housing, and HF 1987 and HF 2013 provide a pathway to building more homes in Minnesota.

More housing = Affordable prices

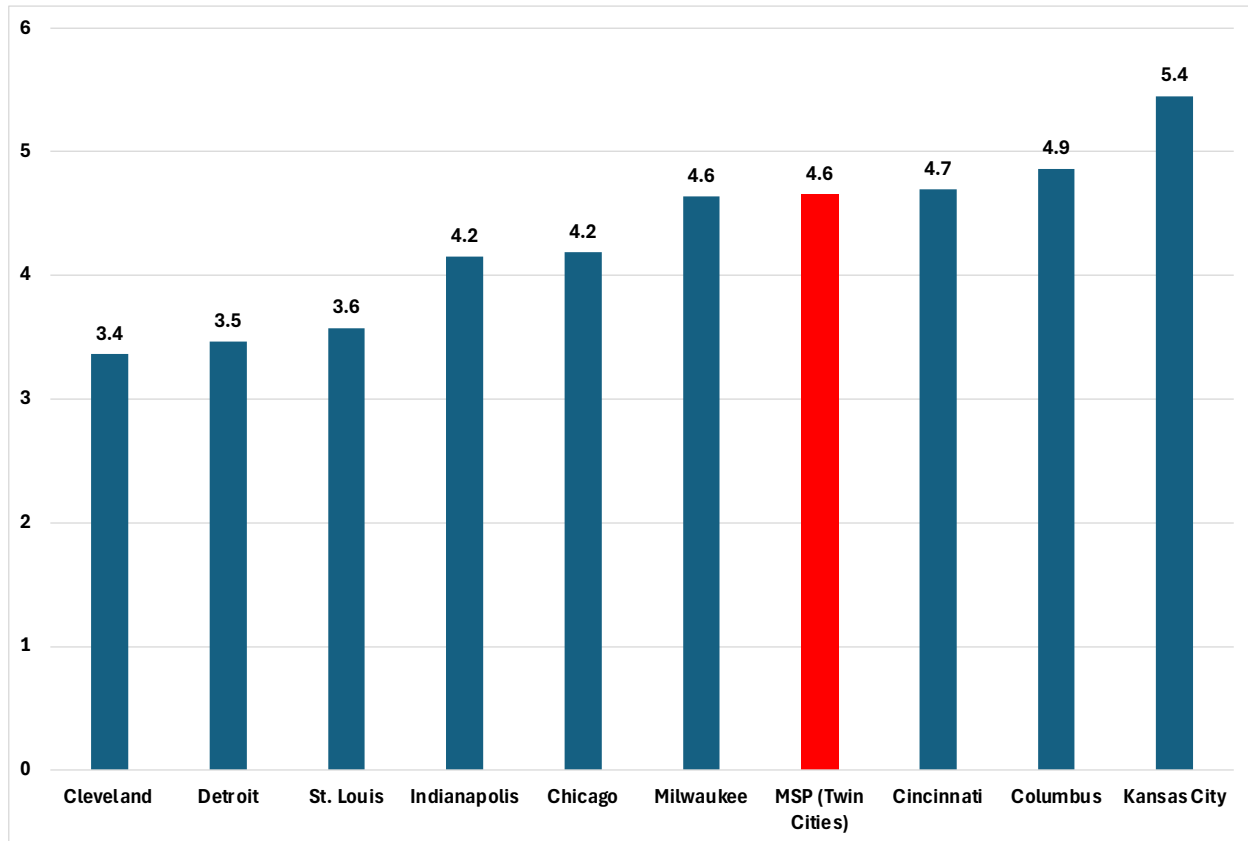
Minnesotans, especially those living in the Twin Cities, are short-changed when it comes to housing. Data from Realtor.com shows that in the last quarter of 2024, the median home price in the Twin Cities Metro reached \$424,000. This places the Twin Cities as the third most expensive non-coastal metro area in the U.S. Among Midwestern cities, it ranked as the priciest in dollar terms in Q4 of 2024 and came in fourth after adjusting for household income in 2023.

Figure 1: Median home price in the top ten Midwest Metros, Q4 2024



Source: Realtor.com

Figure 2: Median home price to median household income ratio, 2023



Source: Realtor.com, US Census Bureau

HF 1987 and HF 2013 provide a step in the right direction by addressing some of the numerous regulations that hinder and delay housing development and add tens of thousands of dollars to the cost of new housing. Aesthetic mandates, and rules dictating housing design and materials to be used, for instance, limit flexibility and add extra costs. Minimum lot size requirements and zoning rules limit options and raise the cost of housing by preventing development on smaller lots, as well as the development of smaller and more affordable housing options such as townhomes and duplexes. Loosening regulations will spur housing development, increasing the housing supply. This will lessen competition on existing homes, and likely lower prices or lower the rate of price growth.

Certainly, local control is a significant and indispensable part of our federal system of government. However, by going beyond broad land use segregation and limiting what kind of housing can be built and where, dictating how big lots and housing units must be, and how housing should look like, local governments have inadvertently restricted opportunities and personal freedoms for Minnesotans. To deliver long-lasting and substantial results, housing



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reform must deal with these restrictive local rules. HF 2013 and HF 1987 outline a way for that while also respecting local control.

Thank you, Mr. Chair and Members of the Committee,

Martha Njolomole
Economist
Center of the American Experiment