



**Dedicated to building a world where everyone has a  
safe, stable, and affordable place to call home**

4 March 2026

Re: HF 2687 (Agbaje) Single-family home ownership restricted for corporate entities

To: Co-Chair Howard and Members of the House Housing Finance & Policy Committee

Dear Co-Chair Howard and Members of the Committee:

On behalf of Habitat for Humanity of Minnesota, the statewide support organization for the 24 local Habitat affiliates serving communities across our state, I write to express our support for House File 2687, as amended.

We appreciate the goal of this bill to address the growing shortage of homeownership opportunities in Minnesota and to ensure that single-family homes remain accessible to families seeking stable, long-term homeownership. Across Minnesota, we are seeing firsthand the intense competition for modestly priced homes. In some markets, first-time buyers are competing not only with other families but with large-scale investors who can make cash offers and acquire properties in bulk.

HF 2687 takes a step toward rebalancing that market by limiting private equity ownership of single-family homes and placing guardrails on large corporate accumulation of these properties. By prioritizing homes for individual homeowners rather than institutional investors, the bill helps ensure that starter homes remain a pathway to wealth-building for working families.

We know the power that homeownership has in stabilizing families, strengthening communities, and building generational wealth. While this legislation alone will not solve our housing supply challenges, we view it as an important mechanism to help preserve access to entry-level homes and promote owner-occupancy in Minnesota communities.

Thank you for the opportunity to share our support of HF 2687 and to Rep. Agbaje for her leadership. Please reach out to me or Jeru Gobeze ([jeru.gobeze@habitatminnesota.org](mailto:jeru.gobeze@habitatminnesota.org)) with any questions.

Sincerely,

A handwritten signature in blue ink that reads "Cristen Incitti".

Cristen Incitti, President & CEO  
Habitat for Humanity of Minnesota  
[cristen.incitti@habitatminnesota.org](mailto:cristen.incitti@habitatminnesota.org)



Builders Association of Minnesota

Info@bamn.org

March 3, 2026

RE: Concerns Regarding HF 2687 – Preservation of Housing Production and Market Stability

To the Honorable Chair and Members of the House Housing Finance and Policy Committee,

The Builders Association of Minnesota is a statewide business association representing the home building industry. Our membership is made up of home builders, remodelers, developers, subcontractors, suppliers, realtors, financial institutions, and other industry related businesses. BAM's members join through one of our 6 local associations throughout the state.

We submit this letter to express our significant concerns regarding **HF 2687**. While we hold the highest respect for Representative Agbaje's goal of expanding homeownership opportunities for Minnesota families—a goal our industry shares—we believe the current framework of this bill poses unintended, yet severe, risks to the state's broader housing ecosystem.

Housing development is a high-risk, capital-intensive endeavor that relies on predictable exit strategies and stable financing. As drafted, HF 2687 creates several structural hurdles that may inadvertently decrease the total supply of housing by repelling the private capital necessary to build it.

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## 1. The Erosion of Market Liquidity

A developer's ability to build new projects depends entirely on their ability to recapitalize once a project is finished. By limiting corporate ownership to 50 units, the bill removes critical "bulk-buy" safety nets.

- In periods of high interest rates or cooling markets, Build-to-Sell (BTS) developers often sell remaining inventory to institutional partners to satisfy

construction loans. Removing these buyers leaves developers with stagnant inventory, increasing the risk of insolvency.

- Entire subdivisions designed for professional rental management typically exceed 50 units. Under this bill, a developer would have no viable entity to sell a completed 100-home rental community to, effectively ending the incentive to build this modern housing type in Minnesota.

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## 2. Unintended Consequences for Financing and Partnerships

The bill's prohibition on "indirect" ownership interests (Section 1) creates a complex web of liability for developers who do not build in a vacuum.

- Most large-scale developments are funded through partnerships with private equity. If a developer's financial partner already hits the 50-home cap through other investments, the developer may be legally barred from using that partner, even if the new project is intended for individual sale.
- While Section 1, Subd. 3(5) attempts to exempt developers, it fails to define when "developing" ends and "owning" begins. If a developer is forced to hold units longer than expected due to market conditions, they risk falling out of the exception and into a state of non-compliance.

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## 3. Privacy Mandates

The requirement in Section 5 to disclose the **legal names of every natural person** with an interest in a publicly searchable database is perhaps the most disruptive element for the industry.

Unlike the federal Corporate Transparency Act, which protects beneficial owner data for law enforcement use only, HF 2687 proposes a **public** database. **This creates a significant security and digital privacy risk for high-net-worth individuals and family offices who provide the "seed" capital for Minnesota housing.**

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## Conclusion

We respectfully urge the Committee to consider the long-term impact of HF 2687 on the production of new housing. Without a clear path for recapitalization and the protection of private investment privacy, we fear Minnesota will see a significant reduction in new construction starts at a time when we need them most.

Sincerely,

Grace Keliher

Builders Association of Minnesota



12600 Whitewater Drive, Hopkins, MN 55343

March 03, 2026

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. I am writing to express concerns about HF 2687, a bill that would limit single-family rentals by corporate entities.

While housing concerns are warranted, research evidence indicates that institutional investors own a relatively small share of single-family homes in Minnesota. If passed, this bill will do little, if anything, to improve housing affordability. However, it will likely restrict the supply of rental homes, inflating prices.

To truly address rising housing prices, the legislature needs to address stringent regulations and fees that prevent and delay housing development, adding tens of thousands of dollars to the cost of housing.

### **Why is housing expensive in Minnesota?**

Indeed, Minnesota has relatively less affordable housing compared to similarly situated states, but corporations are not to blame for this phenomenon.

As the data shows, in 2024, single-family rental homes owned by large institutional investors (those with more than 100 homes in their portfolio) accounted for less than 1 percent of the entire single-family housing stock in the Twin Cities. Yet the Twin Cities were the seventh least affordable housing market among the 10 ten largest Midwest metros.

In contrast, housing costs in the Indianapolis Metro region were 9 percent below those of the Twin Cities, even with seven times the concentration of investor-owned homes. Similarly, while Detroit's share of institutionally owned single-family homes was triple that of the Twin Cities, it led the Midwest in housing affordability, suggesting that housing costs are driven less by who owns the property and more by policy differences.

By comparison, Minnesota imposes excessive fees and regulations — particularly at the local level — which delay and prevent new housing development, restricting the supply of available homes and raising prices. Specifically, in several Minnesota cities, zoning rules restrict large swaths of land to detached single-family homes, preventing the development of multi-family housing, even that of moderate density. Combining these zoning rules with minimum lot size requirements, starter homes, which tend to be more affordable, especially for younger families, are effectively illegal in most areas of the state. In cities like Minneapolis and St. Paul that have liberalized zoning and land use rules, requirements such as maximum Floor Area Ratio (FAR) and lot coverage limits make options like triplexes impractical to build, despite being legal on paper.

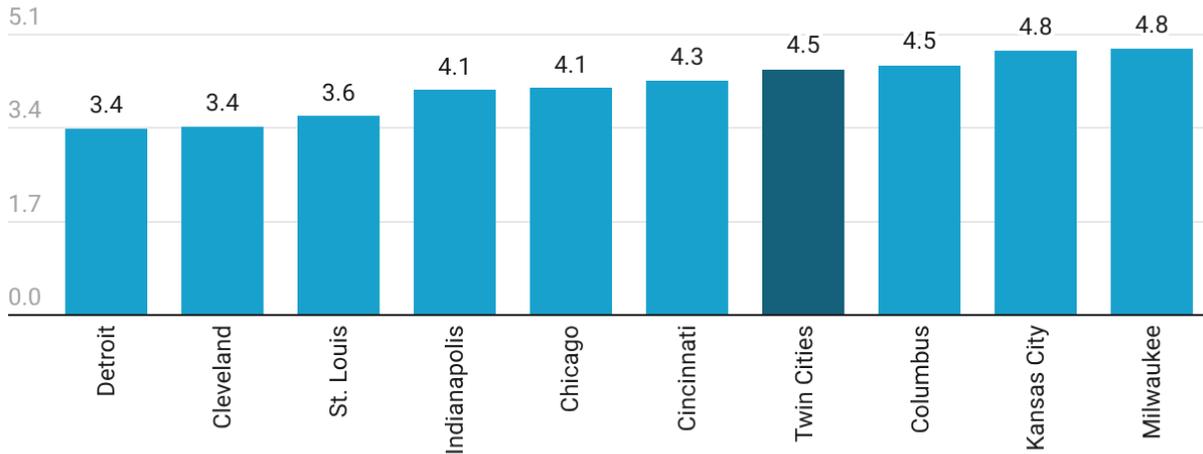
Further raising costs are other requirements, such as aesthetic and architectural mandates, as well as parking mandates. In a study released in early 2024, for instance, the Federal Reserve



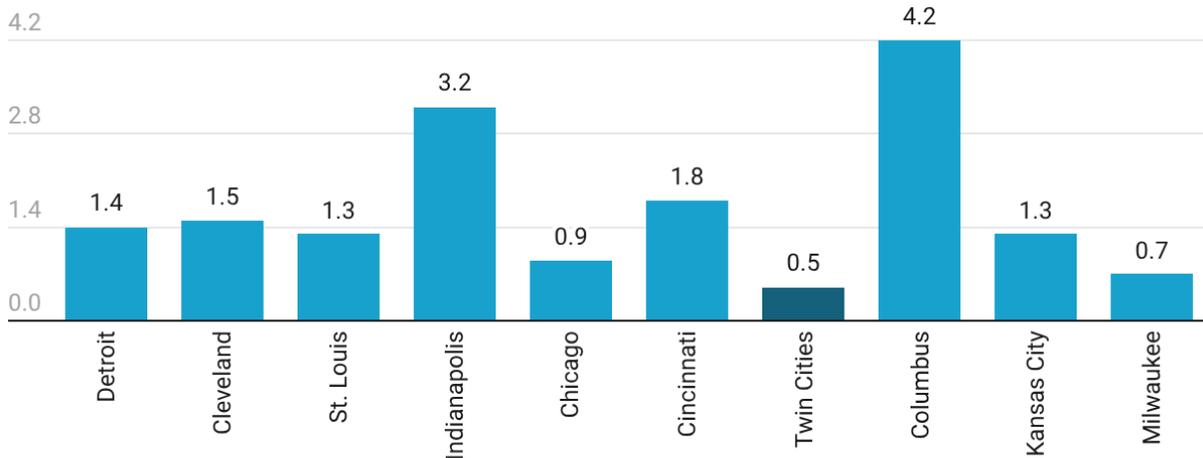
12600 Whitewater Drive, Hopkins, MN 55343

Figure 1: Median Home Price to Household Income Ratio Vs. Share of Single-Family Homes Owned by Large Institutional Investors, 2024 (Top Ten Midwest Metros)

**Median Home Price to Median Household Income Ratio**



**Share of Single-Family Homes Owned by Large Investors (%)**



Created with Datawrapper

Source: Realtor.com; US Census Bureau; American Enterprise Institute

Further raising costs are other requirements, such as aesthetic and architectural mandates, as well as parking mandates. In a study released in early 2024, for instance, the Federal Reserve Bank of Minneapolis surveyed 10 Twin Cities suburbs — including Blaine, Bloomington, Minnetonka, and Maple Grove — and found that seven require more than one parking spot per unit of multi-family housing. The estimated cost of parking spots ranged from \$3,000 to \$10,000



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per surface lot space and \$30,000 to \$50,000 per structured spot. These cities also require developers to set aside between \$1,500 to \$8,000 per unit for park fees

### **Evidence on Institutional Investors**

While research is conflicted, it strongly suggests that institutional investors improve affordability by increasing housing supply, particularly through “Built-To-Rent development.” As a 2024 literature study by the Government Accountability Office (GAO) further explained, large corporations also typically buy homes in need of substantial renovations and repair, “the cost of which is out of reach of many homebuyers.”

A study quoted by GAO found, for example, that “in 2020, two institutional investors reported spending \$15,000 –\$39,000 to renovate each home they newly acquired.” By comparison, “a typical homeowner spends about \$6,300 during the first year after purchasing a home.” This makes institutional investors an asset, not a liability, in the fight against rising housing prices

While institutional investors have been associated with rising housing prices, particularly in the aftermath of the Great Recession, GAO suggests that this could be explained by the “possibility that institutional investors might have been better at choosing neighborhoods with growing housing demand, so home prices might have also risen absent their purchases.”

### **More housing will lead to lower prices**

To truly address high and rising housing prices in Minnesota, efforts need to be taken increase the housing supply. The legislature should consider, for instance, loosening energy efficiency mandates, which add high costs to housing development. The legislature could also enact incentives that encourage local governments to repeal restrictive zoning and land-use rules, as well as other regulations and excessive fees.

Targeting corporate landlords might offer a superficial appeal, but it fails to address housing affordability and may inadvertently propel rental costs higher.

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

Martha Njolomole  
Economist  
Center of the American Experiment

March 4, 2026

House Committee on Housing Finance Policy  
Minnesota House of Representatives  
Minnesota State Capitol  
75 Dr. Rev. Martin Luther King Jr. Blvd.  
St. Paul, MN 55155

### **H.F. 2687 Testimony – Private Equity Stakeholder Project**

*Dear Chairs Igo and Howard, Vice-Chairs Dotseth and Kozlowski, and Members of the Committee,*

The Private Equity Stakeholder Project (PESP) is a nonprofit financial watchdog organization that seeks to bring transparency and accountability to the private equity industry for the benefit of impacted communities and investors.

We appreciate this opportunity to testify in support of H.F. 2687 as we believe it would do much to address the risks associated with corporate consolidation of single-family housing markets. With at least 1.6 million housing units in the United States owned by private equity, legislation like H.F. 2687 is necessary to keep people in safe, affordable, and accessible housing.<sup>1</sup>

In recent years, private equity firms have significantly increased their presence in the housing market, reshaping the landscape of homeownership and rental housing. These investment companies have capitalized on rising housing demand and limited supply by purchasing large volumes of single-family homes, apartment complexes, and manufactured housing communities.<sup>2</sup>

This trend has exacerbated housing affordability issues, displacing local communities through large rent hikes and aggressive evictions, and diminishing tenants' quality of life. Consequently, policymakers across the country have introduced legislation to limit consolidation by corporate landlords.

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<sup>1</sup> Noble, Chris, and Madeline Bankson. Tools for Tackling Corporate Landlords Part 4: Housing Policy Primer, PESP, Dec. 2024, [pestakeholder.org/wp-content/uploads/2024/12/PESP\\_Report\\_Housing-Policy-Primer\\_2024.pdf](https://pestakeholder.org/wp-content/uploads/2024/12/PESP_Report_Housing-Policy-Primer_2024.pdf).

<sup>2</sup> June 23, 2022 Memorandum to Members, Committee on Financial Services June 28, 2022, Subcommittee on Oversight & Investigations Hearing Entitled, "Where Have All the Houses Gone? Private Equity, Single Family Rentals, and America's Neighborhoods." , House Financial Services Committee Staff, 23 June 2022, [www.merkley.senate.gov/wp-content/uploads/imo/media/doc/financial\\_service\\_committee\\_report.pdf](https://www.merkley.senate.gov/wp-content/uploads/imo/media/doc/financial_service_committee_report.pdf).

The private equity business model poses a particular challenge to affordable housing due to the need to generate high returns on a short timeline. Private equity firms typically seek to generate returns of at least 15% for their investors, about double the return rate of other asset classes. Firms usually strive to generate this return before exiting the business over a short timeline of just 3-5 years.<sup>3</sup>

This means private equity firms generally do everything possible to maximize revenue while minimizing input costs, including deferring maintenance, skirting regulations, and saddling tenants with junk fees. Millions of people in the United States are at risk of increased economic instability under this financialized housing model, which is often at odds with efforts to address housing affordability.<sup>4</sup>

For example, private equity firm Pretium Partners, which owns single family rental landlord Progress Residential, extracted more than \$40 million in wealth through purchasing more than 220 single family homes in the historically Black neighborhood of North Minneapolis. Pretium removed opportunities for working families by buying up starter homes, forcing tenants to pay rent rather than building equity.<sup>5</sup>

However, in 2025, because of tenant organizing efforts, Minnesota's residents got an important victory. Pretium sold 345 single-family homes in Minneapolis-St. Paul to two non-profits that have committed not to displace current residents who are in good standing. The non-profits will either maintain them as rental properties for the current tenants or sell them to the current renters, if possible, after renovation. Vacant homes will be sold at around 70% of the area median price to low-to-moderate income buyers, making the homes affordable to homebuyers for whom homeownership is typically out of reach.<sup>6</sup>

Relatedly, in addition to protecting tenants, H.F. 2687 would help prospective homebuyers as well, particularly those looking to enter the market for the first time. In recent years, individual homebuyers have been frustrated by the pace at which corporate investors are able to purchase real estate.<sup>7</sup> Access to liquidity and industry resources that allow for relatively quick transactions

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<sup>3</sup> Private Equity and Venture Capital: What's the Difference?, TSG Invest, 21 Dec. 2024, [tsginvest.com/private-equity-and-venture-capital-whats-the-difference/#:~:text=Targeted%20Returns,capital%20\(%E2%80%9CMOIC%E2%80%9D\)](https://tsginvest.com/private-equity-and-venture-capital-whats-the-difference/#:~:text=Targeted%20Returns,capital%20(%E2%80%9CMOIC%E2%80%9D).).

<sup>4</sup> Vogell, Heather. *When Private Equity Becomes Your Landlord*, ProPublica, 7 Feb. 2022, [www.propublica.org/article/when-private-equity-becomes-your-landlord](https://www.propublica.org/article/when-private-equity-becomes-your-landlord).

<sup>5</sup> Ash, Jordan. *In victory for tenants, progress residential sells 345 single family homes in Twin Cities to non-profits*, Private Equity Stakeholder Project, 13 Feb. 2025, <https://pestakeholder.org/news/in-victory-for-tenants-progress-residential-sells-345-single-family-homes-in-twin-cities-to-non-profits/>.

<sup>6</sup> *Id.*

<sup>7</sup> Fabino, Alexander. *Housing Market Trend Raises Red Flags*, Newsweek, 14 Feb. 2024, [www.newsweek.com/housing-market-trend-investor-purchases-legislation-merkley-smith-act-1870096](https://www.newsweek.com/housing-market-trend-investor-purchases-legislation-merkley-smith-act-1870096).

makes corporate investors more attractive buyers for those looking to sell their homes than individuals who need to obtain a mortgage.

Earlier this year, the White House released an executive order seeking to restrict large corporate investors from purchasing single-family homes in competition with individual homebuyers.<sup>8</sup> Since then, federal and state policymakers have rushed to pass legislation that would codify that directive.<sup>9</sup> Therefore, if Minnesota passes such a law the state will position itself as a leader in a growing movement to preserve housing affordability – a key component of the American Dream.

PESP would therefore like to reiterate our strong support for this legislation. By passing H.F. 2687, Minnesota can lead state efforts to regain stability in their single-family housing markets and become a model for solving the nation’s housing affordability crisis.

Best,

A handwritten signature in black ink, appearing to read 'C. Noble', with a period at the end of the first name.

Chris Noble, Esq.  
Policy Director  
Private Equity Stakeholder Project

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<sup>8</sup> *Stopping Wall Street from Competing with Main Street Homebuyers*, The White House, 20 Jan. 2026, [www.whitehouse.gov/presidential-actions/2026/01/stopping-wall-street-from-competing-with-main-street-homebuyers/](https://www.whitehouse.gov/presidential-actions/2026/01/stopping-wall-street-from-competing-with-main-street-homebuyers/).

<sup>9</sup> See Garin, Sam. *As Housing Policies Take Center Stage, National Proposals Leave Loopholes for Private Equity Industry*, Private Equity Stakeholder Project, 25 Feb. 2026, [pestakeholder.org/news/as-housing-policies-take-center-stage-national-proposals-leave-loopholes-for-private-equity-industry/](https://pestakeholder.org/news/as-housing-policies-take-center-stage-national-proposals-leave-loopholes-for-private-equity-industry/); see, also *Senate Democrats Introduce the American Homeownership Act to Stop Wall Street’s Housing Grab and Get Homes Back into the Hands of Families*, US Sen. Cmte. on Banking, Housing, and Urban Affairs, 24 Feb. 2026, [www.banking.senate.gov/newsroom/minority/senate-democrats-introduce-the-american-homeownership-act-to-stop-wall-streets-housing-grab-and-get-homes-back-into-the-hands-of-families](https://www.banking.senate.gov/newsroom/minority/senate-democrats-introduce-the-american-homeownership-act-to-stop-wall-streets-housing-grab-and-get-homes-back-into-the-hands-of-families).