



VARIOUS HOUSING INITIATIVES AND POLICIES

S.F. 1093, Senator Port
H.F. 743, Representative Norris

The Minnesota Multi Housing Association provides our comments:

Pilot Program for Housing Infrastructure. MHA supports funding to offset cities' high infrastructure costs. These types of incentives can help to offset the costs associated with WAC and SAC fees charged by cities. We suggest to the legislature that the grants should be expanded beyond 16 housing units. The legislature should consider pairing this language with a requirement that those communities using these funds reduce local housing development cost drivers.

Real Estate Excise Tax. MHA is concerned about the future detrimental impact on the housing market if we exclude opportunities for private investment in the market and whether or not this is a legal taxation scheme.

Housing Cost Reduction Incentive Program. We are concerned that this section as crafted would incentivize adoption of inclusionary housing policies. Current programs are not offsetting the costs of the mandates and create a housing development disincentive in those communities. Rather than an incentive to adopt these proposals the state should instead use the cost reduction funds to offset the added costs of inclusionary zoning requirements on housing development.

Generally, MHFA projects chosen by the agency have community buy-in and have reductions or waivers of many of the local fees. Instead of focusing on agency priorities where waivers are already provided, this program could become a spark for more market rate housing if focused on unsubsidized housing. The legislature should consider how to apply these funds to offset local fees for market rate development.

Relocation Assistance. This section provides cities with the opportunity to create a relocation assistance requirement for affordable housing units with rents affordable at 50% AMI or below. We are concerned that these proposals will increase the costs of housing through *another* local housing cost driver. Municipalities already have capacity issues in relation to their requirements to license and inspect housing. We are concerned that this language creates another ordinance that will further reduce cities capacity to license and provide inspections.

Code of Federal Regulations, title 49, sections 24.201 to 24.209:

These Federal regulations are intended for public and federally subsidized housing. These programs come with Federal assistance and a clear understanding at development that they would be subject to these requirements. The federal code: requires the property to provide referrals to replacement properties, assist in filing payment claims, an inability to displace unless at least one comparable dwelling has been made available to the person, and provide advance payments for relocation. We believe these are overly burdensome for a market rate rental which has no subsidies like federal housing programs.