



March 6, 2024

Honorable Members of the House Finance and Policy Committee

RE: Strengthening Housing Availability

Dear Chair Howard and Vice Chair Agbaje,

The Builders Association of Minnesota (BAM) and our local associations represent construction professionals and associates across the state who are committed to providing Minnesotans with a variety of housing options. We appreciate the committee's focus on addressing housing issues and believe HF 685 can be further refined to achieve its objectives without hindering access to essential housing units.

Ensuring Homes Don't Become Vacant Burdens:

The current language prohibiting licensed residential building contractors from renting unsold homes creates unnecessary economic hardship. When a home doesn't sell quickly, forcing builders to hold vacant properties creates financial strain. This could ultimately lead to fewer homes being built, hindering overall housing availability.

A Solution, Not a Penalty:

We propose removing "residential building contractor" from the list of prohibited owners for rentals. This allows builders to temporarily rent unsold homes, generating revenue to reinvest in construction, and fostering a healthy housing market with a steady flow of new units. **This rental solution prevents vacant properties, does not create "windfall" profits, and ultimately benefits renters by increasing the overall housing stock.**

Protecting Existing Rental Communities and Future Development:

The proposed prohibition on building single-family homes for rental purposes would stifle development and limit rental options, especially in high-demand areas like Maple Grove, Lakeville, and Rochester. These planned communities offer a variety of housing types, including single-family rentals, catering to diverse needs.

A Balanced Approach:

We propose retaining regulations focused on addressing concerns about large-scale investor activity in the single-family rental market. However, prohibiting all construction of single-family rentals removes much-needed housing units from the market altogether. This pushes potential renters into an already stressed market, exacerbating existing issues.

BAM stands ready to work with the committee to craft amendments that ensure HF 685 achieves its goals while promoting a healthy housing market with diverse options for Minnesotans.

We appreciate your time and consideration.

Sincerely,

**Grace Keliher
Executive Vice President Builders Association of Minnesota
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“Celebrating 50 Years of Serving the Building Community across the State!”

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