



Housing Finance and Policy Committee

Wednesday, March 12th, 2025

G-3 Capitol – 3:00pm

Agenda:

Chair

Spencer Igo
2322 Centennial Office Building
St. Paul, MN 55155

I. Call to Order

DFL Caucus Lead

Michael Howard
5th floor Centennial Office Building
St. Paul, MN 55155

II. Approval of the Minutes

III. HF2140 (Kraft) – relating to local government; requiring the creation of mixed-use housing zones. (Will be updated upon introduction)

Members

Vice-Chair Jeff Dotseth
Jim Nash
Wayne Johnson
Shane Mekeland
Andrew Myers
Roger Skraba
Esther Agbaje
Huldah Momanyi-Hiltsley
Samakab Hussein
Liish Kozlowski
Matt Norris
Kari Rehrauer

1. Representative Kraft

IV. HF2018 (Kozlowski) - relating to local government; modifying requirements related to comprehensive plan amendments; limiting the zoning authority of municipalities related to certain multifamily and mixed-use developments. (Will be updated upon introduction)

1. Representative Kozlowski

**Agenda Subject to change at the discretion of the Chair*

Committee Staff:

Committee Administrator

Garrick Spennewyn

Committee Legislative Assistant

Betsy Ritzer

Research

Luke LeBrun

House Research

Justin Cope
Mary Davis

House Fiscal Analyst

Katrina Heimark

Minnesota Housing Finance and Policy Committee

G-3 Capitol
Tuesday and Wednesday
3:00pm-4:45pm



Minnesota needs more homes now

Minnesota is stronger when everyone can afford a safe, stable home. But rising costs and limited housing options are making that harder across our state. We need the Legislature to take action. To meet the needs of Minnesota families now and in the future, we must build more than 100,000 homes.



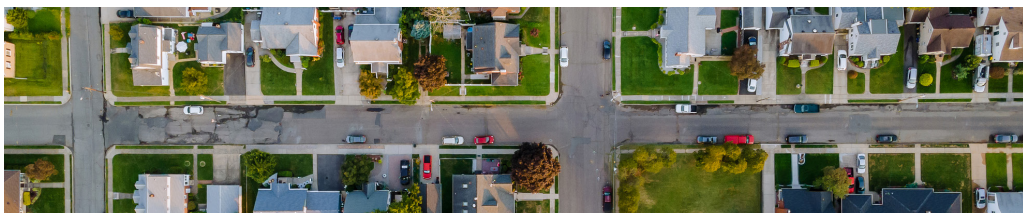
WHO WE ARE

We are a large and diverse coalition of housing advocates, community organizations, home builders and housing developers, businesses, environmental organizations, labor organizations, transportation advocates, and faith-based organizations who will bring forward proposals to create new, statewide housing policies rooted in proven best practices that will help address our home shortage.

IT'S TIME FOR A CHANGE.

Minnesota's housing shortage is too severe for a scattered, piecemeal approach. The state must take the lead in setting a housing policy that drives action and ensures more homes of all types can be built in every community—**affirming that housing is a basic need to which everyone should have access.**

- **Six years ago**, a state task force called for bold action on addressing the home shortage. Since then, the number of missing homes and apartments in Minnesota has doubled.
- **Addressing this problem** strengthens our economy, protects our environment, keeps our communities thriving. Building more homes of all types will stabilize costs, prevent homelessness, and fuel job growth—boosting prosperity across Minnesota.
- **Since 2021**, new home permits in Minnesota have fallen by more than 43%. The current system is not geared toward addressing a problem of this size.
- **People with low incomes and people of color** have historically experienced displacement, been priced out and excluded from communities, while middle-class Minnesotans have felt the squeeze for a decade plus, and yet inaction remains the norm.
- **No single city or town can solve the problem alone.** We must act and work together to allow more homes of different sizes and price points, and address the shortage. Minnesotans need the Legislature to:
 - Increase the supply of housing statewide that is more accessible and affordable.
 - Streamline housing approvals so cities can more quickly close the housing gap.
 - Reverse the effects of racial and economic exclusionary zoning.
 - Support location efficiency, a crucial strategy for reducing climate impact and improving health and economic outcomes.



The growing home shortage won't solve itself. Our Legislature needs to act now. Recent polling shows strong support from Minnesotans:

85% of respondents

see housing affordability as a major problem, and 76% want to see the Legislature take action.

Voters want more options

for different home sizes, and are very supportive of allowing at least two homes per lot (65%) and accessory dwelling units (70%).

Voters also strongly support allowing more homes to be built close to jobs,

transit, and amenities by allowing apartments to be built along commercial corridors (70%).

ORGANIZATIONS SUPPORTING ALL OR PARTS OF THE YES TO HOMES AGENDA



Other Supporters Include: African Career Education and Resource, Inc., Central MN Habitat for Humanity, Doynne Development, D.W. Jones, Inc., Housing Justice Center, Landon Group, Sustainable Developers Collaborative, Twin Cities YIMBY

Create Abundant Housing in Minnesota with Consistent Rules HF2140/SF2231



Who we are: Neighbors for More Neighbors stands up for secure, abundant homes for all Minnesotans. We envision a future where we all find homes we love in neighborhoods we choose. Those neighborhoods may include great transit, a community where family and friends are neighbors, or complete neighborhoods with walkable errands and jobs. Every Minnesotan - Black, White, and Indigenous, Minnesota born or newcomer, small town and city-dweller - should have a place to call home in our communities.

Like the rest of the nation, Minnesota has a severe housing shortage.

Today, Minnesota is a patchwork of local zoning laws that restrict and prohibit homes and drive up construction costs. These long-standing policies are blocking Minnesota from creating needed homes. With too few homes, everyone pays more for housing. Many people have to either accept poor quality homes, double up with friends or family, or move away. Local zoning laws that restrict and prohibit homes drive up construction costs.

Part of the solution is legalizing Missing Middle Homes by creating consistent rules that allow more homes types to be built. Sharing land and infrastructure costs helps reduce the sales or rental price. Changing the existing rules allows Minnesotans to equitably access the types of homes that work best for them and their families. Builders and developers can more easily work in different communities with a statewide standard, speeding home production across Minnesota. **HF2140 / SF2231 would create predictable regulations that allow more homes to be built in existing neighborhoods close to jobs and family.**

Zoning History

Apartment bans and large lot requirements were first introduced as a seemingly neutral way of keeping lower-income families and non-white families out of predominantly white cities and suburbs. The introduction of these requirements into city codes closely followed Supreme Court and civil rights legislation that declared explicit racial discrimination in housing unconstitutional.

What is the problem?

In most Minnesota communities nearly all home types are banned, except for one-family-homes on oversized residential lots - the most expensive home type. In the Twin Cities alone, there are effectively bans on everything but single detached homes on nearly 90% of land. This has happened through municipal policies that control the size of the home, or outright bans on building multiple homes per lot.



Create Abundant Housing in Minnesota with Consistent Rules

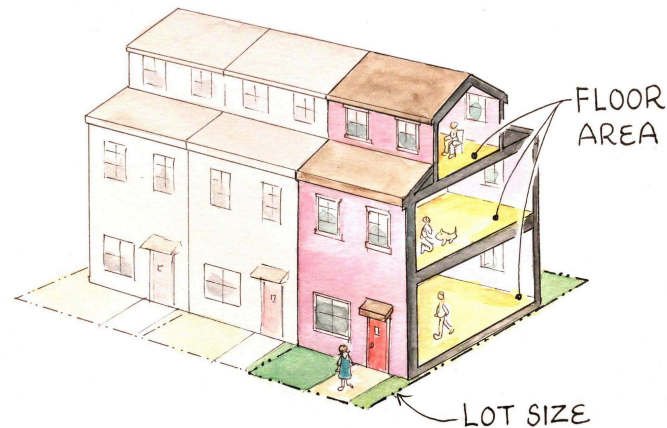
HF2140/SF2231

These “single family zoning” policies or “apartment bans” restrict the choices Minnesota families can make about the kind of home they live in. **These rules increase home costs and mean families often have to move out of their community when they have kids or as they age.**

- Most cities don’t allow smaller multi-family home types like duplexes, triplexes, townhomes, and fourplexes in single family neighborhoods. This limits the home choices for community members in all stages of life.
- Mandating a large amount of land for each home forces new homes to take up open space and farmland. This transforms our open spaces and farm land into sprawling areas with high sewer, road, and other maintenance costs. Sprawl forces Minnesotans to spend more time traveling and less time doing the things they love.
- Cities often separate homes away from places for work and play, using zoning to force only one “use” per area. This increases travel time, and prevents spontaneity and community connections.

What is the policy proposal? Set consistent baseline zoning rules.

- Allow at least two homes on every residential property in Minnesota. Either as a duplex or by including at least one Accessory Dwelling unit per lot. Reinforce state investment in communities by allowing more homes - up to four - near streets built with state infrastructure spending, or Municipal State Aid Streets.
- Ensure home construction is not subtly banned through overly restrictive technical rules and regulations that limit the type of homes that can be built.
- Allow more mixed uses, i.e. residential with commercial, so that more people can live closer to work and the grocery store.



How Consistent Zoning solves the problem:

- Enables a variety of homes at a variety of prices that share land and infrastructure costs. These shared costs lower the per-home cost and create homes which are more attainable for everyday Minnesotans.
- Ensures families can remodel their home to meet their needs when circumstances change, allowing multi-generational living. Places for grandparents to live with their family.
- Compact cities and towns help protect the environment. They stop sprawl, fight climate change, and preserve agricultural land and wild spaces. Compact cities also help city finances. They reduce town expenditures on sewer, transportation, and amenities, both for construction and maintenance.

Where else has this been implemented?

Similar policies have passed in other states. Montana (SB 528, SB 323); Washington (HB 1110); Vermont (ACT 250); and Oregon (HB 2001), Arizona (HB 2721), Maine (LD003)



Building homes, community, and hope.

11 March 2025

Re: HF2140 Increasing Housing Options Act & HF2018 Transforming Downtowns Act

To: Chair Igo and Members of the Housing Finance & Policy Committee

Dear Chair Igo and Members of the Committee,

Thank you for the opportunity to share Habitat for Humanity of Minnesota's (Habitat Minnesota) support of HF2140 and HF2018. Habitat Minnesota is a statewide support organization for the 24 local Habitat affiliates, working in 59 counties across the state. We are deeply invested in homeownership production and preservation and know that the stability of a family's living situation is closely tied to their wealth, health, and education. Habitat Minnesota is also a part of *Yes to Homes*, a large and diverse coalition united around the common goal of creating statewide housing policy focused on meaningfully expanding development to increase the variety and supply of housing options.

Safe and stable homes are essential for strong communities, yet too many Minnesotans struggle to find housing that fits their needs. By updating zoning policies and expanding the types of homes that can be built, we can increase access, address affordability, support economic growth, and ensure families can find homes that meet their needs at every stage of life. Habitat Minnesota supports the following legislation that advances these goals:

- ❖ **HF2140 Increasing Housing Options Act** will allow more home choices, such as duplexes, triplexes, fourplexes, and townhomes, near important commercial corridors with community amenities. It allows cities to choose where to direct more homes to be built to encourage more housing in places where people live, work, and play.
- ❖ **HF2018 Transforming Downtowns Act** permits condos, apartments, and mixed-use developments in commercial zones through administrative approval, following a set timeframe. Allowing more homes near jobs will help revitalize Main Streets across the state while enabling more people to live close to jobs.

Thank you for the opportunity to share our support of HF2140 and HF2018 which will reduce barriers to building more homes and ensure more families can afford to rent or own a place to call home. Please reach out to me or Jeru Gobeze (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



MLC Cities

Apple Valley
Bloomington
Burnsville
Chanhassen
Eagan
Eden Prairie
Edina
Golden Valley
Inver Grove Heights
Lakeville
Maple Grove
Minnetonka
Plymouth
Prior Lake
Rosemount
Shakopee
Shoreview
Woodbury

March 10, 2025

Dear Members of the House Housing Finance and Policy Committee:

This week, as you deliberate on bills aimed at addressing Minnesota's housing gap, the Municipal Legislative Commission (MLC)—a coalition of 18 cities representing nearly one million residents across the seven-county metropolitan region—would like to highlight the significant efforts our cities are already undertaking to enhance housing production and affordability.

MLC cities are committed to addressing housing challenges through innovative and diverse approaches. As illustrated in the attached city housing snapshots, these efforts include comprehensive planning, removing barriers to housing development with tailored local policies and ordinances, and local investments in affordable housing to provide a spectrum of options that meet the unique needs of our communities.

As you consider legislative changes, we urge caution regarding proposals that impose rigid restrictions on local land use and zoning authority. Such measures could undermine the progress our cities have made in responding to unique community needs. Instead, we advocate for incentive-based approaches that empower our cities to continue their effective work in expanding housing options. For more examples of the substantial housing efforts happening in MLC cities, please check out **MLC Housing** (<https://www.mlcmmn.org/housing>).

We look forward to collaborating with you and the bill authors to advance solutions that build on existing successes while addressing the urgent need for affordable housing across Minnesota. Thank you for your leadership on this critical issue.

Sincerely,

A handwritten signature in black ink, appearing to read 'James Hovland', with a horizontal line underneath.

James Hovland
Chair, MLC
Mayor, City of Edina

Attachments:

Housing Availability and Affordability in Bloomington
Affordable Housing in Eagan
Edina Housing Update
Lakeville Housing Snapshot
Minnetonka Housing Report
Prior Lake Housing Update

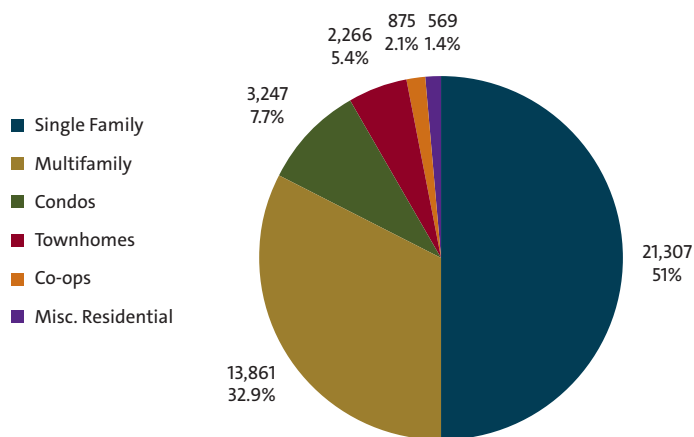
BLOOMINGTON.

tomorrow. together.



HOUSING AVAILABILITY AND AFFORDABILITY IN BLOOMINGTON

HOUSING UNITS BY TYPE



City of Bloomington, City Assessor's Office (2024) Assessment Report 2024
The City has 42,125 taxable housing units. There are 21,307 Single Family, 569 Misc. Residential, 13,861 Multifamily, 3,247 Condos, 2,266 Townhouse, and 875 Co-op Units.

- 91,537 residents
- 39,634 households
- 2.3 persons per household

Met Council and US Census Bureau

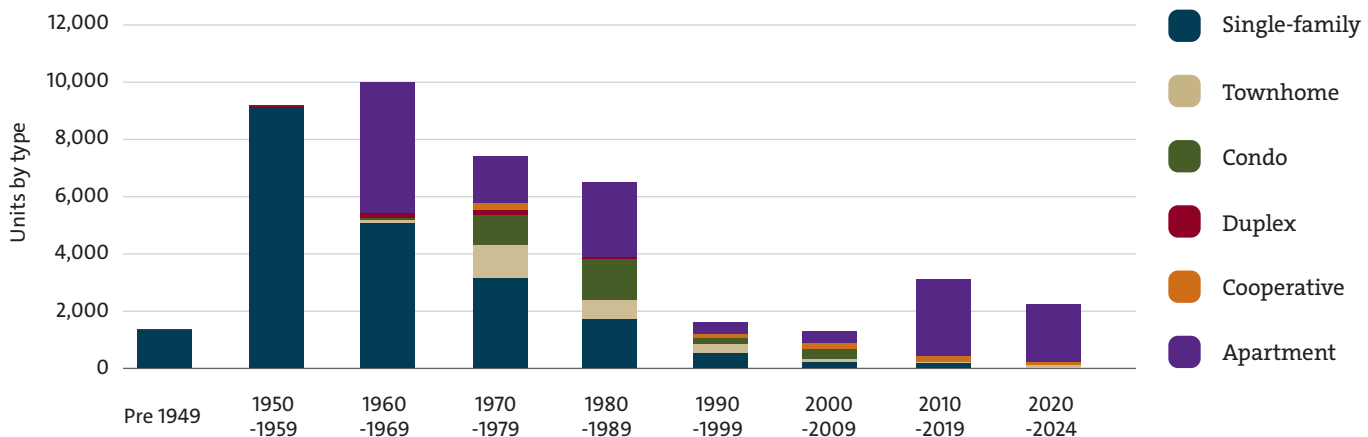
- Median home value: \$361,800
- Average rent: \$1,361

City of Bloomington Assessment Report (2024)

- 67% of housing is owner-occupied
- 27% of households are housing cost burdened (pay more than 30% of income toward housing costs)

2017-2021 American Community Survey 5-year Estimates

NEW HOUSING UNIT COUNT BY TYPE AND DECADE IN BLOOMINGTON



Bloomington has seen steady residential development since the 1950s and is fully developed. To meet today's housing needs with limited available land, the City promotes redevelopment and infill development and focuses on these four areas:



1. PEOPLE CENTERED PROGRAMMING

Bloomington's Housing Redevelopment Authority runs numerous programs that strive to create a stable and inclusive community through safe and dignified housing. Key programs include:

- Rental assistance (500+ Housing Choice Vouchers)
- 42 HRA-owned rental homes
- Home rehab loans / Emergency rehab loans
- Downpayment assistance
- Rent to own program, called Rental Homes for Future Homebuyers
- Many other education and outreach programs



2. REMOVE BARRIERS TO HOUSING PRODUCTION

Bloomington is reviewing its codes and development processes to remove barriers to the production of housing, including considering ways to allow for and promote the development of missing middle housing and the conversion of offices to housing. Recent changes to support housing production include:

ZONING CODE CHANGES:

- Simplified standards for Accessory Dwelling Units (ADUs)
- Reduced setbacks, minimum lot and unit size, and parking for single- and two-unit sites

DEVELOPMENT PROCESS CHANGES:

- 2-units are a permitted use by-right on all single-unit lots
- Multi-unit changed from conditional use to permitted in some districts
- Expanded administrative site plan/zoning approval

3. REQUIRE AFFORDABILITY

OPPORTUNITY HOUSING ORDINANCE (OHO)

In 2019 Bloomington approved the Opportunity Housing Ordinance (OHO) that includes inclusionary zoning standard with both requirements and incentives.

- 9% of new units must be affordable at 60% Area Median Income (AMI)
- Between 2020 and 2024
 - 13 multifamily projects entitled under the OHO
 - 11 projects utilized incentives, most frequently parking stall reduction, tax increment financing, and alternative exterior materials
 - 2 projects paid fee in lieu
 - 616 of the 2,586 units (23%) are affordable up to 60% AMI
 - 322 of the 2,586 units (12%) are affordable up to 50% AMI
 - Producing housing at 30% AMI is the most challenging, typically requiring Housing Choice Voucher program involvement. 40 of the 2,586 units (1.5%) are affordable at 30%.

4. FUND THE FINANCIAL GAP

HOUSING TRUST FUND

In 2019 the City created an affordable housing trust fund and funded it with \$15M in bonds through Old National Bank. The Housing Trust Fund was used to support 5 projects that resulted in 524 new and 306 preserved affordable units.

AFFORDABLE HOMEOWNERSHIP

The City partners to build new affordable homeownership housing. A planned project with Habitat for Humanity and Homes Within Reach will result in 6 new affordable homes. And a grant from Minnesota Housing will fund a new home development program to produce 27 new affordable homes.

REHABILITATION LOANS FOR AFFORDABLE APARTMENTS

On an ongoing basis, the City's HRA works with apartment owners to support renovations that preserve existing affordable units.

PROJECTS FUNDED WITH \$15M IN HOUSING TRUST FUNDS (2020-2024)

Project Name	Loan Amount	Affordable Units Created or Preserved	Subsidy per Affordable Unit
Blooming Meadows	\$7,000,000	306 preserved 172 new	\$16,393
Lyndale Flats	\$1,457,913	81 new	\$17,999
Cadence	\$975,000	68 new	\$14,338
Oxboro Heights	\$2,125,000	75 new	\$28,333
700 American	\$3,426,460	128 new	\$26,769

AFFORDABLE HOUSING IN EAGAN

2021

Lexington Flats



50 units, 50%-60% AMI, one- to three-bedroom units, LIHTC

- Supported increased density and building coverage
- Allowed reduced building and parking setbacks
- City supported low-income tax credit financing
- Low-income housing tax credit financing (LIHTC)



EAGAN

WHERE EVERYONE THRIVES

2022

Aster House



204 units, 30% 50-70% AMI, one- to three-bedroom units, LIHTC-TIF

- Allowed increased density
- Allowed for reduced building setbacks, reduced enclosed parking, and recreation areas
- \$750,000 HOPE loan from local levy source
- City supported use of tax increment financing (TIF) and LIHTC

How does the
City of Eagan
encourage
affordable housing
developments?

2024

Nicols Pointe



24 units, 30% AMI, one-bedroom units, seniors & veterans preference

- Supported reduced parking, storage, and recreation area
- 100% funded by the Dakota County American Rescue Plan (ARP) State and Local Fiscal Recovery Funds

2024

The Haven at Eagandale



120 units, 60-80% AMI, one- to two-bedroom units, conversion of former extended stay hotel

- Waived enclosed parking stalls (120 required)
- Supported reduced parking and reduced trash enclosure setbacks

2025

Veteran's Village

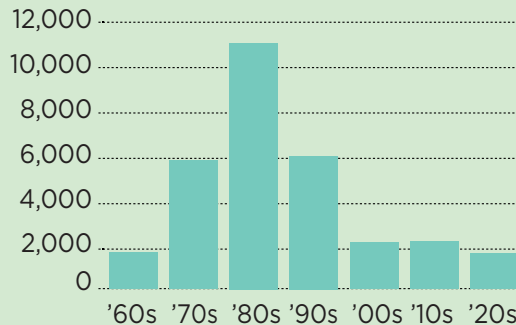


22 units, one- and three-bedroom units, veterans housing

- Increased density
- Reduced building setbacks, enclosed parking, storage space, and recreation area

HOUSING STOCK IN EAGAN

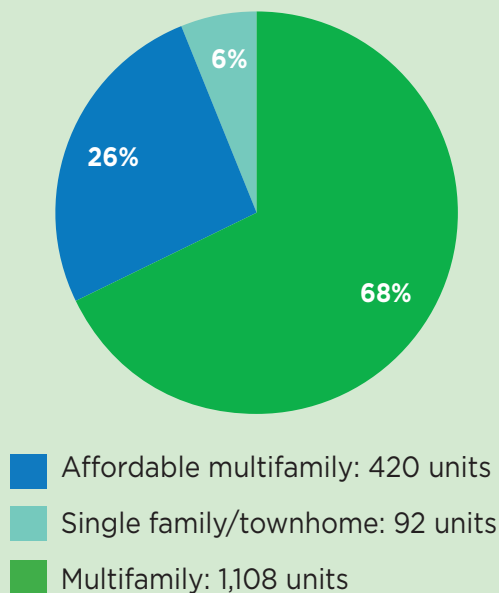
Eagan housing units by year



Affordability

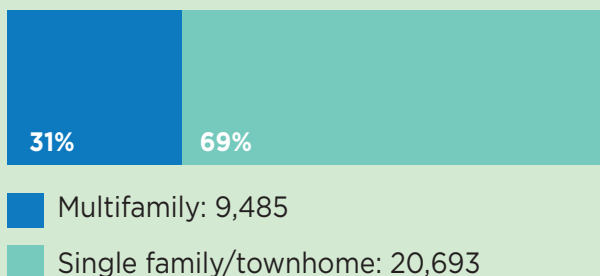
- 45% of all licensed rentals are estimated affordable at 60% or below area median income
- 19% of all ownership housing is valued under \$290K
- 26% of new housing qualified as affordable

New housing units 2020-2024

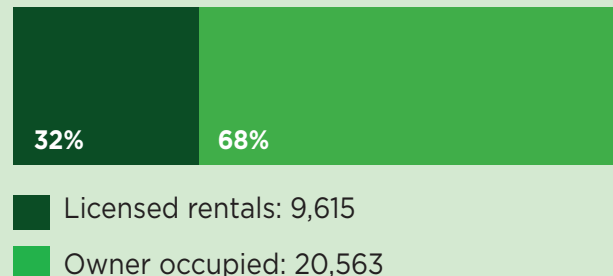


- Eagan is a fully developed and mature city
- Eagan's housing stock largely constructed in '70s-'90s
- Over 30,100 housing units in the city
- 31% of all units are multifamily
- 1,620 new housing units constructed within the past five years.
- 94% of new housing built within the past five years is multifamily

Total housing units by type



Housing tenure (all units)



EAGAN
WHERE EVERYONE THRIVES



Edina Housing Demographics

Fast Facts

- 7% of land in Edina is zoned for multifamily housing
- 11% of new multifamily housing is rated “affordable”
- Edina has a housing performance score of 92.99
- 900 affordable units in Edina
- 1,804 affordable housing units are needed in Edina by 2030

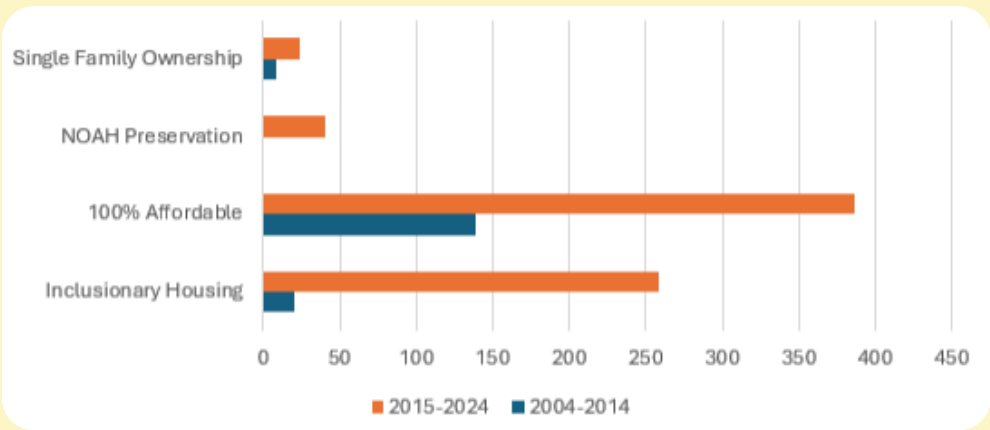


Comprehensive Plan Goals for Affordable Housing

	Forecasted Need	Approved	% of Need
Total Units	1804	586	32.5%
<30% AMI	751	22	2.9%
31-50% AMI	480	260	54.2%
51-80% AMI	573	304	53.1%

Affordable Housing Policy

Affordable Housing Approved Before and After Adoption of the Affordable Housing Policy



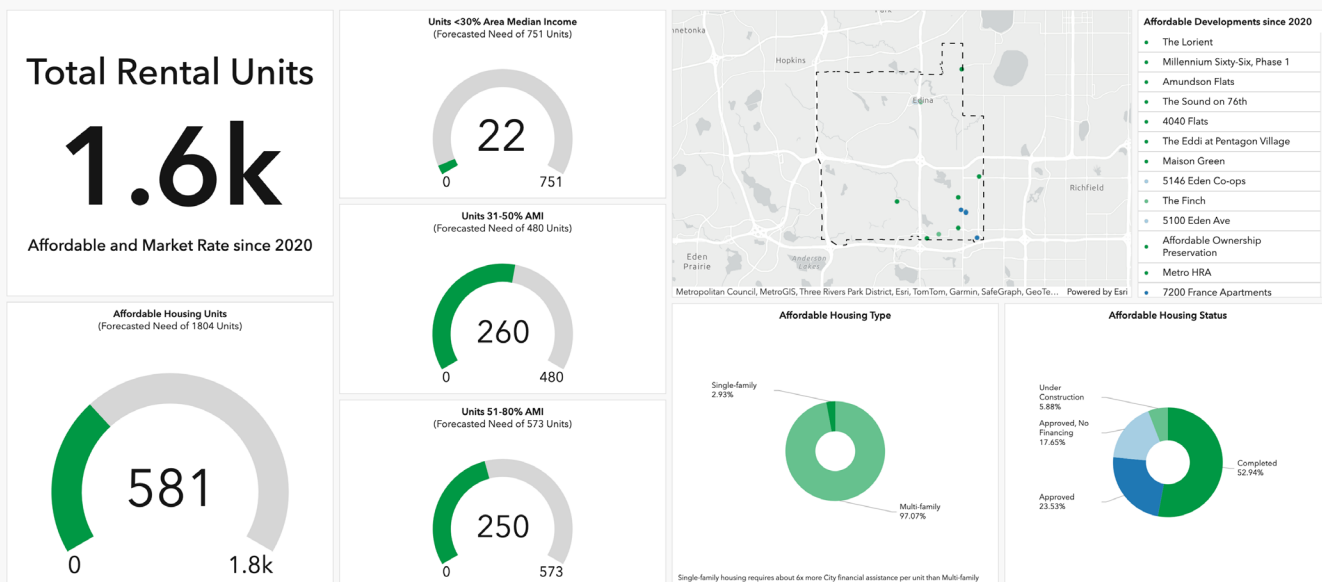
Edina’s Affordable Housing Policy was adopted in 2015, helping to spur such development and the preservation of naturally occurring affordable housing (NOAH). Not all units that have been approved have been built.



Multifamily Rental

Since 2020, 1,851 apartment units have been developed in Edina, of which 321 (17.3%) are affordable. In this time period, three 100% affordable apartment buildings have been added, breaking a dry spell for such development. Previously, the last all-affordable housing development was built in 2014 with 39 affordable apartments.

Affordable Housing Goals by 2030



Rental Housing Support

- SPARC program
- Tax-increment financing
- Federal-, State- and County-financed projects
- Emergency rental assistance
- Fair Housing Policy
- Tenant Protection Policy

Multifamily Ownership

In 2024, the City approved what could be its first affordable condominium project (A nine-unit co-op approved in 2022 fell through.) Enclave Companies and Lifestyle Communities plan to subdivide the 9-acre site of the current Macy's Furniture & Mattress Gallery at 7235 France Ave. into three separate lots. Four buildings were approved for construction on the site. The southwest parcel will include an 11-story building with 49 senior condominiums, office and retail space.



Single-Family Ownership

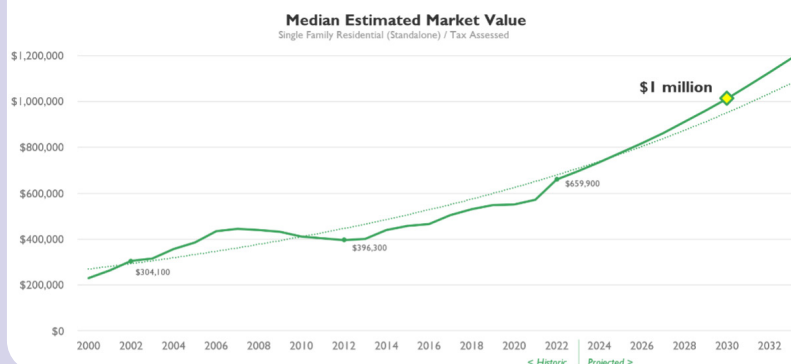
Between 2004 and 2014, Edina added nine single-family houses into a Community Land Trust to secure affordability for 99 years. From 2015 to 2021, the City more than doubled that with 20 additional houses being placed into a Land Trust and sold to eligible buyers.

Since 2020, 72 households have benefited from the Come Home 2 Edina downpayment assistance program, including 12 first-generation homebuyers. (The first-generation homebuyer program was established by the City in 2021.) \$4,137,614 in subordinate mortgage financing was provided, leveraging \$19,245,991 in home purchases.

Housing affordability is at risk in Edina as the median home value in the community continues to increase. It is projected that the median home value in Edina will be \$1 million by 2030.

Housing Affordability At Risk

Example: Single Family Housing Values (Projected)



Stephanie Hawkinson, Affordable Housing Development Manager
Planning Division
shawkinson@EdinaMN.gov
952-833-9578
OpenDoorsEdina.org

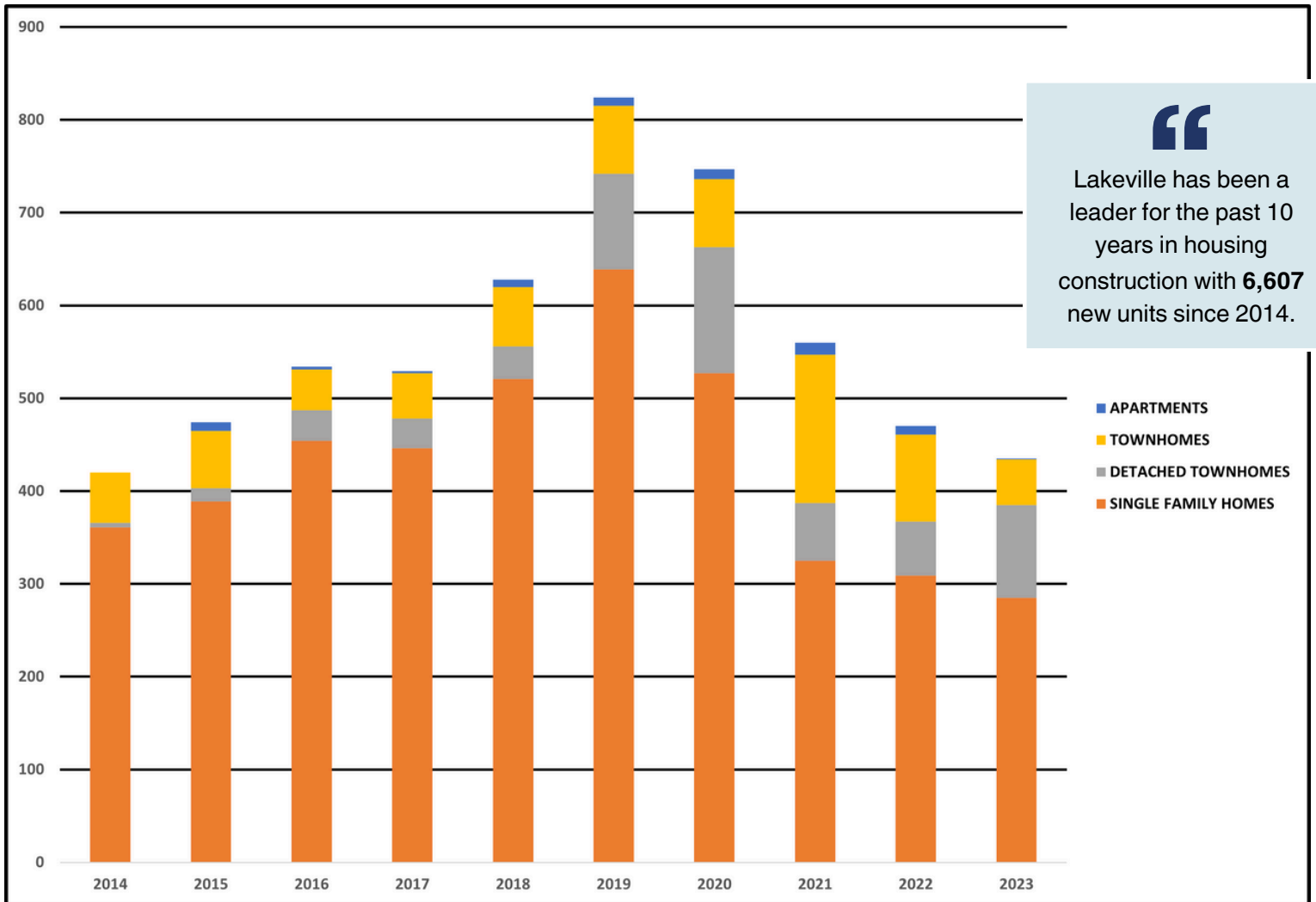




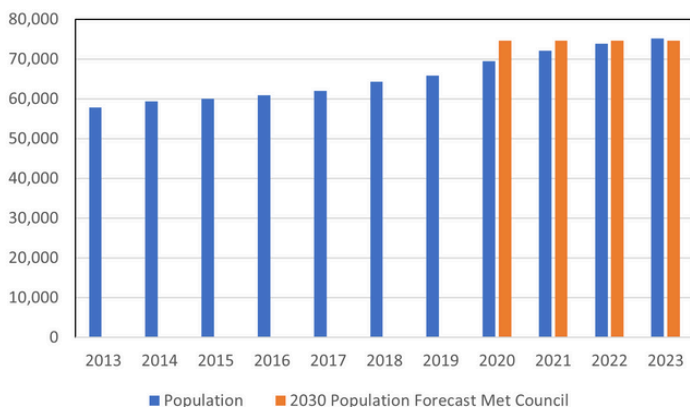
HOUSING SNAPSHOT

Community Values: A home for all ages and stages of life.

Residential Units Permitted



Lakeville's population has grown 9.7% since 2020 and exceeded the Metropolitan Council's 2030 forecast of 74,600 by July 2023.



City of Lakeville Population Data



As we look to the future, Lakeville will continue to be a leader in unit production. The City has **525** available single-family lots and **731** available townhome lots, with an additional **314** single-family and **337** townhome lots waiting for final platting. Altogether, this equates to a total of **1,907** lots in the pipeline ready for builders.

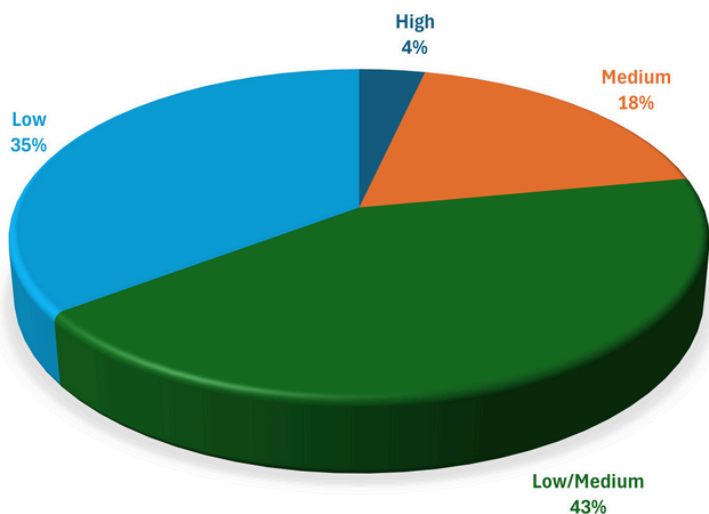


HOUSING SNAPSHOT

Community Values: A home for all ages and stages of life.

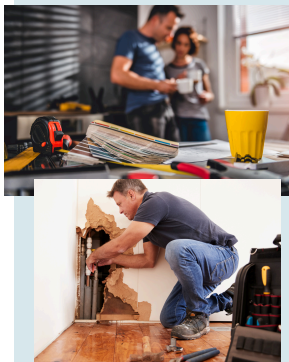


Remaining Developable Residential Acres



Lakeville has **1,945** acres available for new residential development. Of this, **77%** of the acres are available for single family with lots as small as 55' wide. The remaining **22%** of acres are available for higher density development, like townhomes and apartments.

Lakeville has added over **1,500** multi-family units, of which 25% are affordable, to its housing stock in the last seven years and continues to support new apartment projects. Currently, the City has **460** units with entitlements moving through our development pipeline.



- ☑ Lakeville has expanded programs to **maintain and rehabilitate existing housing**.
 - Community Development Block Grant funds are requested annually to assist residents with home rehabilitation.
 - The City Council approved the use of Local Affordable Housing Aid funds for home improvement and radon mitigation grants.
- ☑ Lakeville operates a **residential rental registration program** to ensure rental housing is decent, safe and sanitary.
 - The program builds strong partnerships with rental property owners.
 - Registration is free for property owners.
 - Over 650 properties have registered since December 2023.



20195 Holyoke Avenue, Lakeville, MN 55044



LakevilleMN.gov

Minnetonka Housing Demographics



Minnetonka HOUSING

Minnetonka was one of the first communities to participate in the Livable Communities Act when the Minnesota legislature created it 30 years ago. In that time, the city has continued to lead the way in developing and achieving comprehensive plan housing goals.

GOAL 1

Encourage diversity of affordable housing types, sizes and prices

Rental housing support

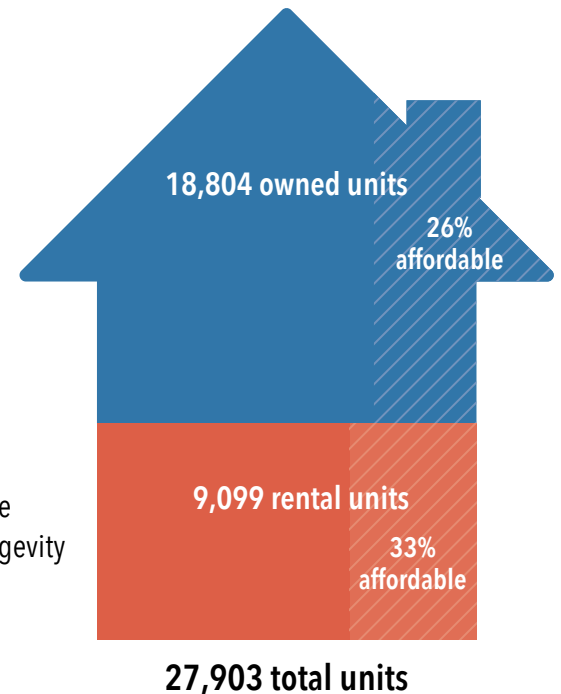
- Affordable Housing Trust Fund
- TIF funding
- State and federally financed projects
- Housing policy
- Rental assistance

GOAL 2

Create partnerships and programs to ensure affordable housing longevity

Housing ownership support

- HRA Home Loans
- Pathways to Homeownership
- CDBG Loans
- Homes Within Reach program
- Indexing (limit resale price)
- City-owned properties



Minnetonka prioritizes housing production affordability.

2011-20 Minnetonka Livable Communities Act Affordable Housing Goals

	GOAL	RESULTS
New affordable units (rental and ownership)	246-378	679 (276% achieved)
New lifecycle unit	375-800	1,655 (441% achieved)

2021-30 Minnetonka Livable Communities Act Affordable Housing Goals

	GOAL	RESULTS
New affordable units (rental & ownership)	558-1064	752 (135% achieved to date)
New lifecycle units	2400	1,336 (55% achieved to date)



In the past five years, 2,809 multi-unit households have been added in the city; 28 percent are affordable.

GOAL 3

Strengthen neighborhoods through improving and preserving existing housing stock

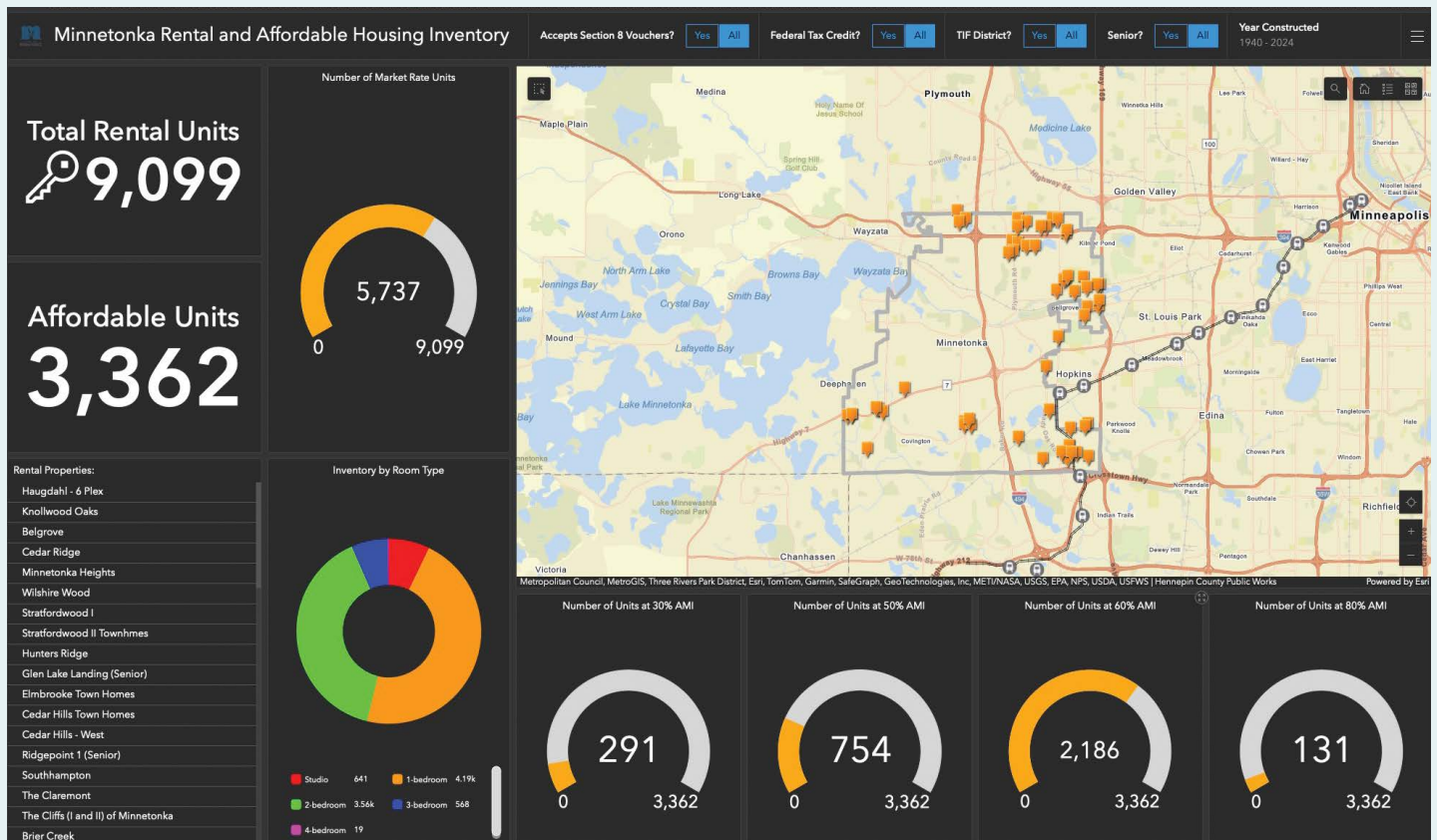
Minnetonka's housing trust fund helped support the rehabilitation of Cedar Hills Townhomes, improving the living conditions and sustainability of the development for 30 very low-income families.



GOAL 4

Provide and promote affordability information

The housing dashboard helps identify affordable options across the community, including rentals, townhomes and condos and senior living options. A third of the city's rental units are affordable.

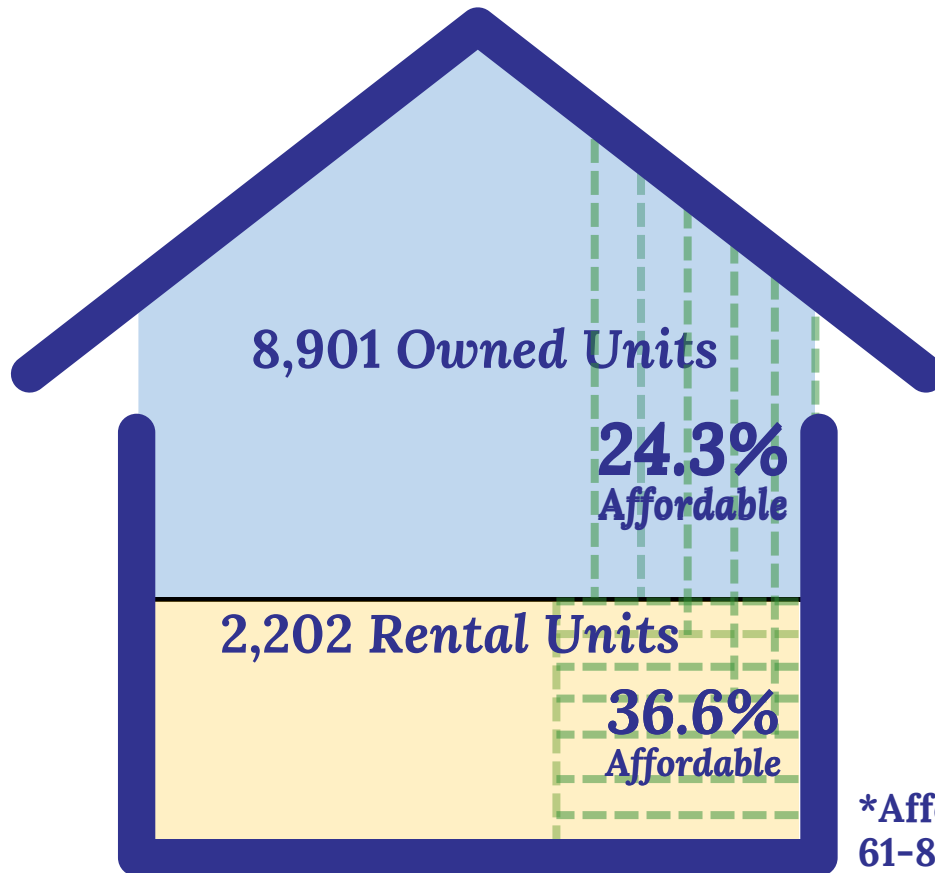


Julie Wischnack, FAICP
Community Development Director
jwischnack@minnetonkamn.gov
952-939-8282

PRIOR LAKE HOUSING



CURRENT CONDITIONS



*Affordable
61-80% AMI

11,103
TOTAL HOUSING UNITS



PRIOR LAKE HOUSING



NEW CONSTRUCTION 2015-2024



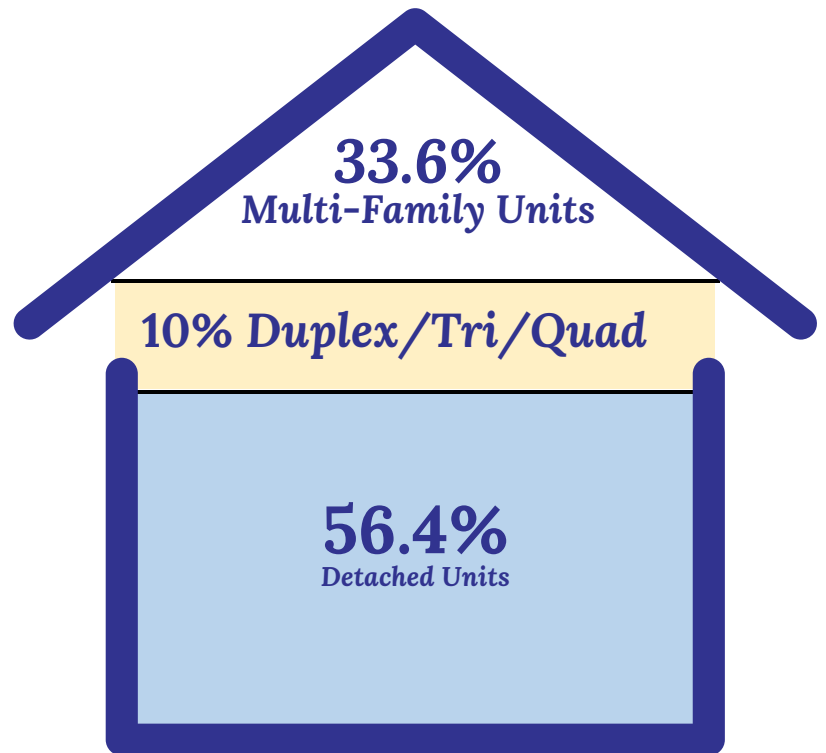
Grainwood Senior Living
168-unit subsidized affordable
apartment building for adults 55+



Pike Lake Marsh is a 68-unit subsidized
workforce housing apartment building



**Scott County Specialized Emergency
Family Housing** will provide 14-units for
temporary homeless family housing and
to be constructed in 2025.



1,894
**TOTAL HOUSING
UNITS**



**Towering Woods
Townhomes** is a
development of 12
attached townhome
units being
constructed by Twin
Cities Habitat for
Humanity.



Beth Wanless
Manager, Government Relations
& Public Affairs
Mobile: (614) 327-8308
bethw@zillowgroup.com

To: Minnesota House Housing Finance and Policy Committee

Date: Wednesday, March 12, 2025

Subject: Written Proponent Testimony for H.F. 2140 and H.F. 2018

Chair Igo and members of the Housing Finance and Policy Committee, thank you for the opportunity to provide written comments in support of H.F. 2140 and H.F. 2018 which would create significant opportunities for new housing development through the creation of mixed-use housing zones, and streamline processes for housing development approval. These bills are significant steps toward addressing Minnesota's housing challenges through modernizing the state's housing policies by strengthening the housing market, lifting unnecessary roadblocks, and increasing housing options and affordability.

On behalf of Zillow, we would like to express our appreciation to Representatives Kraft and Kozlowski for introducing these important bills to address the ever-growing housing availability issue. Zillow is committed to reducing barriers to housing by advocating for policies that expand access and address the massive inventory shortage throughout Minnesota.

Zillow's 2021 Home Price Expectations Survey polled housing experts and found that relaxing zoning rules to allow for more-efficient new home construction would be the most effective way to increase supply in a housing market facing historic inventory constraints.¹ A 2024 study, found that among the largest 50 metropolitan areas, the worst housing shortages can be found in markets with the most strict building regulations in the country². Reforming zoning rules to allow for even a modest amount of new density in overwhelmingly single-family dominant zoned communities could lead to millions of new housing units being built nationwide.

According to Zillow's research, out of 17 major metropolitan areas studied, the Minneapolis-St. Paul region has the fifth-highest proportion of housing units zoned for single-family use at 74% of the total housing units. Minneapolis-St. Paul also had the lowest number of housing units located in two to 49-unit structures at only 16% of total housing units.³

Even by making relatively minor changes to local zoning rules, such as allowing two housing units to be built on only one out of every ten lots zoned for single-family use, the region could add over 115,000 additional new housing units to this total - a 30% improvement over the status quo. Increasing density to allow four housing units to be constructed on the same number of

¹ <https://www.zillow.com/research/zhpe-zoning-housing-supply-q22021-29600/>

² <https://www.zillow.com/research/affordability-housing-shortage-34153/>

³ <https://www.zillow.com/research/modest-densification-new-homes-25881/>

single-family zoned lots could add over 345,000 additional new housing units by 2040 - a 91% improvement.

What is most compelling is the broad public support for measures to create more housing opportunities. A 2022 report by our research economists found that 75% of homeowners and renters in the Minneapolis metro area support “modest densification” options, including allowing accessory dwelling units, duplexes, and triplexes⁴. Support was higher among renters (84%). Reforming archaic parking minimums also provide for more housing opportunities. Additionally, cutting unnecessary red-tape to build a home is a reasonable way to ensure housing development can stay on track to meet the ever-growing demands of constituents.

There is no “silver bullet” to resolving the housing shortage, but it is certain that passage of H.F. 2018 and H.F. 2140 will have a significant, positive impact on housing development, access, and ultimately affordability. The legislation before you are straightforward ways to allow for more modest density that will result in real strides forward in creating housing inventory.

Thank you for the opportunity to provide comments on this crucial legislation, and please feel free to reach out to me with any questions.

⁴ <https://www.zillow.com/research/modest-densification-zhar-30934/>

INCREASED HOUSING OPTIONS ACT

SF 2231 HF 2140



Target: Under-housed existing communities

This bill will require cities to allow more home choices—duplexes, triplexes, fourplexes, and townhomes—near important commercial corridors with community amenities. It allows cities to choose where to direct more homes to be built to encourage more housing in places people live, work, and play. Cities will allow these home types through administrative approval processes, with minimum standards in place to guarantee these new homes can be built.



yes 
TO HOMES MN

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TRANSFORMING DOWNTOWNS ACT

SF 2286 HF 2018



Target: Allowing apartments and condos near employment

This bill permits condos, apartments, and mixed-use developments in commercial zones through administrative approval, following a set timeframe.

Allowing more homes near jobs will help revitalize old office buildings and underused strip malls, while enabling more people to live close to jobs. Guardrails are established to guarantee these new homes are not just allowed on paper but can be built in practice, and exclusionary practices are banned.



yes 
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MINNESOTA CHAPTER

Representative Igo, Chair
Housing Finance and Policy
March 12, 2025

Chair Igo and Housing Finance and Policy Committee Members,

On behalf of the National Association of Social Workers, MN Chapter (NASW-MN), we are writing in HF2140, the Increased Housing Options Act and HF2018, the Reducing Rent Inflation Act.

NASW-MN is the largest membership organization of professional social workers in our state, representing about 2000 social workers. The primary mission of the social work profession is to enhance human well-being and help meet the basic needs of all people, with particular attention to the needs and empowerment of people who are vulnerable, oppressed, and living in poverty. We are called to examine and address forces that negatively impact a person's environment (NASW Code of Ethics).

As you can imagine, social workers are often in spaces with clients with insecure housing, and we know that securing housing is the first step in resolving other crises. For example, unstable housing prevents family reunification, contributes to poor academic outcomes, adds anxiety and stress to clients living with mental illness, and is a deterrent to those who want to leave violent households.

We believe that shelter is a basic need, and every human deserves the dignity of housing.

NASW-MN joined the Yes to Home! coalition because we believe that transforming current practices is necessary to address the housing crisis in Minnesota. The proposals being heard today are one of several immediate policy actions we can take to make it easier to develop housing in every community. We need to build smaller homes and duplexes in new developments and re-developments across our state in order to serve the wide variety of housing needs across the state.

We appreciate your service and work on this important issue. Thank you for your consideration.

Sincerely,

Karen E. Goodenough, PhD, LGSW
Executive Director
NASW-MN

Jenny Arneson, MSW, LGSW
Legislative Consultant
NASW-MN

Legalize Homes Near Destinations - HF2018/SF2286



The Impacts of Commercial-Only Zoning

Commercial districts serve as destinations for all Minnesotans. These districts are where we work, play, and spend a large amount of our time outside of our homes. Commercial districts are often on main streets with coffee shops, dentists, daycares and hardware stores. In many cities however, Minnesotans are simply not allowed to live in these districts, even if they wanted to.

Often, our cities are zoned so that **commercial districts are physically separate from residential districts**. Because we separate our businesses from our homes, we are unable to walk to a coffee shop or restaurant, and businesses need to provide parking lots for customers. All this adds up to more traffic just to run an errand or go to work. The Legislature should pass HF2018/SF2286 so that Minnesotans can live in walkable neighborhoods with shops and homes above or near them if they so choose.

Allow Minnesotans to Choose to Live Near Destinations

Many Minnesotans want to live in a bustling neighborhood with coffee shops, restaurants, and corner stores. These still exist as "main streets" in many of our older cities and towns. Main streets are walkable neighborhoods with shops on the ground floor and homes above. These neighborhoods are no longer legal to build today due to the arbitrary separation of homes and businesses. We need to make walkable neighborhoods available for Minnesotans who value short commutes, community connections, and climate action. The legislature needs to legalize mixed-use or multifamily developments everywhere that commercial developments are allowed. Allowing mixed-use developments in our existing and new commercial districts creates many benefits:



The Many Benefits of Mixed-Use Zoning

Residents Living in the Mixed-Use Zone	Residents Living Outside of the Mixed-Use Zone	Local Businesses in the Mixed-Use Zone	Government Entities
<ul style="list-style-type: none">• Nearby destinations and/or employers• Reduced or eliminated driving costs• More vibrant, walkable neighborhoods• More affordable homes	<ul style="list-style-type: none">• Reduced traffic congestion• Destinations are active at all times of the day• Reduced relative property tax burden• More affordable homes	<ul style="list-style-type: none">• More customers and/or employees nearby• Less parking required• More vibrant and interesting destination• Home and business in one building mortgage	<ul style="list-style-type: none">• Increased property tax income• Increased sales tax income• Reduced road and infrastructure maintenance costs

Support walkable, complete neighborhoods in Minnesota's commercial districts by supporting HF2018/SF2286

Legalize Homes Near Destinations - HF2018/SF2286

Who we are: Neighbors for More Neighbors stands up for secure, abundant homes for all Minnesotans. We envision a future where we all find homes we love in neighborhoods we choose. Those neighborhoods may include great transit, a community where family and friends are neighbors, or complete neighborhoods with walkable errands and jobs. Every Minnesotan - Black, White, and Indigenous, Minnesota born or newcomer, small town and city-dweller - should have a place to call home in our communities.

Like the rest of the nation, Minnesota has a severe housing shortage. We need to legalize building new homes in neighborhoods that people of all incomes can afford. Today, Minnesota has a patchwork of local zoning laws that restrict and prohibit homes and drive up construction costs. These long-standing policies are blocking Minnesota from creating more homes of different sizes and prices and are making existing housing too expensive. With too few homes, everyone pays more for housing, and many are forced to move further away from jobs, communities, or families. Local zoning laws that restrict and prohibit homes are blocking Minnesota from creating enough needed homes, and are making existing homes too expensive.

Part of the solution is legalizing Mixed Use areas by allowing homes to be built in all commercial areas. This will help by creating consistent rules that allow multi-family homes to be built on vacant or underperforming land and help build bustling neighborhoods with coffee shops, restaurants, and corner stores.

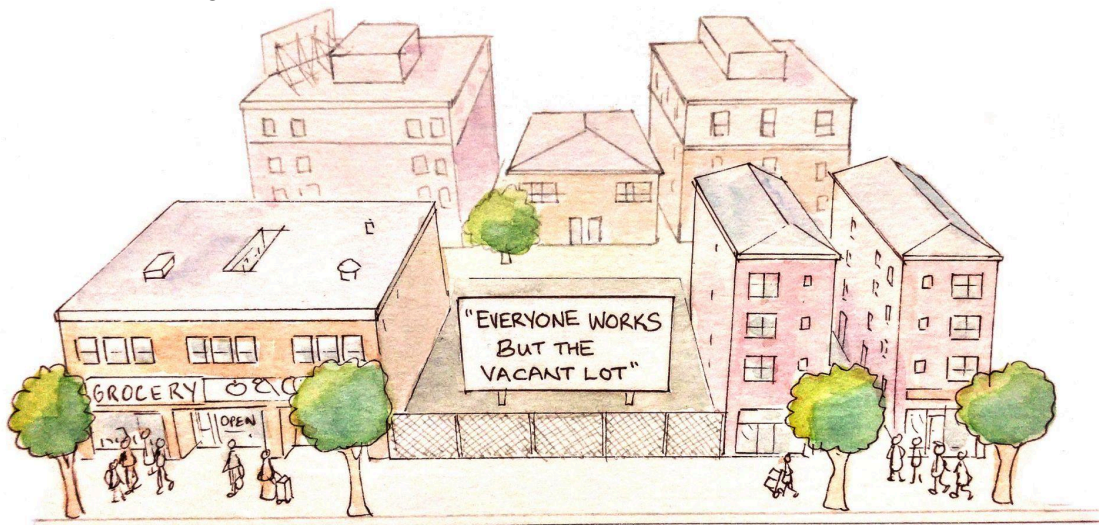
HF2018 / SF2286 would create predictable regulations that allow multifamily market rate and subsidized affordable homes to be built across Minnesota in areas close to jobs, transit, and shops. Many Minnesotans value short commutes, community connections, and climate action and want to live those values. This legislation will help more Minnesotans to more equitably access the housing options that work best for them and their families. Builders and developers can work in different communities with a statewide standard, speeding home production across Minnesota. Now is the time to allow our commercial areas to rebuild and bring more customers closer to businesses.

Zoning History

Apartment bans and separation of cities into commercial, industrial, residential, and multifamily areas were first introduced as a way to keep "undesirable" uses away from residential areas. When we look at the impacts and the intentions of zoning system designers of the 1920s and '30s - their desire was to keep lower-income families and non-white families out of predominantly white cities and suburbs.

The introduction of these economic separation requirements into city codes closely followed Supreme Court and civil rights legislation that declared explicit racial discrimination in housing unconstitutional.

Mixed use zoning is one step towards de-segregating our cities.





Minnesota needs more homes now

Minnesota is stronger when everyone can afford a safe, stable home. But rising costs and limited housing options are making that harder across our state. We need the Legislature to take action. To meet the needs of Minnesota families now and in the future, we must build more than 100,000 homes.



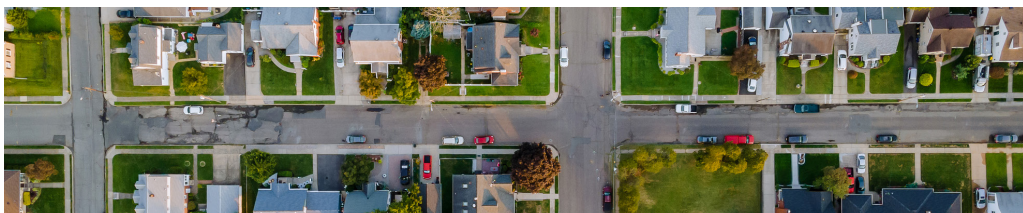
WHO WE ARE

We are a large and diverse coalition of housing advocates, community organizations, home builders and housing developers, businesses, environmental organizations, labor organizations, transportation advocates, and faith-based organizations who will bring forward proposals to create new, statewide housing policies rooted in proven best practices that will help address our home shortage.

IT'S TIME FOR A CHANGE.

Minnesota's housing shortage is too severe for a scattered, piecemeal approach. The state must take the lead in setting a housing policy that drives action and ensures more homes of all types can be built in every community—**affirming that housing is a basic need to which everyone should have access.**

- **Six years ago**, a state task force called for bold action on addressing the home shortage. Since then, the number of missing homes and apartments in Minnesota has doubled.
- **Addressing this problem** strengthens our economy, protects our environment, keeps our communities thriving. Building more homes of all types will stabilize costs, prevent homelessness, and fuel job growth—boosting prosperity across Minnesota.
- **Since 2021**, new home permits in Minnesota have fallen by more than 43%. The current system is not geared toward addressing a problem of this size.
- **People with low incomes and people of color** have historically experienced displacement, been priced out and excluded from communities, while middle-class Minnesotans have felt the squeeze for a decade plus, and yet inaction remains the norm.
- **No single city or town can solve the problem alone.** We must act and work together to allow more homes of different sizes and price points, and address the shortage. Minnesotans need the Legislature to:
 - Increase the supply of housing statewide that is more accessible and affordable.
 - Streamline housing approvals so cities can more quickly close the housing gap.
 - Reverse the effects of racial and economic exclusionary zoning.
 - Support location efficiency, a crucial strategy for reducing climate impact and improving health and economic outcomes.



The growing home shortage won't solve itself. Our Legislature needs to act now. Recent polling shows strong support from Minnesotans:

85% of respondents

see housing affordability as a major problem, and 76% want to see the Legislature take action.

Voters want more options

for different home sizes, and are very supportive of allowing at least two homes per lot (65%) and accessory dwelling units (70%).

Voters also strongly support allowing more homes to be built close to jobs,

transit, and amenities by allowing apartments to be built along commercial corridors (70%).

ORGANIZATIONS SUPPORTING ALL OR PARTS OF THE YES TO HOMES AGENDA



Other Supporters Include: African Career Education and Resource, Inc., Central MN Habitat for Humanity, Doynne Development, D.W. Jones, Inc., Housing Justice Center, Landon Group, Sustainable Developers Collaborative, Twin Cities YIMBY



SF 2229 / HF1987: Minnesota Starter Home Act

Target: New Subdivisions and Empty Lots

This bill aims to make starter homes an option again for Minnesota families and allow more home choices in both new and existing communities. It would allow smaller lots, duplexes, ADUs, and townhomes in residential zones. The bill also establishes a process for administrative approvals, ensuring local governments review and approve projects within a reasonable timeframe. Guardrails are established to guarantee that these new homes can be built in practice—not just on paper—and prohibits exclusionary practices.

SF 2231 / HF 2140: Increased Housing Options Act

Target: Under Housed Existing Communities

This bill will require cities to allow more home choices—duplexes, triplexes, fourplexes, and townhomes—near important commercial corridors with community amenities. It allows cities to choose where to direct more homes to be built to encourage more housing in places people live, work, and play. Cities will allow these home types through administrative approval processes, with minimum standards in place to guarantee these new homes can be built.

SF 2286 / HF 2018: Transforming Downtowns Act

Target: Allowing apartments and condos near employment

This bill permits condos, apartments, and mixed-use developments in commercial zones through administrative approval, following a set timeframe. Allowing more homes near jobs will help revitalize old office buildings and underused strip malls, while enabling more people to live close to jobs. Guardrails are established to guarantee these new homes are not just allowed on paper but can be built in practice, and exclusionary practices are banned.

These first 3 bills also:

- Allow for up to 1 hearing for most administrative approval processes legalized in the bill.
- Streamlines the approval of new housing and the implementation of all passed reforms by providing local governments a holiday on comprehensive plan amendments until the 2050 Comprehensive Plans in 2030. At the request of local government partners, the procedure to change a comprehensive plan is reduced to a simple majority, not a super-majority.

SF 1268 / HF 1309: People Over Parking Act 2025

This bill builds off amendments to 2024's proposed parking reform bill and focuses on lifting parking mandates across the state. Parking reform is one of the central land use reforms that not only increases affordability but also addresses the supply shortage. Property owners will determine how much paved parking is required for the use of the property.

HF 2013: Freedom in Home Design Act

This bill seeks to increase affordability by addressing a common exclusionary zoning tactic: aesthetic requirements - the mandated use of luxury products or other premium upgrades as the minimum construction standard. The state building code will still be in effect, preserving regulations related to safety, durability, or energy-efficiency.

Condo Defect Reform

At the request of cities, modernize the Condo Defect Laws in Minnesota to address the challenges of insuring condo construction and liability which is preventing ownership options in multi-family housing. This will also reduce the legal risk of building townhomes.

Ending Exclusionary Zoning Act

Reform Minnesota's land planning laws to explicitly ban exclusionary zoning practices. Creates performance standards to ensure cities can plan appropriately without relying on the policies that have exacerbated the housing shortage.



Beth Wanless
Manager, Government Relations
& Public Affairs
Mobile: (614) 327-8308
bethw@zillowgroup.com

To: Minnesota House Housing Finance and Policy Committee

Date: Wednesday, March 12, 2025

Subject: Written Proponent Testimony for H.F. 2140 and H.F. 2018

Chair Igo and members of the Housing Finance and Policy Committee, thank you for the opportunity to provide written comments in support of H.F. 2140 and H.F. 2018 which would create significant opportunities for new housing development through the creation of mixed-use housing zones, and streamline processes for housing development approval. These bills are significant steps toward addressing Minnesota's housing challenges through modernizing the state's housing policies by strengthening the housing market, lifting unnecessary roadblocks, and increasing housing options and affordability.

On behalf of Zillow, we would like to express our appreciation to Representatives Kraft and Kozlowski for introducing these important bills to address the ever-growing housing availability issue. Zillow is committed to reducing barriers to housing by advocating for policies that expand access and address the massive inventory shortage throughout Minnesota.

Zillow's 2021 Home Price Expectations Survey polled housing experts and found that relaxing zoning rules to allow for more-efficient new home construction would be the most effective way to increase supply in a housing market facing historic inventory constraints.¹ A 2024 study, found that among the largest 50 metropolitan areas, the worst housing shortages can be found in markets with the most strict building regulations in the country². Reforming zoning rules to allow for even a modest amount of new density in overwhelmingly single-family dominant zoned communities could lead to millions of new housing units being built nationwide.

According to Zillow's research, out of 17 major metropolitan areas studied, the Minneapolis-St. Paul region has the fifth-highest proportion of housing units zoned for single-family use at 74% of the total housing units. Minneapolis-St. Paul also had the lowest number of housing units located in two to 49-unit structures at only 16% of total housing units.³

Even by making relatively minor changes to local zoning rules, such as allowing two housing units to be built on only one out of every ten lots zoned for single-family use, the region could add over 115,000 additional new housing units to this total - a 30% improvement over the status quo. Increasing density to allow four housing units to be constructed on the same number of

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single-family zoned lots could add over 345,000 additional new housing units by 2040 - a 91% improvement.

What is most compelling is the broad public support for measures to create more housing opportunities. A 2022 report by our research economists found that 75% of homeowners and renters in the Minneapolis metro area support “modest densification” options, including allowing accessory dwelling units, duplexes, and triplexes⁴. Support was higher among renters (84%). Reforming archaic parking minimums also provide for more housing opportunities. Additionally, cutting unnecessary red-tape to build a home is a reasonable way to ensure housing development can stay on track to meet the ever-growing demands of constituents.

There is no “silver bullet” to resolving the housing shortage, but it is certain that passage of H.F. 2018 and H.F. 2140 will have a significant, positive impact on housing development, access, and ultimately affordability. The legislation before you are straightforward ways to allow for more modest density that will result in real strides forward in creating housing inventory.

Thank you for the opportunity to provide comments on this crucial legislation, and please feel free to reach out to me with any questions.

⁴ <https://www.zillow.com/research/modest-densification-zhar-30934/>

INCREASED HOUSING OPTIONS ACT

SF 2231 HF 2140



Target: Under-housed existing communities

This bill will require cities to allow more home choices—duplexes, triplexes, fourplexes, and townhomes—near important commercial corridors with community amenities. It allows cities to choose where to direct more homes to be built to encourage more housing in places people live, work, and play. Cities will allow these home types through administrative approval processes, with minimum standards in place to guarantee these new homes can be built.



yes 
TO HOMES MN

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TRANSFORMING DOWNTOWNS ACT

SF 2286 HF 2018



Target: Allowing apartments and condos near employment

This bill permits condos, apartments, and mixed-use developments in commercial zones through administrative approval, following a set timeframe.

Allowing more homes near jobs will help revitalize old office buildings and underused strip malls, while enabling more people to live close to jobs. Guardrails are established to guarantee these new homes are not just allowed on paper but can be built in practice, and exclusionary practices are banned.



yes 
TO HOMES MN

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Building homes, community, and hope.

11 March 2025

Re: HF2140 Increasing Housing Options Act & HF2018 Transforming Downtowns Act

To: Chair Igo and Members of the Housing Finance & Policy Committee

Dear Chair Igo and Members of the Committee,

Thank you for the opportunity to share Habitat for Humanity of Minnesota's (Habitat Minnesota) support of HF2140 and HF2018. Habitat Minnesota is a statewide support organization for the 24 local Habitat affiliates, working in 59 counties across the state. We are deeply invested in homeownership production and preservation and know that the stability of a family's living situation is closely tied to their wealth, health, and education. Habitat Minnesota is also a part of *Yes to Homes*, a large and diverse coalition united around the common goal of creating statewide housing policy focused on meaningfully expanding development to increase the variety and supply of housing options.

Safe and stable homes are essential for strong communities, yet too many Minnesotans struggle to find housing that fits their needs. By updating zoning policies and expanding the types of homes that can be built, we can increase access, address affordability, support economic growth, and ensure families can find homes that meet their needs at every stage of life. Habitat Minnesota supports the following legislation that advances these goals:

- ❖ **HF2140 Increasing Housing Options Act** will allow more home choices, such as duplexes, triplexes, fourplexes, and townhomes, near important commercial corridors with community amenities. It allows cities to choose where to direct more homes to be built to encourage more housing in places where people live, work, and play.
- ❖ **HF2018 Transforming Downtowns Act** permits condos, apartments, and mixed-use developments in commercial zones through administrative approval, following a set timeframe. Allowing more homes near jobs will help revitalize Main Streets across the state while enabling more people to live close to jobs.

Thank you for the opportunity to share our support of HF2140 and HF2018 which will reduce barriers to building more homes and ensure more families can afford to rent or own a place to call home. Please reach out to me or Jeru Gobeze (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

Create Abundant Housing in Minnesota with Consistent Rules HF2140/SF2231



Who we are: Neighbors for More Neighbors stands up for secure, abundant homes for all Minnesotans. We envision a future where we all find homes we love in neighborhoods we choose. Those neighborhoods may include great transit, a community where family and friends are neighbors, or complete neighborhoods with walkable errands and jobs. Every Minnesotan - Black, White, and Indigenous, Minnesota born or newcomer, small town and city-dweller - should have a place to call home in our communities.

Like the rest of the nation, Minnesota has a severe housing shortage.

Today, Minnesota is a patchwork of local zoning laws that restrict and prohibit homes and drive up construction costs. These long-standing policies are blocking Minnesota from creating needed homes. With too few homes, everyone pays more for housing. Many people have to either accept poor quality homes, double up with friends or family, or move away. Local zoning laws that restrict and prohibit homes drive up construction costs.

Part of the solution is legalizing Missing Middle Homes by creating consistent rules that allow more homes types to be built. Sharing land and infrastructure costs helps reduce the sales or rental price. Changing the existing rules allows Minnesotans to equitably access the types of homes that work best for them and their families. Builders and developers can more easily work in different communities with a statewide standard, speeding home production across Minnesota. **HF2140 / SF2231 would create predictable regulations that allow more homes to be built in existing neighborhoods close to jobs and family.**

Zoning History

Apartment bans and large lot requirements were first introduced as a seemingly neutral way of keeping lower-income families and non-white families out of predominantly white cities and suburbs. The introduction of these requirements into city codes closely followed Supreme Court and civil rights legislation that declared explicit racial discrimination in housing unconstitutional.

What is the problem?

In most Minnesota communities nearly all home types are banned, except for one-family-homes on oversized residential lots - the most expensive home type. In the Twin Cities alone, there are effectively bans on everything but single detached homes on nearly 90% of land. This has happened through municipal policies that control the size of the home, or outright bans on building multiple homes per lot.



Create Abundant Housing in Minnesota with Consistent Rules

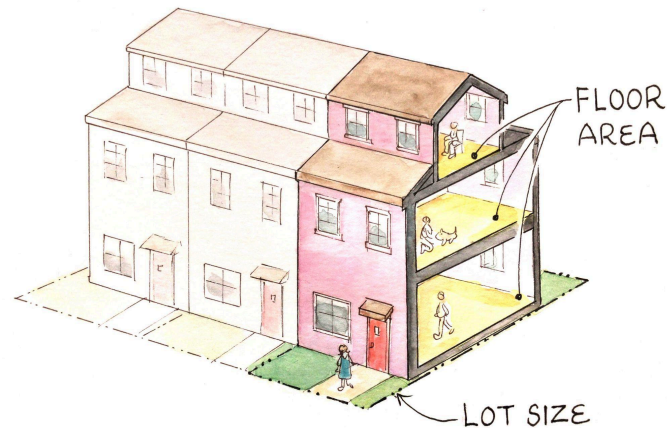
HF2140/SF2231

These “single family zoning” policies or “apartment bans” restrict the choices Minnesota families can make about the kind of home they live in. **These rules increase home costs and mean families often have to move out of their community when they have kids or as they age.**

- Most cities don’t allow smaller multi-family home types like duplexes, triplexes, townhomes, and fourplexes in single family neighborhoods. This limits the home choices for community members in all stages of life.
- Mandating a large amount of land for each home forces new homes to take up open space and farmland. This transforms our open spaces and farm land into sprawling areas with high sewer, road, and other maintenance costs. Sprawl forces Minnesotans to spend more time traveling and less time doing the things they love.
- Cities often separate homes away from places for work and play, using zoning to force only one “use” per area. This increases travel time, and prevents spontaneity and community connections.

What is the policy proposal? Set consistent baseline zoning rules.

- Allow at least two homes on every residential property in Minnesota. Either as a duplex or by including at least one Accessory Dwelling unit per lot. Reinforce state investment in communities by allowing more homes - up to four - near streets built with state infrastructure spending, or Municipal State Aid Streets.
- Ensure home construction is not subtly banned through overly restrictive technical rules and regulations that limit the type of homes that can be built.
- Allow more mixed uses, i.e. residential with commercial, so that more people can live closer to work and the grocery store.



How Consistent Zoning solves the problem:

- Enables a variety of homes at a variety of prices that share land and infrastructure costs. These shared costs lower the per-home cost and create homes which are more attainable for everyday Minnesotans.
- Ensures families can remodel their home to meet their needs when circumstances change, allowing multi-generational living. Places for grandparents to live with their family.
- Compact cities and towns help protect the environment. They stop sprawl, fight climate change, and preserve agricultural land and wild spaces. Compact cities also help city finances. They reduce town expenditures on sewer, transportation, and amenities, both for construction and maintenance.

Where else has this been implemented?

Similar policies have passed in other states. Montana (SB 528, SB 323); Washington (HB 1110); Vermont (ACT 250); and Oregon (HB 2001), Arizona (HB 2721), Maine (LD003)

Allowing More Residential Options Would Promote Housing Abundance in Minnesota

CHARLES GARDNER

Research Fellow, Mercatus Center at George Mason University

Minnesota House Committee on Housing Finance and Policy
Public hearing on HF 2140, Mixed-use housing zones creation required

March 12, 2025

Chair Igo and members of the Housing Finance and Policy Committee, thank you for allowing me to offer informational testimony on HF 2140, which would require the creation of mixed-use housing zones in certain municipalities. I am Charles Gardner, a research fellow at the Mercatus Center at George Mason University. I study housing policy and affordability across the country, and, as part of my research, I have recommended reforms to local land use regulations similar to those proposed in this bill as crucial to reducing housing costs.¹

Local restrictions on individuals' rights to build housing significantly contribute to high housing costs and residential segregation in Minnesota and across the United States.² Restoring property owners' flexibility to build housing in different configurations and at higher densities—as the City of Minneapolis has already done³—is an essential step toward bringing rents and prices under control. It is also one that many states have already enacted, including Arizona, Maryland, Montana, Vermont, and Washington.⁴

¹ See Salim Furth, Emily Hamilton, and Charles Gardner, "Housing Reform in the States: A Menu of Options for 2025," (Mercatus Center at George Mason University, August 14, 2024).

² For examples of how common restrictions such as minimum lot sizes, minimum frontages, and minimum parking requirements drive up housing costs, see, e.g., Salim Furth and MaryJo Webster, "Single Family Zoning and Race: Evidence from the Twin Cities," (Mercatus Center at George Mason University, October 11, 2022) and Lewis Lehe, "How Minimum Parking Requirements Make Housing More Expensive," *Journal of Transport and Land Use* 11, no. 1 (2018).

³ Megan Thompson and Melanie Saltzman, "How Minneapolis Became the First to End Single-Family Zoning," PBS (November 23, 2019).

⁴ Eli Kahn and Salim Furth, "Laying Foundations: Momentum Continues for Housing Supply Reforms in 2024," (Mercatus Center at George Mason University, July 22, 2024) and Eli Kahn and Salim Furth, "Breaking Ground: An Examination of Effective State Housing Reforms in 2023," (Mercatus Center at George Mason University, August 1, 2023).

Localities' authority to restrict property owners' flexibility and to limit density purportedly derives from the zoning powers delegated by the state legislature.⁵ Those powers did not and do not include the express power to limit the number of dwelling units per structure or the number of residential structures per lot.⁶ Nevertheless, localities have arrogated these powers and used them to zone land for low-density single-family homes.⁷ State legislators therefore have a role to play in restoring balance by setting limits on local authorities' power to infringe on individual property rights.

Land Use Regulations Limit Property Owners' Rights to Build Housing and Drive Up Housing Costs

Land use regulations, such as those imposed by all or virtually all of Minnesota's jurisdictions, limit property owners' rights to build housing. When increasing demand for housing meets a market where zoning rules constrain housing supply—as in Minnesota localities with rising house prices—the result is that a limited supply of homes becomes more expensive, forcing lower income families to look elsewhere. This result harms the state's most vulnerable residents and undermines Minnesota's position as a center of economic opportunity.

Cities and towns across Minnesota have many rules that limit the quantity and type of homes that can be built, including minimum-lot-size regulations, height limits, and single-family zoning.⁸ Partly due to these rules, many residents across the state are suffering from rising housing costs. Since the beginning of 2020, home prices have risen over 25 percent statewide, with the typical mortgage payment on a median-priced home rising from \$1,600/month in 2020 to \$2,750/month in 2024.⁹

Housing Affordability and Housing Flexibility

The proposed bill would give many property owners across the state the right to build up to three housing units where local zoning rules currently allow only one. The bill would also legalize fourplexes, accessory dwelling units, higher density single-family homes, and structures that contain both residential and commercial uses in more limited areas. Land is a major part of the expense of building new homes, and allowing more homes to be built per acre, whether in the same structure or in multiple structures, is a significant step toward reducing housing costs.

Partly as a result of current zoning restrictions, over 70 percent of the housing units in Minnesota are single-family units.¹⁰ Allowing more and denser housing to be built where currently only single-family

⁵ Minnesota Statutes § 462.357.

⁶ *Id.* The specific authority granted to localities to regulate by form, rather than use, includes the power to “regulate . . . the location, height, width, bulk, type of foundation, number of stories, size of buildings and other structures, the percentage of lot which may be occupied, the size of yards and other open spaces [and] the density and distribution of population” No express power to regulate lot sizes, to regulate the number of units per building, or the number of buildings per lot is included, and would need to be inferred from the power to regulate density of population.

⁷ As an illustrative example, see the zoning code and zoning map of Rochester, Minnesota, which is predominantly zoned “R-1,” a zone described as “intended to maintain and promote areas of low residential density.” See City of Rochester Unified Development Code (UDC), updated November 4, 2024.

⁸ See *id.*

⁹ Dan Netter, “Minnesota Home Sales up 1 Percent in 2024, 12 Percent for Luxury Homes,” *Finance & Commerce* (January 28, 2025).

¹⁰ American Community Survey, 2023 Estimates.

homes are permitted is a market-driven approach to improving affordability.¹¹ This bill would help reduce the cost of newly constructed homes by allowing homebuilders to at least triple the existing density on many lots. Importantly, the bill also provides for a streamlined, administrative approval process for the housing it legalizes and limits localities' ability to stifle housing production through red tape.

The State's Role in Expanding Housing Options for Minnesotans

Zoning and other land use regulations are generally implemented at the local level, but the state—as the source of local zoning power—has an important role to play in setting limits on how much localities may stand in the way of new housing being built.

The benefits of new housing are dispersed. When new housing is built, it benefits the people who will live in it, but it also frees up some less-expensive housing in other areas that residents of the new building are leaving behind. This improves housing affordability for others in the area. Despite these collective benefits, many residents resist the prospect of nearby housing construction and neighborhood change. State action can help reconcile these competing interests in a manner that respects the rights and interests of all state residents.

Ideas like those proposed in this bill would achieve this by setting reasonable limits on local use of zoning power. By transferring some control over what may be built from local governments to individual property owners, the bill would allow the housing market to better respond to rising demand, which would improve affordability without requiring government subsidies. The bill would also put Minnesota in the company of a growing list of states, including Arizona, Maryland, Montana, Vermont, and Washington, that have enacted legislation legalizing more units per lot to address housing shortages.

¹¹ See Charles Gardner and Alex Pemberton, "Tennessee's HPR Law and Its Transformation of Nashville's Housing Market: A Model for Other States," (Mercatus Center at George Mason University, September 24, 2024), showing how duplex zoning has been instrumental in helping urban Nashville increase its housing supply.



MINNESOTA CHAPTER

Representative Igo, Chair
Housing Finance and Policy
March 12, 2025

Chair Igo and Housing Finance and Policy Committee Members,

On behalf of the National Association of Social Workers, MN Chapter (NASW-MN), we are writing in HF2140, the Increased Housing Options Act and HF2018, the Reducing Rent Inflation Act.

NASW-MN is the largest membership organization of professional social workers in our state, representing about 2000 social workers. The primary mission of the social work profession is to enhance human well-being and help meet the basic needs of all people, with particular attention to the needs and empowerment of people who are vulnerable, oppressed, and living in poverty. We are called to examine and address forces that negatively impact a person's environment (NASW Code of Ethics).

As you can imagine, social workers are often in spaces with clients with insecure housing, and we know that securing housing is the first step in resolving other crises. For example, unstable housing prevents family reunification, contributes to poor academic outcomes, adds anxiety and stress to clients living with mental illness, and is a deterrent to those who want to leave violent households.

We believe that shelter is a basic need, and every human deserves the dignity of housing.

NASW-MN joined the Yes to Home! coalition because we believe that transforming current practices is necessary to address the housing crisis in Minnesota. The proposals being heard today are one of several immediate policy actions we can take to make it easier to develop housing in every community. We need to build smaller homes and duplexes in new developments and re-developments across our state in order to serve the wide variety of housing needs across the state.

We appreciate your service and work on this important issue. Thank you for your consideration.

Sincerely,

Karen E. Goodenough, PhD, LGSW
Executive Director
NASW-MN

Jenny Arneson, MSW, LGSW
Legislative Consultant
NASW-MN

Legalize Homes Near Destinations - HF2018/SF2286



The Impacts of Commercial-Only Zoning

Commercial districts serve as destinations for all Minnesotans. These districts are where we work, play, and spend a large amount of our time outside of our homes. Commercial districts are often on main streets with coffee shops, dentists, daycares and hardware stores. In many cities however, Minnesotans are simply not allowed to live in these districts, even if they wanted to.

Often, our cities are zoned so that **commercial districts are physically separate from residential districts**. Because we separate our businesses from our homes, we are unable to walk to a coffee shop or restaurant, and businesses need to provide parking lots for customers. All this adds up to more traffic just to run an errand or go to work. The Legislature should pass HF2018/SF2286 so that Minnesotans can live in walkable neighborhoods with shops and homes above or near them if they so choose.

Allow Minnesotans to Choose to Live Near Destinations

Many Minnesotans want to live in a bustling neighborhood with coffee shops, restaurants, and corner stores. These still exist as "main streets" in many of our older cities and towns. Main streets are walkable neighborhoods with shops on the ground floor and homes above. These neighborhoods are no longer legal to build today due to the arbitrary separation of homes and businesses. We need to make walkable neighborhoods available for Minnesotans who value short commutes, community connections, and climate action. The legislature needs to legalize mixed-use or multifamily developments everywhere that commercial developments are allowed. Allowing mixed-use developments in our existing and new commercial districts creates many benefits:



The Many Benefits of Mixed-Use Zoning

Residents Living in the Mixed-Use Zone	Residents Living Outside of the Mixed-Use Zone	Local Businesses in the Mixed-Use Zone	Government Entities
<ul style="list-style-type: none">• Nearby destinations and/or employers• Reduced or eliminated driving costs• More vibrant, walkable neighborhoods• More affordable homes	<ul style="list-style-type: none">• Reduced traffic congestion• Destinations are active at all times of the day• Reduced relative property tax burden• More affordable homes	<ul style="list-style-type: none">• More customers and/or employees nearby• Less parking required• More vibrant and interesting destination• Home and business in one building mortgage	<ul style="list-style-type: none">• Increased property tax income• Increased sales tax income• Reduced road and infrastructure maintenance costs

Support walkable, complete neighborhoods in Minnesota's commercial districts by supporting HF2018/SF2286

Legalize Homes Near Destinations - HF2018/SF2286

Who we are: Neighbors for More Neighbors stands up for secure, abundant homes for all Minnesotans. We envision a future where we all find homes we love in neighborhoods we choose. Those neighborhoods may include great transit, a community where family and friends are neighbors, or complete neighborhoods with walkable errands and jobs. Every Minnesotan - Black, White, and Indigenous, Minnesota born or newcomer, small town and city-dweller - should have a place to call home in our communities.

Like the rest of the nation, Minnesota has a severe housing shortage. We need to legalize building new homes in neighborhoods that people of all incomes can afford. Today, Minnesota has a patchwork of local zoning laws that restrict and prohibit homes and drive up construction costs. These long-standing policies are blocking Minnesota from creating more homes of different sizes and prices and are making existing housing too expensive. With too few homes, everyone pays more for housing, and many are forced to move further away from jobs, communities, or families. Local zoning laws that restrict and prohibit homes are blocking Minnesota from creating enough needed homes, and are making existing homes too expensive.

Part of the solution is legalizing Mixed Use areas by allowing homes to be built in all commercial areas. This will help by creating consistent rules that allow multi-family homes to be built on vacant or underperforming land and help build bustling neighborhoods with coffee shops, restaurants, and corner stores.

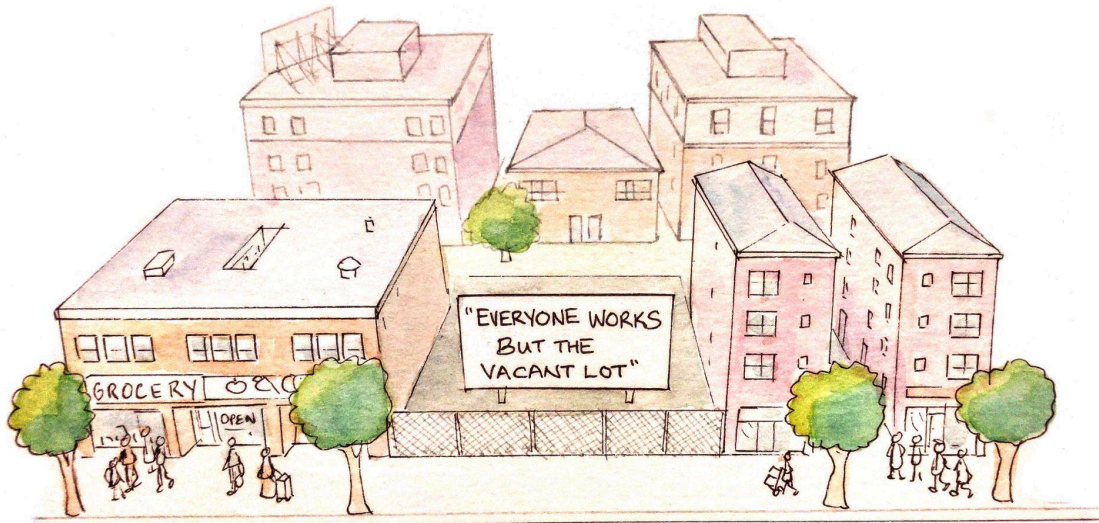
HF2018 / SF2286 would create predictable regulations that allow multifamily market rate and subsidized affordable homes to be built across Minnesota in areas close to jobs, transit, and shops. Many Minnesotans value short commutes, community connections, and climate action and want to live those values. This legislation will help more Minnesotans to more equitably access the housing options that work best for them and their families. Builders and developers can work in different communities with a statewide standard, speeding home production across Minnesota. Now is the time to allow our commercial areas to rebuild and bring more customers closer to businesses.

Zoning History

Apartment bans and separation of cities into commercial, industrial, residential, and multifamily areas were first introduced as a way to keep "undesirable" uses away from residential areas. When we look at the impacts and the intentions of zoning system designers of the 1920s and '30s - their desire was to keep lower-income families and non-white families out of predominantly white cities and suburbs.

The introduction of these economic separation requirements into city codes closely followed Supreme Court and civil rights legislation that declared explicit racial discrimination in housing unconstitutional.

Mixed use zoning is one step towards de-segregating our cities.





SF 2229 / HF1987: Minnesota Starter Home Act

Target: New Subdivisions and Empty Lots

This bill aims to make starter homes an option again for Minnesota families and allow more home choices in both new and existing communities. It would allow smaller lots, duplexes, ADUs, and townhomes in residential zones. The bill also establishes a process for administrative approvals, ensuring local governments review and approve projects within a reasonable timeframe. Guardrails are established to guarantee that these new homes can be built in practice—not just on paper—and prohibits exclusionary practices.

SF 2231 / HF 2140: Increased Housing Options Act

Target: Under Housed Existing Communities

This bill will require cities to allow more home choices—duplexes, triplexes, fourplexes, and townhomes—near important commercial corridors with community amenities. It allows cities to choose where to direct more homes to be built to encourage more housing in places people live, work, and play. Cities will allow these home types through administrative approval processes, with minimum standards in place to guarantee these new homes can be built.

SF 2286 / HF 2018: Transforming Downtowns Act

Target: Allowing apartments and condos near employment

This bill permits condos, apartments, and mixed-use developments in commercial zones through administrative approval, following a set timeframe. Allowing more homes near jobs will help revitalize old office buildings and underused strip malls, while enabling more people to live close to jobs. Guardrails are established to guarantee these new homes are not just allowed on paper but can be built in practice, and exclusionary practices are banned.

These first 3 bills also:

- Allow for up to 1 hearing for most administrative approval processes legalized in the bill.
- Streamlines the approval of new housing and the implementation of all passed reforms by providing local governments a holiday on comprehensive plan amendments until the 2050 Comprehensive Plans in 2030. At the request of local government partners, the procedure to change a comprehensive plan is reduced to a simple majority, not a super-majority.

SF 1268 / HF 1309: People Over Parking Act 2025

This bill builds off amendments to 2024's proposed parking reform bill and focuses on lifting parking mandates across the state. Parking reform is one of the central land use reforms that not only increases affordability but also addresses the supply shortage. Property owners will determine how much paved parking is required for the use of the property.

HF 2013: Freedom in Home Design Act

This bill seeks to increase affordability by addressing a common exclusionary zoning tactic: aesthetic requirements - the mandated use of luxury products or other premium upgrades as the minimum construction standard. The state building code will still be in effect, preserving regulations related to safety, durability, or energy-efficiency.

Condo Defect Reform

At the request of cities, modernize the Condo Defect Laws in Minnesota to address the challenges of insuring condo construction and liability which is preventing ownership options in multi-family housing. This will also reduce the legal risk of building townhomes.

Ending Exclusionary Zoning Act

Reform Minnesota's land planning laws to explicitly ban exclusionary zoning practices. Creates performance standards to ensure cities can plan appropriately without relying on the policies that have exacerbated the housing shortage.

Housing Finance and Policy Committee

Testimony Sign-In Sheet

Please print. The information you provide is public information.

Date	Name	Phone and/or email	Organization and Title
3/12/25	Cecil Smith	cecil.smith@mmha.com	MN Multi Housing Association / CEO
3/12/25	SARAH LARSON	SARAH LARSON - GROUP.COM	LARSON GROUP
3/12/25	Anne Mavity	anne.mavity@ mhponline.org	MHP
3/12/25	Cndea@engagewinona.org Ndea YOUNG	ndea@engagewinona.org ndea@engagewinona.org	Engage Winona / Program Coordinator
03/12/25	Lucas Franco	lfranco@livingagrac.com	LIUNA MN & ND
3/12/25	Jason Wedel	jwedel@priorlakenmn.gov	MCC / Prior Lake City Manager

Committee: Housing

Date and Time: 3/12/2025, 3:00pm

Housing Finance and Policy Committee

Testimony Sign-In Sheet

Please print. The information you provide is public information.

Date	Name	Phone and/or email	Organization and Title
3-12	Bryan Beer	651-762-6320	City of Hugo City Administrator
3-12	Rick Vano	651-231-2775	SEIU HCMNIA
3/12	PETER WAGNER	612-799-5007	SIERA CLUB NORTH STAR CHAPTER
3/12	Greg Kruschke	507-774-7317	City of Owatonna Community Development Manager
3/12	Cap O'Rourke	612-483-1863	Mn Small Cities
3-12	Linnea Goderstad	651-260-7558	Neighbors for More Neighbors
03-12	Ronald G. Williams	(763) 533-3065	

Committee: Housing

Date and Time: 3/12/2023 3:00pm