



SHERMAN

ASSOCIATES

March 4, 2024

Representative Michael Howard &
House Housing Finance and Policy Committee

RE: Opposition to HF 3350

Dear Chair Howard:

Sherman Associates has developed and currently owns and operates significant income qualified apartments across the State of Minnesota, including income qualified affordable senior housing. We strongly oppose the proposed rent control bill HF 3350 as it would cause existing apartments to face deficit budgets and potential financial insolvency and make the development of new senior affordable nearly impossible.

In a time when the state has a severe housing shortage of over 100,000 units, restricting production is counterproductive and will only exasperate the problem. Furthering rent restrictions for already restricted rent properties that are funded by tax credits will halt housing production. Institutional investors like pension funds and real estate investment trusts, which typically seek out stable and predictable returns on their investments, opt to invest in other markets where there is less uncertainty. In addition, local and national banks impose stricter lending terms on loans, making projects unfeasible in the current market of high costs and interest rates.

Projects funded by tax credits already need to abide by rent limitations. Further restricting these increases would hinder current property's ability to cover rising operational and maintenance costs. This could lead to current owners of senior affordable housing to consider reverting the project to non-senior.

As owners of tax credit properties we work diligently with our residents to ensure that any rent increases are reasonable. If a resident has difficulty accommodating an already restricted rent increase, management pursues payment plans, provides access to rent assistance and considers other options to help their residents.

Sincerely,

Chris Sherman
President
Sherman Associates, Inc.