



Date: March 2, 2026

Re: Starter Homes Act

To: Committee Members of the House Housing Finance and Policy Committee:

Homes For All is a coalition of over 200 organizations and individuals across Minnesota working together to prevent homelessness, meet the immediate needs of people experiencing homelessness, and ensure everyone, without exception, has a safe, decent, accessible home (rental/shared/homeownership) that is affordable at 30% of their income or less and that meets their needs in the community of their choice. Our coalition is led by people from diverse communities, including people who have experienced homelessness, housing instability, and housing discrimination, and representatives from faith communities, homelessness and housing providers, tenant advocacy organizations, and mediation and legal services.

The Homes for All Coalition appreciates the committee's dedication to addressing Minnesota's housing crisis in the 2026 Session. As you know, the disinvestment in affordable housing over the past 40 years is why Minnesotans are currently facing unprecedented housing instability.

**Minnesotans need more homes. Too many families and neighbors are competing for too few options, driving up housing costs.**

**The Starter Homes Act would update outdated rules and make it easier to build more homes in more places across our state.**

**Expanding housing supply will help young people stay in the neighborhoods where they grew up, help older adults downsize to homes that meet their needs, and allow more Minnesotans to live near jobs and opportunities.**

**Please vote yes on this crucial bill so that more Minnesotans can have a safe and affordable place to call home.**

Thank you for your time and consideration.

Sincerely,  
*Sue Watlov Phillips*

Sue Watlov Phillips  
Co- Lead Homes for All Legislative Team



March 2, 2026

Housing Finance and Policy Committee  
Centennial Office Building  
658 Cedar Street  
Saint Paul, MN 55155-1298

**RE: Minnesota Starter Home Act**

Dear Committee Members,

One in five people experiencing homelessness in the United States lives with a serious mental illness, compared to about one in twenty adults in the general population. Without stable housing, recovery is extremely difficult, and individuals are far more likely to cycle through hospitalizations and the legal system.

There are proven solutions. Permanent supportive housing and the Housing First model are among the most effective approaches to keeping people with mental illnesses housed and healthy. Permanent supportive housing combines affordable housing with ongoing services that help residents maintain stability and build positive community connections.

Yet Minnesota faces a serious shortage of supportive and affordable housing, and too many projects are stalled by exclusionary zoning practices. Proposals that are initially welcomed often face resistance once communities learn the housing will serve people needing supportive services.

The Minnesota Starter Homes Act would help curb these discriminatory barriers and begin closing the gap between housing need and supply. We urge you to pass the Minnesota Starter Home Act to ensure Minnesotans living with mental illnesses have access to the stable housing essential for recovery. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Marcus Schmit".

Marcus Schmit  
Executive Director



# *The Starter Homes Act* *HF #####/SF #####*

A Bipartisan Effort Allowing More Housing Choices for All Minnesotans

Minnesota thrives when everyone has a stable home in a community that welcomes them. Whether we're digging each other out of the snow or sharing a meal, Minnesota is a place where we look out for each other.

Today, Minnesota doesn't have enough homes for our current residents, creating competition and driving up prices. To meet the needs of people who live here today, we need 100,000 more homes. This shortage is pushing out the people our communities rely on: teachers, childcare providers, firefighters, and service workers. Everyone should be able to live in the community of their choosing.

**The Starter Homes Act can help solve this problem** by allowing more types of homes in more places across the state. Allowing more homes of all shapes and sizes - townhomes, backyard cottages or accessory dwelling units, and apartments near jobs - will make our cities and towns more affordable for local workers, help young people who grew up here move back home, and allow older adults to stay in their communities.

## **More Homes, More Choices, Lower Costs**

The Starter Homes Act legalizes more home types in all residential zones, allowing Minnesotans to meet their housing needs. These home types include allowing homeowners to build an accessory dwelling unit or backyard cottage, and the bill allows new detached homes or townhomes to be built on smaller new or vacant lots with access to public water and sewer.



These changes give Minnesotans more choices by allowing families and neighbors to choose the amount of land and home size that fits their needs.

## **More Homes Where We Already Live**

The Starter Homes Act allows for more homes in existing neighborhoods near schools, jobs, and everyday amenities. Cities will allow duplexes, triplexes, and fourplexes on at least one-third of existing residential areas. Additionally, cities must allow mixed-use or multifamily homes on at least one-third of commercial areas. These new homes near jobs could replace empty office buildings, underutilized strip malls, or vacant commercial land. More homes near jobs means less competition and lower home prices.

## Make it Faster to Build Homes

The Starter Homes Act will ensure that new homes can be approved and built in a timely manner. City approvals will need to be standardized to reduce delays and uncertainty for families and builders.

### **Bulk & Lot Control Standards**

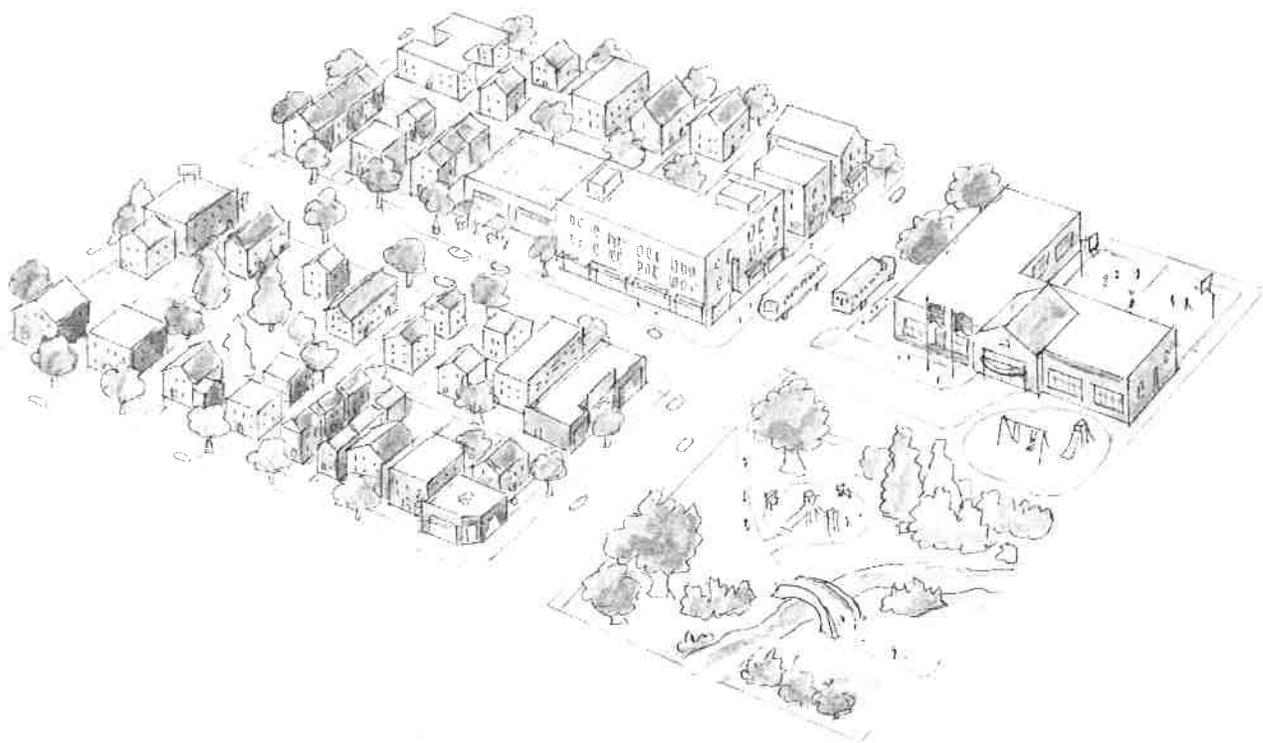
Many cities require large lots, large lawns, and mandatory garages, making modest homes difficult or impossible to build and restricting choices for Minnesotans. The Starter Homes Act leaves most decisions about size and style to cities, but requires that cities allow smaller homes on smaller lots.

### **HOA Restrictions**

Under the Starter Homes Act, cities may no longer require a Homeowner's Association (HOA) as a condition for approving new homes. Removing this requirement reduces recurring HOA fees and gives homeowners more choices about how their community looks and feels. Cities retain authority to protect public infrastructure and shared safety.

### **Aesthetic Standards**

Aesthetic mandates can unintentionally increase housing costs. By requiring a porch, a balcony, or larger garages, cities increase costs and reduce flexibility for homeowners. The Starter Homes Act returns these choices to homeowners for all types of new homes, including townhomes, single-family homes, duplexes, and fourplexes.



## A Menu of Options for Cities

### **Larger Cities Have Greater Capacity to Address Minnesota's 100,000-Home Shortage**

The Starter Homes Act establishes a menu of proven tools that cities of the first, second, and third class must choose from to expand housing supply. Larger cities must adopt more tools, while suburban and smaller cities must adopt fewer tools. Smaller towns are exempt from this requirement.

### **The Starter Homes Act Gives Cities Choices on How to Build More Homes**

Cities choose from five basic categories of tools to expand housing supply. Based on their size, cities must demonstrate progress in increasing the number of homes they allow by choosing to:

- 1) Allow more land for multifamily homes in residential or commercial areas, beyond the base requirements
- 2) Reduce or eliminate parking mandates that add unnecessary costs and limit flexibility
- 3) Allow larger multifamily developments to make projects feasible
- 4) Increase the number of homes allowed on multifamily lots
- 5) Set aside funding for or reduce fees for new, affordable homes



## The Starter Homes Act Creates a Baseline for New Homes In Minnesota

Minnesota's patchwork of local zoning rules makes it harder to build the homes we need. By passing the Starter Homes Act, **we can establish new minimum standards for the kinds of homes Minnesotans can live in**, so more families and neighbors can buy or rent homes in the communities they love.

**Clear statewide standards will make it faster and easier to build more homes.** More homes mean lower housing costs, stronger communities, and more opportunities for the next generation to stay and thrive in Minnesota.

## Who We Are — Yes to Homes

The Yes to Homes Coalition is a bipartisan group of leaders and organizations from across Minnesota, including housing advocates, community organizers, home builders, businesses, labor groups, Environmental groups, faith-based groups, and transportation advocates.



Together, Yes to Homes advances proven, practical housing policies that expand opportunity statewide.



We say,



March 3, 2026

Chairs Igo and Howard and Members of the Committee,

The Pacific Legal Foundation is a nonprofit public interest law firm that represents clients free of charge when their constitutional rights are violated. Since 1973, we have litigated over 2400 cases - including 18 wins at the United States Supreme Court. We specialize in regulatory reform, property rights, environment and natural resource issues, and equality and opportunity under the law.

Thank you for your consideration of 2026 Starter Homes Act. This bill has several common sense reforms that will have a significant impact on the people of Minnesota by opening up opportunities to provide and access housing in the state:

- Holds permitting authorities accountable with timelines and administrative reforms that will allow municipalities to address unique concerns but ensure processes don't hold up progress on projects. This creates uncertainty, discourages investment, and increases costs. In a time when homelessness and housing costs are at record highs, localities should not be exacerbating these issues.
- Cuts back on arbitrary aesthetic mandates that make it harder to establish and maintain housing.
- Reduces minimum lot sizes, which make housing more costly and limited.
- Legalizes accessory dwelling units that can provide essential housing for family members and renters.
- Provides more pathways for diverse housing options like townhouse and duplexes that are an essential piece of the housing market for many Americans.

These reforms are practical and meaningful steps toward prioritizing people by protecting property rights. Thank you for your time and consideration,

Kileen Lindgren  
Senior State Policy Manager

We are,



The Yes to Homes Coalition is a bipartisan group of leaders and organizations from across Minnesota, including housing advocates, community organizers, housing industry groups, businesses, labor groups, environmental groups, faith-based groups, and transportation advocates.

We come together, unified across different perspectives, to ask you to pass the Starter Homes Act.





March 2, 2026

Dear Chairs Howard and Igo and Members of the House Housing Finance & Policy Committee:

Minnesota is facing a severe and growing housing shortage that threatens affordability, economic vitality, and community stability across the state. For this reason, the Twin Cities Housing Alliance (TCHA) writes in strong support of the proposed **MN Starter Home Act** as a critical step toward increasing housing supply and improving affordability for Minnesotans.

TCHA is a collaborative network of more than 100 experienced housing professionals dedicated to addressing housing challenges and strengthening community vitality throughout the Twin Cities region.

To meet the needs of both new and existing residents, the state and its cities must continue adding housing to the existing stock. However, economic pressures—such as inflation, insurance costs, labor shortages—have led to a meaningful decline in housing permits across the region since 2022. As a result, Minnesota is now experiencing a record low number of housing developments in the pipeline, limiting new supply and preventing it from keeping pace with demand.

We are deeply concerned about the consequences of this shortage. The Twin Cities region alone faces a deficit of more than 80,000 housing units, with the statewide shortage exceeding 100,000 units. Addressing this gap will require an “all-hands-on-deck” approach that removes unnecessary barriers to housing production while maintaining essential local authority and state building standards to ensure safe, high-quality homes.

Provisions in the MN Starter Home Act would help spur additional housing development by streamlining approval processes and allowing multifamily housing in more commercially zoned areas. These reforms would reduce lengthy and unpredictable rezoning processes that often delay or prevent housing development, increase costs, and introduce uncertainty that discourages investment. By enabling housing in appropriate locations, the bill would directly contribute to increasing housing supply where it is most needed.

A meaningful response to Minnesota’s housing crisis requires policies that balance community engagement with timely, predictable approval processes. By reducing barriers, providing flexibility, and expanding opportunities for housing in commercially zoned areas, the MN Starter Home Act offers a practical and impactful solution to help meet the state’s housing needs.

Thank you for your consideration and for your leadership on housing policy. We respectfully urge the committee to advance the MN Starter Home Act and look forward to continued collaboration to address Minnesota’s housing shortage.

Sincerely,

A handwritten signature in black ink, appearing to read "Cathy Capone Bennett", with a horizontal line extending to the right.

Cathy Capone Bennett  
Executive Director  
Twin Cities Housing Alliance



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

3 March 2026

Re: Starter Home Act

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

Dear Co-Chair Igo and Members of the Committee,

On behalf of Habitat for Humanity of Minnesota (Habitat Minnesota), and as a proud partner in the Yes to Homes MN Coalition, I am writing to express our strong support for the Starter Home Act. Minnesota thrives when everyone has a safe, stable, and affordable place to call home, but the current housing shortage is putting the dream of homeownership out of reach for many of our neighbors.

Minnesota is currently facing a severe shortage of 100,000 homes. Because housing supply has not kept up with demand, families are forced to compete for limited options, driving up prices across the state. This pushes essential workers, young families, and seniors out of the communities they love. The Starter Home Act establishes standards that will allow for more homes, more choices, and lower costs. The bill recognizes the diversity of our state, providing a flexible menu of options for cities of the first, second, and third classes to meet their housing supply goals.

Habitat Minnesota supports this legislation because it meaningfully expands housing opportunities while reducing unnecessary costs. The bill allows developers to build more modest, affordable homes. Standardizing and streamlining the administrative approval process will reduce the delays and uncertainty that currently drive up construction costs. The Starter Home Act will also ensure that a development's progress is not conditioned on the creation of a Homeowner Association and prevents the imposition of costly aesthetic design requirements.

By passing the Starter Home Act, the legislature can empower families with more housing choices and ensure that the next generation of Minnesotans can afford to stay and thrive in our state. Thank you for the opportunity to share our support. Please reach out to me or Jeru Gobeze ([jeru.gobeze@habitatminnesota.org](mailto:jeru.gobeze@habitatminnesota.org)) with any questions.

Sincerely,

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

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



March 3<sup>rd</sup>, 2026

Chair Spencer Igo  
2nd Floor Centennial Office Bldg.  
St. Paul, MN 55155

Chair Michael Howard  
5th Floor Centennial Office Bldg.  
St. Paul, MN 55155

Chairs Igo & Howard:

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Brenda Hilbrich  
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Rasha Ahmad Sharif  
Executive Vice President

SEIU Healthcare Minnesota and Iowa represents over 50,000 healthcare workers, in hospitals, clinics, nursing homes and self-directed home care. Our members endorse The Starter Homes Act, House File XXXX, because a union pay raise won't help much, if your landlord just jacks up the rent. Too many of our members pay too much for housing and the main culprit is local municipal governments who won't let them pay someone to build the housing they can afford. When we are short 100,000 homes, the scarcity drives up prices most for service workers like our members.

When cities limit housing, the people don't disappear. Testifying on a similar bill, an SEIU member described how her rent went up 50% and she spent a year and a half living mostly in her Jeep, with 5 kids. She would park overnight in various locations and then her kids would try to go to school, and she would go to work. Just walking around my own neighborhood in St. Paul, I routinely walk by people sleeping in their cars or large tent encampments. This is the price we pay for "neighborhood character".

This bill would make it legal to build more housing that service workers can afford. In most cities, most of the land is currently reserved for single-family homes only. Just a fraction of land is available for more affordable types of housing like ADUs, duplexes, triplexes or other multi-family housing. Lots of people like a big house and a big yard. But that should not be the only kind of housing. When you are struggling, you want a roof and some walls. You want a place that is stable and safe.

Political decisions should give voice to all those affected. New housing anywhere lowers costs for the entire region. But the current system gives the rest of us no voice. Instead, current residents who benefit most from excluding new residents, are given sole control. This bill simply requires that cities make a few choices that expand the housing supply in ways that benefit all of us.

This is a pro-worker issue. Lower housing costs are like a pay raise. That is why the Minnesota AFL-CIO passed a convention resolution in support of relaxing local restrictions on housing supply.

Whether you think Minnesotans need lower taxes or better public services, the budget reality this session is that you won't be able to do much of either. But this bill does not cost anything. At no cost you can lower the number 1 expense for every family and the impact will grow over time.

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Rick Varco  
Political Director

## Legalizing More Flexibility for New Housing Can Help Revive the Starter Home in Minnesota

**CHARLES GARDNER**

*Research Fellow, Mercatus Center at George Mason University*

Minnesota House Housing Finance and Policy Committee

March 2, 2026

Co-chairs Igo and Howard, Vice Chairs Dotseth and Kozlowski, and members of the Housing Finance and Policy Committee, thank you for allowing me to offer informational testimony relating to the Starter Homes Act, a bill that would modernize Minnesota’s antiquated zoning enabling act to restore certain basic property rights to Minnesotans, promote the revival of the starter home, and limit the regulatory barriers to more and lower-cost homes of all types, barriers that are contributing to the state’s ongoing housing shortage.

Local restrictions on individuals’ rights to build housing significantly contribute to high housing costs in Minnesota and across the United States.<sup>1</sup> Restoring property owners’ flexibility to build a greater variety of homes—as the City of Minneapolis has already begun to do<sup>2</sup>—is an essential step toward bringing rents and prices under control. Dozens of states have already enacted similar policies over the past few years, with 33 states enacting pro-housing reforms in 2025 alone.<sup>3</sup> Minnesota was not one of those states.<sup>4</sup>

Minnesota’s local governments purportedly derive their authority to restrict property owners’ flexibility to subdivide land and to build homes from the zoning powers delegated by the state legislature.<sup>5</sup> Those

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<sup>1</sup> For examples of how common restrictions such as minimum lot size regulations drive up housing costs and how reforms to those regulations can ease price pressures, 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, “The Effects of Minimum-Lot-Size Reform on Houston Land Values” (Mercatus Center at George Mason University, January 9, 2024).

<sup>2</sup> Megan Thompson and Melanie Saltzman, “How Minneapolis Became the First to End Single-Family Zoning,” PBS (November 23, 2019).

<sup>3</sup> Eli Kahn and Salim Furth, “Framing Futures: Pro-Housing Legislation Goes Vertical in 2025” (Mercatus Center at George Mason University, July 2025).

<sup>4</sup> Id. Of the other 49 states, only Alaska, Wyoming, South Dakota, Wisconsin, Illinois, Missouri, Michigan, Oklahoma, New Mexico, Mississippi, Georgia, South Carolina, West Virginia, Pennsylvania, Delaware, and New York did not enact at least one pro-supply housing bill from July 2024 to June 2025.

<sup>5</sup> See Minnesota Statutes § 462.357.

powers, however, 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.<sup>6</sup> Nevertheless, localities have asserted these powers and used them to zone land for homes at low density even where available infrastructure could support more housing, including more single-family homes.<sup>7</sup> State legislators therefore have a role in restoring balance by setting limits on local authorities' power to infringe on individual property rights, particularly when those infringements contribute to a statewide housing shortage.

### Local Land Use Regulations Are Driving the Starter Home to Extinction

Land use regulations, such as those imposed by all, or virtually all, of Minnesota's jurisdictions, limit property owners' rights to build housing. The entry-level home, or starter home, has been particularly affected by these regulations.<sup>8</sup> The Annual Housing Market Report recently issued by Minnesota Realtors found that, in 2025, median home prices in Minnesota rose 2.9 percent to an all-time record of \$355,000.<sup>9</sup> Current listings show that of over 2,000 new-construction single-family homes listed for sale across Minnesota, only seven are priced at less than \$300,000.<sup>10</sup> Across the nation, the proportion of first-time buyers declined to 21 percent, the lowest level in at least 45 years, with the median age of first-time buyers rising to around 40.<sup>11</sup>

When increasing demand for housing meets a market where zoning rules constrain housing supply, the result is that a limited supply of homes becomes more expensive, forcing young families to postpone their aspirations of homeownership or endure financial hardship in competition for a scarce supply of rentals.

### The Importance of Restoring Housing Flexibility for Choice and Affordability

The proposed bill would implement several commonsense reforms to curb abuses of local land use authority that are harming Minnesota's residents, especially residents hoping to purchase a home of their own within their budget.

First, the proposed bill would eliminate local mandates requiring house lots in undeveloped greenfield areas with adequate infrastructure to be larger than one-eighth of an acre. This reform would address one of the most pernicious contributors to the high cost of building new single-family homes.<sup>12</sup> It would

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<sup>6</sup> 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." Minnesota Statutes § 462.357. 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 such a power would need to be inferred from the power to regulate density of population.

<sup>7</sup> 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 January 5, 2026, <https://www.rochestermn.gov/departments/community-development/planning-zoning/unified-development-code-udc>.

<sup>8</sup> Tadeo Ruiz Sandoval, "First-Time Buyers Often Sidelined in 2025 Minnesota Housing Market," *MPR News*, February 2, 2026.

<sup>9</sup> 2025 Minnesota Annual Housing Market Report, January 28, 2026.

<sup>10</sup> See Zillow.com, last accessed March 2, 2026.

<sup>11</sup> 2025 Minnesota Annual Housing Market Report, January 28, 2026.

<sup>12</sup> For example, see Charles Gardner, "How Reno's Minimum-Lot-Size Regulations Are Blocking Affordable Homeownership for Nevadans" (Mercatus Center at George Mason University, September 9, 2024). In 2025, both Texas

also end the practice of mandating homeowners associations for new residential developments, a practice that is far beyond localities' authorized zoning powers and that artificially limits housing choice for Minnesota residents. These changes, if enacted, will help promote lower-cost single-family homes that are affordable to more Minnesotans.

Second, the bill would restore the right of homeowners to build an accessory dwelling unit (ADU) on their property. To date, 18 states have enacted laws broadly legalizing ADU construction.<sup>13</sup> In 2025, Minnesota's neighboring state of Iowa passed a strong ADU bill.<sup>14</sup> The right to construct an ADU not only provides a valuable and useful right to Minnesota homeowners, but as experience from other states and cities shows, can also provide an important source of new housing supply.

Third, the bill would legalize residential uses in certain commercial districts, another commonsense reform that has been explored and adopted by several states.<sup>15</sup> These laws can open up underutilized but centrally located land for residential development.<sup>16</sup> Other positive ideas in the bill include administrative streamlining for multifamily permitting, the promotion of mixed housing districts, and a menu of additional pro-housing policies from which localities may choose.

### **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, which remains the source of local zoning power, has an important role in setting limits on how much localities may stand in the way of new housing construction.

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 less-expensive housing in other areas that residents of the new building are leaving behind. This dynamic 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.

Reforms such as those proposed in this bill would achieve these benefits 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 rapidly growing list of states that have enacted legislation

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and Maine enacted starter home bills that set limitations on certain localities' ability to mandate large lots. Texas SB 15 (2025) and Maine LD 1829 (2025).

<sup>13</sup> See Emily Hamilton and Kol Peterson, "A Taxonomy of State Accessory Dwelling Unit Laws 2025" (Mercatus Center at George Mason University, August 2025).

<sup>14</sup> General Assembly of the State of Iowa, Senate File 592 (2025).

<sup>15</sup> See Eli Kahn and Salim Furth, "Framing Futures: Pro-Housing Legislation Goes Vertical in 2025" (Mercatus Center at George Mason University, July 2025); 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).

<sup>16</sup> Salim Furth and Eli Kahn, "Office Overhauls and 'God's Backyard': Reforms for Housing in Commercial Zones and Faith Land" (Mercatus Center at George Mason University, May 1, 2024).

promoting more flexibility in land use to control housing costs, increase housing options, and revive the starter home.

Testimony of The Pew Charitable Trusts  
Gabe Kravitz, Manager, Housing Policy Initiative

gkravitz@pewtrusts.org

202-540-6944

Before the Minnesota House Housing Finance and Policy Committee  
March 3, 2026

Chair Igo, Chair Howard, and members of the Committee:

Thank you for the opportunity to provide written testimony. I'm Gabe Kravitz from the Housing Policy Initiative at The Pew Charitable Trusts, a nonpartisan, nonprofit organization.

**HFXXXX Starter Homes Act- DE Amendment**

A shortage of four to seven million homes nationwide, including a significant shortfall in Minnesota, is raising housing costs. Zillow data shows the median cost of a home has risen 70 percent in Minnesota in the past decade.

The provisions included in the Starter Homes Act DE Amendment are similar to measures taken in other jurisdictions that have proven successful in increasing housing supply, lowering costs, and reducing homelessness.

The bill would permit accessory dwelling units (ADUs), increase the number of starter homes, reduce costly parking requirements, and allow multifamily housing in more commercial zones.

The evidence for the effectiveness of these policies is strong:

- ADUs rent for less than either single-family houses or apartments in new buildings and are often affordable to those earning 80 percent or less of the area median without government subsidies.
- Reducing minimum lot sizes in Houston has enabled the construction of 80,000 new starter homes and townhouses with prices typically affordable to those earning around the area median.
- Easing parking mandates and allowing more apartments, especially on commercial corridors, helped keep rents nearly flat in Minneapolis from 2017 to 2022, even as rents rose by 14 percent in Minnesota overall and 29 percent nationwide.

- Middle housing, such as two-to-four-unit homes, consistently has lower rents than single-family houses or high-rise buildings.
- Thanks to increased housing production, Minneapolis renters are paying an estimated \$1,700 less per year than if rents had increased at the same rate as in Minnesota overall. This has made it more likely that people can afford to remain in their communities and live near their jobs.

Pew's research shows policies that enable housing and mixed-use buildings in commercial areas are particularly effective because they speed up permitting and reduce the onerous requirements that have previously stymied apartment construction. If a three-story office building is allowed on a main road, then a three-story apartment or condo building should be allowed there too. Housing built near commerce can enable both affordability and walkability, reducing traffic and commuting costs. And when there is enough housing for residents in cities and towns, it also prevents sprawl and reduces miles driven, helping to protect productive agricultural land.

But allowing apartments and other lower-cost forms of housing has not just improved rental affordability, it has also helped reduce homelessness. Research shows that rising rents in a region are the primary factor explaining inflows into homelessness, and slowing rent growth is essential for homelessness prevention. For example, when Minneapolis permitted 21,000 new housing units from 2017 to 2022, Hennepin County's homelessness dropped 12 percent during the same time but rose 14 percent in the rest of Minnesota.

In light of these successful outcomes, 14 states including Montana, Texas, Washington, California, and Florida, have passed similar laws on a bipartisan basis making it easier to build housing near jobs, and 18 states have passed laws to enable ADUs.

Thank you,



**Gabe Kravitz**

Manager, Housing Policy Initiative, Government Performance  
The Pew Charitable Trusts  
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## **Testimony of Anne Mavity, Minnesota Housing Partnership**

Tuesday, March 3, 2026

Minnesota House of Representatives, Committee of Housing Finance and Policy

Chair Igo, Chair Howard and members of the committee, my name is Anne Mavity. Thank you for the opportunity to testify in support of The Starter Homes Act. I am the executive Director of the Minnesota Housing Partnership (MHP) and the cochair of the *Yes to Homes!* coalition that represents unexpected partners both within the world of housing advocates, and beyond – include a wide range of housing advocates, social workers, disability advocates, transit advocates, health care, food shelves, and more.

This is the third year that this committee and our *Yes To Homes!* coalition have considered this legislation. Throughout this time, coalition partners, city representatives and legislators on this committee have learned and listened to each other and done the hard work to ensure that these many interests and concerns are understood and reflected in this legislation. The bill before you today is not the bill envisioned three years ago – it is better. The key components of the bill that I would like to highlight today are as follows:

Create home homes and housing choices in places where cities choose and makes the most sense.

1. Cities choose a modest amount of residentially zoned districts and commercially zoned districts where more housing types and density are allowed.
2. Once cities have determined where housing is allowed, the city uses administrative processes to streamline and increase efficiency for approvals.
3. Cities choose from a menu of options that support more housing choices, to ensure their choices match their own community vision and needs.
4. Cities that are already leading in creating homes, get credit for actions and strategies currently adopted.

This legislation reflects the hard reality that our current policies and processes are not producing the housing that Minnesota families and businesses need to thrive. We are 100,000 homes short of what we need.

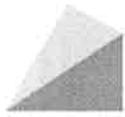
Necessary but not sufficient: This legislation is a necessary tool to allow for our state to address our unbalanced housing supply challenge. But it is not a panacea for all our housing challenges. Next year, we will continue conversations in this committee on ensuring we have the resources needed to address the affordability gap for our lowest income neighbors. Those investments are also needed. And, without more housing supply to match the demand in Minnesota, other strategies will always fall short.

As a former City Councilmember - I served three-terms in St. Louis Park – and having served on the board of Metro Cities including as Chair of that board, and also served on the board of the League of Minnesota Cities, I understand the enormous complexity of balancing diverse city perspectives from across the state with the widespread demand for more housing in every corner of the state. This bill effectively accomplishes that.

Thank you.

Anne Mavity  
Executive Director

Minnesota Housing Partnership



## AEI Housing Center

Housing Finance and Policy Committee

Tuesday, March 3, 2026

### **Statement in Support of the Minnesota Starter Home Act**

Tobias J. Peter

Co-Director, AEI Housing Center

Senior Fellow, American Enterprise Institute (AEI)

Co-Chairs Igo and Howard, and Members of the Committee,

My name is Tobias Peter. I'm the co-director of the AEI Housing Center, a nonpartisan, nonprofit public policy organization. I previously lived for several years in both St. Cloud and Duluth and I write to express my support for the Minnesota Starter Home Act.

Based on the AEI Housing Center's research, I encourage you to support this legislation because Minnesota is not building enough homes to meet demand. Targeted reforms like these, implemented largely by right, can enable roughly 11,000 homes per year—lowering price pressures and strengthening the state's economy.

Minnesota's housing shortage is real, measurable, and increasingly harmful to families and employers across the state. More than half of Minnesota households can no longer afford the median-priced existing home, and roughly three-quarters cannot afford a new one.<sup>1</sup> The underlying cause is straightforward: the state has not built enough homes to keep up with demand.

This legislation addresses that shortage in practical, targeted ways.

First, the bill limits minimum lot sizes in new subdivisions and allows more housing options on many existing lots, making it possible to build smaller, more affordable starter homes. When smaller lots are allowed, builders produce more homes at 15-20% lower price points—without subsidies.<sup>2</sup>

Second, the bill allows homes near jobs and shopping. Minnesota has vast amounts of underused commercial land. Allowing housing in commercial areas helps workers live closer to their jobs and takes better advantage of existing infrastructure. 15 states have enacted a version of this policy.<sup>3</sup>

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<sup>1</sup> See: <https://www.housingaffordabilityinstitute.org/minnesotas-homeownership-challenge/>

<sup>2</sup> See: [https://heat.aeihousingcenter.org/toolkit/housing\\_playbook](https://heat.aeihousingcenter.org/toolkit/housing_playbook)

<sup>3</sup> See for example: <https://www.pew.org/en/research-and-analysis/articles/2025/09/15/state-legislatures-make-bipartisan-breakthroughs-on-policies-that-promote-housing>

Third, the bill also reduces unnecessary design mandates and procedural barriers that add cost without improving safety.

These are practical, bipartisan ideas, that expand access, respect property rights, reduce sprawl, and support employers.<sup>4</sup>

One point is especially important: to meaningfully increase supply, reforms should be clear, by-right, and apply citywide, leaving little room for workarounds. At the same time, the state shouldn't micromanage outcomes—the market will build more starter homes.

Based on our research, I respectfully encourage you to support this legislation.

Note that individualized, local-specific editions of *Strong Foundations: A Playbook for Housing and Economic Growth*, a collaboration between AEI and the U.S. Chamber of Commerce are available for more than 40 jurisdictions across Minnesota. These reports provide tailored data and policy recommendations for each community. They can be accessed at: <https://www.aei.org/strong-foundations-a-playbook-for-housing-and-economic-growth/>

Sincerely,

Tobias Peter

Senior Fellow | American Enterprise Institute

Co-Director | AEI Housing Center

[Tobias.Peter@aei.org](mailto:Tobias.Peter@aei.org)

Office: 202-419-5201

[www.AEI.org/housing](http://www.AEI.org/housing)

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<sup>4</sup> See for example: <https://www.pew.org/-/media/assets/2025/09/principles-for-enhancing-housing-availability-and-affordability.pdf>

**To:** The Honorable Co-Chairs Spencer Igo (HD 7A) and Michael Howard (HD 51A), and Honorable Co-Vice Chairs Jeff Dotseth (HD 11A) and Liish Kozlowski (HD 8B)

**From:** Peter Butler, Coon Rapids City Council Member

**Date:** March 3, 2026

**RE:** Testimony for the Housing Finance and Policy Committee – Supporting the Starter Homes Act

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Thank you Co-Chairs Igo and Howard, along with the rest of the committee for having me here today. My name is Peter Butler, and I am currently a Council Member on the Coon Rapids City Council. Like many city councils, we don't all agree on housing solutions, but I am here to express my views and to support the Starter Homes Act.

When I campaigned in 2024, housing came up every day. I'd have new families tell me how expensive it was to pay rent, or how they couldn't afford a home. I had seniors tell me they didn't know how they could downsize when stairs or other features of their home became difficult to navigate. These neighbors would tell me their worries about where their kids and grandkids could live – and it would send chills down my spine when someone would say “Pete, where am I going to live?”

My wife and I experienced similar conversations when we bought our first home in 2022. Our house is an Orrin Thompson Rambler, a single-story, cozy home that is great for first-time homebuyers. These homes sold for approximately \$13,000 when they were built in the 1950s, and in today's dollars, that would be approximately \$150,000.

Instead, we paid \$285,000, with some of these homes shooting over \$300,000.

This means a starter home in Coon Rapids – which bluntly is cheaper than a lot of the metro area – is still soaring to \$300,000 or above. Even if you are paying 20 percent down, that means your monthly payments for mortgage, insurance, and taxes skips beyond \$2,000 a month. There are even apartments in Coon Rapids that are going for just under \$2,000 a month – yes, in Coon Rapids, not New York City or California.

My house turns 70 this year, and I'm thinking a lot about housing markets have changed. It would be illegal for Orrin Thompson to build his famous rambles today in many communities due to restrictive zoning laws, which partially explains the inflated costs. I am so appreciative of what this committee has focused on over the past several years to attempt to work with local governments to make it easier to build, as our state is in a housing crisis.

But the current system is too disjointed and costly. I've seen single family home developments only get approval if we add the cost of a Homeowner's Association, burdening new residents. I've seen an aversion to any apartments. Heck, I've even seen uneasiness with senior housing. Whether it's your first home, your last home, or somewhere in-between – I want everyone to have the dignity to live the American Dream.

Lastly, I do want all of us to think back to when they bought their first home. Think about how you cobbled that money together and hoped your offer would be accepted. Imagine all the memories of that home – or the subsequent homes you bought later in life – either way, this is an opportunity

that increasingly feels out of reach for so many people. It doesn't have to be that way, and I hope you'll consider stepping in where our cities haven't managed to deliver.



March 3rd, 2026

Co-Chairs Igo, Howard, and Members of the Housing Finance and Policy Committee,

I am writing to express Neighbors for More Neighbors' support of the Starter Homes Act.

Every Minnesotan belongs in a home that is safe and affordable, yet this is increasingly out of reach as increased competition and too few homes drive up prices. Research shows<sup>1</sup> Minnesota needs more than 101,000 new homes to meet the needs of all our neighbors.

Across Minnesota, restrictive rules about what kinds of homes can be built in certain communities are limiting choices, effectively preventing many people, including workers, young families, and older adults, from finding the homes they need at prices they can afford.

At Neighbors for More Neighbors, we stand up for secure, abundant homes for everyone in Minnesota and envision a future where we all find secure, affordable homes in neighborhoods we choose. **We support the Starter Homes Act** because it will take positive steps toward achieving this vision and help address the urgent problem of our housing shortage.

For years, local zoning and approval barriers have made it difficult to build homes where they're needed. Years-long approval processes and exclusionary zoning have added costs, risks, and delays to affordable housing development. By setting clear, predictable standards, and expanding where housing can be built, the Starter Homes Act will reduce uncertainty and make it easier to move projects forward across communities statewide.

In our hometown of Minneapolis, our organization has successfully advocated for changes to the zoning code that have reduced housing costs<sup>2</sup>. However, we still need statewide zoning standards that promote affordability in every community. The status quo of complete local control without guardrails means that cities choose who gets to live

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<sup>1</sup> <https://mhponline.org/wp-content/uploads/2025/03/The-Gap-MN.pdf>

<sup>2</sup> <https://www.pew.org/en/research-and-analysis/articles/2024/01/04/minneapolis-land-use-reforms-offer-a-blueprint-for-housing-affordability>



there by forcing large lots, big side yards, and controlling the types of homes that are allowed. These restrictions force people who cannot afford those set choices to live elsewhere.

The Starter Homes Act gives every Minnesotan more choices about what community they want to live in while allowing cities to make meaningful choices around community planning.

New homes built in existing neighborhoods, such as those legalized by the Starter Homes Act, make better use of existing infrastructure. By promoting infill development through this bill, Minnesota will enable options such as accessory dwelling units (ADUs), backyard cottages, duplexes, and fourplexes, allowing growth without pushing development outward. These cost-effective and desirable homes reduce energy use, vehicle miles traveled, and water consumption, making Minnesota an even better place to live.

We encourage you to allow more homes of different types and sizes, increase housing affordability, allow families to live in the community of their choosing in Minnesota, improve local economies, reduce urban sprawl, and make home a reality for more people by advancing the Starter Homes Act.

Sincerely,

Brit Anbacht  
Neighbors for More Neighbors, Board Member  
[neighborsformoreneighbors@gmail.com](mailto:neighborsformoreneighbors@gmail.com)

Neighbors for More Neighbors



March 3, 2026

**Re: HF XXXX – Minnesota Starter Home Act**

Chair Igo, Chair Howard and Members of the House Housing Finance and Policy Committee:

On behalf of our 842 member cities, the League of Minnesota Cities appreciates the opportunity to provide comments on HF XXXX, the Minnesota Starter Home Act. The A09 Delete Everything Amendment reflects more than two years of debate and negotiations between the League, bill authors, and other stakeholders.

To be clear, the League of Minnesota Cities opposes legislation that directly preempts city authority. While we cannot support those aspects of the bill, the League recognizes that the authors have addressed our implementation concerns by removing or modifying some of the most problematic provisions. The current language is the result of a robust good-faith policy making process and we believe the bill as written can be implemented.

As the legislature considers this legislation, the League will continue to be available to provide feedback and input, but we are not actively seeking votes in support of or in opposition to the bill.

Sincerely,

A handwritten signature in black ink that reads "Daniel Lightfoot".

Daniel Lightfoot  
Senior Intergovernmental Relations Representative  
League of Minnesota Cities

A handwritten signature in black ink that reads "Craig A. Johnson".

Craig Johnson  
Senior Intergovernmental Relations Representative  
League of Minnesota Cities

Sam Benson, Letter of Support for Starter Homes Act

Dear Housing Finance and Policy Committee Members,

My name is Sam Benson, and I am writing today in support of the Starter Homes Act. This bill takes important steps to ensure that more housing can be built in our state to meet the large shortage of homes that currently exists. By limiting onerous aesthetic mandates and making it easier to permit and build more housing types in more places, lawmakers can help to address this shortage. These policy changes will make it possible for more people to afford to call our great state home.

One reason I support this bill is that I have seen how similar reforms, at the local level, have benefited renters, such as myself, in my neighborhood. I live in southeast Minneapolis, near the University of Minnesota campus. In recent years, as the city of Minneapolis has relaxed parking minimums and encouraged housing development along the Green Line, numerous multi-family housing developments have gone up. This has enabled many new people and businesses to move into the area and has helped to keep rents manageable, even as the student population has grown. My rent increases for the past two years have been less than the rate of inflation and have been much lower than rent increases in other parts of the state or country.

Not every neighborhood should look like mine, but the policy changes that have benefited my neighborhood can also benefit other neighborhoods, even at a smaller scale. By streamlining regulations and limiting excessive requirements, Minnesota can pave the way for a more affordable future for our state.

I strongly encourage a yes vote on the Starter Homes Act.

-Sam Benson  
Minneapolis  
Email: [j.sam.benson@gmail.com](mailto:j.sam.benson@gmail.com)  
Phone: 218-329-3833



March 3, 2026

**Re: State Housing Tax Credit Bill**

Dear Chairs Igo and Howard and Members of the House Finance and Policy Committee,

On behalf of the Coalition of Greater Minnesota Cities ("CGMC"), an organization of more than 100 cities located throughout the state outside the 7-county metropolitan area, and the Greater Minnesota Partnership ("GMNP"), an organization focused on expanding economic prosperity in Greater Minnesota, we wanted to share our support for the State Housing Tax Credit bill in your committee.

As we have worked with communities across Greater Minnesota to identify and address challenges, they have consistently shared that there is a significant demand for more housing of all types. Housing provides a foundation for stability, well-being, and opportunity for Minnesotans, impacting everything from health and education to economic mobility. A secure, affordable home allows individuals and families to thrive, access better jobs, and contribute positively to their communities. Affordable housing also helps communities attract and retain key businesses.

The State Housing Tax Credit (SHTC) program is a key housing program that leverages the contributions of Minnesota taxpayers to support needed housing across the state. Changes to the program are needed to improve how the SHTC works in Greater Minnesota, ensuring that funds are allocated fairly between the 7-county metro area and Greater Minnesota, allowing this funding to be paired with the Greater Minnesota Workforce Housing Development program and repeals the sunset for this important program which is currently due to expire after December 31, 2028.

We welcome the chance to work with you to continue to address housing challenges in Greater Minnesota and thank you for this opportunity to weigh in on three key bills before the Committee.

Sincerely,

Elizabeth Wefel  
Coalition of Greater Minnesota Cities

Darielle Dannen  
Greater Minnesota Partnership



1919 University Ave. W., Suite #500, Saint Paul, MN 55104  
1-866-554-5381 | TTY: 1-877-434-7598 | [aarp.org/mn](http://aarp.org/mn) | [mn@aarp.org](mailto:mn@aarp.org)

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Instagram: [@aarpminnesota](https://www.instagram.com/aarpminnesota) | LinkedIn: [AARP Minnesota](https://www.linkedin.com/company/aarp-minnesota)

**AARP Testimony on the Starter Home Act  
House of Representatives Housing Finance and Policy Committee**

Dear Co-Chairs Igo, Howard, and Committee Members,

On behalf of our more than 620,000 members statewide, thank you for considering the Starter Homes Act. AARP Minnesota is part of a wide-ranging, bipartisan coalition committed to addressing our state's housing concerns. AARP recognizes both the need for more housing and the no-cost policy levers available to the Legislature that could improve housing affordability for people of all incomes and ability levels.

Older Minnesotans, like all age groups, are concerned about lack of housing access, affordability, and options. AARP's July 2025 Vital Voices survey of Minnesotans found that 78.9% of those age 50-64 and 71.4% of those age 65-plus were extremely, very, or somewhat concerned about being able to find affordable housing if they needed to downsize or move to another community.

The Starter Home Act increases housing options and supply at various price points by allowing more "middle housing"—housing types between single-detached houses and multifamily apartments and condos. House-sized, multi-unit structures can help generate walkable neighborhoods with community amenities that become an extension of people's homes where neighbors can be together in community. Most importantly, the homes can accommodate people of all ages, physical abilities, and life stages.

AARP especially appreciates the inclusion of accessory dwelling units in lines 5.8-5.18 of the DE MD-A09. Unpaid family caregivers are the backbone of our long-term care system, yet too many of our housing policies unnecessarily restrict Minnesotans from having the housing options on their property that they need to care for loved ones.

For these reasons and more, we respectfully request your support for the Starter Home Act. If you have questions, please contact Thomas Elness, AARP Minnesota State Advocacy Director, at [telness@aarp.org](mailto:telness@aarp.org).

Sincerely,

A handwritten signature in black ink that reads "Cathy McLeer". The signature is written in a cursive, flowing style.

Cathy McLeer, AARP Minnesota State Director



National Association of Social Workers

MINNESOTA CHAPTER

Representative Igo, Chair  
Housing Finance and Policy  
March 3, 2026

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 support of the Minnesota Starter Home 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 Minnesota Starter Home Act is 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



**Re: Support for the Minnesota Starter Home Act, as Amended**

March 2, 2026

Co-Chair Igo, Co-Chair Howard and Members of the Housing and Homelessness Prevention Committee,

On behalf of Housing First Minnesota, I write to express our strong support for the Minnesota Starter Home Act, as amended. This legislation represents a critical step toward addressing Minnesota's persistent housing undersupply and restoring attainable homeownership opportunities across our state.

Housing First Minnesota is a statewide trade association representing nearly one thousand homebuilders, remodelers, and housing professionals. Our mission is to advance homeownership opportunities for all Minnesotans.

Minnesota's housing shortage is real, measurable, and growing. Multiple estimates show that our state faces a housing deficit of approximately 98,000 units, with roughly three-quarters of that shortage concentrated in the Twin Cities metropolitan area. At the same time, housing production continues to lag behind need. In 2023, the Twin Cities region built approximately 15,473 new housing units, which are well short of the 18,000 units per year identified as necessary to keep pace with demand and population trends.

The consequences of this undersupply are evident throughout the market. Active home listings remain significantly below pre-pandemic levels, particularly in entry-level price ranges that are critical for first-time buyers. Minnesota has also experienced one of the largest recent single-year declines in homeownership in decades, underscoring the growing barriers to market entry.

Affordability pressures extend beyond ownership. More than one-quarter of Minnesota households are cost-burdened, paying over 30 percent of their income toward housing. Nearly half of renter households face this burden.



These data points reflect a simple truth: Minnesota is not building enough homes to meet demand, particularly starter homes and modestly priced options. Regulatory barriers — including restrictive zoning, excessive lot size requirements, parking mandates, aesthetic controls, and unpredictable approval processes — contribute to higher costs and reduced supply.

The Starter Home Act, as amended, takes meaningful and balanced steps to address these challenges. By expanding housing choice, allowing smaller homes on smaller lots, enabling a broader range of housing types, and strengthening predictable administrative approvals, the legislation modernizes outdated local barriers while maintaining appropriate health and safety standards.

Importantly, the bill does not mandate growth — it legalizes opportunity. It provides communities with flexibility while ensuring that unnecessary regulatory constraints do not prevent the construction of attainable housing. Increasing supply is an essential component of improving affordability, supporting workforce housing, and expanding pathways to generational wealth through homeownership.

Minnesota cannot close a 98,000-unit deficit without modernizing the policies that limit production. The Starter Home Act moves us meaningfully in that direction.

Thank you for your leadership and your continued commitment to expanding housing opportunities in Minnesota.

Sincerely,

A handwritten signature in black ink that reads "Mark Foster". The signature is fluid and cursive, with the first name "Mark" and last name "Foster" clearly legible.

Mark Foster,  
Vice President, Legislative & Political Affairs  
Housing First Minnesota





March 3<sup>rd</sup>, 2026

Chairs Howard, Igo, and Members of the Housing Finance and Policy Committee,

Americans for Prosperity - Minnesota (AFP-MN) strongly urges bold action to cut the red tape that is artificially constraining housing supply and driving up costs for Minnesotans seeking to buy or rent a home.

Over the last two years, AFP-MN has knocked over half a million doors throughout the state. When the legislature adjourned in 2025, as part of an accountability campaign we took a number of policy issues to over 100,000 Minnesotans in that year alone. Housing reform was one of the questions. Your constituents expressed overwhelming support for the Minnesota Starter Home Act – notably, over two-thirds on that issue.

Regulatory barriers are at the heart of the housing crisis: Minnesota faces a severe housing shortage—estimated at well over 100,000 homes—largely because decades of over-regulation at the local and state level have limited the supply of attainable housing and made development more expensive and time-consuming. Restrictive zoning, excessive land-use rules, minimum parking and lot size mandates, and burdensome permitting processes all elevate the cost of building and reduce choices for families. These regulatory burdens erode economic mobility and make it harder for people to find a stable place to call home.

Cutting back the regulatory barriers that prevent the construction of missing-middle housing, accessory dwelling units (ADUs), townhomes, and other diverse housing options is foundational to increasing supply, lowering costs, and bolstering property rights. Bold actions you can take to ease the market chokehold include:

- Permitting missing-middle housing (e.g., duplexes, triplexes, fourplexes) so that restrictive zoning no longer blocks supply growth.
- Legalizing accessory dwelling units (ADUs) to allow homeowners to rent out a spare unit or house family members.
- Reducing minimum lot size requirements to ease the construction of starter homes and town homes that Minnesota families can afford to own.
- Enacting shot clocks and administrative reforms to prevent unnecessary delays in permitting and approvals.
- Reducing aesthetic mandates that take away homeowners' freedom and increase housing costs.

By allowing ADUs on any residential lot and reducing minimum lot sizes for single-family homes and town homes, we would see an expansion of housing choices that meet consumer demand and reduce costs for first-time homebuyers and families. These reforms would help ensure that markets can provide more supply where demand is strongest, increasing mobility and opportunities for Minnesotans statewide.

Additionally, other reforms that prohibit local barriers like excessive parking requirements and restrictive design mandates will further empower builders and homeowners and reduce the regulatory drag that has contributed to Minnesota's housing shortage.



AFP-MN has spoken with tens of thousands of Minnesotans through grassroots organizing, surveys, and community engagement, and we have heard a consistent message: people want solutions that actually increase housing supply and affordability. There is broad and bipartisan enthusiasm for cutting the bureaucratic barriers that have made housing unattainable for too many working families.

I urge you as lawmakers to rise above the fearmongering tactics that have been employed by opponents to prevent progress on housing reform. When we hit the pavement for policy accountability and knock doors in your district, will we tell your constituents that you took action to make life more affordable? Or will we tell them that you upheld the status quo and punted an opportunity to unleash the market and help someone afford their first home?

We urge you to act decisively to cut unnecessary red tape, expand housing options, and restore economic opportunities across our state.

Sincerely,

*RaeAnna K. Lee*

RaeAnna K. Lee  
Legislative & Coalitions Director, Minnesota  
Americans for Prosperity  
rlee@afphq.org

**Attachments:**

Housing Reform: AFP's Solutions (<https://americansforprosperity.org/wp-content/uploads/2025/12/Housing-Reform-One-Page-1.pdf>)

Roadmap for Housing Policy Reform (<https://americansforprosperity.org/wp-content/uploads/2025/11/Roadmap-for-Housing-Policy-Reform.pdf>)

*Celebrating America's 250<sup>th</sup> Birthday: AFP is reaffirming our commitment to and reconnecting Americans to the founding principles that make our nation exceptional—liberty, dignity, and opportunity. We're not just celebrating our principles; we're challenging Americans to act on them. Take One Small Step today.*

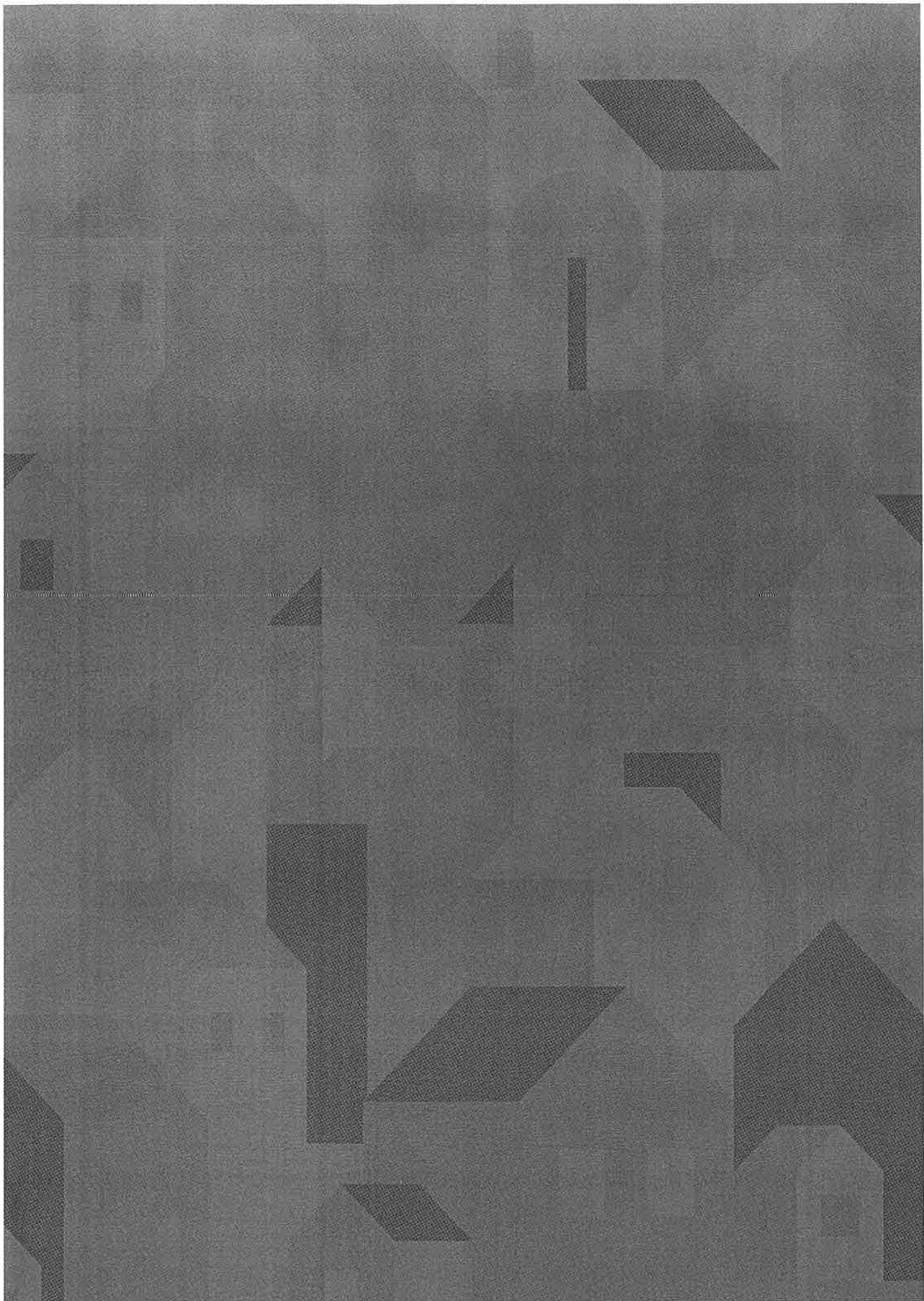


**A ROADMAP FOR:**  
**HOUSING POLICY REFORM**

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**PROVEN TOOLS AND MODEL POLICIES  
FOR STATES TO CUT RED TAPE AND  
INCREASE HOUSING SUPPLY**

**BY ILANA BLUMSACK**



**H**ousing costs are rising rapidly, burdening millions of Americans nationwide. Americans for Prosperity strives to create an economy that works for all — empowering people to achieve success and realize their potential. **Overly burdensome regulations** related to housing, land use, and zoning make housing more costly and erect barriers to economic growth that inhibit opportunity and geographic mobility.

**Reducing and reforming zoning, land-use, and building regulations** would bolster property rights and foster economic opportunity, improving outcomes for workers, renters, homeowners, and landlords.

AFP is focused on enacting these **foundational housing reforms** in all 50 states. Though the precise impact of a given policy change may depend on state or regional housing market dynamics, demographics, or other state or regional factors, AFP has identified a variety of reforms that state leaders can pursue to reduce regulatory burdens and promote private property rights.

# TIER 1

HIGH PRIORITY OPTIONS

## Permit “Missing middle” housing by right

*(E.G. , duplexes, triplexes, fourplexes)*

Over 75% of residential land in the United States is zoned for only single-family homes, prohibiting any non-single-family home, such as duplexes (two-unit houses), triplexes (three-unit houses), and even townhomes, from being constructed on a given residential lot. Missing middle housing is housing between detached single-family homes and large apartment buildings, such as townhomes, duplexes, and triplexes. Permitting missing middle housing would significantly increase housing supply and choice, thereby lowering prices for prospective buyers and renters.

Single-family-only zoning also reduces property rights, as property owners cannot subdivide a home on their land without going through lengthy and costly variance or rezoning processes that are sometimes unsuccessful. These processes impede property owners from using their property and land as they see fit. Permitting missing middle housing increases consumer choice and property rights by allowing for the construction of multi-family housing along with single-family homes.

In 2019, the Oregon legislature voted to allow the construction and use of duplexes in formerly single-family-zoned land in cities with over 10,000 residents and fourplexes on single-family-zoned land in the Portland metropolitan area. In 2021, California passed SB 9, which effectively eliminated single-family zoning statewide. Additionally, both the Maine and Washington state legislatures have recently legalized missing middle housing by-right in many cities across those states. These zoning reforms have received widespread bipartisan support.

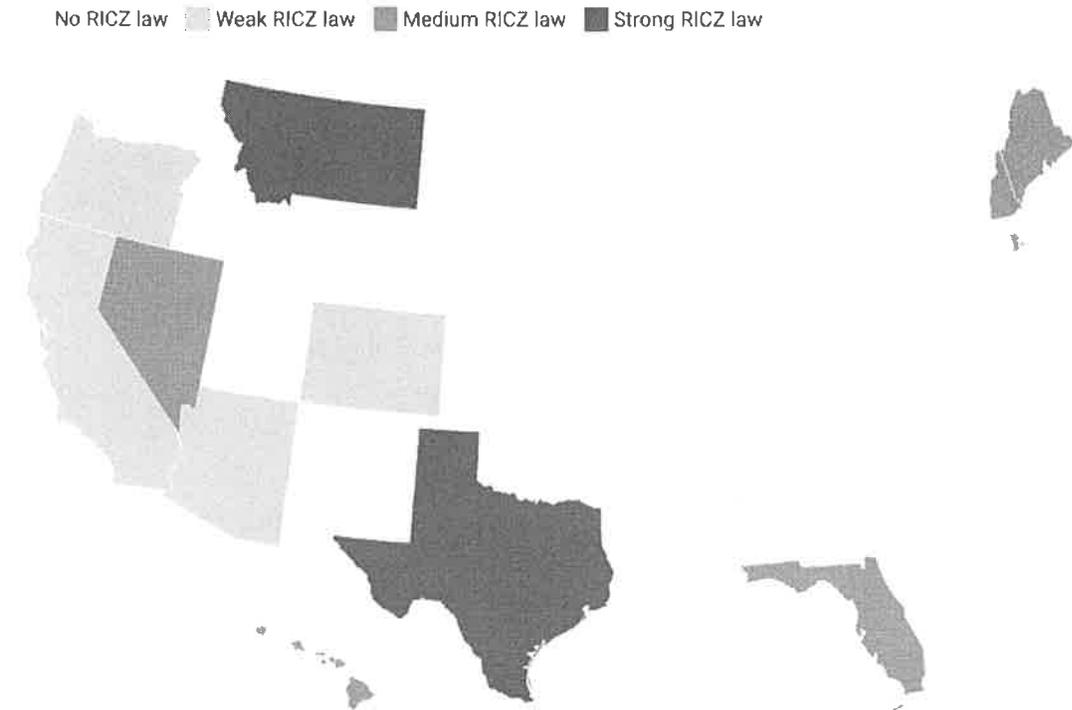
In 2023, AFP-Montana helped pass SB 323 which legalized duplexes by-right on any single-family zoned lot in cities of over 5,000 residents, and mandated that the regulations on these duplexes may not be more stringent than those imposed on single-family homes that are also allowed on those lots.

## Legalize multifamily and mixed-use buildings in commercial zones and allow commercial-to-residential conversions:

Many localities also have commercial-only zoning that limits where housing can be located. However, this was not always the case. Mixed-use housing had been quite common in urban and downtown areas, as many families owned businesses on the ground level and lived in housing units above their shops. Modern commercial-only zoning restricts housing options, increasing costs and limiting housing choices for residents.

States should legalize multi-family housing and mixed-use buildings in previously commercial-only zoned areas. Additionally, as increased remote work has reduced commercial office space utilization, states and cities should allow commercial buildings to be converted into apartments.

### Statewide residential in commercial zoning (RICZ) laws



Source: Data on file with author • Created with Datawrapper

## Bills AFP chapters have worked on

| State         | Year | Bill(s)            | Main elements   | Population threshold                             | Reduction in parking requirements | Commercial to residential conversions |
|---------------|------|--------------------|---|--|-----------------------------------|---------------------------------------|
| Montana       | 2023 | SB 245             | Allows multi-family and mixed-use developments in commercial areas.   | 5,000  | Yes.                              | No.                                   |
| Arizona       | 2024 | HB 2297            | Requires localities to allow by-right multi-family, mixed-use, or commercial to residential conversions on up to 10% of available commercial-zoned land.                      | 150,000  | No.                               | Yes.                                  |
| Texas         | 2025 | SB 840 and SB 2477 | SB 840 legalizes multi-family and mixed-use developments in commercial areas. SB 2477 requires localities to allow commercial-to-residential conversions in commercial areas. | City of 150,000 in a county of at least 300,000. | Yes.                              | Yes.                                  |
| New Hampshire | 2025 | HB 631             | Allows multi-family housing, including potentially mixed-use and commercial-to-residential conversions, in commercially zoned areas.  | Major cities                                     | No.                               | Allowed.                              |
| Nevada        | 2025 | A.B. 241           | Requires localities to allow mixed-use and multi-family dwellings in commercial areas.  | None.  | No.                               | No.                                   |

Source: Market Analytics AFP's research + ChatGPT with paraphrasing