



February 20, 2024

RE: HF 4009 DE1 (Kraft) Missing Middle Housing Bill

Chair Howard and Members of the Minnesota Housing Committee,

The Minnesota Chamber of Commerce represents over 6,300 businesses of all sizes and industries employing over 500,000 employees in MN. We advocate for public policies to strengthen Minnesota's business climate and to help grow Minnesota's economy. We thank Representative Kraft for taking on this difficult and important task of addressing the housing shortage. We are supportive of this bill with the DE1 amendment to reduce regulatory restrictions that are increasing the housing costs as well as reducing consumer choices and adding barriers to workforce growth.

By nearly every measure, new homes in Minnesota cost more than comparable homes in all other Midwest markets according to a report by Housing Affordability Institute. There is not one specific policy and mandate that has created this price differential but it is the combination of state and local building codes, regulations, fees, local design standards and regulations that have all combined to add those additional costs. To spur additional private investment in workforce housing, the Minnesota Chamber supports reducing regulatory and building costs. If Minnesota is to address the lack of affordable housing, it must include reducing cost drivers imposed at state and local level that add to building costs but are not advancing health, safety and environmental issues.

One of the top concerns of our businesses impeding their ability to grow in Minnesota is the challenge of finding workers. The workforce shortage is not short lived as workforce growth according to the state demographer is forecasted to be basically flat over the next decade. Minnesota will need to attract and retain more of workforce talent and remove barriers to workforce growth in order to strengthen our state's business and economic growth. One of the barriers is housing. We hear from our local chamber of commerce partners and our members that compounding the problem of the worker shortage is the lack of workforce housing. This lack of housing which can be especially acute in many greater Minnesota communities can impede growth opportunities and recruitment of talent to those areas.

We would urge you to support H.F. 4009 (DE1) in order to facilitate additional private sector investment in housing and reduce many underlying costs to the building of workforce housing.

Sincerely,

Beth Kadoun

Beth Kadoun
Vice President of Tax and Fiscal Policy
Minnesota Chamber of Commerce