



RISE Modular
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February 22, 2022

Minnesota Representative Sandra Masin
Chair, MN House Local Government Division

Regarding: HF 3256 (Elkins) Written testimony for Committee Hearing on February 23

Representative Masin:

I am writing in support of the language in Article 4, Section 1 of House file 3256 to specifically include industrialized/modular residential buildings. This amendment simply specifies that zoning authorities cannot prohibit residential properties that happen to be of industrialized/modular construction as long as the properties comply with all other zoning ordinances.

It appears that when the current statute Authority for Zoning (MN Statute 2020 Section 462.357, subdivision 1) was drafted, it simply didn't include industrialized/modular structures, even though they have been an established style of construction since 2007. The proposed amendment would correct that omission.

I am the Founder & CEO of RISE Modular, a Minnesota company founded in 2019 and operating an approximately 150,000-square-foot manufacturing facility in Owatonna, MN, that produces volumetric modular units for use in multifamily residential and hospitality development projects. As of the end of 2021, we have provided modules for three projects in Minnesota with 260 rental apartments, and we will produce modules for nearly 500 rental apartments in 2022, including an affordable development with the Minneapolis Public Housing Agency.

Minnesota has a rich history of supporting manufacturers of modular residential homes, but until recent years, this has primarily been for single-family homes. RISE Modular is the first manufacturer of residential modules in Minnesota that is focused exclusively on larger scale commercial developments, with our completed projects ranging from 30 units to 192 units.

The Minnesota Department of Labor and Industry was way ahead of other states in setting a rigorous and efficient system for the oversight of manufacturers of industrialized/modular buildings, having adopted Chapter 1361 governing these manufacturers and projects using modular components back in 2007. Importantly, buildings that use industrialized/modular components must comply with the State Building Code for commercial or residential construction.



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In recent years more and more developers are looking at the benefits of construction using industrialized/modular components for their multifamily residential properties. Modular construction allows major components of projects to be completed in indoor, climate-controlled facilities all year long. This approach allows projects to be completed 30-50% faster, while also providing higher quality and lower costs.

I ask that you include this simple amendment to clarify that localities cannot prohibit a project simply because it happens to incorporate industrialized/modular components.

Sincerely,

A handwritten signature in black ink, appearing to read "Christian Lawrence", with a long horizontal flourish extending to the right.

Christian Lawrence
Founder & Chief Executive Officer
RISE Modular



February 21, 2022

Dear Chair Masin and Members, House Local Government Committee:

Metro Cities appreciates the opportunity to comment on provisions in HF 3256-Elkins that are specific to metropolitan cities. Metro Cities represents the shared interests of metropolitan cities at the legislative and executive branches of government, as well as before the Metropolitan Council.

Metro Cities has concerns about provisions that would obstruct existing metro-specific processes that ensure the orderly growth of the region and required regional infrastructure to serve this growth.

Existing regional requirements set in state law give the Metropolitan Council important but limited authority to address regional infrastructure and systems, while allowing municipalities to remain largely self-determining with respect to local density and land uses. Regional and local coordination is required and practiced across the scope of regional policy setting.

While city officials and the Metropolitan Council at times disagree, generally they work successfully toward the shared interest of ensuring regional infrastructure such as wastewater and transit is adequately planned for and provided to the region's residents and businesses, who pay the costs of the infrastructure. Cities and the Metropolitan Council also coordinate on land use policies to address needs for new affordable housing construction. Metro Cities supports this coordination as well as local appeals in the setting of regional requirements.

Every ten years, cities in the metropolitan region are required to submit local comprehensive plan updates to the Metropolitan Council to ensure the compatibility of local plans with regional systems. HF 3256 would require that official local fiscal devices and controls be at once and entirely consistent with all identified uses in a local plan, effectually disallowing staging of developments and many existing land uses. This requirement is inconsistent with the objectives of long-term planning and ignores local fiscal capacities, constraints, existing land uses and community input that inform local plans and the timing of developments. As such, the bill would require cities and taxpayers in the metropolitan region to prematurely address and pay for infrastructure to serve growth that has not yet occurred and may not be expected to occur for years down the road.

HF 3256 restricts city eligibility for regional grant programs, by stipulating only parcels zoned for multifamily housing qualify for a metropolitan city's affordable housing goals under grant programs. Metro Cities supports flexible and accessible programs to cities across the region to help advance local needs for affordable housing.

HF 3256 would impose a statewide zoning policy and preempt local density setting, as well as regional density requirements for the planning and provision of regional infrastructure. This mandate would negate local community characteristics that inform density requirements for the region and would put significant and premature cost obligations on cities and taxpayers.

HF 3256 would require that certain communities be charged a higher level of SAC (sewer availability charge) based on their location in the region. SAC is structured as a local user fee calculated on current and projected use of the regional wastewater system. Metro Cities policies support a SAC program that is fair and transparent among all users and opposes using the regional SAC charge to subsidize state goals and objectives.

Thank you for the opportunity to provide comments on provisions in HF 3256-Elkins that are specifically consequential for cities in the seven-county metropolitan region.

Sincerely,

A handwritten signature in blue ink, appearing to read "Patricia Nauman".

Patricia Nauman
Executive Director

Dear Local Government Committee Members,

I am emailing regarding H.F. 3256, Article 4. In particular, Minnesota Housing Partnership (MHP) supports measures in Sec 2 of Article 4 to eliminate exclusionary zoning and allow for more density and diverse housing options. This position was also adopted onto the Homes for All Coalition's 2022 Support Agenda.

Zoning that allows for increased variety of housing options can enhance housing affordability, increase housing options, and accommodate greater diversity of needs. Addressing the scarcity of “missing middle” housing is key to expanding the supply of affordable homes. Flexible zoning can help desegregate communities and reduce housing disparities by helping to expand the supply of rental housing and increasing ownership opportunities. Minnesota needs to do more to reverse the legacy of discriminatory housing and investment policies that have created homeownership and wealth gaps and concentrated poverty and disinvestment.

A growing body of evidence has identified how exclusionary zoning places artificial constraints on supply, exacerbates residential racial segregation, and contributes to rising housing costs. Exclusionary zoning practices are rooted in a deeply racist history. Since the early twentieth century, municipalities have wielded local discretion in the land use process to enact a host of exclusionary zoning restrictions. Exclusionary zoning regulations, such as zoning ordinances mandating minimum lot sizes, and restricted multifamily development have often prevented working-class, minority households from moving into predominantly white communities. Research has found that restrictive land use regulations enacted earlier in the twentieth century help explain metropolitan segregation patterns today.

MHP also believes that flexible land use must be complemented with investments that increase the production and preservation of affordable housing and fully fund housing assistance programs. Without incentives, requirements, and resources to build housing that is affordable to low and even moderate-income households, flexible zoning can have unintended consequences.

MHP is a housing non-profit that strengthens development capacity and promotes public policy change to expand opportunity, especially for those with the greatest need. MHP provides public policy advocacy, capacity building for rural and Native communities throughout the United States and produces original research.

Thank you,

Libby

Libby Murphy

Director of Policy

Minnesota Housing Partnership

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mhponline.org