

March 4th, 2024



RE: Opposition to HF 3350

To Whom It May Concern:

This letter is in response to the proposed HF 3350 that would limit rent increases to Affordable (LIHTC) Senior Properties in Minnesota. MWF Properties has participated in the development of over 30 LIHTC developments in Minnesota. MWF Properties understands the need to mitigate the impact of cost burdened households and help prevent economic displacement. This is one of the reasons MWF limited 2022 and 2023 rent increases to no greater than 5% on occupied affordable units.

However, MWF Properties is not supportive of the proposed legislation for the following reasons:

1. **Another layer of rent limits would be overly burdensome.** Rents on LIHTC properties are already regulated. Based on the AMI data included on the Minnesota Housing website, from 2008 to 2023 the average rent increase allowed by the program in the Twin Cities Metro Area was 2.5%. This does not include other limitations such as HOME, FMR or other rent restrictions imposed on the property by the funding and/or municipality.
2. **This bill will create future property budgetary issues.** If rents can't keep up with expenses, expenses will need to be cut. The only controllable operating expenses are site **staff wages** and **property maintenance**. Imposing additional limitations on rent will push property owners to **disinvest in their employees and properties**.
3. **The proposed bill will make affordable senior properties more challenging to finance.** If the proposed bill were approved, the risk of developing affordable senior would be too great for us to pursue. As a result, we would need to remove age restrictions from planned affordable senior developments.

Due to the factors above, the proposed rent limit policy will impact affordable housing production and/or create future budgetary issues. We are sympathetic to cost burdened households because of recent inflation trends but due to the factors above we believe the proposed rent limitation will create a long-term problem to a short-term issue.

We appreciate the opportunity to comment on this matter.

Sincerely,
MWF Properties, Inc.

A handwritten signature in black ink, appearing to read "C. Stokka", written over a light blue horizontal line.

Christopher Stokka
Vice President