



March 2, 2023

Chair and members of the committee:

I write today on behalf of the Minnesota Multi Housing Association, known as MHA. MHA is an industry nonprofit representing 2,200 members and 310,000 rental housing units in the state. Today I respectfully raise MHAs opposition to Senate File 1481.

Senate File 1481 looks to add multiunit residential properties to special service districts found under 428A. These special service districts currently only include nonresidential properties. Under the new language it provides that the existing nonresidential properties in the special service district can elect to include multiunit residential properties. It is unclear in the language whether multiunit properties have the ability to elect to not participate due to the fact that the time to make such an election is at the original formation of the special service district. Furthermore, the requirements for a veto are difficult to reach and could be abused. Instead, the veto should be solely based on the new multiunit properties being considered for addition, not the total properties which have already exercised their ability to veto the formation.

As drafted, the bill provides Common Interest Communities with an exemption from the special service districts when the services are already provided by the owner's association. This is inequitable against renters who are disproportionately people of color and homeowners who are disproportionately white. At a minimum, this same exemption should be afforded to multiunit rental properties.

This proposal will result in a significant shift of these special districts costs to residential properties. This effectively raises taxes on these multiunit properties which already pay a significant amount in local property taxes and fees. The only way to offset these costs for housing providers is to pass them along to renters. At a time where we are looking for ways to attract housing investment, it is disappointing that local governments are advocating for shifting costs on to housing providers. While most states are reducing the barriers to housing development and seeking to address the issue of housing affordability in the market, this legislation will only add more costs.

Thank you for the opportunity to provide written testimony.

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