



March 3, 2023

**Re: SF 365 – Single family homes conversion to rental property units prohibition**

Dear Chair Port and members of the Senate Housing and Homelessness Prevention Committee:

The League of Minnesota Cities appreciates the opportunity to provide background on the issue of the concerning trend regarding corporate purchases of single-family housing stock in Minnesota cities. While the League doesn't have a policy position on the approach that SF 365 takes to address this issue, assessing the trends in corporate and investor ownership of single-family housing stock in Minnesota cities and mitigating any negative impacts this trend is having on homeownership opportunities is an important issue that we as an organization and cities across the state are monitoring carefully.

We appreciate Senator Boldon's attention to this issue and for the conversations around the trend of investor and corporate purchases of single family-homes and what a potential legislative response might be to address the negative impacts of this trend. In a number of neighborhoods, as referenced in a recent Minneapolis Federal Reserve Report, this trend has reduced the number of homeownership opportunities for residents and in many cases are concentrated to lower-income neighborhoods and neighborhoods with higher population of BIPOC residents, which in some cases is leading to the exacerbation of the racial gap in homeownership

This was a topic of great interest during the League's Housing Task Force meetings last year and resulted in our board adopting a Task Force recommended policy to support tools to mitigate negative impacts on city housing stock and prospective homebuyers due to investor/corporate ownership of housing. We heard scenarios in cities where single-family subdivisions have been developed where the city is under the impression that it will create new homeownership opportunities only to have the entire subdivision sold upon completion to an investor party who then transitions those homes to single-family rental. We also heard city challenges with nuisance code enforcement and rental licensing and poor conditions of rental properties owned by out-of-state owners.

It is important for any city to have a diverse array of housing stock and that certainly includes rental and certainly include single-family rentals. Our concern that we have is the trend in investor purchases are, in some neighborhoods, removing homeownership opportunities for residents in a tight housing market and it's important for the legislature to monitor this trend and consider tools at the state and local level to reduce the potential negative impacts that could arise should this trend continue.

Sincerely,

A handwritten signature in black ink that reads "Daniel Lightfoot". The signature is written in a cursive style.

Daniel Lightfoot  
Intergovernmental Relations Representative  
League of Minnesota Cities