



April 15, 2024

RE: HF 4254, Multifamily Residential Development Act

Dear Chair Dziedzic, Vice Chair Mitchell, and honorable committee members,

Thank you for this opportunity to share our support for SF 4254, the Multifamily Residential Development bill, and to all who have worked so hard to bring this bill before the committee today.

I am Rev. Nancy Nord Bence, Public Policy Manager at Beacon Interfaith Housing Collaborative. Beacon is a true collaborative 100+ congregations that creates deeply affordable housing, sustains 20 developments for over 1100 residents, and advocates for every Minnesotan to have a home. Our goal is to create at least one new supportive housing development of 40-45 units every year, with a focus on where the need is greatest, in suburban and exurban communities.

Although we are uncomfortable with the provision in lines 3.13-3.17 of the DE amendment, which allows cities to require multiuse developments, **Beacon strongly supports SF 4254. Numerous studies have shown that restrictive zoning significantly increases the costs of multifamily housing, making the provision of deeply affordable multifamily housing by non-profits almost untenable. At Beacon, we know this to be true.**

Local zoning regulations considerably delay approval of the housing we build, adding many months during which we continue to pay holding costs, loan interest, insurance premiums, utilities access fees, taxes, and the expenses of maintaining the property. In addition, the more land use challenges we face, the more soft costs we pay for things like permit fees, the services of consultants, attorneys, and civil engineers, special studies, and revised architectural plans.

These expenses all occur before we receive any state or federal funding for the project, and they add up quickly. As a non-profit developer, Beacon needs to raise **\$21,000** in individual donations per unit--about **\$900,000** per development--just to get through the average land use approval process.

But restrictive zoning doesn't just increase the cost of building in a single community, because "local control" has statewide impact. As shown on the back of this page, restrictive zoning creates a cost spiral that ultimately raises rents for everyone--and rent inflation is the single most powerful driver of overall inflation. Thus, restrictive zoning by individual communities is an unseen hand pushing up the cost of living for all your constituents.

There is general agreement that Minnesota's housing crisis is a supply problem: we simply do not have enough available housing that average and low-income Minnesotans can afford. To solve it, the legislature made historic investments in housing last year. We cannot thank you enough for that. Now we urge you to ensure the best possible return on those investments by limiting costly barriers to the construction of new multifamily housing.

Please pass SF 4254 out of the Senate State & Local Government and Veterans Committee today, so it can continue on its forward path.

Thank you.

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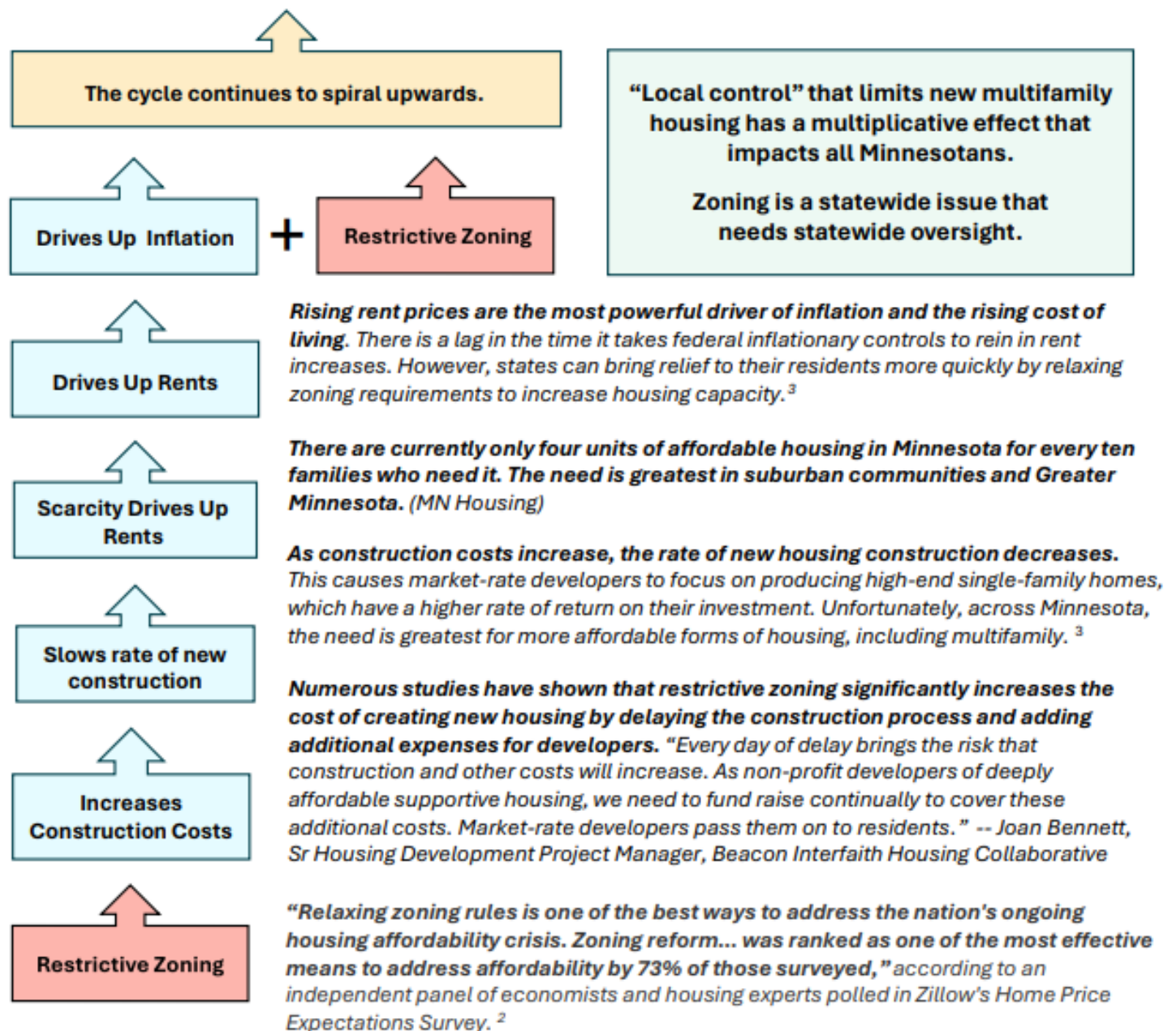
Changing the
Landscape of
Home

How restrictive zoning drives up housing costs and inflation.

Between 2023-2024, the median rent in Minnesota increased 13.0%, according to data from HUD and the US Census Bureau. That is higher than the 12% increase in median rent for the national as a whole. No part of the rental market has been able to avoid continued price increases. From studio apartments to large homes, rental units of all sizes have seen similarly-sized increases in median rents.¹

Economists and housing experts overwhelmingly agree that zoning reform is one of the best ways to make homes more affordable and that local jurisdictions need to streamline and ease the approval process for new affordable housing.²

“Restrictive zoning” and other artificial barriers to greater density at the local level “have combined to create an unprecedented and persistent housing shortage. Failure to address these issues will create lower economic output and fewer opportunities for everyone.”²



1: https://www.primepublishers.com/minnesotas-median-rent-increased-13-0-last-year/article_596d7bf0-be0f-548c-9133-c2f1828a2d45.html

2: <https://zillow.mediaroom.com/2023-03-08-Zillows-panel-of-experts-Fix-zoning-to-improve-housing-affordability>

3: <https://Howstateandlocalgovernmentscanfightinflationwithzoning|byBenjaminRecchie|Medium>