

Testimony of The Pew Charitable Trusts
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Thank you, Chair Port, Ranking Member Lucero, and members of the Committee for the opportunity to provide testimony. I'm Gabe Kravitz from the Housing Policy Initiative at The Pew Charitable Trusts, a nonpartisan, nonprofit organization.

SF 3964 - City minimum residential densities and associated requirements establishment

A shortage of four to seven million homes nationwide, including a shortfall of approximately 40,000 homes in Minnesota, is raising housing costs. Zillow data shows the median cost of a home has risen 80 percent in Minnesota in the past decade.

The provisions in SF 3964 are similar to measures taken in other jurisdictions that have proven successful in increasing housing supply, lowering costs, and reducing homelessness. The bill would permit accessory dwelling units (ADUs) in cities, increase middle housing production, reduce minimum lot size and parking requirements, and simplify permitting.

The evidence for the effectiveness of these policies is strong:

- ADUs rent for less than either single-family houses or apartments in new buildings and are often affordable to those earning 80 percent or less of the area median without government subsidies.
- Reducing minimum lot sizes in Houston has enabled the construction of 80,000 new townhouses with prices typically affordable to those earning around the area median.
- Eliminating parking requirements and allowing more apartments helped keep rents nearly flat in Minneapolis over the past seven years, even as rents rose by 20 percent in Minnesota overall and 29 percent nationwide.
- Middle housing, such as two-to-four-unit homes, consistently has lower rents than single-family houses or high-rise buildings.

Allowing more housing also reduces homelessness. For example, when Minneapolis permitted housing at triple the rate of Minnesota from 2017 to 2022, it held rent growth down and homelessness dropped in the Minneapolis area even as it rose statewide.

A 2023 Pew survey shows a majority of Americans support a wide range of land-use reforms to build more housing, including expediting and simplifying building permitting. Several states have passed similar laws to make permitting quicker and more predictable as well, including Texas, California, Montana, and Rhode Island.

Minneapolis' Rent Growth Was Much Lower Than Minnesota's

Percentage change in housing stock, average rent, and homelessness, 2017-22

