



May 1, 2025

RE: Starter Home Act

Dear Chair Xiong and members of the Senate State and Local Government Committee,

There is no denying that Minnesota has a housing shortage. A severe shortage of housing is why more than 600,000 Minnesotan households pay more than they can afford for housing. Statewide, for the first time, even registered nurses cannot afford the median priced home. Status quo land-use policies and procedures make building more expensive, challenging, and time-consuming.

To dramatically increase the supply of homes, Minnesota must streamline housing production and enact a minimum, uniform standard. Administrative design review in tandem with consistent rules will provide more certainty in the development process and reduce time and cost drivers.

Today, despite how a parcel of land is zoned, developers must navigate a tangled web of rules that create significant uncertainty. Local decisions can be arbitrary and influenced by a few, vocal residents. The inconsistent application of rules and regulations makes it impossible for developers to know whether a project is worth pursuing. Those willing to operate a business in this unnecessarily risky environment are incentivized to build luxury homes. Developers of affordable homes have experienced multiyear delays, increased development costs - upwards of \$3 million - a significant reduction in the number of units, and, sometimes, returning federal subsidies.

The current processes are an opportunity cost for cities. Administrative review processes to approve projects in parcels already zoned for that use would free up staff time and taxpayer resources to address other pressing community needs.

The bill does not eliminate opportunities for residents to engage in community planning. Cities will soon update their comprehensive plans. This is a plan that should result from significant community engagement. Residents can also participate in broader community discussions about zoning and rezoning.

Building parking, especially structured parking, is expensive. A single unit of above or below ground structured park can add up to \$50,000 per parking space. **Reducing parking minimums could significantly reduce development costs.** When affordable housing developers are required to spend \$10,000-\$50,000 per parking space and are required to provide 2 parking spaces per unit, **taxpayers subsidize cost drivers that do not demonstrably improve residents or neighbors' quality of life.**

Reducing parking minimums will not result in the total elimination of actual parking spaces. Developers will build the amount of parking they know will be needed to attract residents. What developers know can conflict with a local jurisdiction's parking mandate, which often assumes every unit will be occupied by a two-car household. This fact is made clear **by multiple studies that demonstrate that most multifamily housing parking is underutilized.**

Those who suffer the consequences of these restrictive growth policies are our most vulnerable neighbors, our lowest-income neighbors, and even workers in the most in-demand jobs. Minnesota faces an increasing housing shortage, and **the trajectory of other states shows just how detrimental it can be to local communities and the state's economy when housing construction cannot keep pace with demand. The status quo hinders any ability to further fair housing and address the homeownership gap by artificially constraining the supply of housing.**

We urge you to take a proactive approach and implement policies that will create the housing Minnesota needs. The chorus from those who want more housing options at more affordable price points is impossible to ignore. SF 2229, as amended, is an opportunity to pass meaningful reforms.

Sincerely,

A handwritten signature in black ink, appearing to read "LIBBY MURPHY". The signature is stylized and written on a light-colored background.

Libby Murphy
Director of Policy

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