



March 4, 2025

Chair Lindsey Port
Senate Housing and Homelessness Prevention Committee
Senate Office Building, Room 3213
95 University Avenue W.
Saint Paul, MN 55155

Re: S.F. 1652 - Senator Jim Abeler

Dear Chair Port:

I write to express the North Central States Regional Council of Carpenters strong and continued opposition to the above referenced legislation. I have listened to previous debate in both the House and Senate respective Housing Committees and would offer the following observations.

First, a great deal of effort was made to suggest that because this housing was already subject to rent control, that this wasn't really a rent control bill, but rather just a minor modification of the method of calculating what the level of rent increase would be. Clearly, if enacted this legislation would achieve lower rent increases to the renters. What received almost no consideration was the impact on construction of this type of housing. At a time where the numbers of senior citizens are growing, we want to ensure that housing exists for them. As demonstrated by rent control in the City of St. Paul, this legislation would only compound the problem by stopping future investments of senior housing in Minnesota. Construction would be minimized and the quality of living for these seniors would be diminished.

Furthermore, the current method of determining the rate of increase has been in use for decades. HUD has continued to refine the way that it is implemented and has done so recently. The events of the recent past, prompting this legislation, have never occurred before and the impact to the system was profound. However, the change that is suggested, and the rate that is included in the legislation, has not been adequately studied to understand the implications for construction on this type of housing into the future. We would suggest that before the adoption of a new rent increase method that consideration should be taken to understand the impact of the change on construction for our seniors.

Our concern is particularly acute when new, unproven ideas for calculating rent increases are enacted. We need only look to Saint Paul, which despite having a twenty-year exemption for new construction still has seen a near complete shutdown of new investments into construction. The proposed law has no exceptions for new construction or



a waiver process for repairs that might be significant. We are very concerned that this law will lead to yet another shutdown of construction and repairs. Saint Paul has minimal construction in multi-family housing at a time when our state needs it most. We cannot afford to also minimize this type of senior housing.

S.F. 1652 (Abeler) would only help in promoting the construction of senior, affordable housing being built using a tax fraud model, exploiting workers and ignoring community support due to short investments and minimal funding. We fight every day to try and clean up the construction industry, and this would be another major setback.

Finally, we would suggest that instead of implementing rent control, which clearly impacts construction, that a better way might be to help seniors who are struggling with rent by providing rent assistance. Perhaps more could be done to help seniors, without harming the construction of new needed affordable housing, minimizing building and potentially making it difficult for all our seniors to have an opportunity to live in these facilities.

Sincerely,

Richard Kolodziejewski
Director of Government Relations
North Central States Regional Council of Carpenters