

March 31, 2025

Chair Port and Members of the Senate Housing and Homelessness Prevention Committee:

Thank you for the opportunity to submit written testimony on SF 2298 (A-2 DE amendment), the Housing and Homelessness Prevention omnibus bill.

Minnesota Realtors® (MNR) was founded in 1919 and is a business trade association with a membership of over 21,000 real estate professionals statewide.

Community-Based First-Generation Homebuyers Down Payment Assistance (Art. 1, Sec. 3, Subd. 17 and Art. 2, Sec. 8)

MNR appreciates the inclusion of \$2 million in FY 2026 and \$450,000 in FY 2028, and each year thereafter, for the community-based first-generation homebuyers down payment assistance program.

MNR's 2025 Legislative Session agenda includes support for establishing the community-based first-generation homebuyers down payment assistance program as a permanent program with ongoing funding to increase access to sustainable homeownership and reduce the racial homeownership gap

MNR was part of the coalition that worked on the innovative pilot program initiative that was funded by the Legislature in 2023. The pilot program was informed by research that the Minnesota Homeownership Center and MNR commissioned that found, not surprisingly, that, *"...especially for low- and moderate-income households and communities of color, the lack of capital for down payment is arguably the most significant barrier to homeownership."*

This program is effective at addressing that barrier to homeownership and has already assisted hundreds of first-generation homebuyers achieve homeownership since the funds became available last summer.

Metrics for the pilot program are posted on firstgendapa.org, which is also a great resource for homebuyers, lenders, and Realtors® interested in learning more about the program and for homebuyers to apply for assistance.

The framework of this program is informed by the experience and expertise of those who work directly with down-payment assistance programs and the buyers who would benefit from the program.

Homebuyers can work with the mortgage lender of their choosing and are able to reserve funds, so they know that assistance will be there when they find a home to purchase.

We understand this committee's target is a challenge this Session. However, we appreciate that the DE amendment includes funding for this important program in FY 2026 and beyond.

Task Force on Homeowners and Commercial Property Insurance (Art. 2, Sec. 14)

MNR also supports the language in the bill creating a task force on homeowners and commercial property insurance.

Over the past couple of years, MNR has been hearing from our members about the challenge that rising insurance costs, and in the case of HOAs, availability of insurance, is having on the housing market and those trying to get into homeownership. Alongside the limited supply of housing that is driving up costs and higher mortgage rates, the rising cost of insurance and property taxes are also contributing to the growing financial pressure on homeownership.

Our research director put together data that showed the extent to which homeowner budgets are being stretched: In 2024, the monthly PITI (Principal-Interest-Taxes-Insurance) payment on a median priced home in Minnesota was \$2,551. In 2021, it was \$1,622. That is an approximately 57% increase in just three years and insurance costs are contributing to that upward pressure on homeowner budgets.

Lack of access to insurance or inadequate coverage can also limit the financing available to buyers, particularly where an HOA master policy does not meet Fannie Mae/Freddie Mac guidelines.

We appreciate the thoughtful approach of establishing a task force charged with crafting recommendations to strengthen and stabilize the homeowners and commercial property insurance industry in Minnesota. We also appreciate that MNR is designated in the language as having a representative on the group and we look forward to participating in the important work that will be undertaken by this task force.

Sincerely,



Paul Eger
Senior Vice President, Governmental Affairs
Minnesota Realtors®