



Ely City Hall, 209 E Chapman St, Ely MN 55731

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February 10, 2025

The Honorable Ann H. Rest, Chair  
Senate Taxes Committee  
Minnesota State Senate  
75 Rev. Dr. Martin Luther King Jr. Blvd. Capitol, Room 328  
St. Paul, MN 55155

Re: Work Force Housing Sales Tax Exemption- Ely HRA Wilderness Escape

Honorable Ann H. Rest,

On behalf of the City of Ely, I write in support of Senate File 542 (Hauschild/Farnsworth), which provides for a construction sales tax exemption for a workforce housing projects in St. Louis County and specifically in Ely.

The City of Ely has had a housing study completed concerning all housing needs as well as a study specific to work force housing. In this study it was determined that there is an unmet demand for 251 market-rate rental units in the Ely area by 2028. To start to address this need the City of Ely has been working with the Ely HRA on the development of a new 37-unit market rate apartment building for work force. We have heard from multiple businesses in the community of the need for additional housing. Many of these businesses have open positions that remain unfilled due to the lack of appropriate housing options for prospective employees. We were unsuccessful in receiving Minnesota Housing funds for work force housing in the 2024 funding cycle but continue to work forward on financing this badly needed project.

This bill would provide an estimated sales tax savings of \$235,000. The project cost is nearly \$8.0 million and this is a critical piece to make this project a reality. We currently have nearly \$1.3 million in project funding secured. Greater Minnesota has not had the support for work force housing projects that is necessary to make them feasible. Lower property values, less availability of developers, higher material costs resulting in higher per unit costs has made our projects less favorable to receive funding. We need this help to start getting housing needs met.

If you have any questions or concerns do not hesitate to contact me at 218-235-3083 and [elyod@ely.mn.us](mailto:elyod@ely.mn.us).

Thank you for considering this request.

Sincerely,

Harold R. Langowski Clerk-Treasurer  
City of Ely