



MLC 2022 LEGISLATIVE PLATFORM

Housing and Home Ownership

Housing is a top priority for MLC cities, particularly in supporting affordable home ownership for low to moderate income residents. Increasing access to home ownership for black, indigenous, and people of color is a high priority for our Commission.

A variety of housing options within each of our cities is very important, however MLC is focusing its efforts on access to moderately priced starter homes, which will enhance the ability of Minnesotans to achieve inter-generational wealth growth via homeownership. Specifically, supporting initiatives and funding to secure and maintain existing housing stock (NOAH), as well as finding ways to incentivize builders to bring affordable housing options to our cities.

Opportunities for affordable home ownership continue to be a challenge in our communities for a number of reasons, especially as the real estate market has transformed the housing industry and builders are now focusing on single-family and townhomes with more square footage and higher quality amenities than previously, which drive up the cost of housing transactions. In addition to the changes driven by the market, Minnesota faces a variety of challenges including an underproduction of new home construction for the past 10 years, the high cost and scarcity of land, building materials, and labor, the exceptionally active real estate market, and institutional investors purchasing existing homes with significant conversion to rental, as well as other market forces. In order to address this challenge, a variety of housing solutions will be necessary to provide more affordable home ownership opportunities including significant State investments.

Below are some potential solutions that MLC supports to increase access to affordable home ownership:

I) Support for Affordable Home Ownership

Defined as buyers making 115% AMI and spending no more than 30% of their income on housing.

- a. Restructure the Minnesota Housing Finance Agency's first-time homebuyer program

- i. Offer larger per unit financial investments to address the negative impacts of PMI/MIP (Private Mortgage Insurance/Mortgage Insurance Premium)
- b. Incentivize production of affordable homes by:
 - i. Supporting a state tax exemption/credit
 - ii. Supporting a state program to offset city fees for production of affordable homes (based on the definition of affordability). Offset fees by cities would be reimbursed through state program to avoid passing on costs to existing taxpayers.
- c. Increase state funding for community land trusts
- d. Support financing opportunities for BIPOC first-time home-buyers

II) Collaboratively address statewide housing cost drivers

- a. Streamline state building codes and determine if existing codes create competitive advantages for neighboring states
- b. Eliminate duplication and redundancy between the agencies involved in the storm water/environmental permitting process

III) Preserve existing affordable homes

- a. Support NOAH preservation grants
- b. Continued investment in housing infrastructure bonds.
- c. Expand NOAH Preservation programs to include townhome and condominium ownership

IV) Preserve local autonomy and community characteristics

- a. Support city authority to protect existing tax payers and recover costs associated with development activity including street infrastructure
- b. Preserve local government authority for land use decisions such as zoning and regulatory controls
- c. Recognize benefits of having a diverse collection of communities that provide choices across the housing spectrum

Infrastructure and Transportation Investments

According to 2020 census data, MLC cities combined are among the biggest job producing areas in the state with over half a million employees (530,660) compared to Minneapolis/St. Paul with a combined total of 455,689. Along with those jobs comes added congestion and demand on transit and roads in MLC Cities. MLC supports increased, regionally balanced, investment in transportation and infrastructure to maintain and grow a robust transportation network.

Specific policies and programs supported by MLC include:

- a. Increased investments in Corridors of Commerce
- b. Increased investments in Transportation Economic Development
- c. Passage of a robust, regionally balanced bonding bill that includes significant investment in suburban communities.
- d. Full funding of required state match so that Minnesota can take advantage of increased federal investments in infrastructure.
- e. Flexibility for cities to impose infrastructure fees so the costs of new development aren't shifted onto existing taxpayers.

Workforce Support and Economic Expansion

As the Governor's Council on Economic Expansion recently noted, housing and workforce issues are closely related. MLC supports the Council's recommendations on housing and on increased investments in economic development.

Specific policies and programs supported by MLC include:

- a. Increased investment in the Minnesota Investment Fund (MIF)
- b. Increased investment in the Job Creation Fund (JCF)
- c. Partnership and coordination at the local, state and federal level to maximize federal investments in economic development
- d. Support the recommendations of the Governor's Council on Economic Expansion, especially investments that help all-levels of government support businesses and innovation in their communities.

Tax Policy and Local Issues

MLC supports local control, including in the areas of taxes and fiscal policy. MLC supports policies that promote greater stability and predictability in the fiscal relationship between the state and local units of government.

Specific policies and programs supported by MLC include:

- a. Simplifying the process for a sales tax exemption on construction materials for cities, counties, school districts and other local governments.
- b. Preserving the integrity of the Fiscal Disparities Program by not removing revenue from the pool to pay for one-off legislative priorities.
- c. Supporting Repeal of the Local Government Salary Cap

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