

Senate Select Committee on Housing Affordability and Access Holds First Meeting

A new Senate select housing committee, authorized in the 2019 legislative session, held its first meeting on August 13. Representatives from Minnesota Housing, builders and realtors made presentations to the committee.

The committee plans to hold monthly hearings over the interim, and its work may inform 2020 session activity. The committee is chaired by Senator Rich Draheim and includes four other members: Senator Karin Housley, Senator Mark Koran, Senator Kari Dziedzic and Senator Dan Sparks. Senator Kent Eken, who serves on the Senate Housing and Agriculture committee, also participated this week.

Minnesota Housing Commissioner Jennifer Ho provided [statistical demographic data](#) on homeownership, Minnesota's current and future population, and who MHFA serves with its programs. Her data showed Minnesota's population is becoming more racially diverse and older. Homeownership rates are highest for white/non-Hispanic Minnesotans (upper 70th decile) and lowest for African-American/black Minnesotans (lower 20th decile). She explained barriers to homeownership including: lack of wealth, debt including student loans, low credit score or no credit, lack of supply, and knowledge of the homebuying process.

Three representatives from the Twin Cities builders' association commented regarding local regulations and listed the local fees that impact the price of single-family homes. Most of their talking points and homebuilding comparisons came from their recently released *Priced Out* document. They highlighted homebuilding costs related to the state building code, land costs, regional government policy and local governments.

Representatives from realtors' associations presented data on home sales, home prices, sales volumes and household affordability. They presented year-over-year data on number of sales, days on market, list price ratio (asking rate versus selling rate), median sales prices, home inventory and housing affordability (home prices, incomes and interest rates). Realtor research showed builders have to build in the \$500,000 or more range to make profits. Data also showed the highest number of new listings are larger homes (over 2,500 square feet). New townhome and condo listings have increased since 2017, a change the realtors explained was due to state law changes supported by a coalition of housing stakeholders, including Metro Cities. The realtors also showed people are spending more time in their homes, now at ten years (up from five to seven-year tenures in the 1990s and 2000s). Flat household incomes have contributed to affordability challenges, with incomes not keeping pace with home prices.

Metro Cities was not invited to present at this first committee meeting, however, cities and their representative associations will have an opportunity to highlight local roles in housing at a future meeting. Updates will be provided via the Metro Cities newsletter.

Policy Committees Update

Metro Cities' four legislative policy committees held second meetings this week. A range of policy issues and concerns were discussed, including transportation funding sources, local comprehensive planning processes, new local sales tax laws, and others. Each committee hosted

a speaker this week. The committees will hold third and final meetings the week of September 9th. Once policies are recommended, they will be forwarded to the Metro Cities Board for approval.

New Laws for Local Option Sales Taxes

At Metro Cities' Municipal Revenues Committee meeting this week, Patricia Dalton from House Research presented information on new laws relating to local option sales taxes and provided a concise [one page summary document](#) outlining the new changes, included here for your information. Please contact Patricia Nauman at 651-215-4002 with any questions.

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