

March 4, 2021

Chair Noor and Members of the Workforce and Business Development Finance and Policy Committee:

Thank you for the opportunity to submit written testimony regarding our concerns with article 6 of HF 6, establishing the PROMISE Act.

MN Realtors® was founded in 1919 and is a statewide business trade association with a membership of over 21,000 real estate professionals working with buyers and sellers of all types of property in every corner of the state.

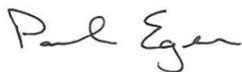
MN Realtors® appreciates that the intent of HF 6 is to help those who live or operate businesses in areas impacted by civil unrest. We understand that for many, damage to a home or place of business has amplified the stress, financial and emotional, that was already present due to the COVID-19 pandemic.

However, we would like to share some concerns with the language. Article 6, sec. 1 states all new or renewed commercial or residential leases must not charge more than the amount of rent charged as of March 1st, 2020. This creates a form of rent control, which is a policy we oppose. Rent control policies create disincentives to investment in the construction of new rental properties and the rehabilitation of existing properties. Furthermore, many owners of commercial and residential property are small business owners concerned about keeping up with their expenses in these challenging times. Limiting their ability to set rent at a level the market can support may result in many not having the resources to reinvest in their properties.

Additionally, by making this language applicable to both entities that receive and those “eligible to receive” state funding related to civil unrest, this will impose a rent control mandate on residential and commercial property owners who are simply eligible for funding, regardless of whether they receive any.

Again, thank you for the opportunity to submit this written testimony sharing our concerns. We welcome further conversation as this bill moves through the legislative process.

Sincerely,



Paul Eger
Vice President, Governmental Affairs
Minnesota Realtors®