



March 2, 2022

RE: HF 3256 (Elkins) Legalizing Affordable Housing Act

Chair Masin and Members of the Local Government Division,

Thank you for the opportunity to submit testimony regarding HF 3256. We thank Representative Elkins for his hard work and diligence in tackling this difficult and extremely important task of addressing Minnesota's housing shortage.

The Minnesota Chamber of Commerce represents over 6,300 businesses of all sizes and industries across our state employing over 500,000 Minnesotans. We advocate for public policies to strengthen Minnesota's business climate and to help grow Minnesota's economy. We are supportive of many of the provisions in this bill to reduce regulatory restrictions that all add to the cost of housing and result in reduced choices for consumers. In order to strengthen our state's business growth and economic growth, Minnesota will need to attract and retain more workforce talent and we must address barriers to the workforce. One of the barriers for workers is housing.

One of the top concerns we hear from our businesses impeding their ability to grow in Minnesota is the challenge of finding workers. The latest data from Minnesota Department of Employment and Economic Development shows there are over 205,000 job vacancies and less than 125,000 unemployed workers – that is less than 0.6 unemployed worker for every job vacancy. This workforce shortage is not short-lived, as Minnesota's labor force growth is forecasted to be basically flat over the next decade, according to the state demographer. Compounding the workforce shortage is the lack of workforce housing. This lack of housing which can be especially acute in many greater Minnesota communities can impede growth opportunities and recruitment of talent to those areas. To spur additional investment in housing, the Minnesota Chamber supports reducing regulatory and building costs and providing additional resources to facilitate private-sector investment.

We are opposed to the new taxes and fees that are included in Article 1 and Article 2. The other top concern we hear from our businesses regarding impediments to growth is Minnesota's regulatory and tax environment. Minnesota already imposes a higher cost of doing business than many other states. We do not want to add to those fixed costs of doing business. There are already many revenue-raising tools at the disposal of local governments. We would encourage policymakers to look at ways to reduce those cost burdens, not add to them.

We look forward to working with you to continue this important conversation to encourage development of more affordable housing.

Sincerely,

A handwritten signature in black ink that reads "Beth Kadoun".

Beth Kadoun
Vice President, Tax and Fiscal Policy
Minnesota Chamber of Commerce