



November 2, 2021

Minnesota Legislative Commission on Housing Affordability
100 Rev. Dr. Martin Luther King Jr. Blvd.
State Office Building, Room 72
St. Paul, MN 55155

Dear Commission Chairs, Senator Karen Dziedzic and Representative Jim Nash, and Members:

CMBA thanks you for the important work this Commission is doing to address critical factors impacting housing affordability, and we particularly appreciate the opportunity to share our Central Minnesota perspectives. We also greatly appreciate the bi-partisan, non-partisan collaboration represented in the work of this Commission and among its members. This is such an important and refreshing example to our entire State Legislature about effective government.

As you know, many factors are placing the cost of housing further and further out of the affordability of the average Minnesotan. In Central Minnesota, as in most of Greater Minnesota, average incomes are much lower than in the Twin Cities metro area, making housing affordability even more difficult. The housing affordability problem is getting worse, and requires state policy changes that ease cost burdens on home building. Here are some key points we ask you to keep in mind:

- The overall costs of housing development, along with restrictive codes, fees, taxes and other costly requirements, have made building affordable housing extremely challenging, and virtually impossible at the starter-home price point.
- For example: The total cost of a bare-bones split-level single family home in the St. Cloud area has skyrocketed from about \$195,000 seven years ago, to more than \$300,000 today.
- Every update to the State Building Code has added what our builders estimate to be at least \$5,000 in new costs to each new home.
- In Central Minnesota, home-ready lots cost \$15,000-\$25,000 just a few years ago. Now those same lots are in excess of \$60,000. And that is before a single shovel of dirt is turned.
- The housing inventory issues seen in the Twin Cities metro area are impacting St. Cloud and Central Minnesota – *this is a Minnesota problem, not just a Twin Cities metro problem.*
- The hurdles to developing housing affordably have grown into roadblocks, including ever-increasing fees, mandates and restrictions.
- The demand has never been higher, and we need your help to make home building more affordable.
- This is not only an issue of fairness and efficiency, it is a critical community and economic development challenge for Central Minnesota. We cannot attract a talented workforce and businesses without affordable housing.
- The legislature needs to understand this set of challenges is urgent, and it needs to take a broad approach to solving these issues.
- Developers and builders are not the culprits. They are doing their best to provide affordable housing and they need state and local governments to stop adding to the costs even as they demand more affordable housing.

CMBA and our member developers, builders and associates appreciate the opportunity to share these concerns. We are ready and willing to do our part in helping find sustainable solutions. Thank you for your service and your efforts!

Sincerely yours,

Steve Gottwalt
Government Affairs Director

Cc: Wanda Schroeder, CMBA Executive Director; Nate Moeller, CMBA Board President