



Friday, March 20, 2020

The Honorable Tim Walz
Minnesota State Capitol
75 Rev Dr Martin Luther King Jr Boulevard
St Paul, MN 55155

Dear Governor Walz,

Thank you for your leadership and commitment to the health and safety of Minnesotans in this unprecedented moment.

Today, the housing industry is working diligently in challenging circumstances to meet the needs of Minnesota's housing market. Our industry has also taken appropriate steps within CDC guidelines to keep employees and trade partners safe as they continue working. The nature of our work allows us to readily meet these guidelines. This activity is helping Minnesota's residential construction industry to continue to play a vital role for our broader economy and meet critical housing needs during this trying time.

Should you deem it necessary to enact any restrictions on movement for non-essential persons (a shelter-in-place order) in the coming days or weeks, we share here a number of important considerations.

Residential Construction is Essential Infrastructure

We respectfully request that you establish residential construction as essential infrastructure and service.

Housing is at the centerpiece of the lives of all Minnesotans, and the inter-connected nature of the industry requires sequencing, predictability and protection from disruption, if at all possible.

In the State of California, housing production was one of the sectors deemed essential and allowed to continue with Governor Newsom's shelter-in-place order:

The California State Public Health Officer and Director of the California Department of Public Health is ordering all individuals living in the State of California to stay home or at their place of residence, except as needed to maintain continuity of operation of the federal critical infrastructure sectors,



critical government services, schools, childcare, and construction, including housing construction.

Source: [State of California](#)

Housing Considerations

In-Process Construction Project Safety – It is essential that residential construction personnel have access to in-process project sites. There are many inherent risks to abandoned construction sites, however temporary. Risks include fire, structural damage to project, and more.

Scheduled Sales Under Contract – We estimate that in the coming eight (8) weeks more than 7,500 Minnesota households are expecting to close on the purchase of their next home. Hundreds of these are newly built homes which are currently in varying phases of the construction process. A pause or disruption in movement will have an immediate negative effect on these homeowners. They may be moving out of other properties they have sold and into which others will move. In some, these will be out-of-state moves, where either those moving in or out of Minnesota may encounter similar restrictions.

Land Development – There are substantial long-term effects of any disruption in the land development process. Today, Housing First Minnesota projects that thousands of future home sites (lots) are at risk of being delayed one or two years. Any development delayed today by either a pause or delay in development application processing will push these expected new homes from being available in 2021 to possibly 2023. And this would be occurring at a time in which Minnesota already faces a drastic shortage of housing inventory.

It is often the case that these purchase agreements have penalty and cancellation clauses should the deals not close by the agreed upon date and time.

Recommendations

If a shelter-in-place order is given, Housing First Minnesota shares the following recommendations:

- Deem residential construction firms an essential service.
- Include language that allows for ‘safe closings on homes’ which include usage of - electronic methods for document signature and notary work.
- Include a “pause” for any penalty for a scheduled property transaction for one month after the order is lifted.
- Encourage local government entities to work to process development applications remotely.

Going forward, our industry stands ready to continue providing needed new housing for Minnesotans, tremendous employment opportunities, development of communities and strength to our economy. There are steps the administration can take to ensure this happens:

- Encourage municipalities to continue inspections services, or delegate authority to a designated building official should the municipality decide to discontinue services.

The Minnesota Department of Labor and Industry has done as much as it can within its powers to keep housing moving, and there are steps short of an executive order that local government units can take to ensure this continues.

Conclusion

These are trying times. Thank you again for your leadership. The housing industry is committed to keeping our employees safe and healthy, while keeping Minnesota's economy moving forward.

Please contact James Vagle, Vice President of Advocacy, or Peter Coyle, our legislative counsel, with any questions specific to this request:

James Vagle
Vice President of Advocacy
Housing First Minnesota
James@HousingFirstMN.org

Peter Coyle
Legislative Counsel
Larkin Hoffman
pcoyle@larkinhoffman.com

Sincerely,



Gary Kraemer
President, Housing First Minnesota
President, John Kraemer & Sons



David Seigel
Executive Director, Housing First Minnesota