MINNEAPOLIS AREA REALTORS®

TALKING POINTS: RENTAL DENSITY CAPS

Rental Density Caps Disparate Impacts and Discriminatory Effect on Communities of Color

- Homeownership rates vary by race in Minnesota.
- Black homeownership is 25.3% while White homeownership is 76.9%
- Communities of color are more likely to be renters.
- Rental Density ordinances restrict rental availability.
- Rental Density ordinances convey a message of "you cannot live here."

REALTORS® believe in Homeownership and Private Property Rights

- The ability to buy, sell or let for rent is a fundamental right of private property ownership.
- Cities should not unfairly restrict homeowners' fundamental private property rights.
- REALTORS® seek to protect the private property rights off all homeowners.

Rental Density Caps Unfairly Deny Housing Rights

- Confer rights to a select few owners (10%) while denying those same rights to others (90%).
- Limiting the supply of housing options serves no-one and may damage affordability.
- May create vacant property because an owner is unable to sell or rent the home.

Rental Properties are Essential to a Healthy Housing Market

- Rental properties are part of the housing continuum; most people need rental housing at some point in their lives.
- Ownership versus leasing is merely a difference in financial instrument, akin to owning or leasing a vehicle.
- Non-homesteaded properties pay a higher property tax payment, benefiting city and county budgets.
- The "use" of real property by a tenant is no different than an owner-resident.

Fraught with Unintended Consequences Rental Density Ordinances:

- Apply strict mathematical formulas to complex housing situations with no factual basis for effectiveness.
- Create an unwelcome atmosphere for anyone who cannot currently afford to buy a home.
- Rental density ordinances are vulnerable to legal challenges/action.

Strong Demand for Rental Property is a Positive Signal for Municipalities

- MN unemployment rate continues to best the national average.
- Strong rental demand, when considered in national context, is a sign of more prosperous days ahead.
- Many communities nationwide would welcome strong rental demand in their community.
- Strong single-family rental demand today will very likely translate into strong single-family purchase demand in the future.

REALTORS® agree cities retain general 'police powers' with respect to land use, zoning, and ordinances that protect health, welfare, and general order. Yet with those powers also comes the responsibility of the city to uphold the rights of property owners. Cities should not unfairly restrict homeowners' fundamental private property rights. Cities that do choose to adopt Rental Density ordinances may very likely become the subject of litigation (i.e. Dean et. Al vs. City of Winona). REALTORS® urge the council to oppose rental density caps. Instead, strengthen existing ordinances that solve specific issues such as deferred maintenance, unhealthy conditions, expand housing choice, etc. Embrace individuals seeking the opportunity to join your community. Seek to provide them with options, incentives, and homeownership opportunities within your city. Today's renter may very well be tomorrow's homeowner—both are deserving residents of your community.