

January 20, 2023

To: Chair Roers and members for the Senate State and Local Government Committee

From: Cristen Incitti, CEO of Habitat for Humanity of Minnesota

Topic: Testimony in Support of Senate Bill 2207

Chair Roers and members for the Senate State and Local Government Committee, thank you for the opportunity to speak with you today on behalf of Senate Bill 2207 and Habitat for Humanity's work in North Dakota. My name is Cristen Incitti, and I am the CEO of Habitat for Humanity of Minnesota. Habitat for Humanity of Minnesota is an affiliate support organization for 25 Habitat for Humanity affiliates serving the state of Minnesota, including the two affiliates Mr. Jim Nelson and Ms. Marisa Saucedo lead. Affiliate Support Organizations are similar to trade or membership organizations, like the North Dakota Association of Home Builders. Through advocacy, collaboration, and leadership, Habitat Minnesota advances the work of the affiliates in our service area to create and preserve affordable homeownership. We do that through training, technical assistance, lending and grant programs, and public policy and advocacy support. Which is why I'm here today.

As Mr. Nelson noted, Minnesota has a statute that exempts Habitat for Humanity affiliates from needing a contractor license to build affordable homes in our communities. Senate Bill 2207 supports a similar exemption for the affiliates serving North Dakota. There are three affiliates serving North Dakota at this time, two of which also serve Minnesota, the two you've heard from today. Lake Agassiz Habitat in the Fargo-Moorhead area, Mr. Nelson's affiliate, and the Red River Valley Habitat affiliate in Grand Forks, North Dakota, led by Ms. Marisa Saucedo. The third affiliate is based in Minot, North Dakota, named Northern Lights Habitat for Humanity and led by Roxy Volk.

For background, it's important to share with the committee that Habitat for Humanity is a federated nonprofit, which means that we are connected through a formal legal nonprofit structure and affiliation agreements. So, while the affiliates are independent with their own nonprofit Boards of Directors, we are legally connected and required to follow national affiliation agreements, or we cannot operate under the Habitat brand.

I was asked to join you today to highlight some of the key building standards and insurance requirements all Habitat for Humanity affiliates must comply with through their affiliation agreement with our national office, Habitat for Humanity International. In addition to providing support, Habitat Minnesota helps affiliates navigate the various requirements they must meet to be an affiliate "In Good Standing" with Habitat International. Maintaining Good Standing status is critical to affiliate success and access to various resources provided by our international office. Without this status, affiliates lose their access to national resources such as Gift-in-Kind partnerships, like donated products from Whirlpool for appliances. Without those types of resources, delivering the Habitat mission becomes increasingly difficult for affiliates. So, maintaining Good Standing Status is a necessity and critical to affiliate success.

In your materials, you have a copy of the minimum insurance requirements all Habitat affiliates must maintain. Which includes a Commercial General Liability policy that has the minimum components:

- \$2,000,000/occurrence (primary and/or excess/umbrella)
- Habitat for Humanity International must be added as an additional insured.
- Habitat affiliate subcontractors (performing construction work on affiliate behalf) must provide a Certificate of Liability for General Liability Coverage showing the affiliate as an additional insured.

Among other requirements, affiliates actively building or rehabbing a property must also hold Builders Risk insurance in an amount sufficient to cover completed values of the work in progress.

These minimum insurance policies are part of a comprehensive set of affiliate operations policies which include Policy 5 titles, Comprehensive Financial policy. This policy states that affiliates must follow the standards and guidelines set forth in the Affiliate Operations Manual: Financial Policies and Procedures specifically on the topic of financial controls, which includes insurance. Affiliates not in compliance with this policy would no longer be an affiliate in Good Standing.

In addition to these minimum insurance policies, Habitat International also states minimum construction standards for all affiliates. This is in Policy 7 and the policy states the following minimum standards:

- Affiliate builds to Habitat for Humanity International house design criteria, with exceptions for local and community requirements and ordinances.
- Affiliate builds to a minimum ENERGY STAR® and healthy indoor air quality standard.
- Affiliate builds to minimum durability standards that address local geographic, climatic and disaster issues.
- Affiliate adopts and implements a written safety policy.
- The affiliate utilizes a written construction management program.
- Affiliate provides construction, home operation and maintenance training.

This policy notes the house design criteria, and they are part of a 110-page set of US Construction Standards. These US Construction Standards cover four standards, which include Mission-Aligned Design, Accessibility, Durability, and Sustainability. We don't have time for me to walk through each of these standards, but all affiliates participate in annual updates and training to these standards and Habitat Minnesota hosted three separate discussions on these topics in the past eighteen months.

The final compliance topic I will address is that all affiliates must have an OSHA-certified competent person registered with HFHI who has a current certification as a construction Competent Person. This registration is tracked within Habitat International affiliate reporting system and if the certification lapses, affiliates are immediately notified. Training is available in an e-learning platform, so it is readily available to maintain compliance. Additionally, Habitat International leads a safety initiative that prioritizes building safely and takes a proactive approach to safety and risk management, reducing losses and driving continuous improvement as part of our collective safety culture. There are several trainings and resources available to affiliates that support this cultural focal point in the construction process.

Should an affiliate fall out of good standing due to lacking insurance, safety issues, or not following the US Construction Standards, they would be notified and required to remedy the default as soon as possible.

Should that not be remedied in an appropriate amount of time, Habitat International has a department focused on tracking affiliates who are not in Good Standing and beginning the probation period, followed by dissolution if it is not remedied during the probation period. Essentially, Habitat for Humanity cares deeply about building and creating a quality product that communities and families can be proud of and own affordably for generations. We're in the business of breaking the cycle of generational poverty through creating affordable homeownership.

Thank you for the opportunity to join you virtually today on behalf of and in support of Senate Bill 2207. This bill will support cost savings for Habitat for Humanity affiliates in North Dakota and Habitat builds a quality product with several minimum insurance and construction standards in place through our national office.

Thank you again for your time and consideration of this bill.