

2019 Legislative Session SUMMARY



The 2019 Legislative Session results include some big wins for housing: **\$78 million in new investments** for emergency shelter, rental assistance, and preservation and new production. Of note, housing remained an issue with strong bipartisan support, as shown in support for the omnibus agriculture and housing bill, which had unanimous support in the Senate and a vote of 114-14 in the House, and a standalone bill to allocate **\$60 million in Housing Infrastructure Bonds (HIB)** which secured 51-15 votes in the Senate and a 103-23 super-super majority in the House.

FUNDING INCREASES

Includes increases to Minnesota Housing Finance Agency and the Department of Human Services

\$7.5 million in new, on-going rental assistance

Bridges Housing Voucher: Increased base funding by \$500,000 to a total of \$8,676,000 for FY 2020/21 (an increase of \$250,000 per year). Bridges provides rental assistance for families with at least one adult member of the household who has a serious mental illness. (Chapter 1, Article 5, special session).

Family Homeless Prevention and Assistance Program (FHPAP): Increased base funding by \$3.5 million for FY 2020/21. FHPAP provides short term assistance, such as one-time rental payments or first or last month's rent or one-time mortgage payments, to families at risk of homelessness. (Chapter 1, Article 5, special session).

Homework Starts with Home: Base (ongoing) funding of \$3.5 million provided for FY 2020/21, for rent and housing assistance to families with school-aged children (pre-kindergarten through grade twelve) who are highly mobile or homeless. (Chapter 1, Article 5, special session).

\$67.5 million in development, rehab and preservation (\$60M in bonds and \$15M in appropriations)

Economic Development and Housing Challenge: \$5 million one-time increase provided to this program

for FY 2020, over base funding of \$13 million. The Challenge program funds multifamily rental and single family homeownership new construction and redevelopment. \$1.208 million is set aside for housing projects for American Indians, for the first 11 months of each year. (Chapter 1, Article 5, special session).

Manufactured Home Park Redevelopment Program: \$2 million in base funding per biennium, starting in FY 2020, for acquisition of parks and infrastructure improvements. This is the first time the program had been funded since 2001. (Chapter 1, Article 5, special session).

Workforce Homeownership Program: This program received \$500,000 for FY 2020 and, starting in FY 2022/23, \$500,000 per biennium in ongoing base funding, for homeownership development grants for workforce and affordable homeownership projects. (Chapter 1, Article 5, special session).

Housing Infrastructure Bonds: \$60 million in new Housing Infrastructure Bond authorization. Funds can be used for preserving federally subsidized rental housing, permanent supportive housing for people experiencing or at risk of homelessness, acquiring land for single family homeownership by community land trusts, senior housing, and – a new eligible use authorized in 2019 – manufactured home park acquisition. (Chapter 13, special session).

\$3 million for unsheltered Minnesotans

Emergency Shelter: One-time funding of \$3 million provided for FY 2020/21 for emergency services grants,

administered by the Department of Health and Human Services. Emergency shelter funding is flexible funding which can support a variety of emergency services for people experiencing homelessness, including day or drop-in shelters, motel vouchers for Greater Minnesota, street outreach, and more. (Chapter 1, Article 5, special session).

ADDITIONAL INVESTMENTS

Minnesota Family Investment Program (MFIP):

Increases cash assistance to MFIP participants by \$100 per month, the first increase in 33 years for this program. (Chapter 9, Article 14, Special Session).

POLICY CHANGES

Housing infrastructure bonds for manufactured home park acquisition:

Manufactured home park acquisition was added as an eligible use for housing infrastructure bonds. (Chapter 13, special session).

Lease Requirements: *Specific unit rented.* A written lease must identify the specific unit to be rented if the property has 12 or more units, the date a tenant will move in and move out must be printed on the first page of the lease, and the terms of the lease must indicate the rent is prorated if the move-in or move-out dates are not on the first or last day of the month. (Chapter 1, Article 6, special session).

Lease Requirements: *Time period for notice to quit or rent increase.* Where a written lease provides a time requirement for landlord's notice to quit the premises or notice of a rent increase, the tenant has the option to provide the same time period for tenant notice of intention to quit. (Chapter 1, Article 6, special session).

Legislative Commission on Housing: A new bipartisan commission on housing affordability is created that will consist of eight legislators, two appointed by party leadership in each legislative body. The Legislation provides that initial appointments are made by June 1 and the first meeting convened by June 15, 2019. (Chapter 10, Article 2, Special Session)

Manufactured home parks: Several changes approved, with some highlights below. (Chapter 1, Article 6, special session).

» A modular home may be placed in a manufactured home park, with written approval of park owner.

» Increase minimum notice to residents and required government agencies from 9 months to 12 months by a park owner of manufactured home park conversion from use or closure. Minnesota Housing is required to report on the status of the trust fund in October of each year (instead of January 15).

» Strengthened the manufactured home trust fund, but increasing the maximum balance from \$1 million to \$2 million and permitting MHFA and MMB to advance funds to the trust fund up to \$400,000 as needed and be reimbursed.

» Provides definition for what it means to be a representative acting on behalf of manufactured home park residents.

» Closed loopholes and improved process for right of first refusal for manufactured home park residents.

Qualified Allocation Plan: Removed language from 2018 bonding act that directed Minnesota Housing Finance Agency to give residential rental housing projects financed with tax-exempt bonds the highest strategic priority for low-income tax credit allocation. (Chapter 1, Article 6, special session).

Tax Exempt Bond Allocation: Includes the "five consensus agreements" from the TEB stakeholder conversations of 2017, including prioritizing projects that request 55% or less for development costs, prioritizing projects with long-term affordability serving lowest-income residents, random selection to ensure projects fully funded rather than proportional funding, no parking of bonds, senior housing projects are eligible. The 31% set aside for the Minnesota City Participation program is reduced to 27% for two years, then returning to 31%. (Chapter 1, Article 6, special session).

Homeowners Permitted to Renounce Racial Covenants on Home Titles: Provides for a form recorded related to the title of the property to clarify the restrictive covenant is ineffective and is legally discharged from the property. (Chapter 45).

Housing Support: Provides that any person discharged from a residential mental health or substance use treatment facility, who does not have housing, is eligible for up to three months of housing support, beginning July 2020. (Chapter 9, Article 6, special session).

BILLS THAT DID NOT PASS

Affordable Housing Tax Credit (HF1156/SF404): Both bills established a Minnesota nonrefundable tax credit against state tax liability for contribution to a specific housing project or general loan pool, that meets housing affordability requirements set in the Minnesota Challenge Fund; the tax credit was capped at \$25 million per biennium. Both bills provided that at least 50% of funds would be dedicated to projects serving households with 50% or lower area median income. The House and Senate bills received hearings in the House and Senate Tax Committees. The Senate Tax Omnibus included a study of the Affordable Housing Tax Credit. The provision was not included in the special session omnibus tax bill.

General Obligation Bonding: A bonding bill was not achieved this session, although the House and Governor provided bonding recommendations. General Obligation bonds are a critical resource for public housing rehabilitation.

Local housing Trust Fund state match (HF1402/SF1961): Provision would provide a one-time appropriation of \$10 million to the Minnesota Housing Finance Agency to administer matching grants to local housing trust funds to incentive local investments in housing. Grantees would receive a 100% match for local revenues committed to a local housing trust fund up to \$150,000; a 50% match would be provided for amounts between \$150,000 to \$300,000. From the appropriation, \$100,000 would be provided for

technical assistance to local and regional housing trust funds. The provision was in the House omnibus bill language, but did not survive the conference committee process.

Class 4d property tax rate modification (HF2424/SF2571): The provision would have set the class rate for qualifying Class 4d properties at .25%. Under current law, the class rate for 4d property is .75 percent on the first-tier value (first \$150,000 for assessment year 2019) and .25 percent of the value exceeding the first-tier amount for each unit. The 4d property tax program provides a property tax reduction for qualifying units, which are affordable to households at 60% AMI. The provision was in the Senate omnibus bill language, with companion language in the House omnibus bill that directed a study of 4d property tax rate modification, but did not survive the conference committee process.

Longer minimum affordability terms (HF1574): The bill required affordable housing development or preservation projects that receive a financial and/or tax credit award from MHFA to maintain affordability for a minimum of 30 years. The provision was in the House omnibus housing bill, but did not make it into the negotiated final omnibus bill.

Lead Safe Homes (HF1007/SF1798): This bill requested \$2 million to make units lead safe. Funding to make homes lead safe was in the house omnibus bill but did not make it through the conference committee process.