

# 2020 Legislative Session SUMMARY



The 2020 Legislative Session, and the following five Special Sessions, resulted in **\$116 million in bonds for housing**, described as the largest award of housing funds in Minnesota history. The session was one for the books, as lawmakers convened with a **\$1.5 billion surplus** and intentions to pass a bonding bill, policy, and a supplemental budget, then adjourned from floor session in mid-March due to the COVID-19 pandemic. When lawmakers reconvened April 7, the Capitol was closed to the public and most members participated remotely; by May, the state reported a projected **\$2.4 billion deficit**.

On May 25, the murder of George Floyd by a white police officer led to an uprising and civil unrest in Minnesota and around the world protesting racial injustice. The uprising refocused housing advocates on race equity and impacted the work of lawmakers.

While a large number of housing-related funding requests were introduced at the beginning of session, neither the House nor Senate received spending targets due to COVID-19 funding needs. Both the House and Senate omnibus bills did not include any new or additional funding.

## EXECUTIVE ACTION

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In mid-March 2020, Governor Walz declared a Peacetime Emergency due to the COVID-19 pandemic. The Peacetime Emergency can be extended for only 30 days at a time; it has been extended April 13 and every month since and remains in place as of November 2020. Following his declaration of a Peacetime Emergency, the Governor has issued many Executive Orders, some of which have impacted housing rights and responsibilities. The Governor's Eviction Moratorium is described later in this document. In addition, the Governor issued Executive Order 20-55 on June 29, 2020, which provides guidance related to homeless encampments.

**\$100 million in emergency housing assistance.** In July, Governor Walz allocated \$100 million in federal funding for emergency housing assistance, establishing the COVID-19 Housing Assistance Fund (CHAP) administered by Minnesota Housing. The COVID-19 Housing Assistance Fund is funded with federal dollars through the Coronavirus Relief Fund, which is authorized by the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act. From the start of the COVID-19 pandemic, MHP, Homes for All MN, and other housing advocates prioritized advocacy for emergency housing assistance. Regular Session and Special Session bills included a moratorium on evictions and foreclosures and \$100 million for emergency housing assistance from the

**Eviction Moratorium.** On March 23, 2020, Governor Walz issued an Executive Order 14 suspending evictions and lease terminations initiated by landlords. The Governor issued extensions of the peacetime emergency (which extends the suspension of evictions and lease terminations by landlords) on April 13, May 13, June 12, July 13, August 12, September 11, and October 12. The Governor amended and modified EO-14 through EO-73 in June and EO-79 in July.

## FUNDING INCREASES

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**Bonds for housing (5th Special Session Chapter 3):** Lawmakers passed a \$1.87 billion bonding, tax, and appropriations bill in the fifth Special Session in October. This bill included \$100 million in Housing Infrastructure Bonds (HIBs) and \$16 million in General Obligation (GO) bonds. A bonding bill requires a super majority in each body to pass (81 votes in the House and 41 in the Senate). This bonding bill received an overwhelming majority in the House (100-34) and Senate (64-3) and provided historic investment in housing. The largest single year investment was \$100 million (\$80 million in HIBs and \$20 million in GO bonds) in 2014. This year's \$116 million investment in bonds for housing brings this biennium's total investment up to \$176 million, which is \$41 million than the previous biennium.

**Emergency Services Grants (Chapter 71):** Appropriated \$26 million one-time to address homelessness and COVID-19. Of the \$26.5 million, \$15.2 million is for providing additional shelter space; for purchasing vouchers for the cost of a motel or hotel; or for funding other housing options in order to provide housing that promote health and safety, or to isolate homeless individuals exposed to COVID-19 or who are experiencing respiratory illness. This funding expires February 1, 2021 or until 60 days after expiration of the peacetime emergency, whichever occurs earlier.

**Housing Support (Chapter 71):** Appropriated \$5.5 million one-time million to increase room and board rates for long term homeless residents by 15% for three months for the purposes of maintaining access to group housing.

**Human Services Waivers Due to COVID-19 (Special Session Chapter 7):** Authorizes the Department of Human Services (DHS) to continue several waivers for housing support recipients through June 30, 2021 unless the federal government does not allow it; allows all other waivers and modifications sought by DHS due to the COVID-19 pandemic to continue for no more than 60 days after the conclusion of the public health emergency. This legislation also includes a one-time appropriation to cover the cost of an extended absence for a resident of a housing supports program due to hospitalization or isolation for COVID-19.

## **POLICY CHANGES**

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**Housing Infrastructure Bonds for Single Family Housing. (Special Session Chapter 3):** The acquisition, development, and rehabilitation of single-family housing for households at or below 120% AMI was added as an eligible use for housing infrastructure bonds.

**Modular home definition modified;** payment deadline changed. The definition of "modular home" changed from a single-family dwelling to a "one- or two- family dwelling," amending Minn. Stat. Sec 327.31, subd. 23. Changed the annual payment deadline for manufactured home relocation trust funds from November 30 to October 31, amending Minn. Stat. Sec 327C.095, subd. 12. (Chapter 99).

**Homeless Youth (Special Session Chapter 2):** Allows a minor living separately from their parent or legal guardian to consent to receive homeless youth services and services for sexually exploited youth.

## **BILLS THAT DID NOT PASS**

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This is a selected list of housing-related bills that did not pass during the 2020 Legislative Session and following Special Sessions. While not fully comprehensive, it highlights bills that received attention or present issues of note for housers and housing advocates. For instance, many bills introduced in the wake of the uprising following the murder of George Floyd included housing resources and policy provisions; not all are listed here.

### **Expanding eligible uses of Housing Infrastructure Bonds**

**Deeply affordable housing. (HF3326).** Proposal would expand eligibility for housing infrastructure bonds to permanent housing affordable to households at or below 50 percent of median income, including construction, acquisition, and rehabilitation; additional preference would be provided to housing affordable to households at or below 30 percent of area median income.

**Shelter capital. (HF3326, HF2529, SF43 in Second Special Session).** Provision expanded eligible use of housing infrastructure bonds to construction, acquisition, and rehabilitation of homeless shelters.

**Naturally occurring affordable housing. (HF3850/SF4296).** Proposal expanded eligible use of housing infrastructure bonds to multiunit rental housing, that otherwise does not receive place-based state or federal government subsidies, where most of the units are affordable to individuals and families with incomes at or below 60 percent of the area median income.

**Increase general obligation bond debt ceiling. (HF4112).** This bill would make change necessary to remove the housing bond limitation and allow lawmakers to increase bonds to Minnesota Housing.

### **Tenant Protections**

**Eviction expungement (HF1511/SF1751):** Bill expanded discretionary and mandatory expungement eligibility. Court would be required to order an expungement when the defendant prevailed, the case is dismissed, the eviction was ordered 3 years ago or more, the parties have agreed to an expungement, or if the case settles and the defendant fulfills the terms of the settlement. Bill also required that pending cases are nonpublic until the court enters a final judgment. .

**Minimum Heat and Repair Requirements (HF3349/SF3323):** Bill required landlord to maintain a minimum temperature of 68 degrees from October 1 to April 30; additions made to list of emergency issues under Minnesota law for which tenant can petition for repair to include no working refrigerator, no working air conditioning if advertised, notice of condemnation for unsafe/unsanitary conditions, non-working elevators, and infestations; setting filing fee for emergency repair to be the same as amount set for complaints and counterclaims.

**Prohibiting certain fees and restricting entry (HF3348/SF3415).** Bill prohibited landlords from imposing ongoing fees that do not relate to a service provided by the landlord, imposed a penalty for violating this section, and restricted landlord entry into a residential unit to between 8:00 am and 8:00 pm. .

### **Taxes**

**Capture of the mortgage registry and deed taxes (HF884/SF942).** Bill was alive through much of session and appeared in fourth Special Session Omnibus bill; collected \$4 million from the mortgage registry and deed taxes to fund the workforce and affordable homeownership development program; established a workforce and homeownership development program through Minnesota Housing Finance Agency.

**Class 4d property tax rate modification (HF3620/ SF3347).** Bill set the class rate for qualifying Class 4d properties at .25%, resulting in change to current law class rate for 4d property at .75 percent on the first-tier value 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 affordable to households at 60% area median income.

**Tax Credit Contribution Fund (HF3253/ SF3558).** Bill established a Minnesota nonrefundable tax credit against state tax liability for contribution to a specific housing project or general loan pool. Received a hearing in the House Housing Committee; not included in the special session omnibus tax bill.

## **Minnesota Housing Finance Agency Program and Award Criteria**

**Housing grants and loans criteria modification (SF3790).** This bill required Minnesota Housing to award points based on how quickly a project can be constructed; disallowed agency from financing projects when the cost-per-unit greater than the cost of a median single-family house; required, for tax exempt bond projects, that preference be given for projects with a lower cost-per-unit of housing, instead of allowing random selection, when there are two or more applications at the same priority level and there is insufficient bonding authority.

**Manufactured Homes Eligible for Rehab Loans (HF3454/ SF4291).** Bill would permit rehabilitation housing loans through Minnesota Housing to be utilized for rehabilitation and replacement of manufactured housing.

### **Additional bills that did not pass**

**Planning and zoning controls limited relating to housing costs and affordable housing (HF4015/SF4064):** Permitting duplexes in all areas zoned for single family and in any residential subdivision development; prohibits municipality from conditioning project approval on aesthetic conditions not required by the state building code; prohibits municipalities from requiring the use of planned unit development for residential development; prohibits land dedications or fees unless they meet certain requirements, caps fees for parks and trails, and other changes.

**Building code and energy code changes (SF4219):** Bill included moratorium on adoption of new or amended building codes and that energy code changes to be offset by savings; prohibited adoption of any new model building codes or amendments for six years; prohibited adoption of new energy codes unless determined that any increased cost per unit due to the proposed changes will be offset within five years.

**180-day bond extension (SF4586).** Provided an extension to a bond issuer until December 1, 2020 to issue obligations equal to all or a portion of allocations made between January 1, 2020 and the last Monday in June 2020; bill intended to ensure housing projects already awarded bonds were able to meet state deadlines impacted by COVID-19 restrictions.

**Mortgage Financing for Manufactured Homes (HF2967/SF3251).** Allowed manufactured homes in manufactured home parks that are member owned – such as by a nonprofit or housing cooperative – to be valued as an improvement to real property; if manufactured homes are designated as improvements to real property, they would be eligible for traditional mortgage financing.

### **Civil Unrest**

**Lease Assistance (HF82/SF157, 1st Special Session).** Caps the rent for commercial and residential properties that receive state funding related to damages and fire during the civil unrest in May and June of 2020. Similar provisions were included in the Promise Act (HF2/SF30), 2nd special session.