

Subject Housing Finance & Policy Omnibus Bill

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Overview

Article 1 contains appropriations from the general fund to the Minnesota Housing Finance Agency (MHFA) for specific programs and a single appropriation from the general fund to the Department of Human Rights. See the spreadsheet by House Fiscal Analyst Joe Harney.

Article 2 modifies existing MHFA programs and establishes new grant and pilot programs.

Article 3 contains technical and policy changes to the law governing MHFA, including changes to funding mechanisms, eligibility and use, and technical corrections.

Article 4 contains provisions relating to landlord-tenant law.

Article 1: Housing Appropriations

This article appropriates money to MHFA and the Department of Human Rights.

Section	Description – Article 1: Housing Appropriations
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| 1 | Appropriations.
Explains that appropriations in the following two sections are added to appropriations existing in other law. |
| 2 | Housing finance agency.
Lists general fund appropriations to MHFA.

Subd. 1. Total appropriations. |

Section Description – Article 1: Housing Appropriations

Subd. 2. Challenge program. For Minn. Stat. § 462A.07, subdivision 14 and Minn. Stat. § 462A.33.

Subd. 3. Housing trust fund. For Minn. Stat. § 462A.201.

Subd. 4. Homework starts with home. For Minn. Stat. § 462A.201, subdivision 2, paragraph (a) and Minn. Stat. § 462A.204, subdivision 8.

Subd. 5. Family homeless prevention. For Minn. Stat. § 462A.204.

Subd. 6. Community stabilization. For the proposed Minn. Stat. § 462A.41.

Subd. 7. Flexible financing for capital costs. For gap financing housing developments financed by the agency.

Subd. 8. Strengthen the supportive housing model. For the proposed Minn. Stat. § 462A.42.

Subd. 9. Lead safe homes. For the proposed Minn. Stat. § 462A.209.

Subd. 10. Stable housing mediation. For implementation of a pilot program for housing mediation.

Subd. 11. Homeownership education, counseling, and training program. For Minn. Stat. § 462A.209.

Subd. 12. First-generation homebuyers down payment program. For implementation of a pilot program for down payment assistance.

Subd. 13. Local housing trust fund grants. For implementation of a pilot program for grants to local housing trust funds.

Subd. 14. Manufactured home park cooperative purchase program. For implementation of a pilot program for cooperatives to purchase manufactured home parks.

3 Department of Human Rights.

Appropriates money from the general fund to the commissioner of human rights to investigate sources of income discrimination in housing.

Article 2: Housing Finance Grant Programs and Policy

This article modifies existing MHFA programs and establishes new grant and pilot programs.

Section Description – Article 2: Housing Finance Grant Programs and Policy

- 1 **Low-income housing.**

Expands list of allowed uses of the housing trust fund so its programs could assist families with minor children and families with adult children eligible for a prekindergarten through grade 12 academic program.
- 2 **Stability for learning and development.**

Retitles the school stability project to the stability for learning and development project and expands its eligibility requirements so the project could assist families with minor children and families with adult children eligible for a prekindergarten through grade 12 academic program.
- 3 **Lead safe homes grant program.**

Establishes an MHFA grant program so nonprofits and political subdivisions can provide lead testing and lead remediation in certain rental housing.

Subd. 1. Establishment. Requires MHFA to establish the program and, in the initial pilot, to award one grant for use inside a metropolitan county and one grant for use outside the metropolitan counties. Requires prioritization of funding based on Department of Health data on lead poisoning in children.

Subd. 2. Eligibility. Defines an eligible grantee as a nonprofit or political subdivision serving a defined geographic area. Restricts use of funding for lead testing and remediation to landlords of buildings meeting income requirements and to tenants meeting income requirements. Requires landlords and tenants to access other available government funding before using program funding. Allows grantees to use up to ten percent of grants on administrative costs.

Subd. 3. Short title. Titles the section as the Dustin Luke Shields Act.
- 4 **Authorization.**

Amends the law governing housing infrastructure bonds (HIBs). Allows up to 20 percent of the units in senior housing funded by HIBs to serve low-income individuals of any age. Expands the list of authorized uses of HIBs to include the acquisition, rehabilitation, and construction of housing affordable to households at or below 50 percent of the area median income (AMI). Requires that, among comparable projects, the agency prioritize HIB use on projects that will provide housing affordable to households below 30 percent AMI. For housing funded by HIBs that has more than four units, requires: (1) that the greater of one unit or five percent of the total number of units comply with the Minnesota Accessibility Code and include a

Section Description – Article 2: Housing Finance Grant Programs and Policy

roll-in shower; and (2) that the greater of one unit or five percent of the total number of units be sensory accessible units.

Effective the day following final enactment.

5 Additional authorization.

Authorizes MHFA to issue up to \$400,000,000 in HIBs.

Effective the day following final enactment. Provides that, if two sections authorizing this issuance are enacted in the 2022 regular session, only one section will be effective.

6 Community stabilization program.

Establishes an MHFA grant program to preserve naturally occurring affordable housing (NOAH).

Subd. 1. Establishment. Establishes a community stabilization program to preserve NOAH.

Subd. 2. Definitions. Defines NOAH as: (1) multifamily rental housing at least 20 years old in which most of the units are affordable to households at or below 115 percent of the greater of state or area median income; or (2) within areas with high risk of displacement, owner-occupied housing affordable to households at or below 115 percent of the greater of state or area median income.

Subd. 3. Eligible recipients. Allows grants and loans to be distributed to local governments, Tribal governments, private developers, limited equity cooperatives, cooperatives, community land trusts, and nonprofits. Requires MHFA to use a statewide intermediary for multifamily rental housing; allows MHFA to use a statewide intermediary for owner-occupied housing.

Subd. 4. Eligible uses. Requires grants and loans to be used for acquiring, rehabilitating, gap financing, or reducing interest rates of NOAH. Requires prioritization of funding for proposals serving lower incomes or creating longer periods of affordability.

Subd. 5. Owner-occupied housing income limits. Requires that grants or loans for owner-occupied housing be used for households which were at or below 115 percent of the greater of area or state median income at the time of initial occupancy.

Section Description – Article 2: Housing Finance Grant Programs and Policy

Subd. 6. Multifamily housing rent limits. Requires multifamily rental housing financed through the program to remain affordable to low- or moderate-income households, as defined by MHFA.

Subd. 7. Application. Requires MHFA both to create procedures, guidelines, and forms for the program and to consult with stakeholders when developing these materials. Allows MHFA to accept applications on a noncompetitive, rolling basis.

Subd. 8. Voucher requirement for multifamily properties. Requires MHFA both to create procedures, guidelines, and forms for the program and to consult with stakeholders when developing these materials. Allows MHFA to accept applications on a noncompetitive, rolling basis.

7 Strengthening supportive housing model.

Subd. 1. Establishment. Establishes a grant program to improve supportive housing for persons who are at risk of homelessness or who have experienced homelessness.

Subd. 2. Definition. Defines supportive housing as housing that: (1) is not time-limited; (2) provides or coordinates services to stabilize residents' housing; and (3) maximizes opportunities for education and employment.

Subd. 3. Eligible recipients. Lists eligible recipients as a local government, an Indian Tribe, a Tribally Designated Housing Entity, a private developer, or a nonprofit.

Subd. 4. Eligible uses. Requires that funds be used both: (1) to cover supportive housing costs not covered by other state or federal resources; and (2) to create partnerships to provide services to residents, to improve residents' access to healthcare, and to reduce residents' use of emergency and institutional care.

Subd. 5. Application. Requires the commissioner to develop program procedures, guidelines, and forms and to consult with stakeholders in developing these materials.

8 Restriction on duration of condition.

Expands the list of exceptions to the 30-year duration limit on housing covenants to include affordability covenants required by a government entity.

9 Minnesota stable housing mediation grant program.

Establishes an MHFA pilot program to fund mediation facilities certified by the state court administrator.

Section Description – Article 2: Housing Finance Grant Programs and Policy

10 First-generation homebuyer down payment assistance grant program.

Establishes a pilot grant program through the Midwest Minnesota Community Development Corporation (MMCDC).

Subd. 1. Establishment. Establishes a first-generation homebuyer down payment assistance fund to be administered by MMCDC.

Subd. 2. Eligible homebuyer. Defines an eligible homebuyer as a first-time homebuyer who makes AMI or less, who is preapproved for a first mortgage loan, and whose parent or prior legal guardian does not own a home. Requires an eligible homebuyer to complete a homebuyer education course, to occupy the home purchased with funds from this program, and to contribute a minimum of \$1,000 to the down payment or closing costs.

Subd. 3. Use of funds. Limits assistance to \$30,000 and ten percent of the purchase price of a home. Forgives 20 percent of the loan each year on the anniversary of the loan but requires repayment if the homebuyer sells the property, transfers title, stops occupying the property, or has the home foreclosed on.

Subd. 4. Administration. Provides that MMCDC administers the program. Allows MMCDC to partner with community development financial institutions (CDFIs), nonprofits, or Tribal entities. Limits administrative expenses to \$3,000 per loan and requires funds returned for early resale to be expended on down payment assistance.

Subd. 5. Legislative auditor. Allows the program to be audited by the legislative auditor and requires MMCDC and any participating CDFIs to comply with any audit.

Subd. 6. Creditor immunity for reliance on borrower self-attestations. Provides immunity to creditors who rely in good faith on a borrower's self-attestation of eligibility for assistance under this program.

Subd. 7. Report to legislature. Requires MMCDC to report annually to the legislature on the program.

Subd. 8. Sunset. Sunsets the program on July 1, 2025.

Effective July 1, 2022.

11 Manufactured home park cooperative purchase program.

Establishes an MHFA pilot program to award grants to nonprofits to help manufactured home park residents to purchase their manufactured home parks.

Section Description – Article 2: Housing Finance Grant Programs and Policy

Allows use of funds both for nonprofits to help residents organize and for down payment assistance on the manufactured home park.

Effective the day following final enactment.

12 Local housing trust fund grants.

Establishes an MHFA pilot program to issue matching grants to local housing trust funds and to fund technical assistance to local housing trust funds.

Effective July 1, 2022.

Article 3: Housing Finance Technical Changes

This article makes policy and technical changes to the laws governing MHFA.

Section Description – Article 3: Housing Finance Technical Changes

1 Eligible mortgagor.

Corrects a typographical error, replacing “insure” with “ensure.”

2 Rehabilitation loans.

Specifies that agency loans for rehabilitation may finance the rehabilitation or addition of a detached accessory dwelling unit.

3 Indian Tribes.

Allows MHFA to use any funds authorized by chapter 462A to fund federally recognized Indian Tribes or Tribally Designated Housing Entities.

4 Housing disparities.

Requires MHFA to prioritize use of any appropriations under chapter 462A to serve households affected by housing disparities.

5 Priority where State Building Code is adopted.

Corrects a typographical error, replacing “insure” with “ensure.”

6 Human rights.

Corrects a typographical error, replacing “insure” with “ensure.”

7 American Indians.

Corrects a typographical error, replacing “insure” with “ensure.”

Section Description – Article 3: Housing Finance Technical Changes

- 8 **Set aside.**
Removes a requirement that a community-based nonprofit seeking a family homeless prevention and assistance grant be sponsored by the county in which it is located.
- 9 **Correction of housing defects.**
Corrects a typographical error, replacing “insure” with “ensure.”
- 10 **Debt ceiling.**
Specifies that only general obligations bonds count towards the agency debt ceiling.
- 11 **Refunding bonds.**
Authorizes MHFA to issue nonprofit housing bonds to refund bonds when the debt service on the refunding bond would be lower than the debt service on the nonprofit housing bonds to be refunded.
- 12 **Appropriation; payment to agency or trustee.**
Requires Minnesota Management and Budget (MMB) to transfer annually the amount necessary to pay the debt service on nonprofit housing bonds issued to refund previously issued nonprofit housing bonds.
- 13 **Definitions.**
Removes the financing of single-family housing projects from the definitions of HIBs. Removes the income requirement from the definition of “senior.” Defines a “senior household” as a household which includes a senior and which meets income limits. Conforms the definition of “senior housing” with the change to the definition of “senior” and with the addition of the definition of “senior household.”
- 14 **Authorization.**
Allows use of HIBs to replace federally assisted rental housing. Amends prioritization requirements for senior housing both to incorporate the new definition of senior household and to remove a requirement for a service plan.
- 15 **Refunding bonds.**
Authorizes MHFA to issue HIBs to refund bonds when the debt service on the refunding bond would be lower than the debt service on the HIBs to be refunded.
- 16 **Appropriation; payment to agency or trustee.**
Requires MMB to transfer annually the amount necessary to pay the debt service on HIBs issued to refund previously issued HIBs.

Section Description – Article 3: Housing Finance Technical Changes

- 17 **Additional appropriation.**
Requires MMB to transfer annually the amount necessary to pay the debt service on HIBs issued to refund previously issued HIBs.
- 18 **Establishment.**
Authorizes MHFA to issue workforce and affordable homeownership development program grants to counties.
- 19 **Definitions.**
Amends the workforce housing development program definition of “eligible project area” to include Tribal reservations and to clarify eligible areas are outside metropolitan counties.
- 20 **Allocation.**
Applies a requirement of the workforce housing development program, which previously only applied to cities, to all eligible project areas and expands the list of entities that can match a grant to include federally recognized Tribes.
- 21 **Affordable rental investment fund.**
Amends a 2021 appropriation to allow it to be used to replace federally assisted rental housing.

Article 4: Landlord Tenant Law

This article updates and amends provisions of law related to residential tenancies including provisions related to discrimination, evictions, repairs, heating, and lease terminations.

Section Description – Article 4: Landlord Tenant Law

- 1 **Real property interests; action by owner, lessee, and others.**
Prohibits discrimination in housing, including a home purchase or residential rental, against an individual who is receiving public assistance.
- 2 **Real property interest; action by brokers, agents, and others.**
Prohibits discrimination in housing by a real estate broker, salesperson, or agent against an individual who is receiving public assistance.

Section Description – Article 4: Landlord Tenant Law

- 3 Definition; public assistance program.**
Provides a definition for the term “public assistance program” in the Minnesota Human Rights Act.
- 4 Discretionary expungement.**
Provides new guidelines on when the court may order a discretionary expungement of an eviction action.
- 5 Mandatory expungement.**
Provides additional situations where the court must grant a mandatory expungement including: when the tenant prevailed on the merits of the case; when the court dismissed the landlord’s petition; when the parties have agreed to an expungement; when the court finds an eviction is more than three years old; and when a tenant brings an action and requests an expungement after settlement and the terms of the settlement have been fulfilled.
- 6 Prohibited fees.**
Prohibits landlords from imposing ongoing fees that do not relate to a service provided by the landlord and imposes a penalty for violating this section.
- 7 Terminating tenancy at will.**
Removes a provision from existing law that allows a tenancy at will to be terminated with 14 days’ notice. A tenancy at will is most often a tenancy without a written lease agreement, and a tenancy at will would then require the notice to terminate be at least as long as the period of the periodic rent payments, or three months, whichever is less.
- 8 Requirements.**
Requires a landlord to provide heat in a residential tenancy at a minimum temperature of 68 degrees from October 1 to April 30.
- 9 Entry by landlord.**
Restricts landlords entry into a residential unit to between the hours of 8:00 a.m. and 8:00 p.m. and clarifies that notice must be at least 24 hours before entry.
- 10 Penalty.**
Changes the penalty for a landlord who enters an apartment without proper notice or in violation of the section to damages not less than one month’s rent and reasonable attorney’s fees instead of a civil penalty of \$100. Provides that a violation of the section on unlawful entry by a landlord is a violation of the lease.

Section Description – Article 4: Landlord Tenant Law

11 Termination of lease upon infirmity of tenant.

Allows a tenant to terminate a lease if the tenant requires assistance with daily living, meets the nursing facility care criteria, or has a disability related to mental illness, and the tenant enters a nursing home, hospice, care, a licensed boarding care facility, assisted living, adult foster care, intensive mental health residential program, or an accessible unit. This section requires the tenant to provide notice to the landlord two months in advance along with medical documentation and proof the tenant is moving. When a tenant needs an accessible unit and one can be provided in the same complex, this section would not apply.

This section is effective on January 1, 2023, and applies to leases entered into or renewed on or after that date.

12 Eviction action for nonpayment; redemption; other rights.

Prohibits a landlord from filing an action or proceeding on an action that has already been filed for eviction against a tenant for not paying the rent when the tenant has applied for rental assistance and is waiting for a determination on the assistance.

Effective date: This section is effective the day following final enactment and applies to evictions filed on or after that date or evictions that are pending in court but have not been adjudicated.

13 Complaint and summons.

Provides that prior to an eviction for nonpayment of rent a landlord must provide a notice to the tenant that provides the amount due and information about how to get assistance to pay the rent and legal assistance.

Requires the landlord give the tenant 14 days after the notice to pay the amount owed or vacate the rental unit, and if the tenant does not do either of those, then the landlord may bring an eviction action.

Provides that a notice provided under this section is a qualifying event for emergency assistance.

Provides that an eviction action is not accessible to the public until the court has entered a final judgment in the case.

14 Unlawful exclusion or removal.

Allows unlawful exclusion cases, when a tenant has been locked out, to be brought for the same filing fee as conciliation court.

Section Description – Article 4: Landlord Tenant Law

- 15 **Petition.**
Specifies the type of incidents that allow a tenant to petition for emergency repair in a residential rental unit.
- 16 **Relief; service of order.**
Allows the tenant to petition for emergency relief to fix an emergency repair and allows the court to order that a landlord immediately remedy the violation. Requires the court to provide notice of a hearing on the ex parte petition and order as soon as practicable.
- 17 **Filing fee.**
Allows the court to charge the conciliation court filing fee for emergency repair petitions.



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