

**Subject** Omnibus Housing Policy Bill

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## Overview

In this bill:

- sections 1 to 4, 16, and 57 are from H.F. 282 and make changes to manufactured and modular home requirements
- sections 5, 10 to 13, and the repealer in section 58 are from H.F. 1571 and amend the requirements for notice and negotiation on a manufactured home park when the purchaser plans to convert the use of the park
- sections 6 to 9, 14, and 15 are from H.F. 2017 and make changes to the manufactured home park relocation trust fund program
- sections 17, 18, 20, and 21 are from H.F. 896 and increase manufactured home parks' access to funding sources for acquisition or improvements, or both, by adding them to the city housing improvement area law and the manufactured home park redevelopment grant program
- section 19 is from H.F. 1574 and provides for maintaining affordability of publicly financed housing for at least 30 years
- section 22 is from H.F. 2273 and strikes 2018 language governing use of low-income housing tax credits
- sections 23 to 49 are from H.F. 2542 and make changes to the Minnesota Bond Allocation Act for residential rental housing to define and prioritize among the types of projects
- sections 50, 51, and 56 are from H.F. 1511 and amend when the court can grant a discretionary eviction expungement, and when the court must grant a mandatory eviction expungement. These cases can be brought on the motion of the defendant (tenant) but can also be ordered directly by the court.
- sections 52 to 55 are from H.F. 495 and add new lease requirements to Minnesota Statutes, chapter 504B

## Summary

Section	Description
1	<b>Fees.</b> Decreases licensing fees for manufactured home installers.

<b>Section</b>	<b>Description</b>
2	<b>Modular home.</b> Defines "modular home."
3	<b>Placement of modular homes.</b> Allows placement of modular homes in manufactured home parks and grants them the same legal rights, obligations, duties, and tax treatment as manufactured homes.
4	<b>Manufactured home installers.</b> Removes language stating that licensure as a manufactured home installer is a business license for the purposes of calculating fees under Minnesota Statutes, section 326B.092.
5	<b>Representative acting on behalf of residents.</b> Defines "representative acting on behalf of residents" as a person or organization who represents more than half of the manufactured home park when trying to purchase the park for the owners.
6	<b>Conversion of use; minimum notice.</b> Requires a 12 month notice, instead of the existing nine month notice, for conversion of a manufactured home park to another use, and requires the resident to have 90 days instead of 60 days after the public hearing to vacate the home park. This section also requires the closure statement to include the closure date, and to reissue the notice of closure in certain circumstances.
7	<b>Notice of hearing; proposed change in land use.</b> Technical and conforming changes.
8	<b>Closure statement.</b> Technical and conforming changes.
9	<b>Public hearing; relocation compensation; neutral third party.</b> Technical and conforming changes, and directs the local government authority to provide information to the third party neutral at the public hearing held related to park closures.
10	<b>Intent to convert use of park at time of purchase.</b> Prohibits the park owner from entering a purchase agreement to sell or convert the park to another use for 45 days, except that they can enter an agreement to sell the park to the residents of the park if the residents of the park can make an offer to meet the cash price and other terms and conditions of the sale. Requires the park owner to negotiate in good faith and to allow the representative a reasonable period to access the information necessary to make a decision about the purchase of the manufactured home park.

Section	Description
	Requires the representative to provide ten percent of the offer price as earnest money to compensate the park owner if the park ultimately sells for less than the original offer, and requires the representative to certify the property will stay a manufactured home park for ten years.
11	<b>Conversion of use of park after purchase.</b> Prohibits a manufactured home park from providing the conversion notice to residents for 12 months if the park did not provide the proper notice required in section 6.
12	<b>Effect of noncompliance.</b> Clarifying changes.
13	<b>Affidavit of compliance.</b> Clarifies who should record an affidavit of compliance and that the affidavit is presumptive evidence of compliance with the park owner providing the notice to the residents of the intent to convert the manufactured home park required in section 6.
14	<b>Payment to the Minnesota manufactured home relocation trust fund.</b> Changes the amount required for the assessment of the manufactured home park required contribution to when the fund goes below \$3,000,000.
15	<b>Change in use, relocation expenses; payment by park owner.</b> Allows home owners to obtain relocation costs to move a home from a park that is closing to a new location within a 50 mile radius of the park. This section also makes a technical change to the form a resident submits for payment from the trust fund, and makes other technical changes.
16	<b>Reporting of licensed manufactured home parks.</b> Adds a new subdivision requiring the Department of Health (and local governments it has delegated to) to provide the Department of Management and Budget license information for each manufactured home park by March 31 each year so invoices for assessments can be sent.
17	<b>Housing improvement (housing improvement areas – HIA).</b> Adds manufactured home park to the definitions in the HIA statute.  Sections 17 and 18 allow owners of manufactured homes in a manufactured home park to petition the city to establish a housing improvement area (HIA). If established, the city would finance the improvements and charge the manufactured home owners fees to recover the amount financed. Under current law, a HIA helps finance housing improvements in condominium or townhome complexes. Fees to repay the city can be imposed on the basis of the tax capacity (value) of the housing unit, total square footage of the housing unit, or a method determined by the city and specified in the city

Section	Description
18	<p>resolution to establish the HIA. For more information on HIAs, see <a href="https://www.house.leg.state.mn.us/hrd/pubs/ss/sshia.pdf">https://www.house.leg.state.mn.us/hrd/pubs/ss/sshia.pdf</a></p> <p><b>Housing unit (HIA).</b> See section 17 explanation.</p>
19	<p><b>30-year affordability covenants.</b> Permits the Minnesota Housing Finance Agency to impose rent, income, or rent and income restrictions on multifamily rental housing developments as a condition of receiving a loan or an allocation of tax credits. Requires the agency to make the restrictions, if imposed, a covenant running with the land for at least 30 years. Permits the agency to waive the requirement.</p> <p>Effective January 1, 2020, and applies on or after that date to multifamily rental housing development for which the agency makes a loan or allocates or awards low-income housing tax credits.</p>
20	<p><b>Individual assistance grants (manufactured housing).</b> Requires manufactured homes to comply with the HUD manufactured housing code in place of the state building code, in the statute that provides manufactured home park residents down-payment assistance.</p>
21	<p><b>Manufactured home park infrastructure grants.</b> Allows manufactured home park redevelopment grants to be used to acquire manufactured home parks, as well as improve them.</p>
22	<p><b>Allocation procedure.</b> The language being stricken was added to the Minnesota Housing Finance Agency (MHFA) enabling statute in the 2018 bonding bill. It directs the MHFA to give residential rental housing projects financed with an allocation of tax-exempt bonds the highest strategic priority for an allocation of low-income housing tax credits. It prohibits the MHFA's allocation plan from using a per-unit cost limitation, cost reasonableness, or other similar restriction for allocation.</p> <p>The low-income housing tax credit program is a financing program for qualified residential rental properties. The low-income housing tax credit program offers investors a reduction in tax liability in exchange for capital to build eligible affordable rental housing units in new construction, rehabilitation, or acquisition with rehabilitation.</p> <p>Effective the day following final enactment.</p>

<b>Section</b>	<b>Description</b>
23	<p><b>Aggregate bond limitation.</b></p> <p>Defined to mean up to 55 percent of the reasonably expected aggregate basis of a residential rental project and the land on which the project is or will be located. Effective January 1, 2020.</p>
24	<p><b>AMI.</b></p> <p>Defined to mean area median income for the applicable county or metropolitan area as adjusted for household size. Effective January 1, 2020.</p>
25	<p><b>LIHTC.</b></p> <p>Defined to mean low-income housing tax credits. Effective January 1, 2020.</p>
26	<p><b>Preservation project.</b></p> <p>Defined to mean a project expected to generate LIHTC and that receives federal project-based rental assistance or a loan or guarantee from the USDA Rural Development Program. An application must not exceed the aggregate bond limitation. Effective January 1, 2020.</p>
27	<p><b>30 percent AMI residential rental project.</b></p> <p>Defined to mean a project in greater Minnesota that is expected to generate LIHTC from 100 percent of the rental units, is not a preservation project, and in which, on average, tenants are at 30 percent of AMI or less. Also, the units are subject to rent restrictions for at least 30 years. An application must not exceed the aggregate bond limitation. Effective January 1, 2020.</p>
28	<p><b>50 percent AMI residential rental project.</b></p> <p>Defined to mean a project that is expected to generate LIHTC from 100 percent of the rental units, is not a preservation project or 30 percent AMI project, and in which, on average, tenants are at 50 percent AMI or less. Also, the units are subject to rent restrictions for at least 30 years. An application must not exceed the aggregate bond limitation. Effective January 1, 2020.</p>
29	<p><b>100 percent LIHTC project.</b></p> <p>Defined to mean all units are expected to generate LIHTC and the project does not qualify under the other project definitions. An application must not exceed the aggregate bond limitation. Effective January 1, 2020.</p>
30	<p><b>20 percent LIHTC project.</b></p> <p>Defined to mean at least 20 percent of the units are expected to generate LIHTC and the project does not qualify under the other project definitions. An application must not exceed the aggregate bond limitation. Effective January 1, 2020.</p>

Section	Description
31	<p><b>Under federal tax law; allocations.</b></p> <p>In this section and others, changes from July to June the date for allocation of the remaining 31 percent in the housing pool for allocation for single family housing programs in the second half of the year. Effective January 1, 2020.</p>
32	<p><b>Entitlement reservations.</b></p> <p>Changes the date to the third Monday in June for returned allocations to allow for the seven-day hold period and an orderly transition to the unified pool for allocation in the second half of the year. Effective January 1, 2020.</p>
33	<p><b>Allocation application; small issue pool and public facilities pool.</b></p> <p>Limits the application of the section to the small issue pool and public facilities pool, striking provisions relating to housing. Effective January 1, 2020.</p>
34	<p><b>Allocation application; housing pool.</b></p> <p>Adds procedures for allocation of the housing pool. Requires the application to specify what type of project it is. Provides for an application fee of two percent of the requested allocation. Prohibits an entitlement issuer from applying unless it has either permanently issued bonds equal to any amount of bonding authority carried forward or has returned for reallocation any unused bonding authority carried forward. Effective January 1, 2020.</p>
35	<p><b>Housing pool allocation.</b></p> <p>Establishes the priority for projects using the definitions in the bill and how to allocate among projects of the same priority. Strikes language limiting allocations for senior housing projects. Effective January 1, 2020.</p>
36	<p><b>Small issue pool allocation.</b></p> <p>Conforming change. Effective January 1, 2020.</p>
37	<p><b>Public facilities pool allocation.</b></p> <p>Conforming change. Effective January 1, 2020.</p>
38	<p><b>Return of allocation; deposit refund for small issue pool or public facilities pool.</b></p> <p>Conforming change. Effective January 1, 2020.</p>
39	<p><b>Return of allocation; deposit refund for housing pool.</b></p> <p>Provides for reallocation procedures that depend on when during the year an allocation is cancelled and returned for reallocation. Provides for return of the application deposit on a return for reallocation; the amount of the deposit return declines as time passes. Effective January 1, 2020.</p>

<b>Section</b>	<b>Description</b>
40	<b>Minnesota Office of Higher Education.</b> Clarifying change. Effective January 1, 2020.
41	<b>Unified pool amount.</b> Conforming change. This section through section 45 make changes to allocations from the unified pool. Unused allocations from the small issue pool, housing pool, and public facilities pool are transferred to the unified pool after the last Monday in June. Effective January 1, 2020.
42	<b>Application for residential rental projects.</b> Provides for allocation from the unified pool for residential rental housing applications. Effective January 1, 2020.
43	<b>Application for all other types of qualified bonds.</b> Adds a provision for allocation from the unified pool for all other types of qualified bonds (since section 42 is limited to residential rental housing). Effective January 1, 2020.
44	<b>Allocation procedure.</b> States priorities for residential rental housing projects if there is more than one for the same type of project. Effective January 1, 2020.
45	<b>Return of allocation; deposit refund.</b> Same deposit refund for residential rental housing projects that return an allocation from the unified pool. Effective January 1, 2020.
46	<b>Notice of issue (carryforward).</b> Adds provision governing return of deposit when an issuer receives an allocation for a residential rental project issues obligations. Effective January 1, 2020.
47	<b>Deadline for issuance of qualified bonds.</b> Conforming changes. Effective January 1, 2020.
48	<b>Notice of availability authority.</b> Conforming change. Effective January 1, 2020.
49	<b>Appropriation; receipts.</b> Conforming change to incorporate references to provisions added by the bill. Effective January 1, 2020.

Section	Description
50	<p><b>Discretionary expungement.</b></p> <p>Changes the one part of the standard for a court to order an eviction to require that the eviction is no longer a reasonable predictor of future tenant behavior.</p>
51	<p><b>Mandatory expungement.</b></p> <p>Adds additional situations where an eviction action could be expunged by the court to include when:</p> <ul style="list-style-type: none"><li>▪ the tenant prevails on the merits of the case;</li><li>▪ the court dismisses the landlord’s complaint for any reason;</li><li>▪ the parties have agreed to an expungement;</li><li>▪ when the eviction was ordered three years prior to the date the expungement was filed; or</li><li>▪ if the case settles and the defendant fulfills the terms of the settlement.</li></ul>
52	<p><b>Written lease required; penalty.</b></p> <p>Requires leases to identify the specific unit that will be rented in a lease between a tenant and a landlord when the building has 12 or more units. A landlord that fails to follow this provision is guilty of a petty misdemeanor. This section would be effective the day following final enactment and apply to leases signed on or after that date.</p> <p>This section would be effective the day after final enactment and apply to leases signed on or after that date.</p>
53	<p><b>Lease duration notice.</b></p> <p>Creates new lease requirements that require:</p> <ul style="list-style-type: none"><li>▪ the date a tenant will move in and move out of a unit must be written on the first page of the lease; and</li><li>▪ if the move in or move out date are <u>not</u> on the first or last day of the month, then the terms of the lease must indicate if the rent is prorated.</li></ul> <p>This section would be effective the day after final enactment and apply to leases signed on or after that date.</p>
54	<p><b>Time period for notice to quit or rent Increase.</b></p> <p><b>Subd. 1. Application.</b> Provides that this section applies to residential leases only when the lease requires different periods of time for landlords and tenants to provide notice related to renewing the lease, moving out, or changing the rent.</p> <p><b>Subd. 2. Tenant option to choose notice period.</b> Allows tenants to choose to use the time period the landlord has to give notice that a lease is ending or that the rent is increasing when the tenant is giving notice to move out.</p>

Section	Description
	<p><b>Subd. 3. Landlord notice requirements.</b> Prohibits a landlord from giving a tenant notice that they need to move out or give the tenant a rent increase that is shorter than the notice the tenant has to give to the landlord letting them know they are planning to move out.</p> <p><b>Subd. 4. No waiver.</b> Prohibits the provisions in subdivisions 1 through 3 from being waived by a verbal or written agreement.</p> <p><b>Effective date.</b> This section is effective the day following final enactment and applies to leases entered into on or renewed after that date.</p>
55	<p><b>Liability for rent; termination of tenancy.</b> Technical and conforming changes.</p>
56	<p><b>Nonpublic record.</b> This section requires the courts to keep eviction case filings confidential until after the case has been decided.</p>
57	<p><b>Advances to the Minnesota manufactured home relocation trust fund.</b> Allows the Minnesota Housing Finance Agency or Department of Management and Budget to advance up to \$400,000 from its own resources to the Minnesota manufactured home relocation fund in order to pay claims. Provides for later reimbursement of any such advance.</p>
58	<p><b>Repealer.</b> Repeals the statutory form for a recorded notice.</p>



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