

Minnesota NAHRO 2023 State Legislative Session Recap

Minnesota NAHRO adopted a legislative agenda based on three priorities: People, Production, and Preservation. Our advocacy efforts shared stories of how important empowering Minnesotans to thrive through increased access to safe and stable homes, increasing the supply of affordable housing for all low-income Minnesotans, and keeping communities strong by preserving public and naturally occurring affordable housing is to the well-being of our state.

The overall investment in affordable housing listed below are for the FY24-25 biennium which includes \$1 Billion in one time money, \$50 million in on-going funds plus an additional \$200 million annually in the 7 metro counties. Moreover, the bonding bill includes \$79 million for housing and \$21 million for shelter capital projects.

Minnesota NAHRO will continue to provide updates and training to help our members better understand these resources and provide training on how to leverage these investments to impact their community.

Omnibus Housing Finance Bill Invests in Affordable Housing

The \$1 billion housing bill includes significant increases to existing programs and creation of new programs covering the spectrum of housing needs. This is the largest single investment in housing in Minnesota history with most of the funding being on-time appropriations from the state budget surplus. A quarter-cent metro area sales tax provides on-going funds directly to counties and cities and rent assistance in the metro area.

Public Housing Rehabilitation Cash – \$87 million

- Minnesota NAHRO led efforts to secure funding for public housing rehabilitation. The Housing bill includes \$15 million in cash, \$5 million is allocated to Minneapolis PHA and \$10 million will be available through Publicly Owned Housing Program (POHP).
- The bonding bills include \$42 million of general obligation bonds and \$30 million in cash for POHP. Combined, this will be the highest amount of state funds allocated at any time. \$61.5 million has been allocated in bonds since 2005.
- Minnesota NAHRO further led efforts to clarify that ownership by a limited liability company (LLC) where the housing authority is the sole member is considered publicly owned, to continue qualifying for general obligation bonds. LLCs are a typical ownership entity during repositioning. This language is included for the cash portions but Minnesota Management and Budget (MMB) has not wavered in its position for GO bonds.

State Rent Assistance Program – \$134.3 million (NEW)

- Minnesota NAHRO joined the Bring It Home, Minnesota campaign to create a state tenant-based rent assistance program. This multi-session effort got traction this session and is expected to assist over 5,000 very low-income households.
- The program is funded in two parts: \$23 million of cash for Greater Minnesota and \$41.5 million from a metro-wide sales tax for the metro area, in the first year. The bill includes \$23 million in the base budget for FY26 and beyond. The sales tax provides on-going, dedicated funding for metro housing authorities.
- Our HCV administering members will have a choice of administering the program in their jurisdiction. If a housing authority declines, Minnesota Housing will work with non-profit organizations in the area.

**Local Housing Trust Fund Matching Grants – \$4.8 million**

- Minnesota NAHRO advocated for grants to match local housing trust funds to incentivize cities and counties to dedicate local funds to affordable housing efforts.

Emergency Rental Assistance – \$115.5 million

- Minnesota NAHRO advocated for the state to allocate its federal recovery funds to provide emergency rental assistance to help stabilize housing for the most vulnerable renters. The Family Homeless Prevention and Assistance Program will receive \$65,538,000 for the biennium (2024-25), in addition to the \$50 million already awarded, for a total of \$115.5 million for this biennium.

Local Affordable Housing Aid – \$294 million (NEW)

- Included in the Metro Sales Tax and the Tax Bill, direct funds to counties and cities for local affordable housing needs. Eligible uses are pretty broad and can be tailored to the individual community's needs.

Housing Infrastructure Cash – \$200 million

- This appropriation is in place of Housing Infrastructure Bonds. This investment will finance thousands of new units of permanently affordable housing.
- The bill expands the eligible uses of HIBs to include the development and preservation of housing at 50% AMI and under, without supportive services. This change will ensure that renters between 30% and 50% AMI who do not need supportive services will also have access.

Challenge Fund - \$120.85 million

- This is \$95 million in additional spending for the Economic Development Housing Challenge Program. The bill also includes \$12.925 million in the base for FY26.

Greater Minnesota Workforce Housing Development – \$39 million (NEW)

- This appropriation provides a \$35 million increase for the development of new affordable housing in Greater Minnesota to support local businesses and workforces. The bill also includes \$2 million in FY26 base.

Greater Minnesota Housing Infrastructure Program – \$5 million (NEW)

- This is a new program with a one-time appropriation. The program will provide funds to communities in Greater Minnesota to expand the infrastructure needed to support residential development in the community.

Community Stabilization (NOAH) – \$90 million (NEW)

- This is a one-time investment to acquire and renovate naturally occurring affordable housing for the purpose of preserving the affordability of the rents.

High-Rise Sprinkler System Grants – \$10 million (NEW)

- \$10 million for grants to high-rise apartment buildings which need to be retrofitted with fire suppression sprinkler systems.
- The bill further includes a requirement that first- and second-class cities across the state must report to the state fire marshal by June 20, 2024, a list of each residential building that has at least one story used for human occupancy that is 75 feet or more above fire access that does not have a sprinkler fire suppression system.



Bridges and Homework Starts With Home – \$16.2 million

- Bridges has an appropriation of \$10.7 million for the biennium, with a continuation of \$5.3 million per year in the base for FY26. \$5.5 million for Homework Starts with Home.

Workforce Homeownership Program – \$620.5 million (NEW)

- With \$20.5 million authorized in the Housing bill with \$250,000 in base. An additional \$40 million was included in the tax bill. If passed, the Workforce and Affordable Homeownership Program will receive a total of \$75.5 million over the next biennium.

Homeownership Education, Counseling, and Training – \$3.7 million

- These resources will help get potential homeowners ready to access the new down payment assistance funding, along with increased affordable homeownership supply. \$857,000 included in base.

Down Payment Assistance – \$150 million (NEW)

- \$50 million for first generation down payment assistance with the premise of reducing the homeownership disparity gap.
- \$100 million of the available down payment assistance dollars will be available through Midwest Minnesota Community Development Corporation as the administrator for the community-based first-generation homebuyers down payment assistance program.

Expansion of HRA Powers

- The bill includes policy language to allow HRAs and EDAs to construct new market-rate workforce housing.

Other Housing Investments of Note

- \$4 million for lead safe homes.
- \$10 million each for the manufactured home cooperative purchase and lending grants.
- \$17 million for manufactured home park infrastructure grants, with \$1 million in base.
- \$25 million for supportive housing.
- Additional funding for capacity-building grants of \$6.3 million and \$645,000 in base.
- \$23.3 million for Housing Trust Fund.
- \$8.4 million for Affordable Rental Investment Fund program (ARIF).
- \$5.5 million for homeowner rehabilitation loans.
- \$7.5 million for rental rehabilitation loans.
- \$3 million to Community Mediation Minnesota to administer a statewide housing tenant/landlord mediation program.
- \$50 million for the Home Ownership Assistance Fund.

We're Still Tracking and Working on...

- The “source of income protection”, specification of rent assistance as a source of public assistance for the purposes of a protected class, was not included in the housing or judiciary bills. Advocates plan to renew efforts in the 2024 session.
- Minnesota NAHRO and the League of Minnesota Cities advocated for an increase to the cap of HRA levies from the existing 0.0185% to 0.037%. The increase was considered in both the housing and taxes bill but ultimately not included.
- **Minnesota NAHRO will continue to provide updates and training to help our members better understand how to use these tools and resources to impact their community.**



Tenant/Landlord Provisions of the Judiciary Omnibus Bill

This is the most substantial change in Minnesota tenant/landlord law in a single session of the Legislature in the 165-year history of the state. Unless otherwise noted, these laws will become effective 1/1/24. Bill summary is courtesy of HomeLine.

- **Pre-Eviction Protections:** Landlords must give their tenants 14 days' written notice before filing an eviction action for nonpayment against them in court. Cities are allowed to enact and enforce their own stronger pre-filing notice requirements.
- **Expungement Reform:** Eviction expungements become much more accessible in several situations, when: 1) the tenant prevails; 2) the case is dismissed; 3) the parties agree to expungement or upon request of the tenant if the case is settled and the tenant fulfills the terms; 4) the eviction was ordered three or more years ago. Further, evictions are prohibited from being reported in public court records until a court judgment is made for the landlord.
- **Transparency in the cost of housing:** Requires landlords to disclose non-optional fees (along with the rent) on the first page of the lease as well as in any advertisement or posting of a unit for a residential tenancy.
- **Stronger Privacy Rules:** Requires 24-hour notice from landlords before entering a tenant's apartment unless the tenant and landlord agree otherwise. The landlord must specify a time or anticipated window of time of entry and may only enter between 8 AM and 8 PM unless the landlord and the tenant agree to an earlier or later time.
- **End a lease when medically necessary:** Allows tenants to break their lease with a 2-month notice if certain medical conditions—determined by a medical professional—require them to move.
- **Statewide Heat Code Minimum:** Sets a standard statewide 68 degrees Fahrenheit heat minimum in apartments from October 1 to April 30 if the tenant does not control the heat.
- **Emergency Repairs:** Expands the category of emergency repairs (for which court proceedings are expedited) to include, but not be limited to:
 - no working refrigerator;
 - no working air conditioning (if the rental was advertised as having air conditioning and included it in the lease);
 - serious infestations;
 - non-working elevators (if included in the lease);
 - Notice of Intent to Condemn; or,
 - loss of any conditions, services, or facilities that pose a serious and negative impact on health or safety.
- **Reduced Court Fees:** Emergency Tenant Remedies Action / Lockout petition filing fees will be the same as the lower small claims court filing fee, making it more accessible for tenants facing serious and immediate housing repairs.

Additionally, several more tenant/landlord policy changes are included in the bill:

- Multiple detailed changes to formal court eviction procedures.
- Regulation of pet declawing/devocalization in rental housing.
- Required move-in/out inspections concerning security deposits.
- Provision of the right to counsel in public housing breach of lease eviction cases (effective 8/1/23)
- Guidelines for landlords who require certain types of early lease renewals.
- Limitations on harmful crime-free lease provisions and penalties (effective 6/1/24).