



DATE: May 22, 2024
TO: Minnesota NAHRO Membership
FROM: Melissa Taphorn and Dara Lee, Legislative Co-Chairs
RE: State Legislative Report

This memorandum provides an update on the activities and outcomes of efforts made by Minnesota NAHRO during the 2024 state legislative session. The Legislative Committee meets weekly on Friday mornings via Zoom, if you want to join us!

Thank you to Sam Richie, Minnesota NAHRO's lobbyist for his work in getting our bills introduced and our needs communicated at the Capitol!

2024 State Legislative Session Summary

There are three key bills that contain housing provisions. Those bills and their status as of May 22 are below.

SF 3492 – Landlord Tenant Provisions

STATUS: The Senate and House approved this bill. Governor is expected to sign.

The bill directly impacts all HRAs which own rental property. It makes several changes to laws governing landlords and tenants. It includes changes to residential lease agreements, the eviction process, and the rights and responsibilities of both landlords and tenants. Other than identified below, provisions become effective beginning on January 1, 2025.

- It places more burdens on landlords when a tenant abandons a lease; the landlord must attempt to rent the dwelling at market value. Failure to do so results in immediate termination of the rental agreement, absolving the tenant of rent liability.
- It establishes a right for tenants to organize; landlords are prohibited from retaliating against tenants for joining tenant associations. Tenants will be entitled to form tenant associations to address issues relating to their living environment, and landlords will be prohibited from preventing such activities. Landlords are subject to fees up to \$1,000 per occurrence of retaliation.
- It outlines detailed procedures for instances when a landlord can't deliver occupancy due to new construction delays and provides tenants with remedies when construction delays prevent the tenant from occupying the unit.
- It clarifies the rights of tenants who are victims of domestic abuse, sexual abuse, or harassment; a tenant can terminate a lease without penalty if they fear imminent violence, it prohibits eviction of tenants because they have been victims of domestic abuse, sexual conduct criminal offenses, sexual extortion, or harassment (*eff. 30 days from enactment*), and regulates the treatment of information about a tenant who is a victim of violence including a \$2,000 fine for violation (*eff. 8/1/2024*).



- It clarifies the rights of tenants who seek assistance in response to a mental health or health crisis; landlords cannot limit emergency response calls and prohibits evictions where local ordinance would require eviction after a specified number of emergency response calls in response to mental health or health crises.
- It gives tenants subject to or having gone through an eviction more rights; provides for additional eligibility for expungement (*eff. 30 days from enactment*).
- It details rights to tenants who do not have a social security number but an individual taxpayer identification number (ITIN) instead; prohibits landlords from denying an application based on this or if their credit report is insufficient because it is attached to an ITIN.
- It prohibits landlords from denying tenancy based on pending and expunged eviction cases; requires tenant reporting companies to check court records 24 hours within the report which can incur \$1,000 fines if in violation.
- It restricts landlords' ability to fees; includes late fees to rent assistance participants can only be applied to the tenant portion, and requires disclosure language of pet deposits and fees,
- It clarifies the effective date when a tenant terminates a lease and their responsibilities to vacate the premises and the termination of their rights of possession to the premises (*eff. 30 days from enactment*).
- It deletes and replaces statutory language on how and when summons and complaints must be served.
- It defines public housing in the right to counsel law as Section 9 of the US Housing Act and former Section 9 units repositioned through RAD.

Minnesota NAHRO introduced the right to counsel clarification bill, not including the RAD units, that was included in the final Senate bill. Minnesota NAHRO advocated and supported a source of income protection bill, also referred to as the Housing Stability Act which was supported in the House and in fact passed as a stand alone bill. It was also included in the House bill going into conference committee but was not included in the final agreed upon bill.

Minnesota NAHRO also introduced a bill for consistency in and reduction to the time required to hold abandoned personal property when tenants abandon and vacate an apartment. The bill was introduced in both bodies, but the House author received early opposition and this ultimately did not move forward.

Minnesota NAHRO opposed and provided written testimony in the housing committees on the denial based on pending cases, damages for ouster, and limitations on claim preclusion. The latter two items were deleted prior to conference committee. The prohibition of denying an applicant based on pending eviction cases is included in the final bill.



HF 5242 – Transportation, Labor, and Housing Omnibus Bill

STATUS: The House and Senate approved this bill. The Governor is expected to sign.

The bill has some direct impact on HRAs. It includes both housing policy and supplemental budget provisions.

- It reappropriates \$18 million from fiscal year 2024 and spend \$28 million in fiscal year 2025, meeting the net housing budget target of \$10 million. Appropriations include:
 - \$30 million to community stabilization initiatives
 - \$8.68 million to Minnesota Housing: \$8.11 million for the Family Homeless Prevention and Assistance Program, \$471,000 to expedited rental assistance, and \$150,000 for the Wilder Foundation for the Minnesota homeless study
 - \$545,000 for the Supreme Court to expunge tenant eviction court cases
 - \$400,000 for long-term sustainability of affordable housing task force facilitation
 - \$225,000 for a feasibility of single-egress stairway apartment buildings report
- It expands energy conservation measures in Minnesota Housing loan programs to name decarbonization and climate resiliency.
- It streamlines the income eligibility requirements for Minnesota Housing programs to all pull from the same data source of the LIHTC program and that participants in income-based state and federal assistance programs have presumed income eligibility.
- It raises Minnesota Housing’s bond fund debt ceiling to \$9 million. It authorizes up to \$50 million of additional housing infrastructure bonds.
- It expands eligibility for the Workforce Housing Development Program by eliminating population requirements.
- It modifies the Greater Minnesota Housing Infrastructure Grant program to include grants to counties and manufactured home developments and increases the maximum grant award.
- It amends the state Housing Tax Credit Contribution Fund by eliminating the set-aside percentages and clarifications to disqualified investors.
- It amends the Statewide and Local Affordable Housing Aid (SAHA & LAHA) programs. to include 3 more qualifying projects: support to financially distressed residential properties; supportive housing operations, services, and staff; and emergency shelter operations and services. It requires recipients to prioritize projects with lower income ranges. It provides for a “maintenance of effort” meaning that a city or county receiving funds cannot use the SAHA/LAHA as a replacement for existing local housing resources (i.e. HRA levy) and penalties for non-compliance effective for funds paid in 2024.



- It creates a new Housing Affordability Preservation Investment grant program to support recapitalization of distressed properties.
- It requires a number of studies and reports. It requires Minnesota Housing to expedite and report on FHPAP rental assistance.
- The labor portion of this bill includes applicability of prevailing wages to LIHTC funded developments.

Minnesota NAHRO provided written and verbal testimony during committee meetings and to the conference committee on two significant provisions that did not make it into the final bill. The source of income protections were also included in this bill up until the final conference committee approval of the housing section. Ultimately, the authors pulled the language because they did not have enough votes in the Senate which would have resulted in the whole bill being voted down and sent back to the conference committee.

Minnesota NAHRO spent a significant amount of time with legislators and staff moving the needle in regard to POHP funding and repositioning with a change in ownership. Rep. Fue Lee and Rep. Michael Howard along with Sen. Sandy Pappas and Sen. Lindsay Port introduced bills giving housing agencies the ability to create public corporations for the purpose of repositioning their public housing and being eligible for general obligation (GO) bonds was also included up until the final conference committee agreement. Members of Minnesota NAHRO testified in support of these bills and worked with the legislators to refine the language. We also met repeatedly with MMB and Minnesota Housing leadership; however, no agreement could be found. This was pulled during final negotiations with pressure from DFL leadership, who work closer with MMB. Conversations with MMB and Minnesota Housing will continue.

Minnesota NAHRO also introduced a bill empowering HRAs to create local housing trust funds. The bill was introduced in the Senate but not in the House and did not move forward. Minnesota NAHRO also advocated for an increase to the HRA levy rate; however, it was clear early on it would not be supported by the Senate tax committee chair and was never introduced.

SF 5251 – Bonding Bill

STATUS: No bonds and no cash appropriations for capital projects were approved.

Minnesota NAHRO advocated for \$100 million in POHP funding with members testifying in support. The final conference committee reports included \$10 million for the Publicly Owned Housing Program (POHP) and \$4.5 million for Greater Minnesota Housing Infrastructure Grants. No cash appropriations for housing were included. Bonding requires a 2/3 majority vote and there was not enough support to pass the bonding bill. A cash bill was approved by the House in the final minutes of the session. The Senate was voting on the bill when the clock struck midnight, ending the session before the bill could be approved.