

DATE: May 23, 2025
TO: Board of Directors and 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 2025 state legislative session. The Legislative Committee meets weekly on Friday mornings via Zoom, if you want to join us!

2025 State Legislative Session Summary

For historical context, it is important to note a few very interesting aspects to this legislative session. The legislators serving in this session took office following the 2022 and 2024 elections. Democrats won a 34-33 majority in the Senate in 2022. Sadly, Senator Kari Dziedzic (D) passed away in December 2024. Mid-session, Senator Justin Eichorn (R) resigned after being charged and jailed on charges of solicitation of a minor. Following special elections to fill the vacancies, the respective parties retained their control of those two districts. However, the Senate agreed to share power at the start of session when divided 33-33.

The House was split 67-67 following the 2024 elections. A power sharing agreement was negotiated and then dissolved when an elected representative was found to not reside in the district where he was elected and Representative Brad Tabke won re-election by 14 votes, but in the process of auditing the election, Scott County staff discovered that 20 absentee ballots cast in the city of Shakopee were missing. The House Democrats then boycotted the start of session. House Republicans began conducting business and a court ruled that the House must have at least 68 members to conduct business. Business resumed on February 6, three weeks into the start of session, once both parties agreed to a power sharing agreement. A special election was called for the vacant seat and the Democrats retained control of that district, maintaining the 67-67 split.

The regular session ended on May 19 with a special session looming as many budget bills were not passed. The housing omnibus bill is one of few bills to be approved by both bodies before session closed. This is definitely an indicator of how non-partisan or bipartisan the issue of housing is in Minnesota, and how well the two parties worked together to develop a bill both parties could support particularly in the House.

SF 2298 / HF 2445: Housing Omnibus Bill

STATUS: The Senate approved on May 17 with a vote of 36-31. The House approved on May 18 with a vote of 108-26. The bill was sent to the Governor on May 20.

The bill appropriates \$261.62 million for housing, \$15 million above the base budget for the 2026-27 biennium. The bill would authorize the sale of \$50 million in housing infrastructure bonds.

The additional \$15 million is allocated as follows:

- \$8.35 million to the Family Homeless Prevention and Assistance Program;
- \$2 million to the Economic Development and Housing Challenge Program;
- \$2 million to the Workforce Homeownership Program;
- \$2 million to the Homeownership Assistance Fund;
- \$2 million for Greater Minnesota Housing Infrastructure Grants; and
- \$2 million for first-generation homeowner downpayment assistance grants.

The bill includes three of Minnesota NAHRO's bills.

- An amendment to the Bring It Home state rental assistance is included which clarify that program administrators are to recertify income and amount of rent assistance annually. The statutory language required program administrators to recertify eligibility annually. This change aligns with the Housing Choice Voucher requirements and avoids the unnecessary termination of assistance. The other language that Minnesota NAHRO was concerned about is around the use of local preferences for populations other than cost-burdened, low-income families with children. Minnesota Housing deemed this an area they could address administratively and have provided that guidance in their program FAQs.
- Housing and redevelopment authorities are explicitly defined as a government that can create a local housing trust fund (LHTF). This clarification will be particularly helpful to multi-county HRAs and stand-alone HRAs whose governing boards are not exactly the same as the city or county government.
- Minnesota NAHRO continued to advocate for a legislative solution to the eligibility of Public Housing repositioned through Disposition to an HRA-owned entity for general obligation bond-funded POHP loans. The bill requires Minnesota Management and Budget (MMB) to provide a report to the legislature before the start of next session that details the barriers after consulting with Minnesota NAHRO, HUD, and Minnesota Housing.

Taxes Bill

As noted in the recent Action Alert, there is discussion about cutting the State Local Housing Aid (SAHA) appropriations by \$7.5 million. This cut is supported more on the Senate than by the House. Work on the bill is ongoing.

Bonding Bill

The bonding bill is also undecided and will be the last priority of this session, after all budget bills are agreed upon. The latest bonding spreadsheet included \$10 million for the Publicly Owned Housing Program (POHP). Minnesota NAHRO advocated for \$100 million in POHP funding with members testifying in support.