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Equal Opportunity Housing and Equal Opportunity Employment

Legislative Summary 2012

The end of the 2012 legislative session was certainly unpredictable as major initiatives such as the bonding bill, Vikings stadium and omnibus tax bill all came down to the final days of a self-imposed early adjournment deadline. The agency's primary focus was the bonding bill; its efforts in partnership with affordable housing advocates were successful in securing \$30 million in housing infrastructure bonds and \$5.5 million in General Obligation bonds for public housing rehabilitation. This was also the first year since 2007 that the agency did not receive a reduction in state appropriations for programs. Set forth below is a summary of housing-related legislation enacted during the 2012 legislative session.

Capital Investment (Bonding) (Chapter 293)

Housing Infrastructure Bonds (Section 35-36)

The legislation includes \$30 million for housing infrastructure bonds to address affordable housing infrastructure needs. These are similar to nonprofit housing bonds, first authorized in 2008, which are also appropriation bonds. Funds will be used to preserve existing federally subsidized rental housing; stabilize communities impacted by the foreclosure crisis by creating new affordable housing opportunities through rental units and community land trusts; and construct or acquire and rehabilitate supportive housing, particularly for persons experiencing or at risk of experiencing long-term homelessness. The agency will issue the bonds; a standing appropriation for 20 years was made to pay the debt service.

Public Housing (Section 23)

Section 23 appropriates \$5.5 million in General Obligation (G.O.) bond proceeds to Minnesota Housing for the purpose of public housing preservation.

Harriet Tubman Center (Section 18, Subdivision 3)

In addition to the bond proceeds awarded to Minnesota Housing, \$2 million in GO bond proceeds was directed to the MN Department of Human Services for the capital costs of the Harriet Tubman Center in Washington County for a domestic violence shelter and other services.

Additional Purposes, Housing Infrastructure Bonds (Chapter 292, Article 5)

This miscellaneous supplemental budget bill includes a provision related to supportive housing uses for the housing infrastructure bonds. Article 5 provides that in addition to other purposes authorized for the use of housing infrastructure bond proceeds, the agency may also use the

proceeds to finance the costs of the construction, acquisition and rehabilitation of supportive housing for girls and women to provide them protection from and the means to escape exploitation and trafficking. This use is already eligible under the broad supportive housing definition included in the housing infrastructure bond provision in the omnibus bonding bill.

Omnibus Health and Human Services Finance Bill (Chapter 247)

Long-term Homeless Supportive Services (Article 6, Section 2)

In Article 6, Section 2, Subdivision 5a, \$200,000 in FY2013 only is directed from the Temporary Assistance for Needy Families (TANF) fund for long-term homeless supportive services for low-income families under Minnesota Statutes, section 256K.26. The supportive services fund provides integrated services needed to stabilize individuals, families and youth living in supportive housing. This fund was reduced by \$2.3 million in FY2011 compared to FY2010.

Family Assets for Independence Program (Article 6, Section 2)

In fiscal year 2013 \$250,000 from the TANF fund is directed for grants for the family assets for independence program under Minnesota Statutes, section 256E.35. This one-time appropriation is administered by the Community Action Agencies and serves families with income below 200 percent of the federal poverty guidelines and minor children in the household.

Asset Development and Financial Literacy Task Force (Article 3, Section 25)

Article 3, Section 25 amends Laws 2010, ch. 374, § 1 by modifying the Ladder out of Poverty Task Force to become the Asset Development and Financial Literacy Task Force. The law modifies the membership of the task force, modifies the duties of the task force, and extends the expiration date of the task force to June 1, 2014.

Minnesota Visible Child Work Group (Article 3, Section 27)

Article 3, Section 27 establishes the Minnesota visible child work group to identify and recommend issues that should be addressed in a statewide, comprehensive plan to improve the well-being of children who are homeless or have experienced homelessness. The fifteen appointed members of the Minnesota visible child work group include legislators, representatives from family shelter, transitional housing, and supportive housing providers and individuals who have experienced homelessness. The work group shall make recommendations to the legislative committees with jurisdiction over education, housing, health, and human services policy and finance by December 15, 2012. The work group expires on June 30, 2013.

Uninhabitable housing units (Article 3, Section 17)

Article 3, Section 17 amends § 256J.26, by adding subdivision 5, which requires counties to cease MFIP vendor payments for rent to a landlord when a MFIP assistance unit's housing unit has been deemed uninhabitable. The law prohibits a landlord who is required to return vendor paid rent or who is prohibited from receiving future rent under this subdivision from taking an eviction action against anyone in the MFIP assistance unit.

Omnibus Tax Bill (Chapter 296, Article 6, Sections 5-7 & 13) – Vetoed

Article 6, Sections 5, 6 and 7 permit entitlement issuers and the Office of Higher Education to carryforward allocated bonding authority for the period permitted by federal tax law, instead of the next succeeding year, and eliminates the penalty now appearing in Minn. Stat. §474A.04, Subdivision 1a for failure of an entitlement issuer to permanently issue that authority during the carryforward period. Article 6, Section 13 rescinds the deduction against this year's entitlement authority for bonding authority allocated in 2008, 2009 and 2010 that was not permanently issued by an entitlement issuer before the end of 2011.

State law establishes a shorter period of time for issuance of tax-exempt volume cap bonding authority for entitlement issuers than is allowed under federal law – one year vs. three years. The penalty for failure to issue in a timely fashion is the reallocation of current year's authority to other issuers and other uses. All entitlement issuers – the agency, Minneapolis, St. Paul and Dakota County – as well as the Office of Higher Education are in the position this year to have their entitlement authority reallocated. The vetoed tax bill would have extended the period of time to issue, known as the carryforward, from one year to three years. As a consequence of the veto and other operations of federal tax law, the entitlement issuers will not be able to issue bonds for rental housing projects until late in the calendar year.

Landlord and Tenant Late Fee Modification (Chapter 132)

This law clarifies language that permits a landlord operating a lease under a federally-subsidized tenancy program to charge late fees on a schedule consistent with the applicable federal statute, regulation, or handbook governing the program even if there is no written agreement between the landlord and tenant regarding late fees. The law also extends for two years the special notice provisions in eviction actions against tenants in foreclosed properties and tenants in properties for which the contract for deed is cancelled.

State Agency Rule Making Regulation (Chapter 238)

State agencies must now send a copy of the notice of intent to adopt a rule and the agency's statement of need and reasonableness to the chair to the Legislative Coordinating Commission, in addition to the chair and ranking minority members of the policy and budget committees with jurisdiction over the subject matter of the rules. By January 15 each year, an agency must submit its rulemaking docket and rulemaking record from rules adopted in the prior year to the same members. Cumulative effect is defined and required as part of the statement of need and reasonableness.

Copies of legislation

To access the language of any of the regular session legislation, go to:

<https://www.revisor.mn.gov/laws/?view=session&year=2012&type=0>

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