

2006 Legislative Summary

Below is a summary of the housing related legislation enacted during the 2006 session.

Capital Investment (Bonding) Chapter 258, Section 22 - Section 22 of the bill appropriates \$19.5 million to the Minnesota Housing Finance Agency for publicly owned housing. Of this amount, \$17.5 million is appropriated for permanent supportive housing for persons experiencing long-term homelessness and \$2 million is appropriated for transitional or temporary housing. If projects using the funds for transitional housing are not selected for commitment within 18 months, the remaining appropriation is available for permanent supportive housing.

The Governor's capital investment budget request included \$25 million for permanent supportive housing for households experiencing long-term homelessness as contemplated in the Business Plan to End Long-term Homelessness.

An additional \$700,000 was appropriated to the Veterans Home Board for the design of a 30 unit permanent supportive housing project for veterans with disabilities on the Hastings campus. (Section 19)

Appropriations (Chapter 282) - While no supplemental appropriations were made to Minnesota Housing, there were a couple of budget items that may be of interest.

- **Commission to End Poverty (Article 2, Section 27)** - \$250,000 was appropriated for FY 2007 for a "Legislative Commission to End Poverty in Minnesota by 2020." This Commission will be made up of nine Senate and nine House members, with four members from the minority party of each body. The enabling legislation sets out seven principles that should guide the work of the Commission. Adequate shelter is one of the items identified as necessary to "protect human dignity and make for a healthy life ..." The Commission must make its recommendations to the legislature by December 15, 2008.
- **GRH Mental Health Pilot - (People, Inc.) (Article 16, Section 16)** - Two pilot projects are authorized and funded for ten beds each in Hennepin and Ramsey Counties to provide onsite mental health services and housing for singles who have been homeless for at least one year. The pilots are eligible for a higher payment rate for services of up to \$700/month/person in addition to the basic Group Residential Housing (GRH) rate. GRH funding will continue for people who transition out of GRH to independent living. This pilot project is intended to help create a continuum of services: from the outreach worker developing a relationship with someone on the streets to the provision of safe haven, low-expectation, service-enriched housing to helping people move to independent living. This section is effective until June 30, 2008.

Runaway and Homeless Youth Act (Chapter 264, Section 13) – DHS is directed to prepare a report on homeless youth, youth at risk of homelessness, and runaways. The report must address the coordination of services under street and community outreach and drop-in programs, emergency shelters, and supportive housing and transitional living programs. The act contains definition of each of these programs as well as definitions of homeless youth and runaways for purposes of the act.

The intention of the law is to define and prioritize the needs of homeless youth and establish and support a comprehensive initiative for the services needed by homeless youth.

Manufactured Home Park Conversions (Chapter 200) – Effective August 1, 2006 mobile home park owners who intend to convert all or some of the park to another use must provide Minnesota Housing and the Department of Health with a copy of the closure statement. This act exempts interest communities that are incorporated as cooperatives from certain notice regulations.

This legislation is the first step in efforts to preserve as many of the manufactured home parks as possible.

Carbon Monoxide Alarms (Chapter 260, Sections 20-21) – Effective January 1, 2007 all newly constructed single family and multifamily dwelling units with permits issued on or after January 1, 2007 must have an approved and operational carbon monoxide alarm within 10 feet of each bedroom. The requirement will apply to existing single family units beginning August 1, 2008 and existing multifamily units beginning August 1, 2009.

An exception is provided for rental properties in which: 1) carbon monoxide alarms are installed between 15-25 feet of the carbon monoxide producing fixtures and there is a central alarm system; and 2) minimum or no sources of carbon monoxide exist and the owner certifies to DPS that the dwelling poses no foreseeable carbon monoxide risk to health and safety.

Condominium Conversions (Chapter 221, Section 8) – This section amends the law limiting local regulation of the common interest community form of ownership. The law previously had limited the period of time any ordinance or charter provision directly or indirectly prohibiting the common interest community form of ownership could be effective to 18 months. The change in law provides that any ordinance or charter provision that prohibits conversion of building to a condominium may be effective for no more than 18 months.

This is part of an effort to deter future conversions of affordable rental housing to condominiums.

This act also contains a variety of provisions relating to real estate such as modifying mechanic's lien provisions, making technical amendments to the Minnesota Common Interest Ownership Act, providing for summary real estate judgments, and providing for the filing and status of foreign judgments.

Eminent Domain (Chapter 214) – This act modifies the use of eminent domain powers and the rights and remedies of property owners. Property can be condemned in order to mitigate blight or environmental contamination under limited circumstances, generally when the structure is structurally substandard. A showing that there is a public benefits from economic development does not in of itself constitute a public use or purpose that justifies the use of eminent domain. The previous owners of condemned property have the right of first refusal if it is determined that the land is no longer needed for a public use. Limitations are imposed on the sales price offered by the local unit of government to the previous owner. Property owners who contest a condemnation are entitled to attorneys fees when the first judgment awards at least 40% more than the last written offer. If the award is between 20-40% more than the last offer, the court may award attorneys fees.

New requirements are imposed for public hearings before eminent domain proceedings are started.

The condemning authority must demonstrate to the court by a preponderance of the evidence that the taking is necessary.

Standards and procedures are added or modified regarding compensation for property that is taken.

Tax-Exempt Bond Allocation (Chapter 259, Article 9, Sections 10 and 13-15) – For calendar year 2006 only, student loan bonds issued by HESO have the highest priority in the unified pool prior to October 1, 2006. From the first Monday in October to the last Monday in November, 2006, mortgage bonds have the highest priority and residential rental bonds are the fifth priority. The total allocated for student loan bonds from the unified pool may not exceed 50% of the total in the unified pool when it is first formed.

HESO is made subject to the same carry forward notices and time restrictions (one year instead of three years) as other issuers and the maximum carry forward amount for HESO is removed. This change is a permanent change to the tax-exempt bond allocation statutes.