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*Equal Opportunity Housing and Equal Opportunity Employment*

## Legislative Summary 2009

Set forth below is a summary of the housing related legislation enacted during the 2009 Legislative Session. Despite the \$6.4 billion budget deficit, Minnesota Housing received just a 4% appropriation reduction and all its Agency initiatives passed.

### Economic Development and Housing Omnibus Budget Appropriations (Chapter 78)

#### Minnesota Housing Finance Agency Budget, FY2010-2011

Minnesota Housing Programs	FY 10-11 Gov Proposed Budget	FY 10-11 Final Budget	FY 08-09 to FY 10-11 Base Change	% Base Change FY08-09 to FY10-11
Challenge*	\$13,538,000	\$14,786,000	(\$7,248,000)	-33%
Homeownership Assistance (HAF)	\$1,770,000	\$1,720,000	(\$50,000)	-3%
Preservation (PARIF)	\$17,992,000	\$17,642,000	(\$350,000)	-2%
Rehab Loans	\$8,574,000	\$8,574,000	\$0	0%
Family Homeless Prevention (FHPAP)	\$14,930,000	\$14,930,000	\$0	0%
Housing Trust Fund (HTF)	\$21,110,000	\$21,110,000	\$4,000,000	23%
High-Risk Adult Demonstration Project		\$500,000	\$500,000	
Bridges	\$5,276,000	\$5,276,000	\$0	0%
Homeownership Counseling (HECAT)	\$1,730,000	\$1,730,000	\$0	0%
Capacity Building	\$500,000	\$500,000	\$0	0%
<b>TOTAL</b>	<b>\$85,420,000</b>	<b>\$86,768,000</b>	<b>(\$3,148,000)</b>	<b>-4%</b>

\*Includes consolidated Urban and Tribal Indian programs.

Above is a chart summarizing the FY2010-2011 state appropriations budget for Minnesota Housing, a comparison to the Governor's budget recommendation, and the change from the base budget in FY2008-2009. The ultimate outcome of the unallotment decisions may impact the Agency's budget.

- The Challenge program received the largest reduction at \$7,248,000; \$4 million is a one-time reduction and will be restored in FY2012-2013.
- Housing Trust Fund received a one-time increase of \$4 million and a one-time \$500,000 appropriation for a demonstration project.
- Reductions to HAF and PARIF are restored in FY2012-13.

Minnesota Housing finances  
 and advances affordable housing  
 opportunities for low and moderate  
 income Minnesotans to  
 enhance quality of life and foster  
 strong communities.

Additional provisions directly affecting Minnesota Housing in the budget legislation:

- \$1.5 million was transferred from the Disaster Relief Contingency Fund to the Housing Trust Fund for rental assistance for newly homeless families. (Article 1, Section 6)
- The rehabilitation loan statute, Minn. Stat. §462A.05, Subd. 14, was amended to clarify that the provisions related to: (1) loan-to-value limitations and (2) the authority to make loans even when the property does not come into full compliance with all codes apply only to owner-occupied housing. This amendment was requested by the Agency to facilitate the use of state appropriations for a rental rehabilitation loan program. (Article 8, Section 4)
- The owner-occupied rehabilitation loan statute, Minn. Stat. §462A.05, Subd. 14a, was amended to raise the maximum loan limit from \$20,000 to \$27,000. This provision also was requested by the Agency. The new cap was derived from application of the CPI for residential construction to the previous maximum amount. (Article 8, Section 5)
- The Agency is directed to work with DEED and Public Safety to seek federal stimulus funds to continue a high-risk adult (ex-offenders) pilot project called "The Network for Better Futures". (Article 1, Section 3, Subd. 3) In addition, \$500,000 in one-time funds was appropriated to the Agency for this demonstration project.

Other provisions of interest:

- Several changes were made to the statutes governing the Manufactured Housing Relocation Trust Fund. The changes require the Department of Finance to assess park owners \$12 per unit for the Manufactured Housing Relocation Trust Fund. The park owners are authorized to collect the fee from residents in either a lump sum or on a monthly basis. Previously, the home owner paid the fee on an annual basis and the park owner simply collected the checks and sent them in. (Article 8, Sections 1-3)
- The Urban Revitalization Assistance Program (URAP) is expanded to statewide applicability. No money was appropriated to this program. (Article 8, Sections 6-20)
- The foreclosure process is changed to allow homeowners to postpone the sheriff's sale for 5 months after the originally scheduled date. If such a postponement is requested, the redemption period is reduced to 5 weeks. This provision is effective one month after final enactment. (Article 8, Sec. 21)

## **Capital Investment (Bonding) (Chapter 93)**

### **Public Housing (Article 1, Section 17)**

The legislature appropriated \$2 million in GO bond proceeds to the Minnesota Housing Finance Agency for the rehabilitation of public housing. Priority must be given to proposals that maximize federal or local resources to finance the capital costs.

### **Disaster Relief (Article 2, Section 7)**

Disaster relief funding for Northwest Minnesota was included in the bonding bill. The Economic Development and Housing Challenge program was appropriated \$2.7 million to respond to housing needs in the federally declared disaster area. The maximum loan amount per household is \$30,000 and income requirements of the Challenge program are waived. Households must exhaust all available federal government funds (FEMA, SBA) and private insurance before accessing state funds.

### **Energy Stimulus Funds (Chapter 138, Article 2, Section 2)**

The legislature provided direction for the energy stimulus funds coming to the Department of Commerce, Office of Energy Security from the American Recovery and Reinvestment Act (ARRA). The legislature appropriated \$7.9 million for residential energy efficiency programs to be used in conjunction with Minnesota Housing's financing programs, including but not limited to loans, grants and rebates and additional programs that Minnesota Housing or other entities may develop to finance energy efficiency improvements in dwellings. The purchase and installation of energy efficient windows shall be considered in developing the program.

## **Health and Human Services (Chapter 79)**

### **Supportive Housing Services (Article 13, Section 3, Subdivision 4 (m))**

A one-time appropriation of \$1,500,000 for each year of the 2010-2011 biennium is provided for long-term homeless supportive services. Beginning in fiscal year 2012, the base is increased by \$68,000 per year. To the extent allowable under federal law, the long-term homeless supportive service fund was also appropriated \$3,000,000 from the federal Homelessness Prevention and Rapid Re-Housing Program.

### **Homeless and Runaway Youth (Article 13, Section 3, Subdivision 4 (m))**

For Fiscal Year 2010, \$218,000 is appropriated to the Homeless and Runaway Youth Act for services in all continuum of care areas. Beginning in FY 2011, the base is increased by \$119,000 each year. In addition, to the extent allowable under federal law, \$2,500,000 is directed from the ARRA Homeless Prevention and Rapid Re-Housing Program for agencies providing homelessness prevention and rapid re-housing services to youth.

### **Housing Options Study (Article 8, Section 84)**

The Department of Human Services is directed to consult with Minnesota Housing and representatives from counties, residents' advocacy groups, consumers of housing services, and provider agencies to explore ways to maximize the availability and

affordability of housing choices for persons with disabilities or who need care assistance due to other health challenges. Consideration should be given to, among other items, improved access to rent subsidies; use of cooperatives, land trusts or other limited equity models; promoting more choices in the market for accessible housing. A written report on the findings of the housing options evaluation shall be completed by December 15, 2010.

### **Omnibus Public Finance (Chapter 88)**

#### **Federal conformity for alternative minimum tax (Article 1, Section 1)**

The legislation allows the state to conform to recent federal changes, including relief from the alternative minimum tax for holders of public bonds.

#### **Temporary bonding authority carryforward extension (Article 6, Section 27)**

A temporary carryforward extension is provided to entitlement issuers of bonds for 2008 and 2009. The entitlement issuer may carryforward the bonding authority through the last business day of 2011.

### **Foreclosure Initiatives**

In addition to the foreclosure provision included in the Economic Development Omnibus budget bill, a few other foreclosure legislation items were signed into law.

- Cities are granted more authority to address foreclosed properties and file court action to have the property deemed vacant if the property owner fails to secure and protect the property. If such a property is deemed vacant, the redemption period is reduced to five weeks. (Chapter 123)
- Notice provisions are clarified and improved for homeowners in the foreclosure process. The homeowner must be notified when a lender postpones the sheriff's sale. The notification must include the exact date and time that the homeowner must vacate the property. Other aspects of the foreclosure process were updated, including contract for deed provisions, consumer protections for foreclosures by action, and notices to tenants of foreclose properties. (Chapter 130)
- Provisions regulative foreclosure consultants and services are modified and clarified. (Chapter 141)

### **Copies of legislation**

To access the specific language of any of the legislation mentioned, go to:

[http://www.house.leg.state.mn.us/bills/chapters.asp?ls\\_year=86&session\\_number=0](http://www.house.leg.state.mn.us/bills/chapters.asp?ls_year=86&session_number=0)

Scroll down to appropriate chapter number (in the left hand column). Click on the bolded numbers (HF or SF) and then select the bill's text.

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