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*Equal Opportunity Housing and Equal Opportunity Employment*

## Legislative Summary 2013

The 2013 Legislative Session included funding increases for many state agencies, tax increases and reform, as well as major policy reform. The agency's focus was the FY 2014-15 biennial budget. Its efforts in partnership with affordable housing advocates were successful in securing an additional \$22 million in base funding for the agency – a 28 percent increase over the previous biennium. Below is a summary of housing-related legislation enacted during the 2013 legislative session.

### **Omnibus Jobs, Economic Development, Housing, Commerce and Energy Bill (Chapter 85)**

#### Agency Budget (Article 1, Section 4)

The legislation includes \$101,495,000 in funding for the Housing Finance Agency in FY2014-15. For reference, the FY 12-13 biennial base is \$76,096,000.

Highlights include:

- *Economic Development and Housing Challenge Program:* Funding for the Challenge program increased by more than \$14 million – from \$13,910,000 in FY 2012-13 up to \$28,406,000. Of that total, \$10 million is for Governor Dayton's Housing and Job Growth Initiative, which will provide financing for affordable housing in parts of the state where employers are poised to expand but there is not enough housing to meet the needs of the local workforce.
- *Housing Trust Fund:* The FY2014-15 budget includes a nearly \$4.5 million increase to the Housing Trust Fund from \$19,110,000 in FY 2012-13 to \$23,552,000 in FY 2014-15. Of that total, \$2 million is for Governor Dayton's initiative to provide rental assistance to highly mobile families with school-aged children in order to improve school performance. \$500,000 is for Governor Dayton's initiative to provide rental assistance for ex-offenders transitioning out of correctional institutions in an effort to reduce recidivism.

Other programs that received increases are Bridges, the Family Homeless Prevention and Assistance Program, the Homeownership Assistance Fund, the Rehabilitation Loan Programs, the Homeownership Education, Counseling and Training program and the Capacity Building program.

In addition to program increases, an estimated \$3 million that is remaining from the 2012 northeast flood appropriation will be transferred to the Rehabilitation Loan Program with a priority for residents in the flood affected area.

The legislation also includes \$890,000 in grants that are directed to specific non-profit organizations.

Attached is a chart comparing the Governor's recommendation with the final appropriations, by program.

Housing Infrastructure Bond Technical Fix (Article 8, Section 5)

The agency's budget bill also included a technical fix, recommended by bond counsel, for Housing Infrastructure Bonds. The definition of housing infrastructure bonds is expanded to include private activity residential rental bonds. This fix will allow projects that were selected for housing infrastructure bond proceeds last fall to move forward.

**Omnibus Health and Human Services Finance Bill (Chapter 108)**

Long Term Homeless Supportive Services (Article 14, Section 2)

The Health and Human Services Finance Bill includes funding \$2 million in funding for the long term homeless supportive services fund, which provides integrated services needed to stabilize individuals, families and youth living in supportive housing.

In addition to the long term homeless supportive services, the bill includes \$500,000 for emergency services grants and \$500,000 for transitional housing.

Homeless Youth Act (Article 14, Section 2)

The Health and Human Services Finance bill includes \$4 million in funding for the Homeless Youth Act. The Homeless Youth Act is established under Minnesota Statutes, section 256K.45. It establishes a grant program for services providers that serve homeless youth, creates a street outreach program to reach homeless youth, and defines supportive services that meet the needs of homeless youth.

Safe Harbor (Article 14, Section 2)

The Safe Harbor initiative is an effort to raise awareness of and prevent sexual exploitation of youth. It also includes housing and shelter for sexually exploited youth. The Health and Human services bill includes \$1 million for a safe harbor housing and shelter fund to provide housing for victims of sexual exploitation. It also includes funding for a statewide director of child sex trafficking prevention. In addition to funding in the Health and Human Services bill, the Public Safety Bill included \$700,000 for law enforcement training on sexually exploited youth. The Safe Harbor initiative received a total of \$2.7 million in funding.

**Omnibus Tax Bill (Chapter 143)**

Change in Property Tax Rate for 4d properties (Article 4, Section 18)

This section creates a new tier for class 4d properties. The 4d property tax class includes affordable housing such as Section 8 and Low Income Housing Tax Credit properties. The first tier maintains the existing class rate of .75. The new tier, which applies to properties that have per unit valuations of more than \$100,000, establishes a new class rate of .25 for that portion of the valuation that exceeds \$100,000 per unit. The bill requires the Department of Revenue and the Housing Finance Agency to report to the Legislature the number of properties that qualify for the new class rate.

Historic Tax Credit (Article 6, Section 17)

This section extends the historic tax credit and moves the sunset from 2015 to 2021.

### Tax Exempt Bond Carry Forward (Article 12, Section 12)

This provision conforms with federal law and allows the issuers of tax exempt bonds to carry forward bond allocations for three years.

### Foreclosure Bill (Chapter 115)

A foreclosure bill was passed that requires loan servicers to go through all possible loss mitigation options with borrowers facing foreclosure and prohibits the practice of dual tracking. Dual tracking is when a servicer simultaneously processes foreclosures and loan modification applications for a homeowner. Most of the provisions go into effect in October 2013. The bill is similar to federal Consumer Financial Protection Bureau (CFPB) rules that will go into effect in January 2014.

### 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=2013&type=0>

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# Omnibus Jobs, Economic Development, Housing Comparison

## Governor's Recommended vs. Conference

Program	Gov. Rec. FY 14-15 Base	Gov. Rec. FY 14-15 One-time Additional Investments	Gov. Rec. FY 14-15 Base Plus One-time Investments	Conference Committee Total FY 14-15	FY 16-17 Base
Challenge	\$13,910,000	\$10,000,000	\$23,910,000	\$28,406,000	\$25,850,000
Housing Trust Fund	\$19,110,000	\$3,000,000	\$22,110,000	\$23,552,000	\$22,942,000
Bridges	\$5,276,000		\$5,276,000	\$5,676,000	\$5,676,000
Family Homeless Prevention	\$14,930,000		\$14,930,000	\$15,724,000	\$17,038,000
Homeownership Assistance Fund (HAF)	\$1,594,000		\$1,594,000	\$1,660,000	\$1,770,000
Preservation (PARIF)	\$8,437,668		\$8,437,668	\$8,436,000	\$8,436,000
Rental Rehabilitation Loans	\$5,543,000		\$5,543,000	\$6,275,000	\$7,486,000
Homeownership Rehab Loans	\$5,543,000		\$5,543,000	\$8,544,000*	\$5,544,000
HECAT	\$1,502,000		\$1,502,000	\$1,582,000	\$1,714,000
Capacity Building	\$250,000		\$250,000	\$750,000	\$750,000
<b>TOTAL</b>	<b>\$76,096,000</b>	<b>\$13,000,000</b>	<b>\$89,096,000</b>	<b>\$100,605,000</b>	<b>\$97,206,000</b>
Open Access Connection				\$140,000	\$140,000
HOME Line				\$400,000	\$400,000
Voice of East African Women				\$350,000	\$350,000
<b>TOTAL</b>				<b>\$101,495,000</b>	<b>\$98,096,000</b>

\*Includes estimated \$3 million to be transferred from 2012 flood appropriation

The conference committee report can be found at:

[https://www.revisor.mn.gov/bills/text.php?number=HF729&version=0&session=ls88&session\\_year=2013&session\\_number=0&type=ccr](https://www.revisor.mn.gov/bills/text.php?number=HF729&version=0&session=ls88&session_year=2013&session_number=0&type=ccr)

Agency provisions are in Article 1, Section 4 and Article 5, Section 42.