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*Equal Opportunity Housing and Equal Opportunity Employment*

## Legislative Summary 2014

As is typically the case in even years, a major focus of the 2014 legislative session was putting together a capital investment package. The Governor also called for the 2014 session to be an “Unsession” aimed at streamlining government and reducing obsolete statutes. This session also saw two tax bills and a supplemental budget bill. In addition to these measures, the legislature passed major policy initiatives including a minimum wage increase and legalization of medical cannabis to treat certain conditions.

### **Capital Investment (Chapters 294 and 295)**

The Legislature approved an \$846 million General Obligation (GO) Bond bonding bill as well as a \$200 million cash bill for capital projects. Minnesota Housing was included in both bills.

#### GO Bond Bill (Chapter 294, Article 1, Section 23)

The bill includes \$20 million in GO bonds for public housing rehabilitation. These funds will be awarded by Minnesota Housing to public housing authorities across the state through a competitive application process. Public housing authorities will be able to use the funds for health, safety and energy efficiency upgrades to aging public housing stock. The Agency anticipates more than 3,000 units of public housing could be rehabilitated with this funding.

#### Cash Bill (Chapter 295, Sections 18, 19 and 20)

The bill authorizes Minnesota Housing to issue \$80 million in Housing Infrastructure Bonds. The bill includes an appropriation from the General Fund to pay the debt service for the life of the bonds. The appropriation is \$6.4 million per year for 22 years.

Housing Infrastructure Bond proceeds can be used for three primary purposes:

- to construct or acquire and rehabilitate housing that will be used as permanent supportive housing for those who have experienced homelessness,
- to preserve existing federally-assisted housing,
- or to acquire and rehabilitate foreclosed rental housing or for new construction of rental housing on parcels that have been foreclosed.

In addition, bond proceeds may be used by community land trusts for the cost of acquiring the land that will be held by the land trusts for single family housing.

The Agency will award the Housing Infrastructure Bond proceeds through its annual competitive request for proposal process. The Agency estimates that more than 1,500 units of housing will be constructed or preserved with the Housing Infrastructure Bond proceeds.

### **Unsession (Chapter 161)**

The Governor asked all state employees and state agencies to submit ideas for the Unsession, with a goal to make government easier to understand, work better and to repeal obsolete statutes.

Minnesota Housing's Unsession bill passed both the House and Senate with broad support. It eliminates or puts an expiration date on two reports, repeals a number of obsolete statutes and rules, and modifies a state register notice requirement. Statutes governing programs that have not been funded for 10 years and programs that were incorporated into broader programs were repealed as part of the Unsession bill. The bill repeals seven pages of statute and 19 pages of rules.

### **Supplemental Budget Bill (Chapter 312)**

The Legislature passed a \$283 million supplemental budget bill. The supplemental budget bill includes appropriations in addition to the FY2014-15 biennial budget approved by the Legislature in the 2013 session, and also makes modifications to appropriations made in the biennial budget.

#### **Minnesota Housing Provisions**

Article 2, Section 5 (page 18) appropriates \$2.2 million to Minnesota Housing for up to two grants for housing projects in communities that have low vacancy rates and education and training centers for jobs in the natural resources or aviation maintenance fields. Funds not committed by the end of calendar year 2015 may be transferred to the Agency's Economic Development and Housing Challenge program.

Article 2, Section 10 (page 28) of the bill creates a \$500,000 set-aside of existing funds within the Economic Development and Housing Challenge (Challenge) program for creating homeownership opportunities for families with children with disabilities who have faced eviction because of the child's disabilities. If the funds are not expended by October 31, 2014 they will return to the Challenge program. The Agency will issue a notice of these funds as part of the current RFP.

Article 4, Section 2, Subd 2 (page 54) appropriates \$250,000 to Minnesota Housing for up to five housing needs assessments for veterans in communities across the state. The studies may examine the need for scattered site housing for veterans who are homeless or have experienced homelessness.

In addition to these appropriations, the supplemental budget bill includes a provision requiring Minnesota Housing to notify the Chairs of Committees with jurisdiction over the Agency of its Affordable Housing Plan and requiring the Agency to report to the Legislature on its efforts to reduce the homeownership gap between households of color and white households.

#### **Department of Human Services Provisions**

Article 30, Section 2 (page 537) of the bill includes \$1 million in funding to the Department of Human Services (DHS) for the Homeless Youth Act. The Homeless Youth Act is established under Minnesota Statutes, section 256K.45. It establishes a grant program for service 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. This \$1

million appropriation is in addition to the \$4 million appropriation to DHS for the Homeless Youth Act in the original FY2014-15 budget.

Article 30, Section 2 (page 537) includes a \$500,000 appropriation to DHS for the Safe Harbor initiative in addition to the \$2.7 million the initiative received in the original FY2014-15 budget. Safe Harbor is an effort to raise awareness of and prevent sexual exploitation of youth. It includes housing and shelter for sexually exploited youth, funding for a statewide director of child sex trafficking prevention and funding for law enforcement training on sexually exploited youth.

### **Tax Bill (Chapter 143)**

Article 6, Section 2 (page 96) of the tax bill includes a provision related to the allocation of federal low income housing tax credits by the Dakota County Community Development Agency (CDA). Under this provision, the Dakota County CDA is permitted to issue low income housing tax credits for up to three developments located along high frequency transit routes. This is an exception to current law that provides that projects receiving tax credits in the metro area must meet one of three threshold criteria:

- 1.) projects may be new construction or substantial rehabilitation in which at least 75 percent of the units serve single adults earning 30 percent of Area Median Income,
- 2.) projects may be new construction or substantial rehabilitation of family housing in which at least 75 percent of the tax credit units contain two or more bedrooms and at least one-third of the 75 percent contain three or more bedrooms; the tax credit units may serve families earning up to 60 percent of area median income, or
- 3.) projects may be substantial rehabilitation projects in neighborhoods targeted by the city for revitalization.

The provision in the tax bill allows Dakota County to construct up to three apartments with any mix of bedroom size for households earning up to 60 percent of area median income along the Cedar Avenue Bus Rapid Transit Line.

Article 6, Section 14 (page 109) of the tax bill creates a workforce housing grant program for cities of more than 1,500 people in Roseau and Pennington Counties. \$2 million is appropriated to the Department of Employment and Economic Development (DEED) for this program. Grants will go toward the development of market rate housing, which is housing with no income limits or rent restrictions. Projects may only receive the lesser of \$400,000 or 10% of total project cost. Other funding from the project may come from employers, local government, nonprofits or private developers.

### **Housing Opportunities Made Equitable (Chapter 188)**

This bill establishes the Housing Opportunities Made Equitable (HOME) Pilot. It establishes the pilot in law and requires Minnesota Housing to implement the pilot if funds are available. The goal of the pilot is to support closing the disparity in homeownership rates between households of color and white households. The bill states that under the pilot, the Agency may support local nonprofit service

providers to provide homeownership education. In addition, if funds are available, they may be used to make mortgage financing available to homebuyers who have the financial resources to pay a mortgage but cannot obtain a mortgage due to credit constraints. The bill does not have any funding attached to it and there is no funding for it in the supplemental budget bill. However, the agency is already underway in creating the Targeted Mortgage Opportunity Program (“Targeted Mortgage”), which is aimed at finding ways to reduce the homeownership disparities between households of color and white households. The program concept for the Targeted Mortgage program was approved by the Agency’s board in April 2014.

**Copies of legislation**

To access the language of any of the 2014 regular session legislation, go to:

<https://www.revisor.mn.gov/laws/?view=session&year=2014&type=0>

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