

**Subject** Housing Finance & Policy Omnibus Bill

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## Overview

Article 1 contains the appropriations from the general fund to the Minnesota Housing Finance Agency (MHFA) for specific programs. See the spreadsheet by House Fiscal Analyst, Ken Savary.

Article 2 establishes the lead safe homes grant program and a task force on shelter resident rights and shelter provider practices and contains amendments to other various programs administered by MHFA.

Article 3 contains amendments to various programs related to affordable housing.

Article 4 contains technical and conforming changes from MHFA's policy and technical bill.

Article 5 contains provisions related to the Minnesota Bond Allocation Act.

Article 6 contains provisions related to residential rental housing and landlord-tenant law.

Article 7 contains provisions related to manufactured housing.

## Article 1: Appropriations

General fund appropriations to MHFA for specific programs.

Section	Description
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| 1 | <b>Appropriations.</b>                        |
| 2 | <b>Housing Finance Agency Appropriations.</b> |
|   | <b>Subd. 1. Total Appropriation.</b>          |

<u>Section</u>	<u>Description</u>
	<b>Subd. 2. Challenge Program.</b> For Minn. Stat. §§ 462A.33 and 462A.07, subd. 14.
	<b>Subd. 3. Workforce Housing Development.</b> For Minn. Stat. § 462A.39.
	<b>Subd. 4. Manufactured Home Park Infrastructure Grants.</b> For Minn. Stat. § 462A.2035, subd. 1b.
	<b>Subd. 5. Workforce Homeownership Program.</b> For Minn. Stat. § 462A.38.
	<b>Subd. 6. Housing Trust Fund.</b> For Minn. Stat. § 462A.201.
	<b>Subd. 7. Homework Starts with Home.</b> For Minn. Stat. §§ 462A.201, subd 2, paragraph (a), clause (4), and 462A.204, subd. 8.
	<b>Subd. 8. Rental Assistance for Mentally Ill (Bridges).</b> For Minn. Stat. § 462A.2097.
	<b>Subd. 9. Family Homeless Prevention.</b> For Minn. Stat. § 462A.204.
	<b>Subd. 10. Home Ownership Assistance Fund.</b> For Minn. Stat. § 462.21, subd. 8.
	<b>Subd. 11. Affordable Rental Investment Fund.</b> For Minn. Stat. §§ 462A.21, subd. 8b, and 462A.05, subd. 39.
	<b>Subd. 12. Owner-Occupied Housing Rehabilitation.</b> For Minn. Stat. § 462A.05, subsd. 14 and 14a.
	<b>Subd. 13. Rental Housing Rehabilitation.</b> For Minn. Stat. § 462A.05, subd. 14.
	<b>Subd. 14. Homeownership Education, Counseling, and Training.</b> For Minn. Stat. § 462A.209.
	<b>Subd. 15. Lead Safe Homes Grant Program.</b> For the newly created Minn. Stat. § 462A.2095.
	<b>Subd. 16. Capacity-Building Grants.</b> For Minn. Stat. § 462A.21, subd. 3b.
	<b>Subd. 17. Build Wealth MN.</b> For a grant to Build Wealth Minnesota to provide a family stabilization plan program.
	<b>Subd. 18. Local Housing Trust Fund Grants.</b> For Minn. Stat. § 462C.16.
	<b>Subd. 19. Naturally Occurring Affordable Housing Program.</b> For the newly created Minn. Stat. § 462A.40.

Section	Description
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**Subd. 20. Task Force on Shelter Resident Rights and Shelter Provider Practices.** For implementation of a task force on shelter resident rights and shelter provider practices.

**Subd. 21. Minnesota Supreme Court.** Transfer to the Minnesota Supreme Court for the temporary eviction, expungement, and foreclosure moratorium and remedies due to the COVID-19 peacetime emergency.

**Subd. 22. Availability and Transfer of Funds.** Clarifies that money appropriated in the first fiscal year is available the second year. Authorizes the commissioner to shift or transfer money in fiscal year 2023 in subdivisions 2, 3, 4, 5, 12, and 13 to address high-priority housing needs.

## Article 2: Housing Grant Programs

Amendments to various housing programs administered by MHFA.

Section	Description – Article 2: Housing Grant Programs
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- 1 Rehabilitation loans.**  
Eliminates the limitation on rehabilitation loans that prohibits a rehabilitation loan to be made in an amount that would exceed 110 percent of a property's market value, except in the case of accessibility improvements.
- 2 Rehabilitation loans; existing owner-occupied residential housing.**  
Authorizes MHFA to make rehabilitation loans for the purpose of replacement of manufactured homes. Also increases the maximum rehabilitation loan amount to \$35,000.
- 3 Thirty-year affordability covenants.**  
Requires MHFA to impose rent and/or income restrictions on a multifamily rental housing development as a condition of agency financing or of an allocation or award of federal low-income housing tax credits. The restrictions must be in a covenant running with the land for at least 30 years.
- 4 Lead safe homes grant program (also known as the Dustin Luke Shields Act).**  
Establishes a program in MHFA to make grants to nonprofit organizations and political subdivisions to provide lead testing and lead hazard reduction in rental housing. The bill gives priority to grantees that target areas with a high concentration of lead poisoning in children. Up to ten percent of a grant award may be used by the nonprofit or political subdivision to administer the grant and provide education and

**Section Description – Article 2: Housing Grant Programs**

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- outreach about lead health hazards. For larger apartment buildings (12 or more units), at least half of the tenants must have incomes below 60 percent of the area median income. For apartment buildings with 11 or fewer units, all of the tenants must have incomes of no more than 60 percent of the area median income. Grant funding is only available after a landlord or tenant has used other available state and federal funding related to lead testing and lead hazard reduction for which they are eligible.
- 5     **Debt ceiling.**  
Clarifies that the debt ceiling relates to general obligation bonds and notes which are outstanding at any time
- 6     **Definitions.**  
Amends the housing infrastructure bond definitions. The definition of “housing infrastructure bond” is amended to eliminate bonds that finance the construction or rehabilitation of single-family houses that qualify for mortgage revenue bond financing. The income requirements under the definition of “senior” are moved under the newly defined term “senior household.” Conforming changes are made throughout the section.
- 7     **Authorization.**  
Adds a new use of housing infrastructure bonds to finance affordable housing for households with incomes at or below 50 percent of the area median income. Requires MHFA to give preference to projects that provide affordable housing to households at or below 30 percent of area median income. Eliminates a reviewed accessibility service plan from the list of preferential proposal criteria. A conforming change is also made based on the amendments to definitions in section 4.
- 8     **Allocation.**  
Increases the maximum grant or loan amount for workforce housing projects to 50 percent of the rental housing development project cost.
- 9     **Naturally occurring affordable housing program.**  
Establishes a new naturally occurring affordable housing (NOAH) program in MHFA to support the preservation of NOAH.
- 10    **Task force on shelter resident rights and shelter provider practices.**  
Establishes a task force on shelter resident rights and shelter provider practices and requires a report to the legislature on specified findings and recommendations. MHFA must provide administrative support and meeting space for the task force.

## Article 3: Affordable Housing Eligibility

Amendments to various programs related to affordable housing.

Section	Description – Article 3: Affordable Housing Eligibility
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| 1 | <b>Capacity building grants.</b><br>Adds federally recognized American Indian tribes in Minnesota and tribal housing corporations to the entities to whom grants for affordable housing may be made in a natural disaster area.  |
| 2 | <b>Technical assistance; residential housing.</b><br>Authorizes MHFA to provide support to increase the capacity of entities to meet affordable housing needs.   |
| 3 | <b>Set aside.</b><br>Eliminates the requirement under the family homeless prevention and assistance program that a community-based nonprofit organization have a sponsoring resolution from each of the county boards located within its operating jurisdiction.   |
| 4 | <b>Establishment.</b><br>Adds counties to the list of entities that may receive homeownership development grants under the workforce and affordable homeownership development program.   |
| 5 | <b>Definitions.</b><br>Adds a federally recognized tribal reservation to the definition of “eligible project area” for purposes of the workforce housing development program.  |
| 6 | <b>Allocation.</b><br>Clarifies that MHFA cannot award a grant or deferred loans under the workforce housing development program to an eligible project area without certification by the eligible project area that the amount of the grant or deferred loans will be matched by a local unit of government, a business, a nonprofit organization, or a federally recognized tribe. |

## Article 4: Housing Finance Technical and Conforming Changes

Technical and conforming changes from MHFA.

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**Section Description – Article 4: Housing Finance Technical and Conforming Changes**

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**1 Community land trusts.**

Eliminates language referencing family income requirements for purposes of community land trusts in a property tax statute.

**2 Persons and families of low and moderate income.**

Increases the income limitation under the definition of “persons and families of low and moderate income” for purposes of community land trusts to 115 percent of the greater of state median income, or area or county median income.

## **Article 5: Bonding Provisions**

Provisions relating to the Minnesota Bond Allocation Act under chapter 474A.

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**Section Description – Article 5: Bonding Provisions**

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**1 Appropriation; receipts.**

Clarifies that any fees collected by Minnesota Management & Budget under the Minnesota Bond Allocation Act must be deposited in a separate account in the special revenue fund.

**2 Housing pool bonding authority application deposit refund.**

Requires MMB to refund application deposit money to issuers that returned all of their bonding authority allocation from the 2020 housing pool, to avoid a double bond fee due to the circumstances of the COVID-19 pandemic.

## **Article 6: Residential Rental Housing Policy**

This section amends sections of law related to landlords and tenants in residential housing including laws related to disability access, termination of lease, and eviction proceedings.

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**Section Description – Article 6: Residential Rental Housing Policy**

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**1 Public accommodations.**

Removes the requirement that a service dog must have identification from a recognized school for service animals.

**2 Real property full and equal access.**

Clarifies that a service animal does not have to wear a physical identification about its training, and that it can be determined that is an unfair discriminatory practice for

**Section Description – Article 6: Residential Rental Housing Policy**

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the owner of housing to deny a person with a disability the use of a service animal even when the physical identification is not present. This section also removes language related to the person the section applies to.

**3 Discretionary expungement.**

Provides new guidelines on when the court may order a discretionary expungement of an eviction action.

**4 Mandatory expungement.**

Provides additional situations where the court must grant a mandatory expungement including: when the tenant prevailed on the merits of the case; when the court dismissed the landlord’s petition; when the parties have agreed to an expungement; when the court finds an eviction is more than three years old; and when a tenant brings an action and requests an expungement after settlement and the terms of the settlement have been fulfilled.

**5 Evict or eviction.**

Technical changes.

**6 Service and support animal documentation.**

**Subd. 1. Definitions.** Provides definitions for “service animal” and “support animal” for the chapter on landlord and tenant regulations.

**Subd. 2. Request for documentation permitted.** Allows the landlord to request supporting documentation for a licensed professional verifying the disability when a tenant makes a reasonable accommodation request for a service or support animal. The landlord should not request written documentation when the disability is apparent to the landlord.

**Subd. 3. Additional fees or deposit prohibited.** Provides that a landlord cannot charge additional fees or rent for a service or support animal. This section requires the tenant to pay for any damages cause by the animal.

**Subd. 4. Prohibited conduct.** Provides that it is illegal to misrepresent that an animal is a service or support animal if it is not and that it is illegal to provide fraudulent documents to prove an animal is a support animal.

**Subd. 5. Penalty.** Provides that a landlord may deny a tenant’s rental application or not approve the accommodation for a service or support animal if they violate this section. Clarifies that a landlord can still evict a tenant for a breach of the lease.

**Section Description – Article 6: Residential Rental Housing Policy**

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- 7      **Prorated rent required.**  
Prohibits the tenant from being charged more than the prorated amount of rent for the last month of rent if the lease requires the tenant to move out before the last day of the month.
- 8      **Prohibited fees.**  
Prohibits landlords from imposing ongoing fees that do not relate to a service provided by the landlord and imposes a penalty for violating this section.
- 9      **Terminating tenancy at will.**  
Removes a provision from existing law that allows a tenancy at will to be terminated with 14 days' notice. A tenancy at will is most often a tenancy without a written lease agreement, and a tenancy at will would then require the notice to terminate be at least as long as the period of the periodic rent payments, or three months, whichever is less.
- 10     **Early renewal.**  
Prohibits a landlord from requiring a tenant to sign a new lease until at least four months have passed, when the existing lease is for at least ten months. This section is effective August 1, 2021, and applies to leases entered into on or after that date.
- 11     **Requirements.**  
Requires a landlord to provide heat in a residential tenancy at a minimum temperature of 68 degrees from October 1 to April 30.
- 12     **Entry by landlord.**  
Restricts landlords entry into a residential unit to between the hours of 8:00 a.m. and 8:00 p.m. and clarifies that notice must be at least 24 hours before entry.
- 13     **Penalty.**  
Changes the penalty for a landlord who enters an apartment without proper notice or in violation of the section to damages not less than one month's rent and reasonable attorney's fees instead of a civil penalty of \$100. Provides that a violation of the section on unlawful entry by a landlord is a violation of the lease.
- 14     **Court file information.**  
Provides that tenant screening reports shall not report on eviction cases where the tenant was not evicted and requires the tenant screening services to use current court records for reporting within 24 hours of providing the report.



**Section Description – Article 6: Residential Rental Housing Policy**

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**15 Tenant report; remedies.**

Allows a tenant to recover damages, costs, and attorney fees if there is a violation of the tenant screening report requirements in statute. Removes the current law for enforcement, which allows the attorney general to enforce tenant screen provisions and requires tenant screening companies to comply with the federal Fair Credit Reporting Act.

**16 Termination of lease upon infirmity of tenant.**

Allows a tenant to terminate a lease if the tenant requires assistance with daily living, meets the nursing facility care criteria, or has a disability related to mental illness, and the tenant enters a nursing home, hospice, care, a licensed boarding care facility, assisted living, adult foster care, intensive mental health residential program, or an accessible unit. This section requires the tenant to provide notice to the landlord two months in advance along with medical documentation and proof the tenant is moving. When a tenant needs an accessible unit and one can be provided in the same complex, this section would not apply.

This section is effective on January 1, 2022, and applies to leases entered into or renewed on or after that date.

**17 Right to Counsel in Public Housing; Breach of Lease Eviction Actions.**

**Subd. 1. Right to counsel.** Requires the court to appoint counsel to represent a defendant in a housing eviction case when the defendant is a resident of public housing and the eviction is filed for holding over the property or certain illegal activities on the premises, when the defendant cannot afford an attorney on their own. This section requires the complaint to include notice to the tenant that they are entitled to counsel if they cannot afford an attorney and requires the court to explain this to the defendant at the initial eviction hearing. For the purposes of this section, public housing means project based federally funded public housing.

**Subd. 2. Qualifications.** Requires counsel appointed in these cases to have two years or more of experience handling housing eviction cases involving public housing and having training on handling public housing eviction cases, or to be supervised by attorney who has this experience.

**Subd. 3. Compensation.** Requires the chief judge of a district court to work with public housing attorneys, legal aid attorneys, and members of the private bar to establish a compensation rate for attorney's fees and costs to provide representation in the public housing eviction cases. This section also sets a bar for compensation on an individual eviction case unless the chief judge of a district certifies an amount in excess of the limit.

**Section Description – Article 6: Residential Rental Housing Policy**

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**18 Complaint and summons.**

Provides that prior to an eviction for nonpayment of rent a landlord must provide a notice to the tenant that provides the amount due and information about how to get assistance to pay the rent and legal assistance.

Requires the landlord give the tenant 14 days after the notice to pay the amount owed or vacate the rental unit, and if the tenant does not do either of those, then the landlord may bring an eviction action.

Provides that a notice provided under this section is a qualifying event for emergency assistance.

Provides that an eviction action is not accessible to the public until the court has entered a final judgment in the case.

**19 Summons; how served.**

Provides that prior to an eviction for nonpayment of rent a landlord must provide a notice to the tenant that provides the amount due and information about how to get assistance to pay the rent and legal assistance.

Requires the landlord give the tenant 14 days after the notice to pay the amount owed or vacate the rental unit, and if the tenant does not do either of those, then the landlord may bring an eviction action.

Provides that a notice provided under this section is a qualifying event for emergency assistance.

Provides that an eviction action is not accessible to the public until the court has entered a final judgment in the case.

**20 Answer; trial.**

Allows a tenant to answer a complaint orally instead of filing an answer. Provides the various ways the court can move forward on an action and provides that parties shall comply with reasonable discovery requests. Prohibits the court from requiring the defendant to pay a bond or pay money into court before the matter has been adjudicated.

**21 Enforcement of settlement agreements.**

**Subd. 1. Notice of compliance with settlement agreement.** Allows a party to seek judicial enforcement of a settlement agreement in a housing court case after notice to the other party of the breach.

**Subd. 2. Adjudication.** Requires the court to schedule a hearing on the breach of the agreement no sooner than 72 hours after the affidavit is filed, and requires

**Section Description – Article 6: Residential Rental Housing Policy**

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the court to serve notice on all the parties and allow the respondent to respond orally or in writing.

**Subd. 3. Stay of writ of recovery.** Prevents a writ of recovery for the property to be issued until the hearing is complete and the court has ruled on the case.

**22 General.**

Allows the court to provide relief in section 504B.425, including directing either the tenant or landlord to remedy a violation and allow rent to be used to remedy a violation through rent escrow. This section also requires the court to provide at least seven days to a tenant after the writ of recovery is issued, except when the tenant has seriously endangered the safety of others or caused a nuisance.

**23 Motion to vacate a judgment.**

Allows the tenant in an eviction action to appeal an order denying a motion to vacate judgment in the same manner as a party in any other civil action.

**24 Summons and writ.**

Provides the requirements for the court forms on summons and writs of recovery in eviction actions.

**25 Statement of intention to appeal.**

Removes reference to a section being repealed by this bill.

**26 Stay pending appeal.**

Removes reference to a section repealed by this bill.

**27 Stay of writ issued before appeal.**

Removes references to a section of statute repealed by this bill.

**28 Unlawful exclusion or removal.**

Allows unlawful exclusion cases, when a tenant has been locked out, to be brought for the same filing fee as conciliation court.

**29 Petition.**

Specifies the type of incidents that allow a tenant to petition for emergency repair in a residential rental unit.

**30 Relief; service of order.**

Allows the tenant to petition for emergency relief to fix an emergency repair and allows the court to order that a landlord immediately remedy the violation. Requires

**Section Description – Article 6: Residential Rental Housing Policy**

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- the court to provide notice of a hearing on the ex parte petition and order as soon as practicable.
- 31 **Filing fee.**  
Allows the court to charge the conciliation court filing fee for emergency repair petitions.
- 32 **Repealer.**  
Repeals the existing statute governing continuances in housing eviction actions, and special appeals proceedings in hold over evictions and termination of lease cases where a bond is provided for the appeal case.
- 33 **Effective Date.**  
This section provides effective dates for various provisions related to tenants' rights and eviction proceedings and provides that those sections are effective on August 1, 2021, and apply to actions filed on or after that date.

## **Article 7: Manufactured Housing**

This section amends the process for affixing a manufactured home park to real property and allows a manufactured home park to be affixed to property when the home is in a cooperative owned park. This section also repeals the current notice to residents and others when a manufactured home park owner is planning to offer the park for sale and replaces it with a new section providing additional notice and offer requirements.

**Section Description – Article 7: Manufactured Housing**

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- 1 **Manufactured home affixed to real property owned by cooperative.**  
This section provides a process to affix a manufactured home to real property when the park that the home is located in is owned by a nonprofit cooperative. This process allows the manufactured home to be considered an improvement to real property and is no longer personal property.
- This section provides the form for an affidavit of affixation in a cooperative form that must be used to file with the county recorder or registrar of titles.
- This section provides that attachment to real property does not extinguish any security interests or tax liens on the manufactured home, and allows a person retaining a security interest to file that lien or security interest with the county related to the real property.

**Section Description – Article 7: Manufactured Housing**

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**2 Manufactured home affixed to real property.**

This section repeals the existing process to make a manufactured home an improvement to real property and replaces it with a new section.

This section creates a process for the cancellation of the certificate of title and a new affidavit of affixation. The new section:

- Allows a manufactured home to be made an improvement to real property when it is affixed to real property; the process is similar to the existing statute.
- Removes a requirement that the entire year's taxes be paid on the property in order to do an affidavit of affixation form.
- Allows the owner to request in writing to cancel the certificate of title to manufactured home but, unlike current law, it does not require the owner to surrender the original title but does continue to require the security interest to be released or satisfied prior to the cancellation of the certificate.
- Updates the affidavit of affixation form in statute.
- Instructs the revisor to change the statutory references from the old statute to the new statute.

**3 Manufactured homes; sectional structures.**

Clarifying changes related to affixing a manufactured home to real property.

**4 Opportunity to purchase.**

**Subd. 1. Definitions.** Provides definitions for this section.

**Subd. 2. Scope.** Provides a list of situations where this section does not apply, including foreclosures, transfers between partners, and transfers through inheritance.

**Subd. 3. Notice of sale.** Requires the owner of a manufactured home park to provide notice to the residents and the Minnesota Housing Finance Agency 60 days before accepting an offer on the property and the requirements of the notice.

**Subd. 4. Residents' offer to purchase.** Provides that a representative of the residents of the manufactured home park can submit an offer within 60 days of the notice and if the park owner does not accept the offer, the park owner cannot accept another offer until 31 days after notice of rejection of the residents' offer to purchase.

**Section Description – Article 7: Manufactured Housing**

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**Subd. 5. Optional recording.** Allows the park owner to record an affidavit verifying compliance the notice required by this section with the county recorder.

**Subd. 6. Good faith obligation.** Requires the parties taking action under this section act in good faith.

**Subd. 7. Requirement of affordable housing.** Requires that if the residents purchase the manufactured home park that the property be maintained as a manufactured home park or other affordable housing property for 50 years after the purchase and requires a covenant be contained in the deed that the property will meet this requirement.

**Subd. 8. Challenge to petition.** Provides that a resident’s signature is sufficient evidence that they are a valid signatory to authorize a representative to represent the residents and it is on the park owner to show they are not authorized.

**Subd. 9. Remedies.** Provides that a park owner who violates subdivision 3, 4, or 6 are liable for damages, attorney’s fees, and costs, and that a court can also order declaratory relief, injunctive relief, or equitable relief.

**Subd. 10. List of interested organizations.** Provides that the notice the Minnesota Housing Finance Agency receives will also be distributed by the agency to organizations that requires to be notified and that those organizations shall be publically listed on the agency website.

**5 Revisor instruction.**

This section directs the revisor to update the statutory citations to the new section on affixing a manufactured home to real property.

**6 Repealer.**

Provides that section 327C.096, the current law governing the notice of sale of a manufactured home park, is repealed.

**7 Repealer.**

This section repeals portions of the existing process to make a manufactured home an improvement to real property.



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