

# Chapter 8

2021 First Special Session

**Subject** Housing Finance & Policy Omnibus Bill

**Bill** H.F. 4

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**Date** June 29, 2021

## 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 contains amendments to various housing programs administered by MHFA and amends sections of law related to landlords and tenants in residential housing.

Article 3 contains provisions related to manufactured housing.

Article 4 contains provisions relating to housing infrastructure bonds and the Minnesota Bond Allocation Act.

Article 5 ends the governor's eviction moratorium and creates temporary limits on evictions and lease renewals.

Article 6 contains a provision that creates a task force on shelter.

## Article 1: Appropriations

General fund appropriations to MHFA for specific programs.

Section	Description – Article 1: Appropriations
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| 1 | <b>Use of federal funds for homeowner assistance.</b><br>Prohibits Minnesota Management & Budget from using any money received by the state from the Homeowner Assistance Fund under the American Rescue Plan to reimburse the federal coronavirus relief fund for money allocated to MHFA for COVID-19 Housing Assistance. |
| 2 | <b>Appropriations.</b>  |

**Section Description – Article 1: Appropriations**

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- 3 Housing Finance Agency.**
- Subd. 1. Total Appropriation.**
  - Subd. 2. Challenge Program.** For Minn. Stat. §§ 462A.07, subd. 14, and 462A.33.
  - Subd. 3. Workforce Housing Development.** For Minn. Stat. § 462A.39.
  - Subd. 4. Manufactured Home Park Infrastructure Grants.** For Minn. Stat. § 462A.2035, subd. 1b.
  - Subd. 5. Workforce Homeownership Program.** For Minn. Stat. § 462A.38.
  - Subd. 6. Housing Trust Fund.** For Minn. Stat. § 462A.201.
  - Subd. 7. Homework Starts with Home.** For Minn. Stat. § 462A.201, subd. 2, para. (a), clause (4), and 462A.204, subd. 8.
  - Subd. 8. Rental Assistance for Mentally Ill (Bridges). For Minn. Stat. § 462A.2097.**
  - Subd. 9. Family Homeless Prevention.** For Minn. Stat. § 462A.204.
  - Subd. 10. Home Ownership Assistance Fund.** For Minn. Stat. § 462A.21, subd. 8.
  - Subd. 11. Affordable Rental Investment Fund.** For Minn. Stat. §§ 462A.21, subd. 8b, and 462A.05, subd. 39.
  - Subd. 12. Owner-Occupied Housing Rehabilitation.** For Minn. Stat. § 462A.05, subds. 14 and 14a.
  - Subd. 13. Rental Housing Rehabilitation.** For Minn. Stat. § 462A.05, subd. 14.
  - Subd. 14. Homeownership Education, Counseling, and Training.** For Minn. Stat. § 462A.209.
  - Subd. 15. Capacity-Building Grants.** For Minn. Stat. § 462A.21, subd. 3b. Includes appropriations for the Homeless Management Information System and Open Access Connections.
  - Subd. 16. Build Wealth MN.** For a grant to Build Wealth Minnesota to provide a family stabilization plan program.
  - Subd. 17. Local Housing Trust Fund Grants.** For Minn. Stat. § 462C.16.
  - Subd. 18. Task Force on Shelter.** For implementation of a task force on shelter.

**Section Description – Article 1: Appropriations**

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**Subd. 19. Availability of Funds.** Clarifies that money appropriated in the first fiscal year is available the second year.

## **Article 2: Housing Policy**

Amendments to various housing programs administered by MHFA and amends sections of law related to landlords and tenants in residential housing.

**Section Description – Article 2: Housing Policy**

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- 1 Capacity building grants.**  
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.  
  
Effective August 1, 2021.
- 2 Public accommodations.**  
Removes the requirement that a service dog must have identification from a recognized school for service animals.
- 3 Community land trusts.**  
Eliminates language referencing family income requirements for purposes of community land trusts in a property tax statute and inserts a cross-reference to appropriate income criteria.  
  
Effective August 1, 2021.
- 4 Window fall prevention device code.**  
Specifies that window fall prevention devices are not required in one- and two-family dwellings and townhouses when windows meet certain criteria.
- 5 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 it is an unfair discriminatory practice for 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.

**Section Description – Article 2: Housing Policy**

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**6 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.

Effective August 1, 2021.

**7 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 \$37,500.

Effective August 1, 2021.

**8 Technical assistance; residential housing.**

Authorizes MHFA to provide support to increase the capacity of entities to meet affordable housing needs.

Effective August 1, 2021.

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

Clarifies the income limitation under the definition of "persons and families of low and moderate income" for purposes of community land trusts is 115 percent of the greater of state median income, or area or county median income.

Effective August 1, 2021.

**10 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 caused by the animal.

**Section Description – Article 2: Housing Policy**

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**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.

**11 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.

Effective September 1, 2021, and applies to leases entered into on or after that date.

## **Article 3: Manufactured Homes**

This article 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 article 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 3: Manufactured Homes**

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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 3: Manufactured Homes**

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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 Revisor instruction.**

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

**5 Repealer.**

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

## **Article 4: Bonding Provisions**

Provisions relating to housing infrastructure bonds and the Minnesota Bond Allocation Act.

**Section Description – Article 4: Bonding Provisions**

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**1 Additional authorization.**

Authorizes the issuance of \$100 million in housing infrastructure bonds. \$18,333,000 must be applied to finance various costs related to single-family housing and

**Section Description – Article 4: Bonding Provisions**

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\$15,000,000 must be applied for acquisition of manufactured home parks and for manufactured home park improvements and infrastructure. If MHFA has not committed the full amount of the allocations for single-family housing and manufactured home parks by January 16, 2024, the allocated amount may be applied to other purposes for which housing infrastructure bonds may be applied.

Effective January 16, 2022.

**2 Additional appropriation.**

Provides for the debt service on the \$100 million in housing infrastructure bonds.

**3 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.

**4 Housing pool bond 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.

Effective the day following final enactment.

**5 Adjustment to housing infrastructure bond authorization.**

Requires the \$100 million of housing infrastructure bonds to be reduced by the amount of any federal funds appropriated and dedicated from a federal infrastructure bill enacted between June 1, 2021, and December 31, 2021, for loans and grants for the same purposes for which housing infrastructure bonds may be issued. MHFA is required to report to the legislature by January 15, 2022, as to the amount of any such reductions.

## **Article 5: Eviction Moratorium Phaseout**

This article ends the governor's orders that prevent evictions and lease terminations during the COVID-19 Peacetime Emergency and provides temporary provisions for tenants to avoid eviction and lease terminations in certain situations.

The majority of the provisions of this article last for 105 days after enactment and there is a requirement that landlords provide notice to tenants who may be eligible for an evictions due to nonpayment of rent during that time.

All of the provisions of this article are effective immediately upon enactment.

**Section Description – Article 5: Eviction Moratorium Phaseout**

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**1 Executive Orders 20-14, 20-73, and 20-79 void.**

Ends the executive orders issued by the governor during the COVID-19 peacetime emergencies related to housing, including the eviction moratorium and related orders on nonrenewal of leases.

**2 Eviction Moratorium Phaseout.**

Prohibits some of the activities consistent with the prior executive orders that limited evictions and nonrenewal of leases during the peacetime emergency. The continuation of these prohibitions vary in how long they last but include:

Prohibiting a landlord from terminating or failing to renew a lease for 105 days after enactment, except in cases where the tenant is:

- endangering others,
- engaging in certain criminal activities,
- materially violating the lease, or
- when the tenant requests the termination of the lease.

Exception: This provision has an exception that allows a landlord to terminate or not renew a lease 45 days after enactment if the tenant has failed to pay rent and is not eligible for the COVID-19 emergency rental assistance program.

Prohibiting a landlord from filing an eviction action for 105 days after enactment, except in cases where the tenant is:

- endangering others,
- significant damage to property, or
- engaging in certain criminal activities.

This provision has an exception that allows a landlord to file an eviction 75 days after enactment if the tenant has failed to pay rent and is not eligible for the COVID-19 emergency rental assistance program. If a tenant has not paid rent and refuses to apply for the COVID-19 rental assistance program, then a landlord can proceed on an eviction.

Evictions are allowed 15 days after enactment for situations where a tenant materially violates the lease.

Prohibiting the termination of a residential rental agreement, delivering a default notice, or filing an eviction action on a tenant of a manufactured home



**Section Description – Article 5: Eviction Moratorium Phaseout**

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park except when the tenant has endanger others or causes substantial damage to property, or fails to comply with state and local laws.

The phaseout prohibitions last for 105 days except as otherwise noted. A tenant who owed rent or fees to a landlord during the peacetime emergency or during the phaseout time period provided by this section, continues to owe the rent and fees due. There is one extension for the eviction moratorium beyond the 105 days in section 4 below.

**3 COVID-19 emergency rental assistance notification.**

Requires a landlord to provide a notice to a tenant 15 days before filing an eviction if the eviction is for nonpayment of rent during the 105 days following enactment. The notice must inform the tenant that the governor’s eviction moratorium has ended, that they may be subject to an eviction, the amount the tenant owes, and where the tenant can get information on rental assistance. A court could stay the eviction if the notice is not provided.

**4 Evictions; pending applications for rental assistance.**

Prohibits an eviction for nonpayment of rent against a tenant who has a pending application or rental assistance from the federal COVID-19 emergency rental assistance funding. The tenant should provide the proof of pending application and any information on the delay of the application to the landlord, and to the court if an eviction is filed.

Unlike the other prohibitions above, this section lasts until June 1, 2022.

## **Article 6: Task Force on Shelter**

Establishes a task force on shelter.

**Section Description – Article 6: Task Force on Shelter**

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**1 Task force on shelter**

Establishes a task force on shelter and requires a report to the legislature on the task force’s specified findings and recommendations. MHFA must provide administrative support and meeting space for the task force.

Effective July 1, 2021.



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