

2024 State Legislative Summary

(updated as of 5/22/2024)

Background

At the State Capitol, the second year of the biennium typically focuses on policy initiatives, a capital investment bill and supplemental budget initiatives. The session landscape this year included a \$3.7 billion budget surplus for the FY 2024-25 budget, with the DFL in the majority in both the House and Senate. Both bodies had finance committees exclusively focused on housing finance, policy and homelessness prevention issues. The legislative session started on February 12.

Proposals

Governor Walz and Lt. Gov. Flanagan released their 2024 Capital Investment proposal in January that included \$50 million in new Housing Infrastructure Bonds and \$7.5 million in state General Obligation bonds to support the rehabilitation of public housing. The Governor did not have supplemental budget recommendations for the agency. In March, the Legislature agreed to joint budget targets for housing that included a \$10 million one-time increase in FY 2024-25 and \$1 million in FY 2026-27 to support state debt service appropriations on a \$50 million new authorization for Housing Infrastructure Bonds.

Outcomes

On May 19, the Legislature passed the housing bill as part of a larger tax bill. For housing, the bill included new one-time spending of \$10 million and \$50 million in additional Housing Infrastructure Bond authority. The Legislature was unable to pass a capital investment bill (which requires a supermajority vote), so there were no new resources for public housing rehabilitation.

In addition to the \$10 million in one-time spending, the Legislature reallocated \$25 million from three programs to increase the total available in the Community Stabilization program from \$90 million to \$115 million for FY 2024-25. The reallocations came from the Strengthening Supportive Housing program (\$15 million), Challenge Program (\$7 million) and Workforce Homeownership Program (\$3 million).

Budget Changes

Of the \$10 million in new spending, just over \$8 million was appropriated to the Family Homeless Prevention and Assistance Program. The remaining \$2 million was directed to implementing recommendations from the Workgroup on Expediting Rental Assistance, legislatively directed grants and initiatives at other state agencies.

With the reallocations, the Legislature set aside the entire \$115 million of the Community Stabilization program for the following uses:

- \$50 million for recapitalization of distressed multifamily properties (new eligible properties and funding uses) with up to \$15 million set aside for supportive housing properties
- \$41.750 million for multifamily naturally occurring affordable housing (NOAH)
- \$10 million for Aeon’s Huntington Place (set aside in 2023 legislation)
- \$10 million for single-family housing NOAH
- \$3.250 million for Wilder Park Senior Housing rehab

Table 1: 2024 Legislative Session Budget Changes (\$ in thousands), FY 2024-25

Minnesota Housing Changes	
Increases to Community Stabilization	25,000
Set-asides within \$115M Community Stabilization Program	
Wilder Park Senior Housing Rehab	[3,250]
Multifamily Naturally Occurring Affordable Housing (NOAH)	[41,750]
Single-Family Housing (NOAH)	[10,000]
Recapitalization of Multifamily Distressed Properties	[50,000]
Set-aside for Supportive Housing properties	[[15,000]]
Family Homeless Prevention and Assistance Program	8,109
Wilder Homeless Study	100
Expediting Rental Assistance (WERA) Administration	471
Other State Agency Changes	
Supreme Court - Eviction expungement costs	545
Dept. of Labor and Industry Study	225
Legislative Coordinating Commission Workgroups	400
Dept. of Human Services – Grant to Propel Shelter Study	150
Total Spending Changes	35,000
FY 25 Supportive Housing	(15,000)
FY 25 Challenge Program	(7,000)
FY 24 Workforce Homeownership	(3,000)
Total Reallocations to Community Stabilization	(25,000)
Net General Fund Impact	10,000

Policy Changes

The bill also included numerous policy provisions to advance the work of the agency's programs in the community to meet the ongoing challenges faced by people and property owners across the state. Below are the policy changes impacting the agency's activities, as well as changes to programs and legislative set-asides established in last year's budget. Some of the changes are effective as of July 1, 2024, and others take effect next year.

Agencywide Policy Changes

- Increased the agency's outstanding debt limit from \$5 billion to \$9 billion and renamed in statute to "Agency Debt Capacity."
- Multiple changes to Housing Infrastructure Bond statute including:
 - Clarified allowing developments that have 50% of units set aside for permanent supportive housing to be eligible.
 - Created a new eligible use related to cooperatively owned housing and
 - Modified accessibility requirements.
- Expanded authority related to making Tribal Nations eligible for all agency funding.
- Added new energy uses and efficiency-related terms to various agency programs to maximize opportunities to leverage federal funds.
- Established legislative reporting requirements related to competitive funding process outcomes, administrative expenses of legislative set-asides, and senior rental housing.

Policy Changes Impacting Multifamily

- Applied state prevailing wage to new multifamily construction in federal low-income housing tax credit (LIHTC) developments over 10 units.
- Required wage theft prevention activities, use of responsible contractors and disclosures for multifamily developments applying for and receiving agency funding.
- Added agency authority to align rent and income limit definitions across rental programs to help simplify compliance processes for both staff and property managers.
- Eliminated the minimum population threshold for Greater Minnesota Workforce Housing program to increase access for rural communities.
- Removed the set-asides for the State Housing Tax Credit Program and made technical changes to eligible recipients.

Policy Changes Impacting Single Family

- Modified the Workforce Homeownership program uses to allow for affordability gap.

Policy Changes Impacting Housing Stability

- Enacted provisions related to last year’s Workgroup on Expediting Rental Assistance including:
 - Reporting on emergency rental housing assistance needs.
 - Requirements around the work being culturally responsive and trauma-informed.
 - Requiring data collection to measure timeliness of rental assistance.
 - Developing e-signature options for emergency rental assistance.
 - Direction to adopt verification procedures to simplify the application process.
- Changes that allow a household who is income-qualified and enrolled in a state assistance program to be automatically eligible for specific Minnesota Housing assistance programs.

Policy Changes Impacting Local Government Housing Programs

- Modified the Greater Minnesota Infrastructure Grant program to allow counties to apply, increased the per unit maximum funding amounts, and allowed manufactured home community infrastructure as an eligible use.
- Several changes were made to reporting requirements, qualifying projects and need to supplement, not supplant, existing local housing resources related to Local and Statewide Affordable Housing Aid.

Changes to 2023 Session Programs and Initiatives

- Changed Community Stabilization language to add recapitalization of distressed multifamily properties as an eligible use with several eligible activities ranging from debt modification and operating cost support.
- The \$10 million Manufactured Home Lending Grants program was changed from a competitive grant program to a legislative set-aside for NeighborWorks Home Partners.
- Language modifications to 2023 legislatively named grants for Urban Homeworks, Northland Foundation, NeighborWorks Home Partners initiatives.

Working Groups and Task Forces

The Legislature created working groups for:

1. Common Interest Communities & Homeowners Associations,
2. Simplifying Supportive Housing Resources, and
3. Long-term (financial) Sustainability of Affordable Housing (a task force).