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**Date:** October 15, 2019

**To:** Representative Lyndon Carlson                      Senator Julie Rosen  
Chair, House Ways and Means                      Chair, Senate Finance

**From:** Ryan Baumtrog, Assistant Commissioner, Minnesota Housing Finance Agency

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**Subject:** Report on Minnesota Manufactured Housing Relocation Trust Fund Activity

Minnesota Statutes 327C.095, Subd. 13 (h) requires Minnesota Housing to submit a report on the Minnesota Manufactured Housing Relocation Trust Fund annually each year. The Minnesota Manufactured Housing Relocation Trust Fund (Trust Fund) was established by Laws of Minnesota 2007, Chapter 141. The Trust Fund assists owners of manufactured homes with relocation expenses in the event that their manufactured home park closes.

Several changes were made to the Trust Fund statutes this past legislative session under Laws 2019, 1<sup>st</sup> Special Sesion, Chapter 1. The changes include but are not limited to:

- o Increasing Trust Fund balance threshold from \$1 million to \$2 million
- o Increasing the current allowable relocation radius from 25 to 50 miles of the closed park without raising maximum relocation costs for households that receive funds
- o Requiring local governments to determine if there was an ordinance in effect on May 26, 2007 that provided compensation to displaced residents, rather than requiring Minnesota Housing to make this determination.
- o Changing some timing-related events in the park closure process
- o Allowing Minnesota Housing or Minnesota Management Budget the authority to advance up to \$400,000 to the Trust Fund
- o Requiring Minnesota Housing to report on the status of the Trust Fund on October 15 each year (previously January 15)

Under the new law, park owners are required to make payments to the Trust Fund when their manufactured housing park is being closed and when the Trust Fund balance is less than \$2,000,000. A cap on the amount paid by the park owner is set in the statute and varies depending on whether a home will be moved or abandoned (Minn. Stat. § 327C. 095, Subd. 12 (a)). The local government in which the closing manufactured home park is located is required to appoint a neutral third party to resolve questions or disputes regarding contributions to and disbursements from the Trust Fund (Minn. Stat. § 327C. 095, Subd. 4). Based on the neutral third party's decisions, Minnesota Housing is charged with making payments out of the Trust Fund to homeowners, moving and towing contractors and others.

Minn. Stat. § 327C.095, Subd. 12(c) allows collection of payments only when the unencumbered fund balance in the Trust Fund is less than \$2,000,000 as of June 30 of each fiscal year. Because the balance of the Trust Fund was \$299,489 as of June 30, 2018, Minnesota Management and Budget collected payments from park owners in FY 2019. Minnesota Management and Budget assessed manufactured park owners \$15.00 per licensed lot in accordance to M.S. 327C.09, Subd. 12 (c). Under current law, park owners may collect this amount from those renting in the park.

The following is a summary of the Trust Fund revenues and expenditures for FY 2019.

**FY 2019 MANUFACTURED HOUSING RELOCATION TRUST FUND ACTIVITY  
JULY 1, 2018 –JUNE 30, 2019**

Beginning Balance at 6/30/18	<b>\$299,489</b>
Total Revenues	<b>\$380,075</b>
Total Payments	<b>\$166,467</b>
Administrative expenses deducted from the Trust Fund-MHFA	<b>\$12,327</b>
Balance in Trust Fund – 6/30/19	<b>\$500,770</b>

Since the Trust Fund balance is below \$2 million on 6/30/19, Minnesota Management and Budget will collect payments from park owners in FY 2020.

Questions may be directed to:

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