

**SENATE**  
**STATE OF MINNESOTA**  
**NINETY-SECOND SESSION**

**S.F. No. 3575**

(SENATE AUTHORS: DRAHEIM)

DATE	D-PG	OFFICIAL STATUS
02/28/2022	5158	Introduction and first reading Referred to Housing Finance and Policy

1.1 A bill for an act

1.2 relating to housing; housing finance agency; adopting housing finance agency

1.3 policy provisions; increasing agency debt limit; expanding authority to issue bonds;

1.4 expanding eligibility requirements and uses for agency funding; clarifying uses

1.5 for housing infrastructure bonds; making technical and conforming changes;

1.6 amending Minnesota Statutes 2020, sections 462A.03, subdivision 13; 462A.05,

1.7 by adding subdivisions; 462A.07, subdivisions 9, 10, 14; 462A.204, subdivision

1.8 3; 462A.21, subdivision 4a; 462A.22, subdivision 1; 462A.36, subdivision 4, by

1.9 adding a subdivision; 462A.37, subdivisions 1, 2, 4, by adding a subdivision;

1.10 462A.38, subdivision 1; 462A.39, subdivisions 2, 5; Minnesota Statutes 2021

1.11 Supplement, sections 462A.05, subdivision 14; 462A.37, subdivision 5; Laws

1.12 2021, First Special Session chapter 8, article 1, section 3, subdivision 11.

1.13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.14 style="text-align:center">**ARTICLE 1**

1.15 style="text-align:center">**FUNDING MECHANISMS**

1.16 Section 1. Minnesota Statutes 2020, section 462A.22, subdivision 1, is amended to read:

1.17 Subdivision 1. **Debt ceiling.** The aggregate principal amount of general obligation bonds

1.18 and notes which are outstanding at any time, excluding the principal amount of any bonds

1.19 and notes refunded by the issuance of new bonds or notes, shall not exceed the sum of

1.20 \$5,000,000,000.

1.21 Sec. 2. Minnesota Statutes 2020, section 462A.36, is amended by adding a subdivision to

1.22 read:

1.23 Subd. 2a. **Refunding bonds.** (a) The agency may issue nonprofit housing bonds in one

1.24 or more series to refund bonds authorized in subdivision 2. The amount of refunding nonprofit

1.25 housing bonds that may be issued from time to time will not be subject to the dollar limitation

2.1 contained in subdivision 2 nor will those bonds be included in computing the amount of  
2.2 bonds that may be issued within that dollar limitation.

2.3 (b) In the refunding of nonprofit housing bonds, each bond must be called for redemption  
2.4 prior to its maturity in accordance with its terms no later than the earliest date on which it  
2.5 may be redeemed. No refunding bonds may be issued unless as of the date of the refunding  
2.6 bonds the present value of the dollar amount of the debt service on the refunding bonds,  
2.7 computed to their stated maturity dates, is lower than the present value of the dollar amount  
2.8 of debt service on all nonprofit housing bonds refunded computed to their stated maturity  
2.9 dates. For purposes of this subdivision, "present value of the dollar amount of debt service"  
2.10 means the dollar amount of debt service to be paid, discounted to the nominal date of the  
2.11 refunding bonds at a rate equal to the yield on the refunding bonds.

2.12 (c) If as a result of the issuance of refunding bonds the amount of debt service for an  
2.13 annual period is less than the amount transferred by the commissioner of management and  
2.14 budget to pay debt service for that annual period, the agency must deduct the excess amount  
2.15 from the actual amount of debt service on those bonds certified for the next subsequent  
2.16 annual period.

2.17 Sec. 3. Minnesota Statutes 2020, section 462A.36, subdivision 4, is amended to read:

2.18 Subd. 4. **Appropriation; payment to agency or trustee.** (a) The agency must certify  
2.19 annually to the commissioner of management and budget the actual amount of annual debt  
2.20 service on each series of bonds issued under subdivision 2.

2.21 (b) Each July 15, beginning in 2009 and through 2031, if any nonprofit housing bonds  
2.22 issued under subdivision 2, or nonprofit housing bonds issued to refund those bonds, remain  
2.23 outstanding, the commissioner of management and budget must transfer to the nonprofit  
2.24 housing bond account established under section 462A.21, subdivision 32, the amount  
2.25 certified under paragraph (a), not to exceed \$2,400,000 annually. The amounts necessary  
2.26 to make the transfers are appropriated from the general fund to the commissioner of  
2.27 management and budget.

2.28 (c) The agency may pledge to the payment of the nonprofit housing bonds the payments  
2.29 to be made by the state under this section.

3.1 Sec. 4. Minnesota Statutes 2020, section 462A.37, is amended by adding a subdivision to  
3.2 read:

3.3 Subd. 2i. **Refunding bonds.** (a) The agency may issue housing infrastructure bonds in  
3.4 one or more series to refund bonds authorized in this section. The amount of refunding  
3.5 housing infrastructure bonds that may be issued from time to time will not be subject to the  
3.6 dollar limitation contained in any of the authorizations in this section nor will those bonds  
3.7 be included in computing the amount of bonds that may be issued within those dollar  
3.8 limitations.

3.9 (b) In the refunding of housing infrastructure bonds, each bond must be called for  
3.10 redemption prior to its maturity in accordance with its terms no later than the earliest date  
3.11 on which it may be redeemed. No refunding bonds may be issued unless as of the date of  
3.12 the refunding bonds the present value of the dollar amount of the debt service on the  
3.13 refunding bonds, computed to their stated maturity dates, is lower than the present value of  
3.14 the dollar amount of debt service on all housing infrastructure bonds refunded computed to  
3.15 their stated maturity dates. For purposes of this subdivision, "present value of the dollar  
3.16 amount of debt service" means the dollar amount of debt service to be paid, discounted to  
3.17 the nominal date of the refunding bonds at a rate equal to the yield on the refunding bonds.

3.18 (c) If as a result of the issuance of refunding bonds the amount of debt service for an  
3.19 annual period is less than the amount transferred by the commissioner of management and  
3.20 budget to pay debt service for that annual period, the agency must deduct the excess amount  
3.21 from the actual amount of debt service on those bonds certified for the next subsequent  
3.22 annual period.

3.23 Sec. 5. Minnesota Statutes 2020, section 462A.37, subdivision 4, is amended to read:

3.24 **Subd. 4. Appropriation; payment to agency or trustee.** (a) The agency must certify  
3.25 annually to the commissioner of management and budget the actual amount of annual debt  
3.26 service on each series of bonds issued under subdivision 2.

3.27 (b) Each July 15, beginning in 2013 and through 2035, if any housing infrastructure  
3.28 bonds issued under subdivision 2, or housing infrastructure bonds issued to refund those  
3.29 bonds, remain outstanding, the commissioner of management and budget must transfer to  
3.30 the ~~affordable~~ housing infrastructure bond account established under section 462A.21,  
3.31 subdivision 33, the amount certified under paragraph (a), not to exceed \$2,200,000 annually.  
3.32 The amounts necessary to make the transfers are appropriated from the general fund to the  
3.33 commissioner of management and budget.

4.1 (c) The agency may pledge to the payment of the housing infrastructure bonds the  
4.2 payments to be made by the state under this section.

4.3 Sec. 6. Minnesota Statutes 2021 Supplement, section 462A.37, subdivision 5, is amended  
4.4 to read:

4.5 **Subd. 5. Additional appropriation.** (a) The agency must certify annually to the  
4.6 commissioner of management and budget the actual amount of annual debt service on each  
4.7 series of bonds issued under this section.

4.8 (b) Each July 15, beginning in 2015 and through 2037, if any housing infrastructure  
4.9 bonds issued under subdivision 2a, or housing infrastructure bonds issued to refund those  
4.10 bonds, remain outstanding, the commissioner of management and budget must transfer to  
4.11 the housing infrastructure bond account established under section 462A.21, subdivision 33,  
4.12 the amount certified under paragraph (a), not to exceed \$6,400,000 annually. The amounts  
4.13 necessary to make the transfers are appropriated from the general fund to the commissioner  
4.14 of management and budget.

4.15 (c) Each July 15, beginning in 2017 and through 2038, if any housing infrastructure  
4.16 bonds issued under subdivision 2b, or housing infrastructure bonds issued to refund those  
4.17 bonds, remain outstanding, the commissioner of management and budget must transfer to  
4.18 the housing infrastructure bond account established under section 462A.21, subdivision 33,  
4.19 the amount certified under paragraph (a), not to exceed \$800,000 annually. The amounts  
4.20 necessary to make the transfers are appropriated from the general fund to the commissioner  
4.21 of management and budget.

4.22 (d) Each July 15, beginning in 2019 and through 2040, if any housing infrastructure  
4.23 bonds issued under subdivision 2c, or housing infrastructure bonds issued to refund those  
4.24 bonds, remain outstanding, the commissioner of management and budget must transfer to  
4.25 the housing infrastructure bond account established under section 462A.21, subdivision 33,  
4.26 the amount certified under paragraph (a), not to exceed \$2,800,000 annually. The amounts  
4.27 necessary to make the transfers are appropriated from the general fund to the commissioner  
4.28 of management and budget.

4.29 (e) Each July 15, beginning in 2020 and through 2041, if any housing infrastructure  
4.30 bonds issued under subdivision 2d, or housing infrastructure bonds issued to refund those  
4.31 bonds, remain outstanding, the commissioner of management and budget must transfer to  
4.32 the housing infrastructure bond account established under section 462A.21, subdivision 33,  
4.33 the amount certified under paragraph (a). The amounts necessary to make the transfers are  
4.34 appropriated from the general fund to the commissioner of management and budget.

5.1 (f) Each July 15, beginning in 2020 and through 2041, if any housing infrastructure  
5.2 bonds issued under subdivision 2e, or housing infrastructure bonds issued to refund those  
5.3 bonds, remain outstanding, the commissioner of management and budget must transfer to  
5.4 the housing infrastructure bond account established under section 462A.21, subdivision 33,  
5.5 the amount certified under paragraph (a). The amounts necessary to make the transfers are  
5.6 appropriated from the general fund to the commissioner of management and budget.

5.7 (g) Each July 15, beginning in 2022 and through 2043, if any housing infrastructure  
5.8 bonds issued under subdivision 2f, or housing infrastructure bonds issued to refund those  
5.9 bonds, remain outstanding, the commissioner of management and budget must transfer to  
5.10 the housing infrastructure bond account established under section 462A.21, subdivision 33,  
5.11 the amount certified under paragraph (a). The amounts necessary to make the transfers are  
5.12 appropriated from the general fund to the commissioner of management and budget.

5.13 (h) Each July 15, beginning in 2022 and through 2043, if any housing infrastructure  
5.14 bonds issued under subdivision 2g, or housing infrastructure bonds issued to refund those  
5.15 bonds, remain outstanding, the commissioner of management and budget must transfer to  
5.16 the housing infrastructure bond account established under section 462A.21, subdivision 33,  
5.17 the amount certified under paragraph (a). The amounts necessary to make the transfers are  
5.18 appropriated from the general fund to the commissioner of management and budget.

5.19 (i) Each July 15, beginning in 2023 and through 2044, if any housing infrastructure  
5.20 bonds issued under subdivision 2h, or housing infrastructure bonds issued to refund those  
5.21 bonds, remain outstanding, the commissioner of management and budget must transfer to  
5.22 the housing infrastructure bond account established under section 462A.21, subdivision 33,  
5.23 the amount certified under paragraph (a). The amounts necessary to make the transfers are  
5.24 appropriated from the general fund to the commissioner of management and budget.

5.25 (j) The agency may pledge to the payment of the housing infrastructure bonds the  
5.26 payments to be made by the state under this section.

## 5.27 ARTICLE 2

### 5.28 ELIGIBILITY AND USES

5.29 Section 1. Minnesota Statutes 2021 Supplement, section 462A.05, subdivision 14, is  
5.30 amended to read:

5.31 Subd. 14. **Rehabilitation loans.** It may agree to purchase, make, or otherwise participate  
5.32 in the making, and may enter into commitments for the purchase, making, or participation  
5.33 in the making, of eligible loans for rehabilitation, with terms and conditions as the agency

6.1 deems advisable, to persons and families of low and moderate income, and to owners of  
6.2 existing residential housing for occupancy by such persons and families, for the rehabilitation  
6.3 of existing residential housing owned by them. Rehabilitation may include the addition or  
6.4 rehabilitation of a detached accessory dwelling unit. The loans may be insured or uninsured  
6.5 and may be made with security, or may be unsecured, as the agency deems advisable. The  
6.6 loans may be in addition to or in combination with long-term eligible mortgage loans under  
6.7 subdivision 3. They may be made in amounts sufficient to refinance existing indebtedness  
6.8 secured by the property, if refinancing is determined by the agency to be necessary to permit  
6.9 the owner to meet the owner's housing cost without expending an unreasonable portion of  
6.10 the owner's income thereon. No loan for rehabilitation shall be made unless the agency  
6.11 determines that the loan will be used primarily to make the housing more desirable to live  
6.12 in, to increase the market value of the housing, for compliance with state, county or municipal  
6.13 building, housing maintenance, fire, health or similar codes and standards applicable to  
6.14 housing, or to accomplish energy conservation related improvements. In unincorporated  
6.15 areas and municipalities not having codes and standards, the agency may, solely for the  
6.16 purpose of administering the provisions of this chapter, establish codes and standards. No  
6.17 loan under this subdivision for the rehabilitation of owner-occupied housing shall be denied  
6.18 solely because the loan will not be used for placing the owner-occupied residential housing  
6.19 in full compliance with all state, county, or municipal building, housing maintenance, fire,  
6.20 health, or similar codes and standards applicable to housing. Rehabilitation loans shall be  
6.21 made only when the agency determines that financing is not otherwise available, in whole  
6.22 or in part, from private lenders upon equivalent terms and conditions. Accessibility  
6.23 rehabilitation loans authorized under this subdivision may be made to eligible persons and  
6.24 families without limitations relating to the maximum incomes of the borrowers if:

6.25 (1) the borrower or a member of the borrower's family requires a level of care provided  
6.26 in a hospital, skilled nursing facility, or intermediate care facility for persons with  
6.27 developmental disabilities;

6.28 (2) home care is appropriate; and

6.29 (3) the improvement will enable the borrower or a member of the borrower's family to  
6.30 reside in the housing.

6.31 The agency may waive any requirement that the housing units in a residential housing  
6.32 development be rented to persons of low and moderate income if the development consists  
6.33 of four or less dwelling units, one of which is occupied by the owner.

7.1 Sec. 2. Minnesota Statutes 2020, section 462A.05, is amended by adding a subdivision to  
7.2 read:

7.3 Subd. 42. **Indian Tribes.** Notwithstanding any other provision in this chapter, at its  
7.4 discretion the agency may make any federally recognized Indian Tribe in Minnesota, or  
7.5 their associated Tribally Designated Housing Entity (TDHE) as defined by United States  
7.6 Code, title 25, section 4103(22), eligible for funding authorized under this chapter.

7.7 Sec. 3. Minnesota Statutes 2020, section 462A.05, is amended by adding a subdivision to  
7.8 read:

7.9 Subd. 43. **Housing disparities.** The agency must prioritize its use of appropriations for  
7.10 any program under this chapter to serve households most affected by housing disparities.

7.11 Sec. 4. Minnesota Statutes 2020, section 462A.204, subdivision 3, is amended to read:

7.12 Subd. 3. **Set aside.** At least one grant must be awarded in an area located outside of the  
7.13 metropolitan area. A county, a group of contiguous counties jointly acting together, a Tribe,  
7.14 a group of Tribes, or a community-based nonprofit organization ~~with a sponsoring resolution~~  
7.15 ~~from each of the county boards of the counties located within its operating jurisdiction~~ may  
7.16 apply for and receive grants ~~for areas located outside the metropolitan area.~~

7.17 Sec. 5. Minnesota Statutes 2020, section 462A.37, subdivision 1, is amended to read:

7.18 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have  
7.19 the meanings given.

7.20 (b) "Abandoned property" has the meaning given in section 117.025, subdivision 5.

7.21 (c) "Community land trust" means an entity that meets the requirements of section  
7.22 462A.31, subdivisions 1 and 2.

7.23 (d) "Debt service" means the amount payable in any fiscal year of principal, premium,  
7.24 if any, and interest on housing infrastructure bonds and the fees, charges, and expenses  
7.25 related to the bonds.

7.26 (e) "Foreclosed property" means residential property where foreclosure proceedings  
7.27 have been initiated or have been completed and title transferred or where title is transferred  
7.28 in lieu of foreclosure.

7.29 (f) "Housing infrastructure bonds" means bonds issued by the agency under this chapter  
7.30 that:

8.1 (1) are qualified 501(c)(3) bonds, within the meaning of section 145(a) of the Internal  
8.2 Revenue Code;

8.3 (2) finance qualified residential rental projects within the meaning of section 142(d) of  
8.4 the Internal Revenue Code; or

8.5 ~~(3) finance the construction or rehabilitation of single-family houses that qualify for~~  
8.6 ~~mortgage financing within the meaning of section 143 of the Internal Revenue Code; or~~

8.7 ~~(4)~~ (3) are tax-exempt bonds that are not private activity bonds, within the meaning of  
8.8 section 141(a) of the Internal Revenue Code, for the purpose of financing or refinancing  
8.9 affordable housing authorized under this chapter.

8.10 (g) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended.

8.11 (h) "Senior" means a person 55 years of age or older ~~with an annual income not greater~~  
8.12 ~~than 50 percent of:~~

8.13 ~~(1) the metropolitan area median income for persons in the metropolitan area; or~~

8.14 ~~(2) the statewide median income for persons outside the metropolitan area.~~

8.15 (i) "Senior household" means a household with one or more senior members and with  
8.16 an annual combined income not greater than 50 percent of:

8.17 (1) the metropolitan area median income for persons in the metropolitan area; or

8.18 (2) the statewide median income for persons outside the metropolitan area.

8.19 ~~(j)~~ (j) "Senior housing" means housing intended and operated for occupancy by ~~at least~~  
8.20 ~~one senior per unit~~ senior households with at least 80 percent of the units occupied by ~~at~~  
8.21 ~~least one senior per unit~~ senior households, and for which there is publication of, and  
8.22 adherence to, policies and procedures that demonstrate an intent by the owner or manager  
8.23 to provide housing for seniors. Senior housing may be developed in conjunction with and  
8.24 as a distinct portion of mixed-income senior housing developments that use a variety of  
8.25 public or private financing sources.

8.26 ~~(k)~~ (k) "Supportive housing" means housing that is not time-limited and provides or  
8.27 coordinates with linkages to services necessary for residents to maintain housing stability  
8.28 and maximize opportunities for education and employment.

8.29 Sec. 6. Minnesota Statutes 2020, section 462A.37, subdivision 2, is amended to read:

8.30 Subd. 2. **Authorization.** (a) The agency may issue up to \$30,000,000 in aggregate  
8.31 principal amount of housing infrastructure bonds in one or more series to which the payment



9.1 made under this section may be pledged. The housing infrastructure bonds authorized in  
9.2 this subdivision may be issued to fund loans, or grants for the purposes of clause (4), on  
9.3 terms and conditions the agency deems appropriate, made for one or more of the following  
9.4 purposes:

9.5 (1) to finance the costs of the construction, acquisition, and rehabilitation of supportive  
9.6 housing for individuals and families who are without a permanent residence;

9.7 (2) to finance the costs of the acquisition and rehabilitation of foreclosed or abandoned  
9.8 housing to be used for affordable rental housing and the costs of new construction of rental  
9.9 housing on abandoned or foreclosed property where the existing structures will be demolished  
9.10 or removed;

9.11 (3) to finance that portion of the costs of acquisition of property that is attributable to  
9.12 the land to be leased by community land trusts to low- and moderate-income home buyers;

9.13 (4) to finance the acquisition, improvement, and infrastructure of manufactured home  
9.14 parks under section 462A.2035, subdivision 1b;

9.15 (5) to finance the costs of acquisition, rehabilitation, adaptive reuse, or new construction  
9.16 of senior housing;

9.17 (6) to finance the costs of acquisition ~~and~~, rehabilitation, and replacement of federally  
9.18 assisted rental housing and for the refinancing of costs of the construction, acquisition, and  
9.19 rehabilitation of federally assisted rental housing, including providing funds to refund, in  
9.20 whole or in part, outstanding bonds previously issued by the agency or another government  
9.21 unit to finance or refinance such costs; and

9.22 (7) to finance the costs of acquisition, rehabilitation, adaptive reuse, or new construction  
9.23 of single-family housing.

9.24 (b) Among comparable proposals for permanent supportive housing, preference shall  
9.25 be given to permanent supportive housing for veterans and other individuals or families  
9.26 who:

9.27 (1) either have been without a permanent residence for at least 12 months or at least four  
9.28 times in the last three years; or

9.29 (2) are at significant risk of lacking a permanent residence for 12 months or at least four  
9.30 times in the last three years.

9.31 (c) Among comparable proposals for senior housing, the agency must give priority to  
9.32 requests for projects that:

10.1 (1) demonstrate a commitment to maintaining the housing financed as affordable to  
 10.2 ~~seniors~~ senior households;

10.3 (2) leverage other sources of funding to finance the project, including the use of  
 10.4 low-income housing tax credits;

10.5 (3) provide access to services to residents and demonstrate the ability to increase physical  
 10.6 supports and support services as residents age and experience increasing levels of disability;  
 10.7 and

10.8 ~~(4) provide a service plan containing the elements of clause (3) reviewed by the housing~~  
 10.9 ~~authority, economic development authority, public housing authority, or community~~  
 10.10 ~~development agency that has an area of operation for the jurisdiction in which the project~~  
 10.11 ~~is located; and~~

10.12 ~~(5)~~ (4) include households with incomes that do not exceed 30 percent of the median  
 10.13 household income for the metropolitan area.

10.14 To the extent practicable, the agency shall balance the loans made between projects in the  
 10.15 metropolitan area and projects outside the metropolitan area. Of the loans made to projects  
 10.16 outside the metropolitan area, the agency shall, to the extent practicable, balance the loans  
 10.17 made between projects in counties or cities with a population of 20,000 or less, as established  
 10.18 by the most recent decennial census, and projects in counties or cities with populations in  
 10.19 excess of 20,000.

10.20 Sec. 7. Minnesota Statutes 2020, section 462A.38, subdivision 1, is amended to read:

10.21 Subdivision 1. **Establishment.** A workforce and affordable homeownership development  
 10.22 program is established to award homeownership development grants to cities, counties,  
 10.23 Tribal governments, nonprofit organizations, cooperatives created under chapter 308A or  
 10.24 308B, and community land trusts created for the purposes outlined in section 462A.31,  
 10.25 subdivision 1, for development of workforce and affordable homeownership projects. The  
 10.26 purpose of the program is to increase the supply of workforce and affordable, owner-occupied  
 10.27 multifamily or single-family housing throughout Minnesota.

10.28 Sec. 8. Minnesota Statutes 2020, section 462A.39, subdivision 2, is amended to read:

10.29 Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the  
 10.30 meanings given.

10.31 (b) "Eligible project area" means a home rule charter or statutory city located outside  
 10.32 of ~~the~~ a metropolitan area county as defined in section 473.121, subdivision ~~2~~ 4, with a

11.1 population exceeding 500; a community that has a combined population of 1,500 residents  
 11.2 located within 15 miles of a home rule charter or statutory city located outside ~~the~~ a  
 11.3 metropolitan ~~area~~ county as defined in section 473.121, subdivision ~~2~~ 4; federally recognized  
 11.4 Tribal reservations; or an area served by a joint county-city economic development authority.

11.5 (c) "Joint county-city economic development authority" means an economic development  
 11.6 authority formed under Laws 1988, chapter 516, section 1, as a joint partnership between  
 11.7 a city and county and excluding those established by the county only.

11.8 (d) "Market rate residential rental properties" means properties that are rented at market  
 11.9 value, including new modular homes, new manufactured homes, and new manufactured  
 11.10 homes on leased land or in a manufactured home park, and may include rental developments  
 11.11 that have a portion of income-restricted units.

11.12 (e) "Qualified expenditure" means expenditures for market rate residential rental  
 11.13 properties including acquisition of property; construction of improvements; and provisions  
 11.14 of loans or subsidies, grants, interest rate subsidies, public infrastructure, and related financing  
 11.15 costs.

11.16 Sec. 9. Minnesota Statutes 2020, section 462A.39, subdivision 5, is amended to read:

11.17 Subd. 5. **Allocation.** The amount of a grant or deferred loans may not exceed 25 percent  
 11.18 of the rental housing development project cost. The commissioner shall not award a grant  
 11.19 or deferred loans to ~~a city~~ an eligible project area without certification by the ~~city~~ eligible  
 11.20 project area that the amount of the grant or deferred loans shall be matched by a local unit  
 11.21 of government, business, ~~or~~ nonprofit organization, or federally recognized Tribe, with \$1  
 11.22 for every \$2 provided in grant or deferred loans funds.

11.23 Sec. 10. Laws 2021, First Special Session chapter 8, article 1, section 3, subdivision 11,  
 11.24 is amended to read:

11.25 Subd. 11. **Affordable Rental Investment Fund** 4,218,000 4,218,000

11.26 (a) This appropriation is for the affordable  
 11.27 rental investment fund program under  
 11.28 Minnesota Statutes, section 462A.21,  
 11.29 subdivision 8b, to finance the acquisition,  
 11.30 rehabilitation, replacement, and debt  
 11.31 restructuring of federally assisted rental  
 11.32 property and for making equity take-out loans

12.1 under Minnesota Statutes, section 462A.05,  
12.2 subdivision 39.

12.3 (b) The owner of federally assisted rental  
12.4 property must agree to participate in the  
12.5 applicable federally assisted housing program  
12.6 and to extend any existing low-income  
12.7 affordability restrictions on the housing for  
12.8 the maximum term permitted.

12.9 (c) The appropriation also may be used to  
12.10 finance the acquisition, rehabilitation, and debt  
12.11 restructuring of existing supportive housing  
12.12 properties and naturally occurring affordable  
12.13 housing as determined by the commissioner.  
12.14 For purposes of this paragraph, "supportive  
12.15 housing" means affordable rental housing with  
12.16 links to services necessary for individuals,  
12.17 youth, and families with children to maintain  
12.18 housing stability.

### 12.19 ARTICLE 3

#### 12.20 TECHNICAL CORRECTIONS

12.21 Section 1. Minnesota Statutes 2020, section 462A.03, subdivision 13, is amended to read:

12.22 Subd. 13. **Eligible mortgagor.** "Eligible mortgagor" means a nonprofit or cooperative  
12.23 housing corporation; the Department of Administration for the purpose of developing  
12.24 community-based programs as defined in section 252.50; a limited profit entity or a builder  
12.25 as defined by the agency in its rules, which sponsors or constructs residential housing as  
12.26 defined in subdivision 7; or a natural person of low or moderate income, except that the  
12.27 return to a limited dividend entity shall not exceed 15 percent of the capital contribution of  
12.28 the investors or such lesser percentage as the agency shall establish in its rules, provided  
12.29 that residual receipts funds of a limited dividend entity may be used for agency-approved,  
12.30 housing-related investments owned by the limited dividend entity without regard to the  
12.31 limitation on returns. Owners of existing residential housing occupied by renters shall be  
12.32 eligible for rehabilitation loans, only if, as a condition to the issuance of the loan, the owner  
12.33 agrees to conditions established by the agency in its rules relating to rental or other matters  
12.34 that will ~~insure~~ ensure that the housing will be occupied by persons and families of low or

13.1 moderate income. The agency shall require by rules that the owner give preference to those  
13.2 persons of low or moderate income who occupied the residential housing at the time of  
13.3 application for the loan.

13.4 Sec. 2. Minnesota Statutes 2020, section 462A.07, subdivision 9, is amended to read:

13.5 Subd. 9. **Priority where State Building Code is adopted.** It may establish such rules  
13.6 as may be necessary to ~~insure~~ ensure that priority for assistance by the agency will be given  
13.7 to projects located in municipal jurisdictions or counties, which have adopted the uniform  
13.8 State Building Code.

13.9 Sec. 3. Minnesota Statutes 2020, section 462A.07, subdivision 10, is amended to read:

13.10 Subd. 10. **Human rights.** It may establish and enforce such rules as may be necessary  
13.11 to ~~insure~~ ensure compliance with chapter 363A, and to ~~insure~~ ensure that occupancy of  
13.12 housing assisted under this chapter shall be open to all persons, and that contractors and  
13.13 subcontractors engaged in the construction of such housing shall provide an equal opportunity  
13.14 for employment to all persons, without discrimination as to race, color, creed, religion,  
13.15 national origin, sex, marital status, age, and status with regard to public assistance or  
13.16 disability.

13.17 Sec. 4. Minnesota Statutes 2020, section 462A.07, subdivision 14, is amended to read:

13.18 Subd. 14. **American Indians.** (a) It may engage in housing programs for low- and  
13.19 moderate-income American Indians developed and administered separately or in combination  
13.20 by the Minnesota Chippewa tribe, the Red Lake band of Chippewa Indians, and the Sioux  
13.21 communities as determined by such tribe, band, or communities. In furtherance of the policy  
13.22 of economic integration stated in section 462A.02, subdivision 6, it may engage in housing  
13.23 programs for American Indians who intend to reside on reservations and who are not persons  
13.24 of low and moderate income, provided that the aggregate dollar amount of the loans for  
13.25 persons who are not of low- or moderate-income closed in each lender's fiscal year shall  
13.26 not exceed an amount equal to 25 percent of the total dollar amount of all loans closed by  
13.27 that lender during the same fiscal year. In developing such housing programs, the tribe,  
13.28 band, or communities shall take into account the housing needs of all American Indians  
13.29 residing both on and off reservations within the state. A plan for each such program, which  
13.30 specifically describes the program content, utilization of funds, administration, operation,  
13.31 implementation and other matter, as determined by the agency, must be submitted to the  
13.32 agency for its review and approval prior to the making of eligible loans pursuant to section  
13.33 462A.21. All such programs must conform to rules promulgated by the agency concerning

14.1 program administration, including but not limited to rules concerning costs of administration;  
14.2 the quality of housing; interest rates, fees, and charges in connection with making eligible  
14.3 loans; and other matters determined by the agency to be necessary in order to effectuate the  
14.4 purposes of this subdivision and section 462A.21, subdivisions 4b and 4c. All such programs  
14.5 must provide for a reasonable balance in the distribution of funds appropriated for the  
14.6 purpose of this section between American Indians residing on and off reservations within  
14.7 the state. Nothing in this section shall preclude such tribe, band, or communities from  
14.8 requesting and receiving cooperation, advice, and assistance from the agency as regards  
14.9 program development, operation, delivery, financing, or administration. As a condition to  
14.10 the making of such eligible loans, the Minnesota Chippewa tribe, the Red Lake band of  
14.11 Chippewa Indians, and the Sioux communities shall:

14.12 (1) enter into a loan agreement and other contractual arrangements with the agency for  
14.13 the purpose of transferring the allocated portion of loan funds and to ~~insure~~ ensure compliance  
14.14 with the provisions of this section and this chapter; and

14.15 (2) agree that all of their official books and records related to such housing programs  
14.16 shall be subjected to audit by the legislative auditor in the manner prescribed for agencies  
14.17 of state government.

14.18 The agency shall submit a biennial report concerning the various housing programs for  
14.19 American Indians, and related receipts and expenditures as provided in section 462A.22,  
14.20 subdivision 9, and such tribe, band, or communities to the extent that they administer such  
14.21 programs, shall be responsible for any costs and expenses related to such administration  
14.22 provided, however, they shall be eligible for payment for costs, expenses, and services  
14.23 pursuant to subdivision 12 and section 462A.21. The agency may provide or cause to be  
14.24 provided essential general technical services as set forth in subdivision 2, and general  
14.25 consultative project assistance services, including, but not limited to, management training,  
14.26 and home ownership counseling as set forth in subdivision 3. Members of boards,  
14.27 committees, or other governing bodies of the tribe, band, and communities administering  
14.28 the programs authorized by this subdivision must be compensated for those services as  
14.29 provided in section 15.0575.

14.30 (b) The agency may engage in demonstration projects to encourage the participation of  
14.31 financial institutions or other leveraging sources in providing housing opportunities for  
14.32 American Indians. The agency shall consult with the Minnesota Chippewa tribe, the Red  
14.33 Lake band of Chippewa Indians, and the Sioux communities in developing the demonstration  
14.34 projects. The income limits specified in paragraph (a) do not apply to the demonstration  
14.35 projects.

15.1 (c) The agency may make home improvement loans under this subdivision without  
15.2 regard to household income.

15.3 Sec. 5. Minnesota Statutes 2020, section 462A.21, subdivision 4a, is amended to read:

15.4 Subd. 4a. **Correction of housing defects.** It may make rehabilitation grants and  
15.5 expenditures for correction of residential housing defects as provided in section 462A.05,  
15.6 subdivisions 15 and 16. In order to ~~insure~~ ensure the preservation of the maximum number  
15.7 of housing units with the money appropriated by the legislature, grants shall be recovered  
15.8 by the agency to the extent provided in this section to be used for future grants. Grants made  
15.9 under the terms of this subdivision shall contain a requirement that the grant be recovered  
15.10 by the agency in accordance with the following schedule:

15.11 (1) if the property is sold, transferred, or otherwise conveyed within the first three years  
15.12 after the date of a grant, the recipient shall repay the full amount of the grant;

15.13 (2) if the property is sold, transferred, or otherwise conveyed within the fourth year after  
15.14 the date of a grant, the recipient shall repay 75 percent of the amount of the grant;

15.15 (3) if the property is sold, transferred, or otherwise conveyed within the fifth year after  
15.16 the date of a grant, the recipient shall repay 50 percent of the amount of the grant;

15.17 (4) if the property is sold, transferred, or otherwise conveyed within the sixth year after  
15.18 the date of a grant, the recipient shall repay 25 percent of the amount of the grant;

15.19 (5) if the property is sold, transferred, or otherwise conveyed within the seventh year  
15.20 after the date of the grant, or thereafter, there is no repayment requirement; provided that  
15.21 no repayment is required to the extent that the grants are made to improve the accessibility  
15.22 of residential housing to a disabled occupant.