

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

S.F. No. 2566

(SENATE AUTHORS: PORT, Rest and Boldon)

DATE	D-PG	OFFICIAL STATUS
03/06/2023	1348	Introduction and first reading Referred to Housing and Homelessness Prevention
04/03/2023	2862a 2899	Comm report: To pass as amended and re-refer to Finance Rule 12.10: report of votes in committee

1.1 A bill for an act

1.2 relating to state government; establishing a budget for the Minnesota Housing

1.3 Finance Agency; making policy and technical changes to housing provisions;

1.4 establishing housing programs; appropriating money; requiring reports; authorizing

1.5 the sale and issuance of housing infrastructure bonds; amending Minnesota Statutes

1.6 2022, sections 462A.05, subdivision 14, by adding subdivisions; 462A.201,

1.7 subdivision 2; 462A.2035, subdivision 1b; 462A.204, subdivisions 3, 8; 462A.21,

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

1.9 subdivision; 462A.37, subdivisions 1, 2, 4, 5, by adding subdivisions; 462A.38,

1.10 subdivision 1; 462A.39, subdivisions 2, 5; Laws 2021, First Special Session chapter

1.11 8, article 1, section 3, subdivision 11; proposing coding for new law in Minnesota

1.12 Statutes, chapter 462A.

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

1.14 **ARTICLE 1**

1.15 **HOUSING APPROPRIATIONS**

1.16 Section 1. **APPROPRIATIONS.**

1.17 The sums shown in the columns marked "Appropriations" are appropriated to the agency

1.18 for the purposes specified in this article. The appropriations are from the general fund, or

1.19 another named fund, and are available for the fiscal years indicated for each purpose. The

1.20 figures "2024" and "2025" used in this article mean that the appropriations listed under them

1.21 are available for the fiscal year ending June 30, 2024, or June 30, 2025, respectively. "The

1.22 first year" is fiscal year 2024. "The second year" is fiscal year 2025. "The biennium" is

1.23 fiscal years 2024 and 2025.

	<u>APPROPRIATIONS</u>	
	<u>Available for the Year</u>	
	<u>Ending June 30</u>	
	<u>2024</u>	<u>2025</u>
1.24		
1.25		
1.26		
1.27		

3.1 percent of the area median income. The grant
 3.2 is to be used for acquisition, rehabilitation,
 3.3 and construction of homes to be sold to
 3.4 households with incomes of 50 to 60 percent
 3.5 of the area median income. This is a onetime
 3.6 appropriation, and is available until expended.

3.7 (d) The base for this program in fiscal year
 3.8 2026 and beyond is \$12,925,000.

3.9 **Subd. 3. Workforce Housing Development** 22,000,000 22,000,000

3.10 (a) This appropriation is for the Greater
 3.11 Minnesota workforce housing development
 3.12 program under Minnesota Statutes, section
 3.13 462A.39. If requested by the applicant and
 3.14 approved by the agency, funded properties
 3.15 may include a portion of income and rent
 3.16 restricted units. Funded properties may include
 3.17 owner-occupied homes.

3.18 (b) The base for this program in fiscal year
 3.19 2026 and beyond is \$2,000,000.

3.20 **Subd. 4. Manufactured Home Park**
 3.21 **Infrastructure Grants** 13,500,000 13,500,000

3.22 (a) This appropriation is for manufactured
 3.23 home park infrastructure grants under
 3.24 Minnesota Statutes, section 462A.2035,
 3.25 subdivision 1b.

3.26 (b) The base for this program in fiscal year
 3.27 2026 and beyond is \$1,000,000.

3.28 (c) By January 15 each year, the commissioner
 3.29 must submit a report on the use of funds in
 3.30 this subdivision to the chairs and ranking
 3.31 minority members of the legislative
 3.32 committees having jurisdiction over housing
 3.33 finance and policy. The report must include
 3.34 the following information:

4.1 (1) grants requested and grants funded during
 4.2 the prior fiscal year, organized by ownership
 4.3 type of the manufactured home park, such as
 4.4 private, cooperative, and municipal ownership,
 4.5 and by county;

4.6 (2) the average amount of grants awarded;

4.7 (3) loans requested and loans funded during
 4.8 the prior fiscal year, organized by ownership
 4.9 type of the manufactured home park, such as
 4.10 private, cooperative, and municipal ownership,
 4.11 and by county;

4.12 (4) the average amount of loans issued;

4.13 (5) information regarding the terms of the
 4.14 loans; and

4.15 (6) information about how repaid loan funds
 4.16 were used.

4.17 <u>Subd. 5. Workforce Homeownership Program</u>	<u>17,750,000</u>	<u>17,750,000</u>
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4.18 (a) This appropriation is for the workforce
 4.19 homeownership program under Minnesota
 4.20 Statutes, section 462A.38.

4.21 (b) The base for this program in fiscal year
 4.22 2026 and beyond is \$250,000.

4.23 <u>Subd. 6. Housing Trust Fund</u>	<u>26,646,000</u>	<u>16,646,000</u>
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4.24 (a) This appropriation is for deposit in the
 4.25 housing trust fund account created under
 4.26 Minnesota Statutes, section 462A.201, and
 4.27 may be used for the purposes provided in that
 4.28 section.

4.29 (b) \$10,000,000 in the first year is for grants
 4.30 to low-income persons eligible under
 4.31 Minnesota Statutes, section 462A.201,
 4.32 subdivision 2, to purchase shares in

5.1 limited-equity cooperative housing units.
 5.2 Grants are limited to \$20,000 or 25 percent of
 5.3 the cost of a share, whichever is less. This
 5.4 paragraph expires on June 30, 2027, and any
 5.5 money remaining on June 30, 2027, shall be
 5.6 returned to the housing trust fund account.

5.7 (c) The base for this program for fiscal year
 5.8 2026 and beyond is \$11,646,000.

5.9 **Subd. 7. Homework Starts with Home** 4,250,000 4,250,000

5.10 (a) This appropriation is for the homework
 5.11 starts with home program under Minnesota
 5.12 Statutes, sections 462A.201, subdivision 2,
 5.13 paragraph (a), clause (4), and 462A.204,
 5.14 subdivision 8, to provide assistance to
 5.15 homeless families, those at risk of
 5.16 homelessness, or highly mobile families.

5.17 (b) The base for this program in fiscal year
 5.18 2026 and beyond is \$1,750,000.

5.19 **Subd. 8. Rental Assistance for Mentally Ill** 9,338,000 9,338,000

5.20 (a) This appropriation is for the rental housing
 5.21 assistance program for persons with a mental
 5.22 illness or families with an adult member with
 5.23 a mental illness under Minnesota Statutes,
 5.24 section 462A.2097. Among comparable
 5.25 proposals, the agency shall prioritize those
 5.26 proposals that target, in part, eligible persons
 5.27 who desire to move to more integrated,
 5.28 community-based settings.

5.29 (b) Notwithstanding any law to the contrary,
 5.30 this appropriation may be used for risk
 5.31 mitigation funds, landlord incentives, or other
 5.32 costs necessary to decrease the risk of
 5.33 homelessness, as determined by the agency.

6.1 (c) The base for this program in fiscal year
 6.2 2026 and beyond is \$4,338,000.

6.3 **Subd. 9. Family Homeless Prevention** 60,269,000 10,269,000

6.4 (a) This appropriation is for the family
 6.5 homeless prevention and assistance program
 6.6 under Minnesota Statutes, section 462A.204.

6.7 (b) Up to \$5,000,000 in fiscal year 2024 is for
 6.8 grants to eligible applicants to create or expand
 6.9 risk mitigation programs to reduce landlord
 6.10 financial risks for renting to persons eligible
 6.11 under Minnesota Statutes, section 462A.204.

6.12 Eligible programs may use funds for
 6.13 administrative costs, outreach and coordination
 6.14 staff, and to reimburse landlords for costs
 6.15 including but not limited to nonpayment of
 6.16 rent, or damage costs above those costs
 6.17 covered by security deposits. This
 6.18 appropriation may be used for staffing costs
 6.19 necessary to implement the program. The
 6.20 agency may give priority to applicants that
 6.21 demonstrate a matching amount of money by
 6.22 a local unit of government, business, or
 6.23 nonprofit organization. Grantees must
 6.24 establish a procedure to review and validate
 6.25 claims and reimbursements under this
 6.26 program. This is a onetime appropriation.

6.27 (c) For fiscal year 2024 and fiscal year 2025,
 6.28 qualified families may receive more than 24
 6.29 months of rental assistance.

6.30 (d) If the agency determines that the
 6.31 metropolitan area needs additional support to
 6.32 serve homeless households or those at risk of
 6.33 homelessness, the agency is authorized to
 6.34 grant funds to entities other than counties in

7.1 the metropolitan area, including but not limited
 7.2 to nonprofit organizations.

7.3 (e) When a new grantee works with a current
 7.4 or former grantee in a given geographic area,
 7.5 a new grantee may work with either an
 7.6 advisory committee as required under
 7.7 Minnesota Statutes, section 462A.204,
 7.8 subdivision 6, or the local continuum of care
 7.9 and is not required to meet the requirements
 7.10 of Minnesota Statutes, section 462A.204,
 7.11 subdivision 4.

7.12 (f) Notwithstanding any law to the contrary,
 7.13 \$10,000,000 of this appropriation is allocated
 7.14 to federally recognized American Indian
 7.15 Tribes located in Minnesota. The funds shall
 7.16 be divided proportionally among the Tribes
 7.17 and shall be used for the purposes allowed
 7.18 under this section.

7.19 (g) \$2,400,000 in fiscal year 2024 is for a
 7.20 grant to Neighborhood House, a Ramsey
 7.21 County-based nonprofit organization, to
 7.22 provide administrative costs for families facing
 7.23 eviction, rental assistance, delinquent utility
 7.24 fees, mortgage assistance, and damage deposit
 7.25 assistance. This is a onetime appropriation.

7.26 (h) The base for this program in fiscal year
 7.27 2026 and beyond is \$10,269,000.

7.28	<u>Subd. 10. Home Ownership Assistance Fund</u>	<u>13,385,000</u>	<u>13,385,000</u>
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7.29 (a) This appropriation is for the home
 7.30 ownership assistance program under
 7.31 Minnesota Statutes, section 462A.21,
 7.32 subdivision 8. The agency shall continue to
 7.33 strengthen its efforts to address the disparity
 7.34 gap in the homeownership rate between white

8.1 households and indigenous American Indians
 8.2 and communities of color. To better
 8.3 understand and address the disparity gap, the
 8.4 agency is required to collect, on a voluntary
 8.5 basis, demographic information regarding
 8.6 race, color, national origin, and sex of
 8.7 applicants for agency programs intended to
 8.8 benefit homeowners and homebuyers.

8.9 (b) The base for this program in fiscal year
 8.10 2026 and beyond is \$885,000.

8.11	<u>Subd. 11. Affordable Rental Investment Fund</u>	<u>4,218,000</u>	<u>4,218,000</u>
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8.12 (a) This appropriation is for the affordable
 8.13 rental investment fund program under
 8.14 Minnesota Statutes, section 462A.21,
 8.15 subdivision 8b, to finance the acquisition,
 8.16 rehabilitation, and debt restructuring of
 8.17 federally assisted rental property and for
 8.18 making equity take-out loans under Minnesota
 8.19 Statutes, section 462A.05, subdivision 39.

8.20 (b) The owner of federally assisted rental
 8.21 property must agree to participate in the
 8.22 applicable federally assisted housing program
 8.23 and to extend any existing low-income
 8.24 affordability restrictions on the housing for
 8.25 the maximum term permitted.

8.26 (c) The appropriation also may be used to
 8.27 finance the acquisition, rehabilitation, and debt
 8.28 restructuring of existing supportive housing
 8.29 properties and naturally occurring affordable
 8.30 housing as determined by the commissioner.
 8.31 For purposes of this paragraph, "supportive
 8.32 housing" means affordable rental housing with
 8.33 links to services necessary for individuals,

9.1 youth, and families with children to maintain
 9.2 housing stability.

9.3 **Subd. 12. Owner-Occupied Housing**
 9.4 **Rehabilitation**

2,772,000

2,772,000

9.5 (a) This appropriation is for the rehabilitation
 9.6 of owner-occupied housing under Minnesota
 9.7 Statutes, section 462A.05, subdivisions 14 and
 9.8 14a.

9.9 (b) Notwithstanding any law to the contrary,
 9.10 grants or loans under this subdivision may be
 9.11 made without rent or income restrictions of
 9.12 owners or tenants. To the extent practicable,
 9.13 grants or loans must be made available
 9.14 statewide.

9.15 **Subd. 13. Rental Housing Rehabilitation**

3,743,000

3,743,000

9.16 (a) This appropriation is for the rehabilitation
 9.17 of eligible rental housing under Minnesota
 9.18 Statutes, section 462A.05, subdivision 14. In
 9.19 administering a rehabilitation program for
 9.20 rental housing, the agency may apply the
 9.21 processes and priorities adopted for
 9.22 administration of the economic development
 9.23 and housing challenge program under
 9.24 Minnesota Statutes, section 462A.33, and may
 9.25 provide grants or forgivable loans if approved
 9.26 by the agency.

9.27 (b) Notwithstanding any law to the contrary,
 9.28 grants or loans under this subdivision may be
 9.29 made without rent or income restrictions of
 9.30 owners or tenants. To the extent practicable,
 9.31 grants or loans must be made available
 9.32 statewide.

9.33 **Subd. 14. Homeownership Education,**
 9.34 **Counseling, and Training**

2,357,000

2,357,000

10.1 (a) This appropriation is for the
 10.2 homeownership education, counseling, and
 10.3 training program under Minnesota Statutes,
 10.4 section 462A.209.

10.5 (b) The base for this program in fiscal year
 10.6 2026 and beyond is \$857,000.

10.7 **Subd. 15. Capacity-Building Grants** 5,230,000 5,230,000

10.8 (a) This appropriation is for capacity-building
 10.9 grants under Minnesota Statutes, section
 10.10 462A.21, subdivision 3b. Of this amount, up
 10.11 to \$125,000 each year is for support of the
 10.12 Homeless Management Information System
 10.13 (HMIS), and \$85,000 in fiscal year 2024 and
 10.14 \$85,000 in fiscal year 2025 are for Open
 10.15 Access Connections. The appropriations for
 10.16 Open Access Connections are onetime.

10.17 (b) \$445,000 in fiscal year 2024 is for a grant
 10.18 to the Community Stabilization Project to: (1)
 10.19 deliver services and curriculum to renters and
 10.20 property owners in order to preserve deeply
 10.21 affordable rental units in underrepresented
 10.22 communities; (2) help create entry-level
 10.23 employment opportunities for renters; and (3)
 10.24 construct a secure space for documents and
 10.25 identification for those experiencing
 10.26 homelessness. This is a onetime appropriation.

10.27 (c) The base for this program in fiscal year
 10.28 2026 and beyond is \$645,000.

10.29 **Subd. 16. Build Wealth Minnesota** 5,500,000 500,000

10.30 (a) \$500,000 each year is for a grant to Build
 10.31 Wealth Minnesota to provide a family
 10.32 stabilization plan program.

- 11.1 (b) \$5,000,000 the first year is for a grant to
 11.2 Build Wealth Minnesota for the 9,000 Equities
 11.3 Fund, a targeted loan pool, to provide
 11.4 affordable first mortgages or equivalent
 11.5 financing opportunities to households
 11.6 struggling to access mortgages in underserved
 11.7 communities of color. Of this amount, up to
 11.8 \$1,000,000 may be used for a grant to
 11.9 Stairstep Foundation to support completion of
 11.10 the Family Stabilization Plan program
 11.11 developed by Build Wealth Minnesota. This
 11.12 is a onetime appropriation.
- 11.13 **Subd. 17. Housing Infrastructure** 100,000,000 0
- 11.14 This appropriation is for the housing
 11.15 infrastructure program for the eligible
 11.16 purposes under Minnesota Statutes, section
 11.17 462A.37, subdivision 2. This is a onetime
 11.18 appropriation.
- 11.19 **Subd. 18. Community Stabilization** 100,000,000 -0-
- 11.20 This appropriation is for the community
 11.21 stabilization program under Minnesota
 11.22 Statutes, section 462A.43. Of this amount,
 11.23 \$30,000,000 is for a grant to the Minneapolis
 11.24 Public Housing Authority for the city of
 11.25 Minneapolis and its affiliated entities,
 11.26 including but not limited to its wholly
 11.27 controlled nonprofit corporation, Community
 11.28 Housing Resources, to rehabilitate, preserve,
 11.29 equip, and repair its deeply affordable family
 11.30 housing units. This a onetime appropriation.
- 11.31 **Subd. 19. Supportive Housing** 40,000,000 0
- 11.32 This appropriation is for the supportive
 11.33 housing program under Minnesota Statutes,

- 12.1 section 462A.42. This is a onetime
 12.2 appropriation.
- 12.3 **Subd. 20. First Generation Homebuyer** 100,000,000 0
- 12.4 This appropriation is for the first generation
 12.5 homebuyer program down payment assistance
 12.6 fund. This is a onetime appropriation.
- 12.7 **Subd. 21. Local Housing Trust Fund Grants** 10,000,000 0
- 12.8 (a) \$8,000,000 in fiscal year 2024 is for
 12.9 deposit in the housing development fund for
 12.10 grants to local housing trust funds established
 12.11 under Minnesota Statutes, section 462C.16,
 12.12 to incentivize local funding. This is a onetime
 12.13 appropriation.
- 12.14 (b) A grantee is eligible to receive a grant
 12.15 amount equal to 100 percent of the public
 12.16 revenue committed to the local housing trust
 12.17 fund from any source other than the state or
 12.18 federal government, up to \$150,000, and in
 12.19 addition, an amount equal to 50 percent of the
 12.20 public revenue committed to the local housing
 12.21 trust fund from any source other than the state
 12.22 or federal government that is more than
 12.23 \$150,000 but not more than \$300,000.
- 12.24 (c) \$100,000 of the amount appropriated in
 12.25 paragraph (a) is for technical assistance grants
 12.26 to local and regional housing trust funds. A
 12.27 housing trust fund may apply for a technical
 12.28 assistance grant at the time and in the manner
 12.29 and form required by the agency. The agency
 12.30 shall make grants on a first-come, first-served
 12.31 basis. A technical assistance grant must not
 12.32 exceed \$5,000.
- 12.33 (d) A grantee must use grant funds within
 12.34 eight years of receipt for purposes (1)

13.1 authorized under Minnesota Statutes, section
 13.2 462C.16, subdivision 3, and (2) benefiting
 13.3 households with incomes at or below 115
 13.4 percent of the state median income. A grantee
 13.5 must return any grant funds not used for these
 13.6 purposes within eight years of receipt to the
 13.7 commissioner of the Minnesota Housing
 13.8 Finance Agency for deposit into the housing
 13.9 development fund.

13.10 (e) \$2,000,000 in fiscal year 2024 is for a grant
 13.11 to Northland Foundation. Northland
 13.12 Foundation may use the funds on expenditures
 13.13 authorized under Minnesota Statutes, section
 13.14 462C.16, subdivision 3, and on assisting local
 13.15 governments to establish local or regional
 13.16 housing trust funds. Northland Foundation
 13.17 may award grants and loans to other entities
 13.18 to expend on authorized expenditures under
 13.19 this section. This is a onetime appropriation
 13.20 and is available until June 30, 2025.

13.21 **Subd. 22. Greater Minnesota Housing**
 13.22 **Infrastructure Grant Program**

5,000,000

0

13.23 This appropriation is for a pilot program to
 13.24 provide grants to municipalities for up to 50
 13.25 percent of the costs of infrastructure that
 13.26 would otherwise be required to be paid by the
 13.27 developer for new housing developments. The
 13.28 grants shall be limited to 16 housing units in
 13.29 the municipality and a maximum of \$12,000
 13.30 per housing unit. This is a onetime
 13.31 appropriation.

13.32 **Subd. 23. Stable Rental Housing Mediation**

4,000,000

0

13.33 This appropriation is for housing mediation
 13.34 grants under Minnesota Statutes, section
 13.35 462A.2098. This is a onetime appropriation.

14.1 Of this amount, up to \$300,000 may be used
 14.2 for administrative costs under Minnesota
 14.3 Statutes, section 462A.2098, subdivision 3.

14.4 **Subd. 24. Manufactured Home Park Cooperative**
 14.5 **Purchase Program**

10,000,000

0

14.6 (a) This appropriation is for grants under this
 14.7 subdivision.

14.8 (b) The funding under this subdivision may
 14.9 be used for grants to nonprofit organizations
 14.10 to assist manufactured home park residents in
 14.11 organizing and purchasing manufactured home
 14.12 parks, and for grants to provide down payment
 14.13 assistance to residents to purchase
 14.14 manufactured home parks.

14.15 (c) The agency may develop criteria for grant
 14.16 requests under this subdivision. Within 90
 14.17 days of final enactment, the commissioner
 14.18 shall develop the forms, applications, and
 14.19 reporting requirements for use by eligible
 14.20 organizations. In developing these materials,
 14.21 the commissioner shall consult with
 14.22 manufactured housing cooperatives,
 14.23 resident-owned manufactured home
 14.24 communities, and nonprofit organizations
 14.25 working with manufactured housing
 14.26 cooperatives and resident-owned communities.

14.27 (d) Grantees must use funds to assist in the
 14.28 creation and preservation of housing that is
 14.29 affordable to households with incomes at or
 14.30 below 80 percent of the greater of state or area
 14.31 median income.

14.32 (e) A deed purchased with a grant under this
 14.33 section must contain a covenant running with
 14.34 the land requiring that the land be used as a

15.1	<u>manufactured home park for 30 years from</u>		
15.2	<u>the date of purchase.</u>		
15.3	<u>(f) For the purposes of this subdivision, the</u>		
15.4	<u>terms "manufactured home," "manufactured</u>		
15.5	<u>home park," and "resident" have the meanings</u>		
15.6	<u>given in Minnesota Statutes, section 327C.015.</u>		
15.7	<u>Subd. 25. Manufactured Home Lending Grants</u>	<u>25,000,000</u>	<u>0</u>
15.8	<u>This appropriation is for the manufactured</u>		
15.9	<u>home lending grant program. This is a onetime</u>		
15.10	<u>appropriation.</u>		
15.11	<u>Subd. 26. Lead Safe Homes Grant Program</u>	<u>5,000,000</u>	<u>0</u>
15.12	<u>This appropriation is for the lead safe homes</u>		
15.13	<u>grant program under Minnesota Statutes,</u>		
15.14	<u>section 462A.2096. This is a onetime</u>		
15.15	<u>appropriation.</u>		
15.16	<u>Subd. 27. High-Rise Sprinkler System Grant</u>		
15.17	<u>Program</u>	<u>10,000,000</u>	<u>0</u>
15.18	<u>This appropriation is for the high-rise sprinkler</u>		
15.19	<u>system grant program. Of this amount, up to</u>		
15.20	<u>\$4,000,000 must be for a grant to</u>		
15.21	<u>CommonBond Communities for installation</u>		
15.22	<u>of sprinkler systems at two buildings known</u>		
15.23	<u>as Seward Tower West located at 2515 South</u>		
15.24	<u>9th Street in Minneapolis and Seward Tower</u>		
15.25	<u>East located at 2910 East Franklin Avenue in</u>		
15.26	<u>Minneapolis. This is a onetime appropriation.</u>		
15.27	<u>Subd. 28. Rent Assistance Program</u>	<u>65,665,000</u>	<u>65,665,000</u>
15.28	<u>(a) This appropriation is for the rent assistance</u>		
15.29	<u>program under Minnesota Statutes, section</u>		
15.30	<u>462A.2095. This appropriation is available</u>		
15.31	<u>until June 30, 2027. Up to five percent of the</u>		
15.32	<u>amount may be used in the first year to set up</u>		
15.33	<u>the program.</u>		

16.1 (b) The base for this program in fiscal year
 16.2 2026 and beyond is \$10,000,000.

16.3 **Subd. 29. Homeownership Investment Grants**
 16.4 **Program**

80,000,000

0

16.5 This appropriation is for the homeownership
 16.6 investment grants program. This is a onetime
 16.7 appropriation.

16.8 **Subd. 30. Housing Cost Reduction Incentive**
 16.9 **Program**

2,500,000

0

16.10 This appropriation is for the housing cost
 16.11 reduction incentive program under Minnesota
 16.12 Statutes, section 462A.41. This is a onetime
 16.13 appropriation.

16.14 **Subd. 31. Availability and Transfer of Funds**

16.15 Money appropriated in the first year in this
 16.16 article is available the second year. The
 16.17 commissioner may shift or transfer money in
 16.18 the second year in subdivisions 2, 3, 4, 5, 11,
 16.19 12, and 13 to address high-priority housing
 16.20 needs.

16.21 **Subd. 32. Report to Legislature**

16.22 Each entity that receives funding in this act
 16.23 must submit a report by January 15 each year
 16.24 to the chairs and ranking minority members
 16.25 of the legislative committees having
 16.26 jurisdiction over housing finance and policy.
 16.27 The report must include information about
 16.28 grant awards, geographic distribution of
 16.29 projects, recipients of funds, and the housing
 16.30 units that were provided.

17.1

ARTICLE 2

17.2

HOUSING POLICY

17.3 Section 1. Minnesota Statutes 2022, section 462A.05, subdivision 14, is amended to read:

17.4 Subd. 14. **Rehabilitation loans.** It may agree to purchase, make, or otherwise participate
17.5 in the making, and may enter into commitments for the purchase, making, or participation
17.6 in the making, of eligible loans for rehabilitation, with terms and conditions as the agency
17.7 deems advisable, to persons and families of low and moderate income, and to owners of
17.8 existing residential housing for occupancy by such persons and families, for the rehabilitation
17.9 of existing residential housing owned by them. Rehabilitation may include the addition or
17.10 rehabilitation of a detached accessory dwelling unit. The loans may be insured or uninsured
17.11 and may be made with security, or may be unsecured, as the agency deems advisable. The
17.12 loans may be in addition to or in combination with long-term eligible mortgage loans under
17.13 subdivision 3. They may be made in amounts sufficient to refinance existing indebtedness
17.14 secured by the property, if refinancing is determined by the agency to be necessary to permit
17.15 the owner to meet the owner's housing cost without expending an unreasonable portion of
17.16 the owner's income thereon. No loan for rehabilitation shall be made unless the agency
17.17 determines that the loan will be used primarily to make the housing more desirable to live
17.18 in, to increase the market value of the housing, for compliance with state, county or municipal
17.19 building, housing maintenance, fire, health or similar codes and standards applicable to
17.20 housing, or to accomplish energy conservation related improvements. In unincorporated
17.21 areas and municipalities not having codes and standards, the agency may, solely for the
17.22 purpose of administering the provisions of this chapter, establish codes and standards. No
17.23 loan under this subdivision for the rehabilitation of owner-occupied housing shall be denied
17.24 solely because the loan will not be used for placing the owner-occupied residential housing
17.25 in full compliance with all state, county, or municipal building, housing maintenance, fire,
17.26 health, or similar codes and standards applicable to housing. Rehabilitation loans shall be
17.27 made only when the agency determines that financing is not otherwise available, in whole
17.28 or in part, from private lenders upon equivalent terms and conditions. Accessibility
17.29 rehabilitation loans authorized under this subdivision may be made to eligible persons and
17.30 families without limitations relating to the maximum incomes of the borrowers if:

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

17.34 (2) home care is appropriate; and

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

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

18.6 Sec. 2. Minnesota Statutes 2022, section 462A.05, is amended by adding a subdivision to
18.7 read:

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

18.12 Sec. 3. Minnesota Statutes 2022, section 462A.05, is amended by adding a subdivision to
18.13 read:

18.14 Subd. 43. **Rent assistance program.** The agency may administer the rent assistance
18.15 program established in section 462A.2095.

18.16 Sec. 4. Minnesota Statutes 2022, section 462A.05, is amended by adding a subdivision to
18.17 read:

18.18 Subd. 44. **Housing disparities.** The agency must prioritize its use of appropriations for
18.19 any program under this chapter to serve households most affected by housing disparities.

18.20 Sec. 5. Minnesota Statutes 2022, section 462A.05, is amended by adding a subdivision to
18.21 read:

18.22 Subd. 45. **Special purpose credit program.** The agency may establish special purpose
18.23 credit programs to assist one or more economically disadvantaged classes of persons in
18.24 order to address the effects of historic and current discrimination which resulted in limiting
18.25 access to housing credit by persons on the basis of race, color, ethnicity, or national origin.
18.26 A special purpose credit program may include a wide variety of remedies, including but
18.27 not limited to loans or other financial assistance, based on current, documented need as
18.28 determined by the agency.

19.1 Sec. 6. Minnesota Statutes 2022, section 462A.2035, subdivision 1b, is amended to read:

19.2 Subd. 1b. **Manufactured home park infrastructure grants and loans.** Eligible
19.3 recipients may use manufactured home park infrastructure grants and loans under this
19.4 program for:

19.5 (1) acquisition of and improvements in manufactured home parks; and

19.6 (2) infrastructure, including storm shelters and community facilities.

19.7 Sec. 7. Minnesota Statutes 2022, section 462A.204, subdivision 3, is amended to read:

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

19.13 Sec. 8. **[462A.2095] RENT ASSISTANCE PROGRAM.**

19.14 Subdivision 1. Program established. The state rent assistance account is established
19.15 as a separate account in the housing development fund. Money in the account is appropriated
19.16 to the agency for grants to program administrators for the purposes specified in this section.

19.17 Subd. 2. Definitions. (a) For purposes of this section, the following terms have the
19.18 meanings given.

19.19 (b) "Eligible household" means a household with an annual income of up to 50 percent
19.20 of the area median income as determined by the United States Department of Housing and
19.21 Urban Development, adjusted for family size, that is paying more than 30 percent of the
19.22 household's annual income on rent. Eligibility is determined at the time a household first
19.23 receives rent assistance under this section. Eligibility shall be recertified every year thereafter.
19.24 Eligible household does not include a household receiving federal tenant-based or
19.25 project-based assistance under Section 8 of the United States Housing Act of 1937, as
19.26 amended.

19.27 (c) "Program administrator" means:

19.28 (1) a housing and redevelopment authority or other local government agency or authority
19.29 that administers federal tenant-based or project-based assistance under Section 8 of the
19.30 United States Housing Act of 1937, as amended;

19.31 (2) a Tribal government or Tribally designated housing entity; or

20.1 (3) if the local housing authority, Tribal government, or Tribally designated housing
20.2 entity declines to administer the program established in this section, a nongovernmental
20.3 organization determined by the agency to have the capacity to administer the program.

20.4 Subd. 3. **Grants to program administrators.** (a) The agency may make grants to
20.5 program administrators to provide rental assistance for eligible households. For both
20.6 tenant-based and project-based assistance, program administrators shall pay assistance
20.7 directly to housing providers. Rental assistance may be provided in the form of tenant-based
20.8 assistance or project-based assistance. To the extent practicable, the agency must make
20.9 grants statewide in proportion to the number of households eligible for assistance in each
20.10 county according to the most recent American Community Survey of the United States
20.11 Census Bureau.

20.12 (b) The program administrator may use its existing procedures to administer the rent
20.13 assistance program or may develop alternative procedures with the goals of reaching
20.14 households most in need and incentivizing landlord participation. The agency must approve
20.15 a program administrator's alternative procedures. Priority for rental assistance shall be given
20.16 to households with children 18 years of age and under, and annual incomes of up to 30
20.17 percent of the area median income.

20.18 Subd. 4. **Amount of rent assistance.** A program administrator may provide tenant-based
20.19 or project-based vouchers in amounts equal to the difference between 30 percent of household
20.20 income and the rent charged, plus an allowance for utilities if not included in rent. A program
20.21 administrator may not provide assistance that is more than the difference between 30 percent
20.22 of the tenant's gross income and 120 percent of the payment standard, plus utilities, as
20.23 established by the local public housing authority, unless otherwise authorized by the agency.

20.24 Subd. 5. **Administrative fees.** The agency shall consult with public housing authorities
20.25 to determine the amount of administrative fees to pay to program administrators.

20.26 Subd. 6. **Rent assistance not income.** (a) Rent assistance grant money under this section
20.27 is excluded from income as defined in sections 290.0674, subdivision 2a, and 290A.03,
20.28 subdivision 3.

20.29 (b) Notwithstanding any law to the contrary, payments under this section must not be
20.30 considered income, assets, or personal property for purposes of determining eligibility or
20.31 recertifying eligibility for state public assistance, including but not limited to:

20.32 (1) child care assistance programs under chapter 119B;

21.1 (2) general assistance, Minnesota supplemental aid, and food support under chapter
 21.2 256D;

21.3 (3) housing support under chapter 256I;

21.4 (4) Minnesota family investment program and diversionary work program under chapter
 21.5 256J; and

21.6 (5) economic assistance programs under chapter 256P.

21.7 (c) The commissioner of human services must not consider rent assistance grant money
 21.8 under this section as income or assets under section 256B.056, subdivision 1a, paragraph
 21.9 (a); subdivision 3; or subdivision 3c, or for persons with eligibility determined under section
 21.10 256B.057, subdivision 3, 3a, or 3b.

21.11 Subd. 7. **Oversight.** The agency may direct program administrators to comply with
 21.12 applicable sections of Code of Federal Regulations, title 24, part 982.

21.13 **Sec. 9. [462A.2096] LEAD SAFE HOMES GRANT PROGRAM.**

21.14 Subdivision 1. **Establishment.** The commissioner of the Minnesota Housing Finance
 21.15 Agency must establish and administer a grant program to support making homes safer
 21.16 through lead testing and hazard reduction.

21.17 Subd. 2. **Eligible projects.** (a) The commissioner may award a grant under this section
 21.18 for any project that will:

21.19 (1) provide lead risk assessments completed by a lead inspector or a lead risk assessor
 21.20 licensed by the commissioner of health pursuant to section 144.9505 for properties built
 21.21 before 1978 to determine the presence of lead hazards;

21.22 (2) provide interim controls to reduce lead health hazards; and

21.23 (3) serve low-income residents. For multifamily rental properties, at least 50 percent of
 21.24 the tenants must have an income below 60 percent of the area median income.

21.25 (b) The commissioner must give priority to funding projects that serve areas where there
 21.26 are high concentrations of lead poisoning in children based on information provided by the
 21.27 commissioner of health.

21.28 (c) The commissioner must not award a grant unless all other available state and federal
 21.29 funding sources related to lead testing and hazard reduction for which an applicant is eligible
 21.30 are used.

22.1 (d) The commissioner must balance grant awards so that projects occur within and
 22.2 outside metropolitan counties as defined in section 473.121, subdivision 4.

22.3 (e) Up to ten percent of a grant award may be used to administer the grant and provide
 22.4 education and outreach about lead health hazards.

22.5 Subd. 3. **Grant eligibility.** A nonprofit organization or local unit of government may
 22.6 apply for a grant under this section.

22.7 Subd. 4. **Short title.** This section shall be known as the "Dustin Luke Shields Act."

22.8 Sec. 10. **[462A.2098] MINNESOTA HOUSING MEDIATION GRANT PROGRAM.**

22.9 Subdivision 1. **Establishment; purpose.** The agency shall establish a housing mediation
 22.10 program to reduce negative consequences to renters, rental property owners, families,
 22.11 schools, employers, neighborhoods, and communities by providing support to renters and
 22.12 residential rental property owners.

22.13 Subd. 2. **Selection criteria.** The agency shall award grants to community dispute
 22.14 resolution programs certified under section 494.015. The agency shall develop forms and
 22.15 procedures for soliciting and reviewing applications for grants under this section.

22.16 Subd. 3. **Administration.** The agency shall award a grant to Community Mediation
 22.17 Minnesota to administrate the housing mediation program to ensure effective statewide
 22.18 management, program design, and outreach among the grantees.

22.19 Subd. 4. **Authorized uses of grant.** The grant funding must be used to:

22.20 (1) provide housing dispute resolution services;

22.21 (2) increase awareness of and access to housing dispute resolution services statewide;

22.22 (3) provide alternative dispute resolution services, including but not limited to eviction
 22.23 prevention, mediation, and navigation services;

22.24 (4) partner with culturally specific dispute resolution programs to provide training and
 22.25 assistance with virtual and in-person mediation services;

22.26 (5) increase mediation services for seniors and renters with disabilities and illnesses that
 22.27 face housing instability;

22.28 (6) increase the diversity and cultural competency of the housing mediator roster;

22.29 (7) integrate housing mediation services with navigation and resource connection services,
 22.30 legal assistance, and court services programs; and

23.1 (8) develop and administer evaluation tools to design, modify, and replicate effective
 23.2 program outcomes.

23.3 Sec. 11. Minnesota Statutes 2022, section 462A.201, subdivision 2, is amended to read:

23.4 Subd. 2. **Low-income housing.** (a) The agency may use money from the housing trust
 23.5 fund account to provide loans or grants for:

23.6 (1) projects for the development, construction, acquisition, preservation, and rehabilitation
 23.7 of low-income rental and limited equity cooperative housing units, including temporary
 23.8 and transitional housing;

23.9 (2) the costs of operating rental housing, as determined by the agency, that are unique
 23.10 to the operation of low-income rental housing or supportive housing;

23.11 (3) rental assistance, either project-based or tenant-based; and

23.12 (4) programs to secure stable housing for families with minor children or with children
 23.13 eligible for enrollment in a prekindergarten through grade 12 academic program.

23.14 For purposes of this section, "transitional housing" has the meaning given by the United
 23.15 States Department of Housing and Urban Development. Loans or grants for residential
 23.16 housing for migrant farmworkers may be made under this section.

23.17 (b) The housing trust fund account must be used for the benefit of persons and families
 23.18 whose income, at the time of initial occupancy, does not exceed 60 percent of median income
 23.19 as determined by the United States Department of Housing and Urban Development for the
 23.20 metropolitan area. At least 75 percent of the funds in the housing trust fund account must
 23.21 be used for the benefit of persons and families whose income, at the time of initial occupancy,
 23.22 does not exceed 30 percent of the median family income for the metropolitan area as defined
 23.23 in section 473.121, subdivision 2. For purposes of this section, a household with a housing
 23.24 assistance voucher under Section 8 of the United States Housing Act of 1937, as amended,
 23.25 is deemed to meet the income requirements of this section.

23.26 The median family income may be adjusted for families of five or more.

23.27 (c) Rental assistance under this section must be provided by governmental units which
 23.28 administer housing assistance supplements or by for-profit or nonprofit organizations
 23.29 experienced in housing management. Rental assistance shall be limited to households whose
 23.30 income at the time of initial receipt of rental assistance does not exceed 60 percent of median
 23.31 income, as determined by the United States Department of Housing and Urban Development
 23.32 for the metropolitan area. Priority among comparable applications for tenant-based rental

24.1 assistance will be given to proposals that will serve households whose income at the time
 24.2 of initial application for rental assistance does not exceed 30 percent of median income, as
 24.3 determined by the United States Department of Housing and Urban Development for the
 24.4 metropolitan area. Rental assistance must be terminated when it is determined that 30 percent
 24.5 of a household's monthly income for four consecutive months equals or exceeds the market
 24.6 rent for the unit in which the household resides plus utilities for which the tenant is
 24.7 responsible. Rental assistance may only be used for rental housing units that meet the housing
 24.8 maintenance code of the local unit of government in which the unit is located, if such a code
 24.9 has been adopted, or the housing quality standards adopted by the United States Department
 24.10 of Housing and Urban Development, if no local housing maintenance code has been adopted.

24.11 (d) In making the loans or grants, the agency shall determine the terms and conditions
 24.12 of repayment and the appropriate security, if any, should repayment be required. To promote
 24.13 the geographic distribution of grants and loans, the agency may designate a portion of the
 24.14 grant or loan awards to be set aside for projects located in specified congressional districts
 24.15 or other geographical regions specified by the agency. The agency may adopt rules for
 24.16 awarding grants and loans under this subdivision.

24.17 Sec. 12. Minnesota Statutes 2022, section 462A.204, subdivision 8, is amended to read:

24.18 Subd. 8. ~~School~~ **Childhood housing stability.** (a) The agency in consultation with the
 24.19 Interagency Council on Homelessness may establish a ~~school~~ childhood housing stability
 24.20 project under the family homeless prevention and assistance program. The purpose of the
 24.21 project is to secure stable housing for families with ~~school-age~~ minor children or with
 24.22 children eligible for enrollment in a prekindergarten through grade 12 academic program
 24.23 who have moved frequently and for unaccompanied youth. For purposes of this subdivision,
 24.24 "unaccompanied youth" are minors who are leaving foster care or juvenile correctional
 24.25 facilities, or minors who meet the definition of a child in need of services or protection
 24.26 under section 260C.007, subdivision 6, but for whom no court finding has been made
 24.27 pursuant to that statute.

24.28 (b) The agency shall make grants to family homeless prevention and assistance projects
 24.29 in communities with: (1) a school or schools that have a significant degree of student
 24.30 mobility; (2) a significant degree of homelessness among families with minor children; or
 24.31 (3) children eligible for enrollment in a prekindergarten through grade 12 academic program.

24.32 (c) Each project must be designed to reduce school absenteeism; stabilize children in
 24.33 one home setting or, at a minimum, in one school setting; and reduce shelter usage. Each
 24.34 project must include plans for the following:

25.1 (1) targeting of families with minor children or with children ~~who are~~ eligible for
 25.2 enrollment in a prekindergarten through grade 12 academic program ~~and who~~ are living in
 25.3 overcrowded conditions in their current housing; are paying more than 50 percent of their
 25.4 income for rent; or ~~who~~ lack a fixed, regular, and adequate nighttime residence;

25.5 (2) targeting of unaccompanied youth in need of an alternative residential setting;

25.6 (3) connecting families with the social services necessary to maintain the families'
 25.7 stability in their home, including but not limited to housing navigation, legal representation,
 25.8 and family outreach; and

25.9 (4) one or more of the following:

25.10 (i) provision of rental assistance for a specified period of time, which may exceed 24
 25.11 months; or

25.12 (ii) provision of support and case management services to improve housing stability,
 25.13 including but not limited to housing navigation and family outreach.

25.14 (d) In selecting projects for funding under this subdivision, preference shall be given to
 25.15 organizations granted funding under section 462A.201, subdivision 2, paragraph (a), clause
 25.16 (4).

25.17 (e) No grantee under this subdivision is required to have an advisory committee as
 25.18 described in subdivision 6.

25.19 Sec. 13. Minnesota Statutes 2022, section 462A.21, subdivision 3b, is amended to read:

25.20 Subd. 3b. **Capacity building grants.** It may make capacity building grants to nonprofit
 25.21 organizations, local government units, Indian tribes, and Indian tribal organizations to
 25.22 expand their capacity to provide affordable housing and housing-related services. The grants
 25.23 may be used to assess housing needs and to develop and implement strategies to meet those
 25.24 needs, including but not limited to the creation or preservation of affordable housing,
 25.25 prepurchase and postpurchase counseling and associated administrative costs, and the linking
 25.26 of supportive services to the housing. The agency shall adopt rules, policies, and procedures
 25.27 specifying the eligible uses of grant money. Funding priority ~~must~~ may be given to those
 25.28 applicants that include low-income persons in their membership, have provided
 25.29 housing-related services to low-income people, and demonstrate a local commitment of
 25.30 local resources, which may include in-kind contributions. ~~Grants under this subdivision~~
 25.31 ~~may be made only with specific appropriations by the legislature.~~

26.1 Sec. 14. Minnesota Statutes 2022, section 462A.22, subdivision 1, is amended to read:

26.2 Subdivision 1. **Debt ceiling.** The aggregate principal amount of bonds and notes that
26.3 are general obligations of the agency and secured by its full faith and credit, as described
26.4 in section 462A.08, subdivision 3, and which are outstanding at any time, excluding the
26.5 principal amount of any bonds and notes refunded by the issuance of new bonds or notes,
26.6 shall not exceed the sum of \$5,000,000,000.

26.7 Sec. 15. Minnesota Statutes 2022, section 462A.36, is amended by adding a subdivision
26.8 to read:

26.9 Subd. 2a. **Refunding bonds.** (a) The agency may issue nonprofit housing bonds in one
26.10 or more series to refund bonds authorized in subdivision 2. The amount of refunding nonprofit
26.11 housing bonds that may be issued from time to time will not be subject to the dollar limitation
26.12 contained in subdivision 2 nor will those bonds be included in computing the amount of
26.13 bonds that may be issued within that dollar limitation.

26.14 (b) In the refunding of nonprofit housing bonds, each bond must be called for redemption
26.15 prior to its maturity in accordance with its terms no later than the earliest date on which it
26.16 may be redeemed. No refunding bonds may be issued unless as of the date of the refunding
26.17 bonds the present value of the dollar amount of the debt service on the refunding bonds,
26.18 computed to their stated maturity dates, is lower than the present value of the dollar amount
26.19 of debt service on all nonprofit housing bonds refunded computed to their stated maturity
26.20 dates. For purposes of this subdivision, "present value of the dollar amount of debt service"
26.21 means the dollar amount of debt service to be paid, discounted to the nominal date of the
26.22 refunding bonds at a rate equal to the yield on the refunding bonds.

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

26.28 Sec. 16. Minnesota Statutes 2022, section 462A.36, subdivision 4, is amended to read:

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

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

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

27.10 Sec. 17. Minnesota Statutes 2022, section 462A.37, subdivision 1, is amended to read:

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

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

27.14 (c) "Community land trust" means an entity that meets the requirements of section
 27.15 462A.31, subdivisions 1 and 2.

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

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

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

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

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

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

27.30 ~~(4)~~ (3) are tax-exempt bonds that are not private activity bonds, within the meaning of
 27.31 section 141(a) of the Internal Revenue Code, for the purpose of financing or refinancing
 27.32 affordable housing authorized under this chapter.

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

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

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

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

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

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

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

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

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

28.20 Sec. 18. Minnesota Statutes 2022, section 462A.37, subdivision 2, is amended to read:

28.21 Subd. 2. **Authorization.** (a) The agency may issue up to \$30,000,000 in aggregate
 28.22 principal amount of housing infrastructure bonds in one or more series to which the payment
 28.23 made under this section may be pledged. The housing infrastructure bonds authorized in
 28.24 this subdivision may be issued to fund loans, or grants for the purposes of ~~elause~~ clauses
 28.25 (4) and (7), on terms and conditions the agency deems appropriate, made for one or more
 28.26 of the following purposes:

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

28.29 (2) to finance the costs of the acquisition and rehabilitation of foreclosed or abandoned
 28.30 housing to be used for affordable rental housing and the costs of new construction of rental
 28.31 housing on abandoned or foreclosed property where the existing structures will be demolished
 28.32 or removed;

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

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

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

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

29.12 (7) to finance the costs of acquisition, rehabilitation, adaptive reuse, or new construction
 29.13 of single-family housing; and

29.14 (8) to finance the costs of construction, acquisition, and rehabilitation of permanent
 29.15 housing that is affordable to households with incomes at or below 50 percent of the area
 29.16 median income for the applicable county or metropolitan area as published by the Department
 29.17 of Housing and Urban Development, as adjusted for household size.

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

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

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

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

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

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

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

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

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

30.10 (d) To the extent practicable, the agency shall balance the loans made between projects
30.11 in the metropolitan area and projects outside the metropolitan area. Of the loans made to
30.12 projects outside the metropolitan area, the agency shall, to the extent practicable, balance
30.13 the loans made between projects in counties or cities with a population of 20,000 or less,
30.14 as established by the most recent decennial census, and projects in counties or cities with
30.15 populations in excess of 20,000.

30.16 (e) Among comparable proposals for permanent housing, the agency must give preference
30.17 to projects that will provide housing that is affordable to households at or below 30 percent
30.18 of the area median income.

30.19 (f) If a loan recipient uses the loan for any of the purposes in paragraph (a) on a building
30.20 containing more than four units, the loan recipient must construct, convert, or otherwise
30.21 adapt the building to include:

30.22 (1) the greater of: (i) at least one unit; or (ii) at least five percent of units that are
30.23 accessible units, as defined by section 1002 of the current State Building Code Accessibility
30.24 Provisions for Dwelling Units in Minnesota, and include at least one roll-in shower; and

30.25 (2) the greater of: (i) at least one unit; or (ii) at least five percent of units that are
30.26 sensory-accessible units that include:

30.27 (A) soundproofing between shared walls for first and second floor units;

30.28 (B) no florescent lighting in units and common areas;

30.29 (C) low-fume paint;

30.30 (D) low-chemical carpet; and

30.31 (E) low-chemical carpet glue in units and common areas.

31.1 Nothing in this paragraph will relieve a project funded by the agency from meeting other
31.2 applicable accessibility requirements.

31.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

31.4 Sec. 19. Minnesota Statutes 2022, section 462A.37, is amended by adding a subdivision
31.5 to read:

31.6 Subd. 2i. **Additional authorization.** In addition to the amounts authorized in subdivisions
31.7 2 to 2h, the agency may issue up to \$250,000,000 in housing infrastructure bonds in one or
31.8 more series to which the payments under this section may be pledged.

31.9 **EFFECTIVE DATE.** This section is effective the day following final enactment.

31.10 Sec. 20. Minnesota Statutes 2022, section 462A.37, is amended by adding a subdivision
31.11 to read:

31.12 Subd. 2j. **Refunding bonds.** (a) The agency may issue housing infrastructure bonds in
31.13 one or more series to refund bonds authorized in this section. The amount of refunding
31.14 housing infrastructure bonds that may be issued from time to time will not be subject to the
31.15 dollar limitation contained in any of the authorizations in this section nor will those bonds
31.16 be included in computing the amount of bonds that may be issued within those dollar
31.17 limitations.

31.18 (b) In the refunding of housing infrastructure bonds, each bond must be called for
31.19 redemption prior to its maturity in accordance with its terms no later than the earliest date
31.20 on which it may be redeemed. No refunding bonds may be issued unless as of the date of
31.21 the refunding bonds the present value of the dollar amount of the debt service on the
31.22 refunding bonds, computed to their stated maturity dates, is lower than the present value of
31.23 the dollar amount of debt service on all housing infrastructure bonds refunded computed to
31.24 their stated maturity dates. For purposes of this subdivision, "present value of the dollar
31.25 amount of debt service" means the dollar amount of debt service to be paid, discounted to
31.26 the nominal date of the refunding bonds at a rate equal to the yield on the refunding bonds.

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

32.1 Sec. 21. Minnesota Statutes 2022, section 462A.37, subdivision 4, is amended to read:

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

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

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

32.14 Sec. 22. Minnesota Statutes 2022, section 462A.37, subdivision 5, is amended to read:

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

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

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

32.32 (d) Each July 15, beginning in 2019 and through 2040, if any housing infrastructure
32.33 bonds issued under subdivision 2c, or housing infrastructure bonds issued to refund those

33.1 bonds, remain outstanding, the commissioner of management and budget must transfer to
33.2 the housing infrastructure bond account established under section 462A.21, subdivision 33,
33.3 the amount certified under paragraph (a), not to exceed \$2,800,000 annually. The amounts
33.4 necessary to make the transfers are appropriated from the general fund to the commissioner
33.5 of management and budget.

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

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

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

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

33.30 (i) Each July 15, beginning in 2023 and through 2044, if any housing infrastructure
33.31 bonds issued under subdivision 2h, or housing infrastructure bonds issued to refund those
33.32 bonds, remain outstanding, the commissioner of management and budget must transfer to
33.33 the housing infrastructure bond account established under section 462A.21, subdivision 33,

34.1 the amount certified under paragraph (a). The amounts necessary to make the transfers are
 34.2 appropriated from the general fund to the commissioner of management and budget.

34.3 (j) Each July 15, beginning in 2024 and through 2045, if any housing infrastructure
 34.4 bonds issued under subdivision 2i remain outstanding, the commissioner of management
 34.5 and budget must transfer to the housing infrastructure bond account established under section
 34.6 462A.21, subdivision 33, the amount certified under paragraph (a). The amounts necessary
 34.7 to make the transfers are appropriated from the general fund to the commissioner of
 34.8 management and budget.

34.9 (k) The agency may pledge to the payment of the housing infrastructure bonds the
 34.10 payments to be made by the state under this section.

34.11 Sec. 23. Minnesota Statutes 2022, section 462A.38, subdivision 1, is amended to read:

34.12 Subdivision 1. **Establishment.** A workforce and affordable homeownership development
 34.13 program is established to award homeownership development grants to cities, counties,
 34.14 Tribal governments, nonprofit organizations, cooperatives created under chapter 308A or
 34.15 308B, and community land trusts created for the purposes outlined in section 462A.31,
 34.16 subdivision 1, for development of workforce and affordable homeownership projects. The
 34.17 purpose of the program is to increase the supply of workforce and affordable, owner-occupied
 34.18 multifamily or single-family housing throughout Minnesota.

34.19 Sec. 24. Minnesota Statutes 2022, section 462A.39, subdivision 2, is amended to read:

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

34.22 (b) "Eligible project area" means a home rule charter or statutory city located outside
 34.23 of ~~the a~~ a metropolitan area county as defined in section 473.121, subdivision ~~2~~ 4, with a
 34.24 population exceeding 500; a community that has a combined population of 1,500 residents
 34.25 located within 15 miles of a home rule charter or statutory city located outside ~~the a~~ a
 34.26 metropolitan area county as defined in section 473.121, subdivision ~~2~~ 4; federally recognized
 34.27 Tribal reservations; or an area served by a joint county-city economic development authority.

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

34.31 (d) "Market rate residential rental properties" means properties that are rented at market
 34.32 value, including new modular homes, new manufactured homes, and new manufactured

35.1 homes on leased land or in a manufactured home park, and may include rental developments
35.2 that have a portion of income-restricted units.

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

35.7 Sec. 25. Minnesota Statutes 2022, section 462A.39, subdivision 5, is amended to read:

35.8 Subd. 5. **Allocation.** The amount of a grant or deferred loans may not exceed ~~25~~ 50
35.9 percent of the rental housing development project cost. The commissioner shall not award
35.10 a grant or deferred loans to ~~a city~~ an eligible project area without certification by the ~~city~~
35.11 eligible project area that the amount of the grant or deferred loans shall be matched by a
35.12 local unit of government, business, ~~or~~ nonprofit organization, or federally recognized Tribe,
35.13 with \$1 for every \$2 provided in grant or deferred loans funds.

35.14 Sec. 26. **[462A.41] HOUSING COST REDUCTION INCENTIVE PROGRAM.**

35.15 Subdivision 1. Grant program established. The agency must establish and administer
35.16 the housing cost reduction incentive program for the purpose of reimbursing cities for fee
35.17 waivers or reductions provided to qualified multifamily housing developments and
35.18 single-family, owner-occupied housing developments through local fee waiver and
35.19 inclusionary housing programs.

35.20 Subd. 2. Definitions. (a) For the purposes of this section, the following terms have the
35.21 meanings given.

35.22 (b) "Applicant" means any statutory or home rule charter city or county.

35.23 (c) "Inclusionary housing program" means a program that requires at least 25 percent
35.24 of new construction to be affordable to households with incomes at or below 80 percent of
35.25 the area median income for multifamily housing developments or 115 percent of the area
35.26 median income for single-family, owner-occupied housing developments.

35.27 (d) "Local fee waiver program" means a program established by a statutory or home
35.28 rule charter city that waives or reduces fees for developers of qualified multifamily housing
35.29 developments and single-family, owner-occupied housing developments.

35.30 (e) "Multifamily housing development" has the meaning given in section 462C.02,
35.31 subdivision 5, except that only new construction qualifies.

36.1 (f) "Program" means the housing cost reduction incentive program established in this
36.2 section.

36.3 (g) "Single-family housing" has the meaning given in section 462C.02, subdivision 4,
36.4 except that only manufactured or modular homes and new construction qualify.

36.5 Subd. 3. **Application.** (a) The agency must develop forms and procedures for soliciting
36.6 and reviewing applications for grants under this section. An application of a city must
36.7 include, at a minimum, information about the local fee waiver and inclusionary housing
36.8 programs under which the city issued fee waivers or reductions.

36.9 (b) The agency must evaluate complete applications for funding for reimbursement for
36.10 eligible fee waivers or reductions to determine whether the fee waiver or reduction is
36.11 necessary to increase the number of multifamily housing developments and single-family,
36.12 owner-occupied housing developments within the applicant's boundaries.

36.13 (c) The determination of whether to award a grant for reimbursement of fee waivers or
36.14 reductions is within the discretion of the agency, subject to this section. The agency's decision
36.15 and application of the criteria are not subject to judicial review, except for abuse of discretion.

36.16 Subd. 4. **Grant amount.** The commissioner may award grants to applicants in an amount
36.17 up to 50 percent of the amount of the development impact fee waived or reduced by a city
36.18 for a qualified rental housing development. A city may receive no more than \$250,000 per
36.19 multifamily housing development or single-family housing project.

36.20 Sec. 27. **[462A.42] SUPPORTIVE HOUSING PROGRAM.**

36.21 Subdivision 1. **Establishment.** The agency shall establish a supportive housing program
36.22 to provide funding to support the operations of supportive housing for individuals and
36.23 families who are at risk of homelessness or have experienced homelessness.

36.24 Subd. 2. **Definition.** For the purposes of this section, "supportive housing" means housing
36.25 that is not time-limited and provides or coordinates with services necessary for residents to
36.26 maintain housing stability and maximize opportunities for education and employment.

36.27 Subd. 3. **Eligible recipients.** Funding may be made to a local unit of government, a
36.28 federally recognized American Indian Tribe or its Tribally Designated Housing Entity
36.29 located in Minnesota, a private developer, or a nonprofit organization.

36.30 Subd. 4. **Eligible uses.** (a) Funds shall be used to cover costs needed for supportive
36.31 housing to operate effectively. Costs may include but are not limited to building operating
36.32 expenses such as front desk, tenant service coordination, revenue shortfall, and security

37.1 costs. These funds may be capitalized as part of development costs. Funds may be provided
 37.2 to support existing permanent supportive housing units or to cover costs associated with
 37.3 new permanent supportive housing units.

37.4 (b) Funds may be used to create partnerships with the health care sector and other sectors
 37.5 to demonstrate sustainable ways to provide services for supportive housing residents, improve
 37.6 access to health care, and reduce the use of expensive emergency and institutional care.
 37.7 This may be done in partnership with other state agencies, including the Department of
 37.8 Health and the Department of Human Services.

37.9 Subd. 5. **Application.** The commissioner shall develop forms and procedures for soliciting
 37.10 and reviewing applications for funding under this section. The commissioner shall consult
 37.11 with interested stakeholders when developing the guidelines and procedures for the program.

37.12 Sec. 28. **[462A.43] COMMUNITY STABILIZATION PROGRAM.**

37.13 Subdivision 1. **Establishment.** The agency shall establish a community stabilization
 37.14 program to provide grants or loans to preserve naturally occurring affordable housing through
 37.15 acquisition, acquisition and rehabilitation, or rehabilitation.

37.16 Subd. 2. **Definitions.** For the purposes of this section, "naturally occurring affordable
 37.17 housing" means:

37.18 (1) multiunit rental housing that:

37.19 (i) is at least 20 years old; and

37.20 (ii) has rents in a majority of units that are affordable to households at or below 60
 37.21 percent of the greater of state or area median income as determined by the United States
 37.22 Department of Housing and Urban Development; or

37.23 (2) owner-occupied housing located in communities where market pressures or significant
 37.24 deferred rehabilitation needs, as defined by the agency, are creating opportunities for
 37.25 displacement or the loss of owner-occupied housing affordable to households at or below
 37.26 115 percent of the greater of state or area median income as determined by the United States
 37.27 Department of Housing and Urban Development.

37.28 Subd. 3. **Eligible recipients.** (a) Grants or loans may be made to a local unit of
 37.29 government; federally recognized American Indian Tribe located in Minnesota or its Tribally
 37.30 Designated Housing Entity; private developer; limited equity cooperative; cooperative
 37.31 created under chapter 308A or 308B; community land trust created for the purposes outlined
 37.32 in section 462A.31, subdivision 1; or nonprofit organization.

38.1 (b) The agency may make a grant to a statewide intermediary to facilitate the acquisition
 38.2 and associated rehabilitation of existing multiunit rental housing and may use an intermediary
 38.3 or intermediaries for the acquisition and associated rehabilitation of owner-occupied housing.

38.4 Subd. 4. **Eligible uses.** The program shall provide grants or loans for the purpose of
 38.5 acquisition, rehabilitation, interest rate reduction, or gap financing of housing to support
 38.6 the preservation of naturally occurring affordable housing. Priority in funding shall be given
 38.7 to proposals that serve lower incomes and maintain longer periods of affordability.

38.8 Subd. 5. **Owner-occupied housing income limits.** Households served through grants
 38.9 or loans related to owner-occupied housing must have, at initial occupancy, income that is
 38.10 at or below 115 percent of the greater of state or area median income as determined by the
 38.11 United States Department of Housing and Urban Development.

38.12 Subd. 6. **Multifamily housing rent limits.** Multifamily housing financed through grants
 38.13 or loans under this section must remain affordable to low-income or moderate-income
 38.14 households as defined by the agency.

38.15 Subd. 7. **Application.** (a) The agency shall develop forms and procedures for soliciting
 38.16 and reviewing applications for loans or grants under this section. The agency shall consult
 38.17 with interested stakeholders when developing the guidelines and procedures for the program.

38.18 (b) Notwithstanding any other applicable law, the agency may accept applications on a
 38.19 noncompetitive, rolling basis in order to provide funds for eligible properties as they become
 38.20 available.

38.21 Subd. 8. **Voucher requirement for multifamily properties.** Rental properties that
 38.22 receive funds must accept rental subsidies, including but not limited to vouchers under
 38.23 Section 8 of the United States Housing Act of 1937, as amended.

38.24 Sec. 29. Laws 2021, First Special Session chapter 8, article 1, section 3, subdivision 11,
 38.25 is amended to read:

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

38.27 (a) This appropriation is for the affordable
 38.28 rental investment fund program under
 38.29 Minnesota Statutes, section 462A.21,
 38.30 subdivision 8b, to finance the acquisition,
 38.31 rehabilitation, replacement, and debt
 38.32 restructuring of federally assisted rental
 38.33 property and for making equity take-out loans

39.1 under Minnesota Statutes, section 462A.05,
39.2 subdivision 39.

39.3 (b) The owner of federally assisted rental
39.4 property must agree to participate in the
39.5 applicable federally assisted housing program
39.6 and to extend any existing low-income
39.7 affordability restrictions on the housing for
39.8 the maximum term permitted.

39.9 (c) The appropriation also may be used to
39.10 finance the acquisition, rehabilitation, and debt
39.11 restructuring of existing supportive housing
39.12 properties and naturally occurring affordable
39.13 housing as determined by the commissioner.
39.14 For purposes of this paragraph, "supportive
39.15 housing" means affordable rental housing with
39.16 links to services necessary for individuals,
39.17 youth, and families with children to maintain
39.18 housing stability.

39.19 **EFFECTIVE DATE.** This section is effective retroactively from July 1, 2021.

39.20 Sec. 30. **FIRST-GENERATION HOMEBUYERS DOWN PAYMENT ASSISTANCE**
39.21 **FUND.**

39.22 **Subdivision 1. Establishment.** A first-generation homebuyers down payment assistance
39.23 fund is established as a pilot project under the administration of the Midwest Minnesota
39.24 Community Development Corporation, a community development financial institution
39.25 (CDFI) as defined under the Riegle Community Development and Regulatory Improvement
39.26 Act of 1994, to provide targeted assistance to eligible first-generation homebuyers.

39.27 **Subd. 2. Eligible homebuyer.** For purposes of this section, "eligible homebuyer" means
39.28 a borrower:

39.29 (1) whose income is at or below 100 percent of the area median income at the time of
39.30 purchase;

39.31 (2) who either never owned a home or who owned a home but lost it due to foreclosure;

39.32 (3) who is preapproved for a first mortgage loan; and

40.1 (4) whose parent or prior legal guardian either never owned a home or owned a home
40.2 but lost it due to foreclosure.

40.3 For joint borrowers, the combined income of all borrowers must be at or below 100 percent
40.4 of the area median income at the time of purchase. One borrower must be an eligible
40.5 homebuyer. An eligible homebuyer must complete an approved homebuyer education course
40.6 prior to signing a purchase agreement and, following the purchase of the home, must occupy
40.7 it as their primary residence.

40.8 Subd. 3. **Use of funds.** Assistance under this section is limited to ten percent of the
40.9 purchase price of a one or two unit home, not to exceed \$32,000. Funds are reserved at the
40.10 issuance of preapproval. Reservation of funds is not contingent on having an executed
40.11 purchase agreement. The assistance must be provided in the form of a loan that is forgivable
40.12 at a rate of 20 percent per year on the day after the anniversary date of the note. The prorated
40.13 balance due is repayable if the property converts to nonowner occupancy, is sold, is subjected
40.14 to an ineligible refinance, is subjected to an unauthorized transfer of title, or is subjected to
40.15 a completed foreclosure action within the five-year loan term. Recapture can be waived in
40.16 the event of financial or personal hardship. Funds may be used for closing costs, down
40.17 payment, or principal reduction. The eligible homebuyer may select any first mortgage
40.18 lender or broker. The funds must be used in conjunction with a conforming first mortgage
40.19 loan that is fully amortizing and meets the standards of a qualified mortgage or meets the
40.20 minimum standards for exemption under Code of Federal Regulations, title 12, section
40.21 1026.43. Funds may be used in conjunction with other programs the eligible homebuyer
40.22 may qualify for and the loan placed in any priority position.

40.23 Subd. 4. **Administration.** The first-generation homebuyers down payment assistance
40.24 fund is available statewide and shall be administered by Midwest Minnesota Community
40.25 Development Corporation, the designated central CDFI. Midwest Minnesota Community
40.26 Development Corporation may originate and service funds and authorize other CDFIs,
40.27 Tribal entities, and nonprofit organizations administering down payment assistance to
40.28 reserve, originate, fund, and service funds for eligible homebuyers. Administrative costs
40.29 must not exceed \$3,200 per loan. Any funds recaptured prior to June 30, 2026, are deposited
40.30 in the fund established in subdivision 1 and are to be redistributed to eligible homebuyers.
40.31 Any unused funds, or funds recaptured on or after June 30, 2026, shall be remitted to the
40.32 agency to be returned to the general fund.

40.33 Subd. 5. **Report to legislature.** By January 15 each year, the fund administrator, Midwest
40.34 Minnesota Community Development Corporation, must report to the chairs and ranking

41.1 minority members of the legislative committees having jurisdiction over housing finance
41.2 and policy the following information:

41.3 (1) the number and amount of loans closed;

41.4 (2) the median loan amount;

41.5 (3) the number and amount of loans issued by race or ethnic categories;

41.6 (4) the median home purchase price;

41.7 (5) the interest rates and types of mortgages;

41.8 (6) the total amount returned to the fund; and

41.9 (7) the number and amount of loans issued by county.

41.10 **Sec. 31. GREATER MINNESOTA HOUSING INFRASTRUCTURE GRANT**
41.11 **PROGRAM.**

41.12 Subdivision 1. **Grant program established.** The commissioner of the Minnesota Housing
41.13 Finance Agency may make grants to cities to provide up to 50 percent of the capital costs
41.14 of public infrastructure necessary for an eligible workforce housing development project.
41.15 The commissioner may make a grant award only after determining that nonstate resources
41.16 are committed to complete the project. The nonstate contribution may be either cash or in
41.17 kind. In-kind contributions may include the value of the site, whether the site is prepared
41.18 before or after the law appropriating money for the grant is enacted.

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

41.21 (b) "City" means a statutory or home rule charter city located outside the metropolitan
41.22 area, as defined in Minnesota Statutes, section 473.121, subdivision 2.

41.23 (c) "Housing infrastructure" means publicly owned physical infrastructure necessary to
41.24 support housing development projects, including but not limited to sewers, water supply
41.25 systems, utility extensions, streets, wastewater treatment systems, stormwater management
41.26 systems, and facilities for pretreatment of wastewater to remove phosphorus.

41.27 Subd. 3. **Eligible projects.** Housing projects eligible for a grant under this section may
41.28 be a single-family or multifamily housing development, and either owner-occupied or rental.

41.29 Subd. 4. **Application.** (a) The commissioner must develop forms and procedures for
41.30 soliciting and reviewing applications for grants under this section. At a minimum, a city
41.31 must include in its application a resolution of the city council certifying that the required

42.1 nonstate match is available. The commissioner must evaluate complete applications for
 42.2 funding for eligible projects to determine that:

42.3 (1) the project is necessary to increase sites available for housing development that will
 42.4 provide adequate housing stock for the current or future workforce; and

42.5 (2) the increase in workforce housing will result in substantial public and private capital
 42.6 investment in the city in which the project would be located.

42.7 (b) The determination of whether to make a grant for a site is within the discretion of
 42.8 the commissioner, subject to this section. The commissioner's decisions and application of
 42.9 the criteria are not subject to judicial review, except for abuse of discretion.

42.10 Subd. 5. **Maximum grant amount.** A city may receive no more than \$30,000 per lot
 42.11 for single-family, duplex, triplex, or fourplex housing developed and no more than \$60,000
 42.12 per lot for multifamily housing with more than four units per building. A city may receive
 42.13 no more than \$500,000 in two years for one or more housing developments.

42.14 Subd. 6. **Cancellation of grant; return of grant money.** If, after five years, the
 42.15 commissioner determines that a project has not proceeded in a timely manner and is unlikely
 42.16 to be completed, the commissioner must cancel the grant and require the grantee to return
 42.17 all grant money awarded for that project.

42.18 **Sec. 32. HIGH-RISE SPRINKLER SYSTEM GRANT PROGRAM.**

42.19 Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this section.

42.20 (b) "Eligible building" means an existing residential building in which:

42.21 (1) at least one story used for human occupancy is 75 feet or more above the lowest
 42.22 level of fire department vehicle access; and

42.23 (2) at least two-thirds of its units are rented to an individual or family with an annual
 42.24 income of up to 50 percent of the area median income as determined by the United States
 42.25 Department of Housing and Urban Development, adjusted for family size, that is paying
 42.26 no more than 30 percent of annual income on rent.

42.27 (c) "Sprinkler system" means the same as the term "fire protection system" as defined
 42.28 in Minnesota Statutes, section 299M.01.

42.29 Subd. 2. **Grant program.** The commissioner of the Housing Finance Agency must make
 42.30 grants to owners of eligible buildings for installation of sprinkler systems. Priority shall be
 42.31 given to nonprofit applicants. The maximum grant per eligible building shall be \$2,000,000.

43.1 Each grant to a nonprofit organization shall require a 25 percent match. Each grant to a
 43.2 for-profit organization shall require a 50 percent match.

43.3 **Sec. 33. REQUIRING CITIES TO REPORT BUILDINGS THAT DO NOT HAVE**
 43.4 **SPRINKLER SYSTEMS.**

43.5 (a) A city of the first or second class shall provide to the state fire marshal a list by June
 43.6 20, 2024, and an updated list by June 30, 2027, and June 30, 2032, of each residential
 43.7 building in the city that:

43.8 (1) has at least one story used for human occupancy that is 75 feet or more above the
 43.9 lowest level of fire department vehicle access;

43.10 (2) was not subject to a requirement to include a sprinkler system at the time the building
 43.11 was constructed; and

43.12 (3) has not been retrofitted with a sprinkler system.

43.13 (b) The state fire marshal shall submit the lists within 60 days of the due dates under
 43.14 paragraph (a) to the chairs and ranking minority members of the legislative committees with
 43.15 jurisdiction over the State Building Code, State Fire Code, and Minnesota Housing Finance
 43.16 Agency.

43.17 **Sec. 34. EXPEDITING RENTAL ASSISTANCE ADVISORY GROUP.**

43.18 The commissioner shall convene stakeholders to evaluate methods of processing
 43.19 applications for rental assistance and emergency rental assistance, methods of distributing
 43.20 rental assistance funds, and ways to expedite these processes. The advisory group shall have
 43.21 a range of stakeholder representation as determined by the commissioner. By January 31,
 43.22 2024, the commissioner must report to the legislative committees with jurisdiction over
 43.23 housing finance and policy with the findings of the advisory group, including
 43.24 recommendations to improve rental assistance procedures.

43.25 **Sec. 35. HOMEOWNERSHIP INVESTMENT GRANTS PROGRAM.**

43.26 Subdivision 1. Grant program established. The commissioner of the Minnesota Housing
 43.27 Finance Agency must establish and administer a program to support projects that encourage
 43.28 affordable homeownership in accordance with this section.

43.29 Subd. 2. Eligible projects. The commissioner may award a grant under this section for
 43.30 a project that invests in the following:

43.31 (1) housing development to increase the supply of affordable owner-occupied homes;

44.1 (2) financing programs for affordable owner-occupied new home construction;

44.2 (3) acquisition, rehabilitation, and resale of affordable owner-occupied homes or homes
44.3 to be converted to owner-occupied homes;

44.4 (4) financing programs for affordable owner-occupied manufactured housing; or

44.5 (5) services to increase access to stable, affordable, owner-occupied housing in
44.6 low-income communities, American Indian communities, and communities of color.

44.7 The commissioner must ensure grant awards are distributed throughout the state based on
44.8 population.

44.9 Subd. 3. **Eligible organization.** To be eligible for a grant under this section, a nonprofit
44.10 organization must:

44.11 (1) qualify for tax exempt status under United States Code, title 26, section 501(c)(3);

44.12 (2) have primary operations located in Minnesota;

44.13 (3) be certified as a community development financial institution by the United States
44.14 Department of the Treasury; and

44.15 (4) provide affordable housing lending or financing programs.

44.16 Subd. 4. **Application.** An organization applying for a grant must include as part of their
44.17 application a plan to create new affordable home ownership and home preservation
44.18 opportunities for targeted areas.

44.19 Subd. 5. **Report.** By January 15, 2024, the commissioner must submit a report to the
44.20 chairs and ranking minority members of the legislative committees with jurisdiction over
44.21 housing finance and policy detailing the use of funds under this section.

44.22 Sec. 36. **MANUFACTURED HOME REVOLVING LOAN PROGRAM.**

44.23 Subdivision 1. **Revolving loan program established.** The commissioner of the Minnesota
44.24 Housing Finance Agency must award a grant to an organization to establish and administer
44.25 a revolving loan fund that can be used to offer interest-free loans for residents of
44.26 manufactured home parks to purchase the manufactured home park in which they reside
44.27 for the purpose of conversion of the manufactured home park to cooperative ownership.

44.28 Subd. 2. **Eligible services.** The commissioner may award a grant under this section to
44.29 an organization providing lending funds for the following services:

44.30 (1) new manufactured home financing programs;

45.1 (2) manufactured home down payment assistance; or

45.2 (3) manufactured home repair, renovation, removal, and site preparation financing
45.3 programs.

45.4 Subd. 3. **Eligible organization.** To be eligible for a grant under this section, a nonprofit
45.5 organization must:

45.6 (1) qualify for tax exempt status under United States Code, title 26, section 501(c)(3);

45.7 (2) have primary operations located in Minnesota;

45.8 (3) be a qualified nonprofit lender or certified as a community development financial
45.9 institution by the United States Department of the Treasury;

45.10 (4) provide affordable housing lending or financing programs; and

45.11 (5) serve low-income populations in manufactured home communities owned by residents,
45.12 cooperatives, nonprofits, or municipalities.

45.13 Subd. 4. **Application.** Within 90 days of final enactment, the commissioner shall develop
45.14 the forms, applications, and reporting requirements for use by eligible organizations. In
45.15 developing these materials, the commissioner shall consult with manufactured housing
45.16 cooperatives, resident-owned manufactured home communities, and nonprofit organizations
45.17 working with manufactured housing cooperatives and resident-owned communities.

45.18 Subd. 5. **Loan payments and interest.** Interest earned and repayments of principal from
45.19 loans issued under this section must be used for the purposes of this section.

45.20 Subd. 6. **Report.** By January 15 each year, the commissioner must submit a report to
45.21 the chairs and ranking minority members of the legislative committees with jurisdiction
45.22 over housing finance and policy detailing the use of funds under this section. The report
45.23 must include the following information:

45.24 (1) the number and amount of loans issued;

45.25 (2) the amount of loans that have been repaid;

45.26 (3) the amount of interest earned within the fund and the remaining balance of the
45.27 revolving loan fund;

45.28 (4) the number of residents included in each project; and

45.29 (5) the location of each project.