

1.1 **Senator Marty from the Committee on Finance, to which was re-referred**

1.2 **S.F. No. 2566:** A bill for an act relating to state government; establishing a budget for
1.3 the Minnesota Housing Finance Agency; making policy and technical changes to housing
1.4 provisions; establishing housing programs; appropriating money; requiring reports;
1.5 authorizing the sale and issuance of housing infrastructure bonds; amending Minnesota
1.6 Statutes 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, subdivision
1.8 3b; 462A.22, subdivision 1; 462A.36, subdivision 4, by adding a subdivision; 462A.37,
1.9 subdivisions 1, 2, 4, 5, by adding subdivisions; 462A.38, subdivision 1; 462A.39,
1.10 subdivisions 2, 5; Laws 2021, First Special Session chapter 8, article 1, section 3, subdivision
1.11 11; proposing coding for new law in Minnesota Statutes, chapter 462A.

1.12 Reports the same back with the recommendation that the bill be amended as follows:

1.13 Page 3, line 6, delete "expended" and insert "June 30, 2027. By December 15 each year
1.14 until 2027, Urban Homeworks must submit a report to the chairs and ranking minority
1.15 members of the legislative committees having jurisdiction over housing finance and policy.
1.16 The report must include the amount used for (1) acquisition, (2) rehabilitation, and (3)
1.17 construction of housing units, along with the number of housing units acquired, rehabilitated,
1.18 or constructed, and the amount of the appropriation that has been spent. If any home was
1.19 sold or transferred within the year covered by the report, Urban Homeworks must include
1.20 the price at which the home was sold, as well as how much was spent to complete the project
1.21 before sale"

1.22 Page 3, line 21, after "Grants" insert "and Loans"

1.23 Page 3, line 23, after "grants" insert "and loans"

1.24 Page 4, line 1, delete "grants requested and grants" and insert "grants and loans requested
1.25 and"

1.26 Page 4, line 6, after "grants" insert "and loans"

1.27 Page 14, line 6, delete "grants" and insert "loans"

1.28 Page 14, line 9, delete everything after "for" and insert "a revolving loan fund under
1.29 Minnesota Statutes, section 462A.05, subdivision 35, to provide interest-free loans for
1.30 residents of manufactured home parks to purchase the manufactured home park in which
1.31 they reside for the purpose of conversion of the manufactured home park to cooperative
1.32 ownership. Repayments of principal from loans issued under this section must be used for
1.33 the purposes of this subdivision."

1.34 Page 14, delete lines 10 to 14

1.35 Page 14, lines 15 and 32, delete "grant" and insert "loan"

1.36 Page 14, line 27, delete "Grantees" and insert "Borrowers"

2.1 Page 15, after line 6, insert:

2.2 "(g) By January 15 each year, the
2.3 commissioner must submit a report to the
2.4 chairs and ranking minority members of the
2.5 legislative committees with jurisdiction over
2.6 housing finance and policy detailing the use
2.7 of funds under this section. The report must
2.8 include the following information:

2.9 (1) the number and amount of loans issued;
2.10 (2) the amount of loans that have been repaid;
2.11 (3) the amount of interest earned within the
2.12 fund and the remaining balance of the
2.13 revolving loan fund;
2.14 (4) the number of residents included in each
2.15 project; and
2.16 (5) the location of each project."

2.17 Page 16, delete lines 22 to 30 and insert:

2.18 "(a) By January 15, 2024, 2025, and 2026, the
2.19 commissioner shall submit a report to the
2.20 chairs and ranking minority members of the
2.21 legislative committees having jurisdiction over
2.22 housing finance and policy containing the
2.23 following information about each of the
2.24 programs funded in this act:
2.25 (1) the amount expended and the remaining
2.26 balance from each program;
2.27 (2) grant awards, including the amounts and
2.28 geographic distribution of the awards; and
2.29 (3) the number of housing units that are
2.30 affected by each grant including new and
2.31 rehabilitated owner-occupied homes, new and
2.32 rehabilitated rental units, and new and

3.1 rehabilitated manufactured homes, as reported
 3.2 in paragraph (b).

3.3 (b) The commissioner shall require any entity
 3.4 that receives a grant for new construction or
 3.5 housing rehabilitation from a program funded
 3.6 in this act to submit the following information
 3.7 prior to receiving the grant award, and at the
 3.8 conclusion of the grant:

3.9 (1) the number of newly constructed rental
 3.10 units;

3.11 (2) the number of newly constructed
 3.12 owner-occupied units;

3.13 (3) the number of units to be used as rentals
 3.14 that were rehabilitated; and

3.15 (4) the number of units to be owner-occupied
 3.16 that were rehabilitated."

3.17 Page 44, line 22, delete "REVOLVING LOAN" and insert "LENDING GRANTS"

3.18 Page 44, line 23, delete "Revolving loan"

3.19 Page 44, line 24, delete "to establish and administer" and insert "for manufactured home
 3.20 lending services under subdivision 2."

3.21 Page 44, delete lines 25 to 27

3.22 Page 45, delete subdivision 6

3.23 Page 45, after line 19, insert:

3.24 "Sec. 37. **FINANCIAL REVIEW OF NONPROFIT GRANT RECIPIENTS.**

3.25 Subdivision 1. **Financial information required; determination of ability to**
 3.26 **perform.** Before an agency awards a competitive, legislatively-named, single source, or
 3.27 sole source grant to a nonprofit organization with money appropriated in this act, the agency
 3.28 must assess the risk that a grantee cannot or would not perform the required duties. In making
 3.29 this assessment, the agency must review the following information:

3.30 (1) the grantee's history of performing duties similar to those required by the grant,
 3.31 whether the size of the grant requires the grantee to perform services at a significantly

4.1 increased scale, and whether the size of the grant will require significant changes to the
4.2 operation of the grantee's organization;

4.3 (2) the applicant's Form 990 or Form 990-EZ filed with the Internal Revenue Service
4.4 in each of the prior three years. If the applicant has not been in existence long enough or is
4.5 not required to file Form 990 or Form 990-EZ, the applicant must demonstrate to the grantor's
4.6 satisfaction that the applicant is exempt and must instead submit the applicant's most recent
4.7 board-reviewed financial statements and documentation of internal controls;

4.8 (3) evidence of registration and good standing with the secretary of state under Minnesota
4.9 Statutes, chapter 317A, or other applicable law;

4.10 (4) if the applicant's total annual revenue exceeds \$750,000, the applicant's most recent
4.11 financial audit performed by an independent third party in accordance with generally accepted
4.12 accounting principles; and

4.13 (5) certification, provided by the applicant, that none of its principals have been convicted
4.14 of a financial crime.

4.15 Subd. 2. **Additional measures for some grantees.** The agency may require additional
4.16 information and must provide enhanced oversight for grants to nonprofit organizations that
4.17 have not previously received state or federal grants for similar amounts or similar duties
4.18 and so have not yet demonstrated the ability to perform the duties required under the grant
4.19 on the scale required.

4.20 Subd. 3. **Assistance from administration.** An agency without adequate resources or
4.21 experience to perform obligations under this section may contract with the commissioner
4.22 of administration to perform the agency's duties under this section.

4.23 Subd. 4. **Agency authority to not award grant.** If an agency determines that there is
4.24 an appreciable risk that a grantee receiving a competitive, single source, or sole source grant
4.25 cannot or would not perform the required duties under the grant agreement, the agency must
4.26 notify the grantee and the commissioner of administration and give the grantee an opportunity
4.27 to respond to the agency's concerns. If the grantee does not satisfy the agency's concerns
4.28 within 45 days, the agency must not award the grant.

4.29 Subd. 5. **Legislatively-named grantees.** If an agency determines that there is an
4.30 appreciable risk that a grantee receiving a legislatively-named grant cannot or would not
4.31 perform the required duties under the grant agreement, the agency must notify the grantee,
4.32 the commissioner of administration, and the chair and ranking minority members of Ways
4.33 and Means Committee in the house of representatives, the chairs and ranking minority

5.1 members of the Finance Committee in the senate, and the chairs and ranking minority
 5.2 members of the committees in the house of representatives and the senate with primary
 5.3 jurisdiction over the bill in which the money for the grant was appropriated. The agency
 5.4 must give the grantee an opportunity to respond to the agency's concerns. If the grantee
 5.5 does not satisfy the agency's concerns within 45 days, the agency must delay award of the
 5.6 grant until adjournment of the next regular or special legislative session.

5.7 Subd. 6. **Subgrants.** If a grantee will disburse the money received from the grant to
 5.8 other organizations to perform duties required under the grant agreement, the agency must
 5.9 be a party to agreements between the grantee and a subgrantee. Before entering agreements
 5.10 for subgrants, the agency must perform the financial review required under this section with
 5.11 respect to the subgrantees.

5.12 Subd. 7. **Effect.** The requirements of this section are in addition to other requirements
 5.13 imposed by law, the commissioner of administration under Minnesota Statutes, sections
 5.14 16B.97 to 16B.98, or agency grant policy."

5.15 Amend the title as follows:

5.16 Page 1, line 5, after "bonds;" insert "establishing requirements for nonprofit grantees;"

5.17 And when so amended the bill do pass. Amendments adopted. Report adopted.

5.18
 5.19 (Committee Chair)

5.20 April 11, 2023.....
 5.21 (Date of Committee recommendation)