

S.F. No. 1094 – Modifications to Housing Infrastructure Bonds

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Section 1 amends the allowable debt ceiling of \$5 billion for outstanding bonds so it applies only to general obligation bonds.

Section 2 changes the allowable use of Housing Infrastructure Bonds (HIBs) to fund grants or loans by adding the ability to support single family housing. It adds another purpose to finance permanent housing affordable to households at or below 50 percent of the area median income. It requires the Minnesota Housing Finance Agency (MHFA) to give preference to projects providing affordable housing for households at or below 30 percent of the area median income. If any of the loan proceeds are used on a building containing more than four units, at least one of the units or five percent of the units, whichever is greater, must be accessible. Additionally, a similar proportion of the units must be sensory-accessible. This section is effective the day following final enactment.

Section 3 inserts another subdivision authorizing up to \$375,000,000 in HIBs. This section is effective the day following final enactment.

Section 4 inserts another subdivision authorizing up to \$375,000,000 in HIBs. This section is effective January 1, 2024.

Section 5 inserts two subdivisions requiring that if any HIBs from sections 3 and 4 remain outstanding, the commissioner of management and budget must transfer the amount of debt service required to service these bonds into the housing infrastructure bond account. The amounts necessary to make these transferred are appropriated from the general fund to the commissioner of management and budget. This section is effective the day following final enactment.

Section 6 appropriates \$250,000,000 from the bond proceeds fund to the MHFA to finance rehabilitation and preservation of public housing for low-income households. It authorizes MHFA to prioritize projects that maximize other public sources of funding and those that make improvements in health, safety, and energy. It also specifies that these funds are not required to increase the supply of affordable housing as stated in section 462A. 202, subdivision 3a, nor are they subject to the restrictions relating to city owned property in section 462A. 202, subdivision 7.

This section requires the commissioner of management and budget to sell and issue bonds in an amount up to \$250,000,000. This section is effective the day following final enactment.