

1.1 Senator moves to amend S.F. No. 1093 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "Section 1. Minnesota Statutes 2022, section 462A.37, subdivision 2, is amended to read:

1.4 Subd. 2. **Authorization.** (a) The agency may issue up to \$30,000,000 in aggregate
1.5 principal amount of housing infrastructure bonds in one or more series to which the payment
1.6 made under this section may be pledged. The housing infrastructure bonds authorized in
1.7 this subdivision may be issued to fund loans, or grants for the purposes of clause (4), on
1.8 terms and conditions the agency deems appropriate, made for one or more of the following
1.9 purposes:

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

1.12 (2) to finance the costs of the acquisition and rehabilitation of foreclosed or abandoned
1.13 housing to be used for affordable rental housing and the costs of new construction of rental
1.14 housing on abandoned or foreclosed property where the existing structures will be demolished
1.15 or removed;

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

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

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

1.22 (6) to finance the costs of acquisition and rehabilitation of federally assisted rental
1.23 housing and for the refinancing of costs of the construction, acquisition, and rehabilitation
1.24 of federally assisted rental housing, including providing funds to refund, in whole or in part,
1.25 outstanding bonds previously issued by the agency or another government unit to finance
1.26 or refinance such costs; ~~and~~

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

1.29 (8) to finance the costs of construction, acquisition, and rehabilitation of permanent
1.30 housing that is affordable to households with incomes at or below 50 percent of the area
1.31 median income. For purposes of this section, "area median income" means the area median

2.1 income for the applicable county or metropolitan area as published by the United States
2.2 Department of Housing and Urban Development, as adjusted for household size.

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

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

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

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

2.12 (1) demonstrate a commitment to maintaining the housing financed as affordable to
2.13 seniors;

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

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

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

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

2.24 (d) Of comparable proposals for permanent housing, the agency must give preference
2.25 to projects that will provide housing that is affordable to households at or below 30 percent
2.26 of the area median income.

2.27 (e) To the extent practicable, the agency shall balance the loans made between projects
2.28 in the metropolitan area and projects outside the metropolitan area. Of the loans made to
2.29 projects outside the metropolitan area, the agency shall, to the extent practicable, balance
2.30 the loans made between projects in counties or cities with a population of 20,000 or less,
2.31 as established by the most recent decennial census, and projects in counties or cities with
2.32 populations in excess of 20,000.

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

3.2 Sec. 2. Minnesota Statutes 2022, section 462A.37, is amended by adding a subdivision to
3.3 read:

3.4 Subd. 2i. **Additional authorization.** In addition to the amounts authorized in subdivisions
3.5 2 to 2h, the agency may issue up to \$400,000,000 in housing infrastructure bonds in one or
3.6 more series to which the payments under this section may be pledged.

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

3.8 Sec. 3. Minnesota Statutes 2022, section 462A.37, subdivision 5, is amended to read:

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

3.12 (b) Each July 15, beginning in 2015 and through 2037, if any housing infrastructure
3.13 bonds issued under subdivision 2a remain outstanding, the commissioner of management
3.14 and budget must transfer to the housing infrastructure bond account established under section
3.15 462A.21, subdivision 33, the amount certified under paragraph (a), not to exceed \$6,400,000
3.16 annually. The amounts necessary to make the transfers are appropriated from the general
3.17 fund to the commissioner of management and budget.

3.18 (c) Each July 15, beginning in 2017 and through 2038, if any housing infrastructure
3.19 bonds issued under subdivision 2b remain outstanding, the commissioner of management
3.20 and budget must transfer to the housing infrastructure bond account established under section
3.21 462A.21, subdivision 33, the amount certified under paragraph (a), not to exceed \$800,000
3.22 annually. The amounts necessary to make the transfers are appropriated from the general
3.23 fund to the commissioner of management and budget.

3.24 (d) Each July 15, beginning in 2019 and through 2040, if any housing infrastructure
3.25 bonds issued under subdivision 2c remain outstanding, the commissioner of management
3.26 and budget must transfer to the housing infrastructure bond account established under section
3.27 462A.21, subdivision 33, the amount certified under paragraph (a), not to exceed \$2,800,000
3.28 annually. The amounts necessary to make the transfers are appropriated from the general
3.29 fund to the commissioner of management and budget.

3.30 (e) Each July 15, beginning in 2020 and through 2041, if any housing infrastructure
3.31 bonds issued under subdivision 2d remain outstanding, the commissioner of management
3.32 and budget must transfer to the housing infrastructure bond account established under section

4.1 462A.21, subdivision 33, the amount certified under paragraph (a). The amounts necessary
4.2 to make the transfers are appropriated from the general fund to the commissioner of
4.3 management and budget.

4.4 (f) Each July 15, beginning in 2020 and through 2041, if any housing infrastructure
4.5 bonds issued under subdivision 2e remain outstanding, the commissioner of management
4.6 and budget must transfer to the housing infrastructure bond account established under section
4.7 462A.21, subdivision 33, the amount certified under paragraph (a). The amounts necessary
4.8 to make the transfers are appropriated from the general fund to the commissioner of
4.9 management and budget.

4.10 (g) Each July 15, beginning in 2022 and through 2043, if any housing infrastructure
4.11 bonds issued under subdivision 2f remain outstanding, the commissioner of management
4.12 and budget must transfer to the housing infrastructure bond account established under section
4.13 462A.21, subdivision 33, the amount certified under paragraph (a). The amounts necessary
4.14 to make the transfers are appropriated from the general fund to the commissioner of
4.15 management and budget.

4.16 (h) Each July 15, beginning in 2022 and through 2043, if any housing infrastructure
4.17 bonds issued under subdivision 2g remain outstanding, the commissioner of management
4.18 and budget must transfer to the housing infrastructure bond account established under section
4.19 462A.21, subdivision 33, the amount certified under paragraph (a). The amounts necessary
4.20 to make the transfers are appropriated from the general fund to the commissioner of
4.21 management and budget.

4.22 (i) Each July 15, beginning in 2023 and through 2044, if any housing infrastructure
4.23 bonds issued under subdivision 2h remain outstanding, the commissioner of management
4.24 and budget must transfer to the housing infrastructure bond account established under section
4.25 462A.21, subdivision 33, the amount certified under paragraph (a). The amounts necessary
4.26 to make the transfers are appropriated from the general fund to the commissioner of
4.27 management and budget.

4.28 (j) Each July 15, beginning in 2024 and through 2045, if any housing infrastructure
4.29 bonds issued under subdivision 2i remain outstanding, the commissioner of management
4.30 and budget must transfer to the housing infrastructure bond account established under section
4.31 462A.21, subdivision 33, the amount certified under paragraph (a). The amounts necessary
4.32 to make the transfers are appropriated from the general fund to the commissioner of
4.33 management and budget.

5.1 ~~(j)~~ (k) The agency may pledge to the payment of the housing infrastructure bonds the
5.2 payments to be made by the state under this section.

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

5.4 Sec. 4. **[462A.41] HOUSING COST REDUCTION INCENTIVE PROGRAM.**

5.5 Subdivision 1. **Grant program established.** The agency must establish and administer
5.6 the housing cost reduction incentive program for the purpose of reimbursing cities for fee
5.7 waivers or reductions provided to qualified multifamily housing developments and
5.8 single-family, owner-occupied housing developments through local fee waiver and
5.9 inclusionary housing programs.

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

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

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

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

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

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

5.24 (g) "Single-family housing" has the meaning given in section 462C.02, subdivision 4,
5.25 except that only new construction qualifies.

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

5.30 (b) The agency must evaluate complete applications for funding for reimbursement for
5.31 eligible fee waivers or reductions to determine whether the fee waiver or reduction is

6.1 necessary to increase the number of multifamily housing developments and single-family,
6.2 owner-occupied housing developments within the applicant's boundaries.

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

6.6 Subd. 4. **Grant amount.** The commissioner may award grants to applicants in an amount
6.7 up to 50 percent of the amount of the development impact fee waived or reduced by a city
6.8 for a qualified rental housing development. A city may receive no more than \$..... per
6.9 multifamily housing development or single-family, owner-occupied housing.

6.10 Sec. 5. **GREATER MINNESOTA HOUSING INFRASTRUCTURE GRANT**
6.11 **PROGRAM.**

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

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

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

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

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

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

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

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

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

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

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

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

7.18 Subd. 7. **Appropriation.** \$2,500,000 in fiscal year 2024 is appropriated from the general
7.19 fund to the commissioner of the Minnesota Housing Finance Agency for grants under this
7.20 section. Grant money returned to the commissioner is appropriated to the commissioner to
7.21 make additional grants under this section.

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

7.23 Sec. 6. **APPROPRIATION; HOUSING COST REDUCTION INCENTIVE**
7.24 **PROGRAM.**

7.25 \$..... in fiscal year 2024 is appropriated from the general fund to the commissioner of
7.26 the Minnesota Housing Finance Agency for deposit in the housing development fund for
7.27 grants to cities and counties under Minnesota Statutes, section 462A.41, for reimbursement
7.28 of fee waivers or reductions to qualified housing developments. This is a onetime
7.29 appropriation.

8.1 **Sec. 7. MINNESOTA HOUSING FINANCE AGENCY; CHALLENGE PROGRAM.**

8.2 \$100,000,000 in fiscal year 2024 is appropriated from the general fund to the
8.3 commissioner of the Minnesota Housing Finance Agency for deposit in the housing
8.4 development fund for the economic development and housing challenge program under
8.5 Minnesota Statutes, section 462A.33.

8.6 **EFFECTIVE DATE.** This section is effective July 1, 2023.

8.7 **Sec. 8. HOUSING FINANCE AGENCY; NOAH APPROPRIATION.**

8.8 **Subdivision 1. Naturally Occurring Affordable Housing; appropriation.** \$50,000,000
8.9 in fiscal year 2024 is appropriated from the general fund to the commissioner of the
8.10 Minnesota Housing Finance Agency: (1) to make loans or grants to owners of Naturally
8.11 Occurring Affordable Housing (NOAH) preservation properties that have demonstrated
8.12 experience and capacity in owning and operating quality and well-managed affordable
8.13 housing; or (2) to make a grant to a statewide intermediary to make loans or grants for the
8.14 same purposes. A loan or grant must be used to acquire and rehabilitate a NOAH property
8.15 that the agency or the statewide intermediary determines is at risk of increased rents and
8.16 that is occupied by tenants at risk of involuntary displacement. The agency must determine
8.17 how much of the appropriation may be used for grants and how much may be used for loans.
8.18 This appropriation is available until June 30, 2026.

8.19 **Subd. 2. Requirements; terms.** (a) A funding applicant must demonstrate that the
8.20 applicant will have sufficient capital and capital reserves to improve and maintain the
8.21 property for the term of the loan if funding is in the form of a loan, but in all cases for at
8.22 least 15 years.

8.23 (b) A funding recipient must be contractually obligated by means of a deed restriction
8.24 to maintain for at least 15 years one of the following three levels of affordability:

8.25 (1) at least 75 percent of the units must be at rents affordable to households with incomes
8.26 at or less than 80 percent of the area median income, and at least 51 percent of units must
8.27 be at rents affordable to households with incomes at or less than 60 percent of the area
8.28 median income;

8.29 (2) at least 15 percent of the units or 15 units, whichever is fewer, must be at rents
8.30 affordable to households with incomes at or less than 30 percent of the area median income,
8.31 and at least 51 percent of the units must be at rents affordable to households with incomes
8.32 at or less than 60 percent of the area median income; or

9.1 (3) at least 75 percent of the units must be at rents affordable to households with incomes
9.2 at 50 percent or less of the area median income, and 100 percent of the units must be at
9.3 rents affordable to households with incomes at or less than 80 percent of the area median
9.4 income.

9.5 (c) A funding applicant must provide to the agency or statewide intermediary
9.6 administering the grant and loan program the details of the total financing package.

9.7 (d) Properties that receive funds must accept vouchers under section 8 of the United
9.8 States Housing Act of 1937, as amended, if the subsidy payment standard is no more than
9.9 five percent below marketplace rent levels.

9.10 (e) The agency or statewide intermediary may require other criteria and application
9.11 information that will promote NOAH preservation.

9.12 (f) A loan or grant may be for up to 40 percent of the total acquisition cost of the NOAH
9.13 property but no more than \$50,000 per individual rental housing unit acquired.

9.14 (g) The agency, or the statewide intermediary making loans or grants under this section,
9.15 may give priority to applications that reserve at least 15 units to provide homes for homeless
9.16 households.

9.17 (h) A loan may have a term of up to 15 years at no- or low-interest rates at the discretion
9.18 of the agency or statewide intermediary.

9.19 Subd. 3. **Report.** A recipient of a grant or loan under this section must report to the
9.20 agency or statewide intermediary information required by the agency as a condition of the
9.21 loan or grant.

9.22 Sec. 9. **LOCAL HOUSING TRUST FUND GRANTS.**

9.23 (a) \$10,000,000 in fiscal year 2024 is appropriated from the general fund to the
9.24 commissioner of the Minnesota Housing Finance Agency for deposit in the housing
9.25 development fund for grants to local housing trust funds established under Minnesota
9.26 Statutes, section 462C.16, to incentivize local funding. This is a onetime appropriation.

9.27 (b) A grantee is eligible to receive a grant amount equal to 100 percent of the public
9.28 revenue committed to the local housing trust fund from any source other than the state or
9.29 federal government, up to \$150,000, and, in addition, an amount equal to 50 percent of the
9.30 public revenue committed to the local housing trust fund from any source other than the
9.31 state or federal government that is more than \$150,000 but not more than \$300,000.

10.1 (c) \$100,000 of this appropriation is for technical assistance grants to local and regional
10.2 housing trust funds. A housing trust fund may apply for a technical assistance grant at the
10.3 time and in the manner and form required by the agency. The agency shall make grants on
10.4 a first-come, first-served basis. A technical assistance grant must not exceed \$5,000.

10.5 (d) A grantee must use grant funds within eight years of receipt for purposes (1)
10.6 authorized under Minnesota Statutes, section 462C.16, subdivision 3, and (2) benefiting
10.7 households with incomes at or below 115 percent of the state median income. A grantee
10.8 must return any grant funds not used for these purposes within eight years of receipt to the
10.9 commissioner of the Minnesota Housing Finance Agency for deposit into the housing
10.10 development fund.

10.11 **EFFECTIVE DATE.** This section is effective July 1, 2023.

10.12 Sec. 10. **APPROPRIATION; PILOT PROGRAM FOR HOUSING**
10.13 **INFRASTRUCTURE GRANTS.**

10.14 \$5,000,000 in fiscal year 2024 is appropriated from the general fund to the commissioner
10.15 of the Minnesota Housing Finance Agency for a pilot program to provide grants to
10.16 municipalities for up to 50 percent of the costs of infrastructure that would otherwise be
10.17 required to be paid by the developer for new housing developments. The grants shall be
10.18 limited to 16 housing units in the municipality and a maximum of \$12,000 per housing unit.
10.19 This appropriation is onetime and is available until June 30, 2024."

10.20 Amend the title accordingly