1.1   Senator .... moves to amend S.F. No. 2844 as follows:

1.2   Delete everything after the enacting clause and insert:

1.3   "Section 1. **[297A.9925] METROPOLITAN REGION SALES AND USE TAX.**

1.4   Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have

1.5   the meanings given.

1.6   (b) "Metropolitan area" has the meaning given in section 473.121, subdivision 2.

1.7   (c) "Metropolitan Council" or "council" means the Metropolitan Council established by

1.8   section 473.123.

1.9   (d) "Metropolitan sales tax" means the metropolitan region sales and use tax imposed

1.10   under this section.

1.11   Subd. 2. **Sales tax imposition; rate.** The Metropolitan Council must impose a

1.12   metropolitan region sales and use tax at a rate of 0.25 percent on retail sales and uses taxable

1.13   under this chapter occurring within the metropolitan area.

1.14   Subd. 3. **Administration; collection; enforcement.** Except as otherwise provided in

1.15   this section, the provisions of section 297A.99, subdivisions 4, and 6 to 12a, govern the

1.16   administration, collection, and enforcement of the metropolitan sales tax.

1.17   Subd. 4. **Distribution.** Proceeds of the metropolitan sales tax are distributed:

1.18   (1) 25 percent to the state rent assistance account under section 462A.2095; and

1.19   (2) 75 percent to the metropolitan county aid account in the housing assistance fund

1.20   under section 477A.37.

1.21   Sec. 2. Minnesota Statutes 2022, section 462A.05, is amended by adding a subdivision to

1.22   read:

1.23   Subd. 42. **Rent assistance program.** The agency may administer the rent assistance

1.24   program established in section 462A.2095.

1.25   Sec. 3. **[462A.2095] RENT ASSISTANCE PROGRAM.**

1.26   Subdivision 1. **Program established.** (a) The state rent assistance account is established

1.27   as a separate account in the housing development fund. Money in the account is appropriated

1.28   to the agency for grants to program administrators for the purposes specified in this section.

2.1   (b) Money deposited in the account under section 297A.9925 is for grants to program

2.2   administrators in the metropolitan area.

2.3   Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the

2.4   meanings given them.

2.5   (b) "Eligible household" means a household with an annual income of up to 50 percent

2.6   of the area median income as determined by the United States Department of Housing and

2.7   Urban Development, adjusted for family size, that is paying more than 30 percent of the

2.8   household's annual income on rent. Eligibility is determined at the time a household first

2.9   receives rent assistance under this section. Eligibility shall be recertified every year thereafter.

2.10   Eligible household does not include a household receiving federal tenant-based or

2.11   project-based assistance under Section 8 of the United States Housing Act of 1937, as

2.12   amended.

2.13   (c) "Program administrator" means:

2.14   (1) a housing and redevelopment authority or other local government agency or authority

2.15   that administers federal tenant-based or project-based assistance under Section 8 of the

2.16   United States Housing Act of 1937, as amended;

2.17   (2) a tribal government or tribal housing authority; or

2.18   (3) if the local housing authority, tribal government, or tribal housing authority declines

2.19   to administer the program established in this section, a nongovernmental organization

2.20   determined by the agency to have the capacity to administer the program.

2.21   Subd. 3. **Grants to program administrators.** (a) The agency may make grants to

2.22   program administrators to provide rental assistance for eligible households. For both

2.23   tenant-based and project-based assistance, program administrators shall pay assistance

2.24   directly to housing providers. Rental assistance may be provided in the form of tenant-based

2.25   assistance or project-based assistance. Notwithstanding the amounts awarded under

2.26   subdivision 1, paragraph (b), and to the extent practicable, the agency must make grants

2.27   statewide in proportion to the number of households eligible for assistance in each county

2.28   according to the most recent American Community Survey of the United States Census

2.29   Bureau.

2.30   (b) The program administrator may use its existing procedures to administer the rent

2.31   assistance program or may develop alternative procedures with the goals of reaching

2.32   households most in need and incentivizing landlord participation. The agency must approve

2.33   a program administrator's alternative procedures.

3.1   Subd. 4. **Amount of rent assistance.** A program administrator may provide tenant-based

3.2 or project-based vouchers in amounts equal to the difference between 30 percent of household

3.3 income and the rent charged, plus an allowance for utilities if not included in rent. A program

3.4 administrator may not provide assistance that is more than the difference between 30 percent

3.5 of the tenant's gross income and 120 percent of the payment standard, plus utilities, as

3.6 established by the local public housing authority, unless otherwise authorized by the agency.

3.7   Subd. 5. **Administrative fees.** The agency shall consult with public housing authorities

3.8 to determine the amount of administrative fees to pay to program administrators.

3.9   Subd. 6. **Rent assistance not income.** (a) Rent assistance grant money under this section

3.10 is excluded from income as defined in sections 290.0674, subdivision 2a, and 290A.03,

3.11 subdivision 2.

3.12   (b) Notwithstanding any law to the contrary, payments under this section must not be

3.13 considered income, assets, or personal property for purposes of determining eligibility or

3.14 recertifying eligibility for state public assistance, including but not limited to:

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

3.16   (2) general assistance, Minnesota supplemental aid, and food support under chapter

3.17 256D;

3.18   (3) housing support under chapter 256I;

3.19   (4) Minnesota family investment program and diversionary work program under chapter

3.20 256J; and

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

3.22   (c) The commissioner of human services must not consider rent assistance grant money

3.23 under this section as income or assets under section 256B.056, subdivision 1a, paragraph

3.24 (a); subdivision 3; or subdivision 3c, or for persons with eligibility determined under section

3.25 256B.057, subdivision 3, 3a, or 3b.

3.26   Subd. 7. **Oversight.** The agency may direct program administrators to comply with

3.27 applicable sections of Code of Federal Regulations, title 24, part 982.

3.28   Sec. 4. **[477A.35] LOCAL AFFORDABLE HOUSING AID.**

3.29   Subdivision 1. **Purpose.** The purpose of this section is to help metropolitan local

3.30 governments to develop and preserve affordable housing within their jurisdictions in order

3.31 to keep families from losing housing and to help those experiencing homelessness find

3.32 housing.

4.1   Subd. 2. **Definitions.** For the purposes of this section, the following terms have the

4.2   meanings given:

4.3   (1) "city distribution factor" means the number of households in a tier I city that are

4.4   cost-burdened divided by the total number of households that are cost-burdened in tier I

4.5   cities. The number of cost-burdened households shall be determined using the most recent

4.6   estimates or experimental estimates provided by the American Community Survey of the

4.7   United States Census Bureau as of May 1 of the aid calculation year;

4.8   (2) "cost-burdened household" means a household in which gross rent is 30 percent or

4.9   more of household income or in which homeownership costs are 30 percent or more of

4.10   household income;

4.11   (3) "county distribution factor" means the number of households in a county that are

4.12   cost-burdened divided by the total number of households in metropolitan counties that are

4.13   cost-burdened. The number of cost-burdened households shall be determined using the most

4.14   recent estimates or experimental estimates provided by the American Community Survey

4.15   of the United States Census Bureau as of May 1 of the aid calculation year;

4.16   (4) "metropolitan county" has the meaning given in section 473.121, subdivision 4;

4.17   (5) "population" has the meaning given in section 477A.011, subdivision 3;

4.18   (6) "tier I city" means a statutory or home rule charter city that is a city of the first,

4.19   second, or third class and is located in a metropolitan county; and

4.20   (7) "tier II city" means a statutory or home rule charter city that is a city of the fourth

4.21   class and is located in a metropolitan county.

4.22   Subd. 3. **Distribution.** (a) The commissioner of revenue shall calculate the amount of

4.23   aid to distribute to each county under this section as the sum of:

4.24   (1) three percent of the total amount available to counties under this section; plus

4.25   (2) 79 percent of the total amount available to counties under this section, multiplied by

4.26   the county distribution factor.

4.27   (b) The commissioner of revenue shall calculate the amount of aid to distribute to each

4.28   tier I city under this section as:

4.29   (1) the tier I city's city distribution factor; multiplied by

4.30   (2) the total amount available to cities under this section.

5.1   Subd. 4. **Grants to tier II cities.** (a) The commissioner of the Minnesota Housing Finance

5.2   Agency shall establish a program to award grants of at least $25,000 to tier II cities. The

5.3   agency shall develop program guidelines and criteria in consultation with the League of

5.4   Minnesota Cities.

5.5   (b) Among comparable proposals, the agency shall prioritize grants to local governments

5.6   that have a higher proportion of cost-burdened households.

5.7   (c) A grantee must use its grant on a qualifying project.

5.8   (d) In making grants, the agency shall determine the circumstances, terms, and conditions

5.9   under which all or any portion thereof will be repaid and shall determine the appropriate

5.10   security should repayment be required. Any repaid funds shall be returned to the account

5.11   or accounts established pursuant to paragraph (e).

5.12   (e) The agency shall establish a bookkeeping account or accounts in the housing

5.13   development fund for money distributed to the agency for grants under this subdivision. By

5.14   May 1 of each year, the Minnesota Housing Finance Agency shall report to the Department

5.15   of Revenue on the amount in the account or accounts.

5.16   Subd. 5. **Qualifying projects.** (a) Qualifying projects shall include rental assistance for

5.17   households earning less than 80 percent of area median income as determined by the United

5.18   States Department of Housing and Urban Development and projects designed for the purpose

5.19   of construction, acquisition, rehabilitation, demolition or removal of existing structures,

5.20   construction financing, permanent financing, interest rate reduction, refinancing, and gap

5.21   financing of housing to provide affordable housing to households that have incomes which

5.22   do not exceed, for homeownership projects, 115 percent of the greater of state or area median

5.23   income as determined by the United States Department of Housing and Urban Development,

5.24   and for rental housing projects, 80 percent of the greater of state or area median income as

5.25   determined by the United States Department of Housing and Urban Development, except

5.26   that the housing developed or rehabilitated with funds under this section must be affordable

5.27   to the local work force.

5.28   (b) Gap financing is either:

5.29   (1) the difference between the costs of the property, including acquisition, demolition,

5.30   rehabilitation, and construction, and the market value of the property upon sale; or

5.31   (2) the difference between the cost of the property and the amount the targeted household

5.32   can afford for housing, based on industry standards and practices.

6.1   (c) If a grant under this section is used for demolition or removal of existing structures,

6.2   the cleared land must be used for the construction of housing to be owned or rented by

6.3   persons who meet the income limits of paragraph (a).

6.4   Subd. 6. **Use of proceeds.** (a) Any funds distributed under this section must be spent on

6.5   a qualifying project. Funds are considered spent on a qualifying project if:

6.6   (1) a tier I city or county demonstrates to the Minnesota Housing Finance Agency that

6.7   the city or county cannot expend funds on a qualifying project by the deadline imposed by

6.8   paragraph (b) due to factors outside the control of the city or county; and

6.9   (2) the funds are transferred to a local housing trust fund.

6.10   Funds transferred to a local housing trust fund under this paragraph must be spent on a

6.11   project or household that meets the affordability requirements of subdivision 5, paragraph

6.12   (a).

6.13   (b) Any unspent funds must be returned to the commissioner of revenue by December

6.14   31 in the third year following the year after the aid was received.

6.15   Subd. 7. **Administration.** (a) The commissioner of revenue must compute the amount

6.16   of aid payable to each tier I city and county under this section. Before computing the amount

6.17   of aid for counties and after receiving the report required by subdivision 4, paragraph (e),

6.18   the commissioner shall transfer from the funds available to counties to the Minnesota

6.19   Housing Finance Agency a sum such that the amount in the account or accounts established

6.20   under that paragraph equals ten percent of the total aid paid to tier I cities and counties under

6.21   this section in the previous year. By August 1 of each year, the commissioner must certify

6.22   the amount to be paid to each tier I city and county in the following year. The commissioner

6.23   must pay local affordable housing aid annually at the times provided in section 477A.015.

6.24   (b) Beginning in 2025, tier I cities and counties shall submit a report annually, no later

6.25   than December 1 of each year, to the Minnesota Housing Finance Agency. The report must

6.26   include documentation of the location of any unspent funds distributed under this section

6.27   and of qualifying projects completed or planned with funds under this section. If a tier I

6.28   city or county fails to submit a report, if a tier I city or county failed to spend funds within

6.29   the timeline imposed under subdivision 6, paragraph (b), or if a tier I city or county uses

6.30   funds for a project that does not qualify under this section, the Minnesota Housing Finance

6.31   Agency shall notify the Department of Revenue and the cities and counties that must repay

6.32   funds under paragraph (c) by February 15 of the following year.

7.1   (c) By May 15, after receiving notice from the Minnesota Housing Finance Agency, a

7.2   tier I city or county must repay to the commissioner of revenue funds the city or county

7.3   received under this section if the city or county:

7.4   (1) fails to spend the funds within the time allowed under subdivision 6, paragraph (b);

7.5   (2) spends the funds on anything other than a qualifying project; or

7.6   (3) fails to submit a report documenting use of the funds.

7.7   (d) The commissioner of revenue must stop distributing funds to a tier I city or county

7.8   that the Minnesota Housing Finance Agency reports to have, in three consecutive years,

7.9   failed to use funds, misused funds, or failed to report on its use of funds.

7.10   (e) The commissioner may resume distributing funds to a tier I city or county to which

7.11   the commissioner has stopped payments once the Minnesota Housing Finance Agency

7.12   certifies that the city or county has submitted documentation of plans for a qualifying project.

7.13   (f) By May 1, any funds repaid to the commissioner of revenue by cities under paragraph

7.14   (c) must be added to the overall distribution of aids certified under this section for tier I

7.15   cities in the following year. By May 1, any funds repaid to the commissioner of revenue by

7.16   counties under paragraph (c) must be added to the overall distribution of aids certified under

7.17   this section for counties in the following year.

7.18   Subd. 8. **County consultation with local governments.** A county that receives funding

7.19   under this section shall regularly consult with the local governments in the jurisdictions of

7.20   which its qualifying projects are planned or located.

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

7.22   Sec. 5. **[477A.37] HOUSING ASSISTANCE FUND.**

7.23   Subdivision 1. **Fund established.** A housing assistance fund is established in the state

7.24   treasury. The fund consist of money as provided under section 297A.9925, and any other

7.25   money donated, allotted, transferred, or otherwise provided to the fund.

7.26   Subd. 2. **Metropolitan county aid account; appropriation.** (a) A metropolitan county

7.27   aid account is established in the housing assistance fund. The account consists of money as

7.28   provided under section 297A.9925, and any other money donated, allotted, transferred, or

7.29   otherwise provided to the account.

7.30   (b) Money in the metropolitan county aid account is annually appropriated to the

7.31   commissioner of revenue for payments to counties as provided under Minnesota Statutes,

7.32   section 477A.35.

8.1   Subd. 3. **Metropolitan city aid account; appropriation.** (a) A metropolitan city aid

8.2   account is established in the housing assistance fund. The account consists of money as

8.3   provided under section 297A.9925, and any other money donated, allotted, transferred, or

8.4   otherwise provided to the account.

8.5   (b) Money in the metropolitan city aid account is annually appropriated to the

8.6   commissioner of revenue for payments to cities as provided under Minnesota Statutes,

8.7   section 477A.35.

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

8.9   Amend the title accordingly