

1.1 **Senator Port from the Committee on Housing and Homelessness Prevention, to**
1.2 **which was referred**

1.3 **S.F. No. 2566:** A bill for an act relating to state government; establishing a budget for
1.4 the Minnesota Housing Finance Agency; providing for childhood housing stability;
1.5 establishing a community stabilization program; establishing a supportive housing program;
1.6 establishing a first-generation homebuyers down payment assistance fund; appropriating
1.7 money; amending Minnesota Statutes 2022, sections 462A.201, subdivision 2; 462A.204,
1.8 subdivision 8; 462A.21, subdivision 3b; proposing coding for new law in Minnesota Statutes,
1.9 chapter 462A.

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

1.11 Delete everything after the enacting clause and insert:

1.12 **"ARTICLE 1**

1.13 **HOUSING APPROPRIATIONS**

1.14 Section 1. **APPROPRIATIONS.**

1.15 The sums shown in the columns marked "Appropriations" are appropriated to the agency
1.16 for the purposes specified in this article. The appropriations are from the general fund, or
1.17 another named fund, and are available for the fiscal years indicated for each purpose. The
1.18 figures "2024" and "2025" used in this article mean that the appropriations listed under them
1.19 are available for the fiscal year ending June 30, 2024, or June 30, 2025, respectively. "The
1.20 first year" is fiscal year 2024. "The second year" is fiscal year 2025. "The biennium" is
1.21 fiscal years 2024 and 2025.

1.22 **APPROPRIATIONS**

1.23 **Available for the Year**

1.24 **Ending June 30**

1.25 **2024**

2025

1.26 **Sec. 2. HOUSING FINANCE AGENCY**

1.27 **Subdivision 1. Total Appropriation** \$ **811,048,000** \$ **254,548,000**

1.28 (a) The amounts that may be spent for each
1.29 purpose are specified in the following
1.30 subdivisions.

1.31 (b) Unless otherwise specified, this
1.32 appropriation is for transfer to the housing
1.33 development fund for the programs specified
1.34 in this section. Except as otherwise indicated,
1.35 this transfer is part of the agency's permanent
1.36 budget base.

2.1	<u>Subd. 2. Challenge Program</u>	<u>62,925,000</u>	<u>62,925,000</u>
2.2	<u>(a) This appropriation is for the economic</u>		
2.3	<u>development and housing challenge program</u>		
2.4	<u>under Minnesota Statutes, sections 462A.33</u>		
2.5	<u>and 462A.07, subdivision 14.</u>		
2.6	<u>(b) Of this amount, \$6,292,500 each year shall</u>		
2.7	<u>be made available during the first 11 months</u>		
2.8	<u>of the fiscal year exclusively for housing</u>		
2.9	<u>projects for American Indians. Any funds not</u>		
2.10	<u>committed to housing projects for American</u>		
2.11	<u>Indians within the annual consolidated request</u>		
2.12	<u>for funding processes may be available for</u>		
2.13	<u>any eligible activity under Minnesota Statutes,</u>		
2.14	<u>sections 462A.33 and 462A.07, subdivision</u>		
2.15	<u>14.</u>		
2.16	<u>(c) Of the amount in the first year,</u>		
2.17	<u>\$10,000,000 is for a grant to Urban</u>		
2.18	<u>Homeworks to expand initiatives pertaining</u>		
2.19	<u>to deeply affordable homeownership in</u>		
2.20	<u>Minneapolis neighborhoods with over 40</u>		
2.21	<u>percent of residents identifying as Black,</u>		
2.22	<u>Indigenous, or People of Color and at least 40</u>		
2.23	<u>percent of residents making less than 50</u>		
2.24	<u>percent of the Area Median Income. The grant</u>		
2.25	<u>is to be used for acquisition, rehabilitation,</u>		
2.26	<u>and construction of homes to be sold to</u>		
2.27	<u>households with incomes of 50 to 60 percent</u>		
2.28	<u>of the area median income. This is a onetime</u>		
2.29	<u>appropriation, and is available until expended.</u>		
2.30	<u>(d) The base for this program in fiscal year</u>		
2.31	<u>2026 and beyond is \$12,925,000.</u>		
2.32	<u>Subd. 3. Workforce Housing Development</u>	<u>22,000,000</u>	<u>22,000,000</u>
2.33	<u>(a) This appropriation is for the Greater</u>		
2.34	<u>Minnesota workforce housing development</u>		

3.1 program under Minnesota Statutes, section
 3.2 462A.39. If requested by the applicant and
 3.3 approved by the agency, funded properties
 3.4 may include a portion of income and rent
 3.5 restricted units. Funded properties may include
 3.6 owner-occupied homes.

3.7 (b) The base for this program in fiscal year
 3.8 2026 and beyond is \$2,000,000.

3.9 **Subd. 4. Manufactured Home Park**
 3.10 **Infrastructure Grants**

13,500,000

13,500,000

3.11 (a) This appropriation is for manufactured
 3.12 home park infrastructure grants under
 3.13 Minnesota Statutes, section 462A.2035,
 3.14 subdivision 1b.

3.15 (b) The base for this program in fiscal year
 3.16 2026 and beyond is \$1,000,000.

3.17 (c) By January 15 each year, the commissioner
 3.18 must submit a report on the use of funds in
 3.19 this subdivision to the chairs and ranking
 3.20 minority members of the legislative
 3.21 committees having jurisdiction over housing
 3.22 finance and policy. The report must include
 3.23 the following information:

3.24 (1) grants requested and grants funded during
 3.25 the prior fiscal year, organized by ownership
 3.26 type of the manufactured home park, such as
 3.27 private, cooperative, and municipal ownership,
 3.28 and by county;

3.29 (2) the average amount of grants awarded;

3.30 (3) loans requested and loans funded during
 3.31 the prior fiscal year, organized by ownership
 3.32 type of the manufactured home park, such as
 3.33 private, cooperative, and municipal ownership,
 3.34 and by county;

4.1 (4) the average amount of loans issued;

4.2 (5) information regarding the terms of the
4.3 loans; and

4.4 (6) information about how repaid loan funds
4.5 were used.

4.6 **Subd. 5. Workforce Homeownership Program** 17,750,000 17,750,000

4.7 (a) This appropriation is for the workforce
4.8 homeownership program under Minnesota
4.9 Statutes, section 462A.38.

4.10 (b) The base for this program in fiscal year
4.11 2026 and beyond is \$250,000.

4.12 **Subd. 6. Housing Trust Fund** 26,646,000 16,646,000

4.13 (a) This appropriation is for deposit in the
4.14 housing trust fund account created under
4.15 Minnesota Statutes, section 462A.201, and
4.16 may be used for the purposes provided in that
4.17 section.

4.18 (b) \$10,000,000 in the first year is for grants
4.19 to low-income persons eligible under
4.20 Minnesota Statutes, section 462A.201,
4.21 subdivision 2, to purchase shares in
4.22 limited-equity cooperative housing units.

4.23 Grants are limited to \$20,000 or 25 percent of
4.24 the cost of a share, whichever is less. This
4.25 paragraph expires on June 30, 2027, and any
4.26 money remaining on June 30, 2027, shall be
4.27 returned to the housing trust fund account.

4.28 (c) The base for this program for fiscal year
4.29 2026 and beyond is \$11,646,000.

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

4.31 (a) This appropriation is for the homework
4.32 starts with home program under Minnesota
4.33 Statutes, sections 462A.201, subdivision 2,

5.1 paragraph (a), clause (4), and 462A.204,
 5.2 subdivision 8, to provide assistance to
 5.3 homeless families, those at risk of
 5.4 homelessness, or highly mobile families.

5.5 (b) The base for this program in fiscal year
 5.6 2026 and beyond is \$1,750,000.

5.7 **Subd. 8. Rental Assistance for Mentally III** 9,338,000 9,338,000

5.8 (a) This appropriation is for the rental housing
 5.9 assistance program for persons with a mental
 5.10 illness or families with an adult member with
 5.11 a mental illness under Minnesota Statutes,
 5.12 section 462A.2097. Among comparable
 5.13 proposals, the agency shall prioritize those
 5.14 proposals that target, in part, eligible persons
 5.15 who desire to move to more integrated,
 5.16 community-based settings.

5.17 (b) Notwithstanding any law to the contrary,
 5.18 this appropriation may be used for risk
 5.19 mitigation funds, landlord incentives, or other
 5.20 costs necessary to decrease the risk of
 5.21 homelessness, as determined by the agency.

5.22 (c) The base for this program in fiscal year
 5.23 2026 and beyond is \$4,338,000.

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

5.25 (a) This appropriation is for the family
 5.26 homeless prevention and assistance program
 5.27 under Minnesota Statutes, section 462A.204.

5.28 (b) Up to \$5,000,000 in fiscal year 2024 is for
 5.29 grants to eligible applicants to create or expand
 5.30 risk mitigation programs to reduce landlord
 5.31 financial risks for renting to persons eligible
 5.32 under Minnesota Statutes, section 462A.204.

5.33 Eligible programs may use funds for

6.1 administrative costs, outreach and coordination
6.2 staff, and to reimburse landlords for costs
6.3 including but not limited to nonpayment of
6.4 rent, or damage costs above those costs
6.5 covered by security deposits. This
6.6 appropriation may be used for staffing costs
6.7 necessary to implement the program. The
6.8 agency may give priority to applicants that
6.9 demonstrate a matching amount of money by
6.10 a local unit of government, business, or
6.11 nonprofit organization. Grantees must
6.12 establish a procedure to review and validate
6.13 claims and reimbursements under this
6.14 program. This is a onetime appropriation.

6.15 (c) For fiscal year 2024 and fiscal year 2025,
6.16 qualified families may receive more than 24
6.17 months of rental assistance.

6.18 (d) If the agency determines that the
6.19 metropolitan area needs additional support to
6.20 serve homeless households or those at risk of
6.21 homelessness, the agency is authorized to
6.22 grant funds to entities other than counties in
6.23 the metropolitan area, including but not limited
6.24 to nonprofit organizations.

6.25 (e) When a new grantee works with a current
6.26 or former grantee in a given geographic area,
6.27 a new grantee may work with either an
6.28 advisory committee as required under
6.29 Minnesota Statutes, section 462A.204,
6.30 subdivision 6, or the local continuum of care
6.31 and is not required to meet the requirements
6.32 of Minnesota Statutes, section 462A.204,
6.33 subdivision 4.

6.34 (f) Notwithstanding any law to the contrary,
6.35 \$10,000,000 of this appropriation is allocated

7.1 to federally recognized American Indian
 7.2 Tribes located in Minnesota. The funds shall
 7.3 be divided proportionally among the Tribes
 7.4 and shall be used for the purposes allowed
 7.5 under this section.

7.6 (g) \$2,400,000 in fiscal year 2024 is for a
 7.7 grant to Neighborhood House, a Ramsey
 7.8 County-based nonprofit organization, to
 7.9 provide administrative costs for families facing
 7.10 eviction, rental assistance, delinquent utility
 7.11 fees, mortgage assistance, and damage deposit
 7.12 assistance. This is a onetime appropriation.

7.13 (h) The base for this program in fiscal year
 7.14 2026 and beyond is \$10,269,000.

7.15 <u>Subd. 10. Home Ownership Assistance Fund</u>	<u>13,385,000</u>	<u>13,385,000</u>
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7.16 (a) This appropriation is for the home
 7.17 ownership assistance program under
 7.18 Minnesota Statutes, section 462A.21,
 7.19 subdivision 8. The agency shall continue to
 7.20 strengthen its efforts to address the disparity
 7.21 gap in the homeownership rate between white
 7.22 households and indigenous American Indians
 7.23 and communities of color. To better
 7.24 understand and address the disparity gap, the
 7.25 agency is required to collect, on a voluntary
 7.26 basis, demographic information regarding
 7.27 race, color, national origin, and sex of
 7.28 applicants for agency programs intended to
 7.29 benefit homeowners and homebuyers.

7.30 (b) The base for this program in fiscal year
 7.31 2026 and beyond is \$885,000.

7.32 <u>Subd. 11. Affordable Rental Investment Fund</u>	<u>4,218,000</u>	<u>4,218,000</u>
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7.33 (a) This appropriation is for the affordable
 7.34 rental investment fund program under

8.1 Minnesota Statutes, section 462A.21,
 8.2 subdivision 8b, to finance the acquisition,
 8.3 rehabilitation, and debt restructuring of
 8.4 federally assisted rental property and for
 8.5 making equity take-out loans under Minnesota
 8.6 Statutes, section 462A.05, subdivision 39.

8.7 (b) The owner of federally assisted rental
 8.8 property must agree to participate in the
 8.9 applicable federally assisted housing program
 8.10 and to extend any existing low-income
 8.11 affordability restrictions on the housing for
 8.12 the maximum term permitted.

8.13 (c) The appropriation also may be used to
 8.14 finance the acquisition, rehabilitation, and debt
 8.15 restructuring of existing supportive housing
 8.16 properties and naturally occurring affordable
 8.17 housing as determined by the commissioner.

8.18 For purposes of this paragraph, "supportive
 8.19 housing" means affordable rental housing with
 8.20 links to services necessary for individuals,
 8.21 youth, and families with children to maintain
 8.22 housing stability.

8.23 **Subd. 12. Owner-Occupied Housing**
 8.24 **Rehabilitation**

2,772,000

2,772,000

8.25 (a) This appropriation is for the rehabilitation
 8.26 of owner-occupied housing under Minnesota
 8.27 Statutes, section 462A.05, subdivisions 14 and
 8.28 14a.

8.29 (b) Notwithstanding any law to the contrary,
 8.30 grants or loans under this subdivision may be
 8.31 made without rent or income restrictions of
 8.32 owners or tenants. To the extent practicable,
 8.33 grants or loans must be made available
 8.34 statewide.

8.35 **Subd. 13. Rental Housing Rehabilitation**

3,743,000

3,743,000

9.1 (a) This appropriation is for the rehabilitation
 9.2 of eligible rental housing under Minnesota
 9.3 Statutes, section 462A.05, subdivision 14. In
 9.4 administering a rehabilitation program for
 9.5 rental housing, the agency may apply the
 9.6 processes and priorities adopted for
 9.7 administration of the economic development
 9.8 and housing challenge program under
 9.9 Minnesota Statutes, section 462A.33, and may
 9.10 provide grants or forgivable loans if approved
 9.11 by the agency.

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

9.18 **Subd. 14. Homeownership Education,**
 9.19 **Counseling, and Training** 2,357,000 2,357,000

9.20 (a) This appropriation is for the
 9.21 homeownership education, counseling, and
 9.22 training program under Minnesota Statutes,
 9.23 section 462A.209.

9.24 (b) The base for this program in fiscal year
 9.25 2026 and beyond is \$857,000.

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

9.27 (a) This appropriation is for capacity-building
 9.28 grants under Minnesota Statutes, section
 9.29 462A.21, subdivision 3b. Of this amount, up
 9.30 to \$125,000 each year is for support of the
 9.31 Homeless Management Information System
 9.32 (HMIS), and \$85,000 in fiscal year 2024 and
 9.33 \$85,000 in fiscal year 2025 are for Open
 9.34 Access Connections. The appropriations for
 9.35 Open Access Connections are onetime.

10.1 (b) \$445,000 in fiscal year 2024 is for a grant
 10.2 to the Community Stabilization Project to: (1)
 10.3 deliver services and curriculum to renters and
 10.4 property owners in order to preserve deeply
 10.5 affordable rental units in underrepresented
 10.6 communities; (2) help create entry-level
 10.7 employment opportunities for renters; and (3)
 10.8 construct a secure space for documents and
 10.9 identification for those experiencing
 10.10 homelessness. This is a onetime appropriation.

10.11 (c) The base for this program in fiscal year
 10.12 2026 and beyond is \$645,000.

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

10.14 (a) \$500,000 each year is for a grant to Build
 10.15 Wealth Minnesota to provide a family
 10.16 stabilization plan program.

10.17 (b) \$5,000,000 the first year is for a grant to
 10.18 Build Wealth Minnesota for the 9,000 Equities
 10.19 Fund, a targeted loan pool, to provide
 10.20 affordable first mortgages or equivalent
 10.21 financing opportunities to households
 10.22 struggling to access mortgages in underserved
 10.23 communities of color. Of this amount, up to
 10.24 \$1,000,000 may be used for a grant to
 10.25 Stairstep Foundation to support completion of
 10.26 the Family Stabilization Plan program
 10.27 developed by Build Wealth Minnesota. This
 10.28 is a onetime appropriation.

10.29 **Subd. 17. Housing Infrastructure** 100,000,000 0

10.30 This appropriation is for the housing
 10.31 infrastructure program for the eligible
 10.32 purposes under Minnesota Statutes, section
 10.33 462A.37, subdivision 2. This is a onetime
 10.34 appropriation.

11.1	<u>Subd. 18. Community Stabilization</u>	<u>100,000,000</u>	<u>-0-</u>
11.2	<u>This appropriation is for the community</u>		
11.3	<u>stabilization program under Minnesota</u>		
11.4	<u>Statutes, section 462A.43. Of this amount,</u>		
11.5	<u>\$30,000,000 is for a grant to the Minneapolis</u>		
11.6	<u>Public Housing Authority for the city of</u>		
11.7	<u>Minneapolis and its affiliated entities,</u>		
11.8	<u>including but not limited to its wholly</u>		
11.9	<u>controlled nonprofit corporation, Community</u>		
11.10	<u>Housing Resources, to rehabilitate, preserve,</u>		
11.11	<u>equip, and repair its deeply affordable family</u>		
11.12	<u>housing units. This a onetime appropriation.</u>		
11.13	<u>Subd. 19. Supportive Housing</u>	<u>40,000,000</u>	<u>0</u>
11.14	<u>This appropriation is for the supportive</u>		
11.15	<u>housing program under Minnesota Statutes,</u>		
11.16	<u>section 462A.42. This is a onetime</u>		
11.17	<u>appropriation.</u>		
11.18	<u>Subd. 20. First Generation Homebuyer</u>	<u>100,000,000</u>	<u>0</u>
11.19	<u>This appropriation is for the first generation</u>		
11.20	<u>homebuyer program down payment assistance</u>		
11.21	<u>fund. This is a onetime appropriation.</u>		
11.22	<u>Subd. 21. Local Housing Trust Fund Grants</u>	<u>10,000,000</u>	<u>0</u>
11.23	<u>(a) \$8,000,000 in fiscal year 2024 is for</u>		
11.24	<u>deposit in the housing development fund for</u>		
11.25	<u>grants to local housing trust funds established</u>		
11.26	<u>under Minnesota Statutes, section 462C.16,</u>		
11.27	<u>to incentivize local funding. This is a onetime</u>		
11.28	<u>appropriation.</u>		
11.29	<u>(b) A grantee is eligible to receive a grant</u>		
11.30	<u>amount equal to 100 percent of the public</u>		
11.31	<u>revenue committed to the local housing trust</u>		
11.32	<u>fund from any source other than the state or</u>		
11.33	<u>federal government, up to \$150,000, and in</u>		
11.34	<u>addition, an amount equal to 50 percent of the</u>		

12.1 public revenue committed to the local housing
12.2 trust fund from any source other than the state
12.3 or federal government that is more than
12.4 \$150,000 but not more than \$300,000.

12.5 (c) \$100,000 of the amount appropriated in
12.6 paragraph (a) is for technical assistance grants
12.7 to local and regional housing trust funds. A
12.8 housing trust fund may apply for a technical
12.9 assistance grant at the time and in the manner
12.10 and form required by the agency. The agency
12.11 shall make grants on a first-come, first-served
12.12 basis. A technical assistance grant must not
12.13 exceed \$5,000.

12.14 (d) A grantee must use grant funds within
12.15 eight years of receipt for purposes (1)
12.16 authorized under Minnesota Statutes, section
12.17 462C.16, subdivision 3, and (2) benefiting
12.18 households with incomes at or below 115
12.19 percent of the state median income. A grantee
12.20 must return any grant funds not used for these
12.21 purposes within eight years of receipt to the
12.22 commissioner of the Minnesota Housing
12.23 Finance Agency for deposit into the housing
12.24 development fund.

12.25 (e) \$2,000,000 in fiscal year 2024 is for a grant
12.26 to Northland Foundation. Northland
12.27 Foundation may use the funds on expenditures
12.28 authorized under Minnesota Statutes, section
12.29 462C.16, subdivision 3, and on assisting local
12.30 governments to establish local or regional
12.31 housing trust funds. Northland Foundation
12.32 may award grants and loans to other entities
12.33 to expend on authorized expenditures under
12.34 this section. This is a onetime appropriation
12.35 and is available until June 30, 2025.

13.1	<u>Subd. 22. Greater Minnesota Housing</u>		
13.2	<u>Infrastructure Grant Program</u>	<u>5,000,000</u>	<u>0</u>
13.3	<u>This appropriation is for a pilot program to</u>		
13.4	<u>provide grants to municipalities for up to 50</u>		
13.5	<u>percent of the costs of infrastructure that</u>		
13.6	<u>would otherwise be required to be paid by the</u>		
13.7	<u>developer for new housing developments. The</u>		
13.8	<u>grants shall be limited to 16 housing units in</u>		
13.9	<u>the municipality and a maximum of \$12,000</u>		
13.10	<u>per housing unit. This is a onetime</u>		
13.11	<u>appropriation.</u>		
13.12	<u>Subd. 23. Stable Rental Housing Mediation</u>	<u>4,000,000</u>	<u>0</u>
13.13	<u>This appropriation is for housing mediation</u>		
13.14	<u>grants under Minnesota Statutes, section</u>		
13.15	<u>462A.2098. This is a onetime appropriation.</u>		
13.16	<u>Of this amount, up to \$300,000 may be used</u>		
13.17	<u>for administrative costs under Minnesota</u>		
13.18	<u>Statutes, section 462A.2098, subdivision 3.</u>		
13.19	<u>Subd. 24. Manufactured Home Park Cooperative</u>		
13.20	<u>Purchase Program</u>	<u>10,000,000</u>	<u>0</u>
13.21	<u>(a) This appropriation is for grants under this</u>		
13.22	<u>subdivision.</u>		
13.23	<u>(b) The funding under this subdivision may</u>		
13.24	<u>be used for grants to nonprofit organizations</u>		
13.25	<u>to assist manufactured home park residents in</u>		
13.26	<u>organizing and purchasing manufactured home</u>		
13.27	<u>parks, and for grants to provide down payment</u>		
13.28	<u>assistance to residents to purchase</u>		
13.29	<u>manufactured home parks.</u>		
13.30	<u>(c) The agency may develop criteria for grant</u>		
13.31	<u>requests under this subdivision. Within 90</u>		
13.32	<u>days of final enactment, the commissioner</u>		
13.33	<u>shall develop the forms, applications, and</u>		
13.34	<u>reporting requirements for use by eligible</u>		
13.35	<u>organizations. In developing these materials,</u>		

14.1 the commissioner shall consult with
 14.2 manufactured housing cooperatives,
 14.3 resident-owned manufactured home
 14.4 communities, and nonprofit organizations
 14.5 working with manufactured housing
 14.6 cooperatives and resident-owned communities.

14.7 (d) Grantees must use funds to assist in the
 14.8 creation and preservation of housing that is
 14.9 affordable to households with incomes at or
 14.10 below 80 percent of the greater of state or area
 14.11 median income.

14.12 (e) A deed purchased with a grant under this
 14.13 section must contain a covenant running with
 14.14 the land requiring that the land be used as a
 14.15 manufactured home park for 30 years from
 14.16 the date of purchase.

14.17 (f) For the purposes of this subdivision, the
 14.18 terms "manufactured home," "manufactured
 14.19 home park," and "resident" have the meanings
 14.20 given in Minnesota Statutes, section 327C.015.

14.21 **Subd. 25. Manufactured Home Lending Grants** 25,000,000 0

14.22 This appropriation is for the manufactured
 14.23 home lending grant program. This is a onetime
 14.24 appropriation.

14.25 **Subd. 26. Lead Safe Homes Grant Program** 5,000,000 0

14.26 This appropriation is for the lead safe homes
 14.27 grant program under Minnesota Statutes,
 14.28 section 462A.2096. This is a onetime
 14.29 appropriation.

14.30 **Subd. 27. High-Rise Sprinkler System Grant**
 14.31 **Program** 10,000,000 0

14.32 This appropriation is for the high-rise sprinkler
 14.33 system grant program. Of this amount, up to
 14.34 \$4,000,000 must be for a grant to

15.1	<u>CommonBond Communities for installation</u>		
15.2	<u>of sprinkler systems at two buildings known</u>		
15.3	<u>as Seward Tower West located at 2515 South</u>		
15.4	<u>9th Street in Minneapolis and Seward Tower</u>		
15.5	<u>East located at 2910 East Franklin Avenue in</u>		
15.6	<u>Minneapolis. This is a onetime appropriation.</u>		
15.7	<u>Subd. 28. Rent Assistance Program</u>	<u>65,665,000</u>	<u>65,665,000</u>
15.8	<u>(a) This appropriation is for the rent assistance</u>		
15.9	<u>program under Minnesota Statutes, section</u>		
15.10	<u>462A.2095. This appropriation is available</u>		
15.11	<u>until June 30, 2027. Up to five percent of the</u>		
15.12	<u>amount may be used in the first year to set up</u>		
15.13	<u>the program.</u>		
15.14	<u>(b) The base for this program in fiscal year</u>		
15.15	<u>2026 and beyond is \$10,000,000.</u>		
15.16	<u>Subd. 29. Homeownership Investment Grants</u>		
15.17	<u>Program</u>	<u>80,000,000</u>	<u>0</u>
15.18	<u>This appropriation is for the homeownership</u>		
15.19	<u>investment grants program. This is a onetime</u>		
15.20	<u>appropriation.</u>		
15.21	<u>Subd. 30. Housing Cost Reduction Incentive</u>		
15.22	<u>Program</u>	<u>2,500,000</u>	<u>0</u>
15.23	<u>This appropriation is for the housing cost</u>		
15.24	<u>reduction incentive program under Minnesota</u>		
15.25	<u>Statutes, section 462A.41. This is a onetime</u>		
15.26	<u>appropriation.</u>		
15.27	<u>Subd. 31. Availability and Transfer of Funds</u>		
15.28	<u>Money appropriated in the first year in this</u>		
15.29	<u>article is available the second year. The</u>		
15.30	<u>commissioner may shift or transfer money in</u>		
15.31	<u>the second year in subdivisions 2, 3, 4, 5, 11,</u>		
15.32	<u>12, and 13 to address high-priority housing</u>		
15.33	<u>needs.</u>		

16.1 **Subd. 32. Report to Legislature**

16.2 Each entity that receives funding in this act
 16.3 must submit a report by January 15 each year
 16.4 to the chairs and ranking minority members
 16.5 of the legislative committees having
 16.6 jurisdiction over housing finance and policy.
 16.7 The report must include information about
 16.8 grant awards, geographic distribution of
 16.9 projects, recipients of funds, and the housing
 16.10 units that were provided.

16.11 **ARTICLE 2**

16.12 **HOUSING POLICY**

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

16.14 Subd. 14. **Rehabilitation loans.** It may agree to purchase, make, or otherwise participate
 16.15 in the making, and may enter into commitments for the purchase, making, or participation
 16.16 in the making, of eligible loans for rehabilitation, with terms and conditions as the agency
 16.17 deems advisable, to persons and families of low and moderate income, and to owners of
 16.18 existing residential housing for occupancy by such persons and families, for the rehabilitation
 16.19 of existing residential housing owned by them. Rehabilitation may include the addition or
 16.20 rehabilitation of a detached accessory dwelling unit. The loans may be insured or uninsured
 16.21 and may be made with security, or may be unsecured, as the agency deems advisable. The
 16.22 loans may be in addition to or in combination with long-term eligible mortgage loans under
 16.23 subdivision 3. They may be made in amounts sufficient to refinance existing indebtedness
 16.24 secured by the property, if refinancing is determined by the agency to be necessary to permit
 16.25 the owner to meet the owner's housing cost without expending an unreasonable portion of
 16.26 the owner's income thereon. No loan for rehabilitation shall be made unless the agency
 16.27 determines that the loan will be used primarily to make the housing more desirable to live
 16.28 in, to increase the market value of the housing, for compliance with state, county or municipal
 16.29 building, housing maintenance, fire, health or similar codes and standards applicable to
 16.30 housing, or to accomplish energy conservation related improvements. In unincorporated
 16.31 areas and municipalities not having codes and standards, the agency may, solely for the
 16.32 purpose of administering the provisions of this chapter, establish codes and standards. No
 16.33 loan under this subdivision for the rehabilitation of owner-occupied housing shall be denied
 16.34 solely because the loan will not be used for placing the owner-occupied residential housing

17.1 in full compliance with all state, county, or municipal building, housing maintenance, fire,
17.2 health, or similar codes and standards applicable to housing. Rehabilitation loans shall be
17.3 made only when the agency determines that financing is not otherwise available, in whole
17.4 or in part, from private lenders upon equivalent terms and conditions. Accessibility
17.5 rehabilitation loans authorized under this subdivision may be made to eligible persons and
17.6 families without limitations relating to the maximum incomes of the borrowers if:

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

17.10 (2) home care is appropriate; and

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

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

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

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

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

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

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

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

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

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

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

18.11 Subd. 1b. **Manufactured home park infrastructure grants and loans.** Eligible
18.12 recipients may use manufactured home park infrastructure grants and loans under this
18.13 program for:

- 18.14 (1) acquisition of and improvements in manufactured home parks; and
18.15 (2) infrastructure, including storm shelters and community facilities.

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

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

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

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

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

18.28 (b) "Eligible household" means a household with an annual income of up to 50 percent
18.29 of the area median income as determined by the United States Department of Housing and
18.30 Urban Development, adjusted for family size, that is paying more than 30 percent of the
18.31 household's annual income on rent. Eligibility is determined at the time a household first

19.1 receives rent assistance under this section. Eligibility shall be recertified every year thereafter.
19.2 Eligible household does not include a household receiving federal tenant-based or
19.3 project-based assistance under Section 8 of the United States Housing Act of 1937, as
19.4 amended.

19.5 (c) "Program administrator" means:

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

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

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

19.13 Subd. 3. **Grants to program administrators.** (a) The agency may make grants to
19.14 program administrators to provide rental assistance for eligible households. For both
19.15 tenant-based and project-based assistance, program administrators shall pay assistance
19.16 directly to housing providers. Rental assistance may be provided in the form of tenant-based
19.17 assistance or project-based assistance. To the extent practicable, the agency must make
19.18 grants statewide in proportion to the number of households eligible for assistance in each
19.19 county according to the most recent American Community Survey of the United States
19.20 Census Bureau.

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

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

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

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

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

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

20.10 (2) general assistance, Minnesota supplemental aid, and food support under chapter
20.11 256D;

20.12 (3) housing support under chapter 256I;

20.13 (4) Minnesota family investment program and diversionary work program under chapter
20.14 256J; and

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

20.16 (c) The commissioner of human services must not consider rent assistance grant money
20.17 under this section as income or assets under section 256B.056, subdivision 1a, paragraph
20.18 (a); subdivision 3; or subdivision 3c, or for persons with eligibility determined under section
20.19 256B.057, subdivision 3, 3a, or 3b.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21.28 (1) provide housing dispute resolution services;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

23.2 (c) Rental assistance under this section must be provided by governmental units which
 23.3 administer housing assistance supplements or by for-profit or nonprofit organizations
 23.4 experienced in housing management. Rental assistance shall be limited to households whose
 23.5 income at the time of initial receipt of rental assistance does not exceed 60 percent of median
 23.6 income, as determined by the United States Department of Housing and Urban Development
 23.7 for the metropolitan area. Priority among comparable applications for tenant-based rental
 23.8 assistance will be given to proposals that will serve households whose income at the time
 23.9 of initial application for rental assistance does not exceed 30 percent of median income, as
 23.10 determined by the United States Department of Housing and Urban Development for the
 23.11 metropolitan area. Rental assistance must be terminated when it is determined that 30 percent
 23.12 of a household's monthly income for four consecutive months equals or exceeds the market
 23.13 rent for the unit in which the household resides plus utilities for which the tenant is
 23.14 responsible. Rental assistance may only be used for rental housing units that meet the housing
 23.15 maintenance code of the local unit of government in which the unit is located, if such a code
 23.16 has been adopted, or the housing quality standards adopted by the United States Department
 23.17 of Housing and Urban Development, if no local housing maintenance code has been adopted.

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

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

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

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

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

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

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

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

24.16 (4) one or more of the following:

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

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

24.21 (d) In selecting projects for funding under this subdivision, preference shall be given to
 24.22 organizations granted funding under section 462A.201, subdivision 2, paragraph (a), clause
 24.23 (4).

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

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

24.27 Subd. 3b. **Capacity building grants.** It may make capacity building grants to nonprofit
 24.28 organizations, local government units, Indian tribes, and Indian tribal organizations to
 24.29 expand their capacity to provide affordable housing and housing-related services. The grants
 24.30 may be used to assess housing needs and to develop and implement strategies to meet those
 24.31 needs, including but not limited to the creation or preservation of affordable housing,
 24.32 prepurchase and postpurchase counseling and associated administrative costs, and the linking

25.1 of supportive services to the housing. The agency shall adopt rules, policies, and procedures
25.2 specifying the eligible uses of grant money. Funding priority ~~must~~ may be given to those
25.3 applicants that include low-income persons in their membership, have provided
25.4 housing-related services to low-income people, and demonstrate a local commitment of
25.5 local resources, which may include in-kind contributions. ~~Grants under this subdivision~~
25.6 ~~may be made only with specific appropriations by the legislature.~~

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

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

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

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

25.20 (b) In the refunding of nonprofit housing bonds, each bond must be called for redemption
25.21 prior to its maturity in accordance with its terms no later than the earliest date on which it
25.22 may be redeemed. No refunding bonds may be issued unless as of the date of the refunding
25.23 bonds the present value of the dollar amount of the debt service on the refunding bonds,
25.24 computed to their stated maturity dates, is lower than the present value of the dollar amount
25.25 of debt service on all nonprofit housing bonds refunded computed to their stated maturity
25.26 dates. For purposes of this subdivision, "present value of the dollar amount of debt service"
25.27 means the dollar amount of debt service to be paid, discounted to the nominal date of the
25.28 refunding bonds at a rate equal to the yield on the refunding bonds.

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

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

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

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

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

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

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

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

26.18 (c) "Community land trust" means an entity that meets the requirements of section
26.19 462A.31, subdivisions 1 and 2.

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

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

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

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

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

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

27.3 ~~(4)~~ (3) are tax-exempt bonds that are not private activity bonds, within the meaning of
 27.4 section 141(a) of the Internal Revenue Code, for the purpose of financing or refinancing
 27.5 affordable housing authorized under this chapter.

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

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

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

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

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

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

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

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

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

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

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

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

28.3 (2) to finance the costs of the acquisition and rehabilitation of foreclosed or abandoned
28.4 housing to be used for affordable rental housing and the costs of new construction of rental
28.5 housing on abandoned or foreclosed property where the existing structures will be demolished
28.6 or removed;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

29.14 (d) To the extent practicable, the agency shall balance the loans made between projects
 29.15 in the metropolitan area and projects outside the metropolitan area. Of the loans made to
 29.16 projects outside the metropolitan area, the agency shall, to the extent practicable, balance
 29.17 the loans made between projects in counties or cities with a population of 20,000 or less,
 29.18 as established by the most recent decennial census, and projects in counties or cities with
 29.19 populations in excess of 20,000.

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

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

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

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

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

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

30.1 (C) low-fume paint;

30.2 (D) low-chemical carpet; and

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

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

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

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

30.9 Subd. 2i. **Additional authorization.** In addition to the amounts authorized in subdivisions
30.10 2 to 2h, the agency may issue up to \$250,000,000 in housing infrastructure bonds in one or
30.11 more series to which the payments under this section may be pledged.

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

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

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

30.21 (b) In the refunding of housing infrastructure bonds, each bond must be called for
30.22 redemption prior to its maturity in accordance with its terms no later than the earliest date
30.23 on which it may be redeemed. No refunding bonds may be issued unless as of the date of
30.24 the refunding bonds the present value of the dollar amount of the debt service on the
30.25 refunding bonds, computed to their stated maturity dates, is lower than the present value of
30.26 the dollar amount of debt service on all housing infrastructure bonds refunded computed to
30.27 their stated maturity dates. For purposes of this subdivision, "present value of the dollar
30.28 amount of debt service" means the dollar amount of debt service to be paid, discounted to
30.29 the nominal date of the refunding bonds at a rate equal to the yield on the refunding bonds.

30.30 (c) If as a result of the issuance of refunding bonds the amount of debt service for an
30.31 annual period is less than the amount transferred by the commissioner of management and

31.1 budget to pay debt service for that annual period, the agency must deduct the excess amount
31.2 from the actual amount of debt service on those bonds certified for the next subsequent
31.3 annual period.

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

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

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

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

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

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

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

31.28 (c) Each July 15, beginning in 2017 and through 2038, if any housing infrastructure
31.29 bonds issued under subdivision 2b, or housing infrastructure bonds issued to refund those
31.30 bonds, remain outstanding, the commissioner of management and budget must transfer to
31.31 the housing infrastructure bond account established under section 462A.21, subdivision 33,
31.32 the amount certified under paragraph (a), not to exceed \$800,000 annually. The amounts

32.1 necessary to make the transfers are appropriated from the general fund to the commissioner
32.2 of management and budget.

32.3 (d) Each July 15, beginning in 2019 and through 2040, if any housing infrastructure
32.4 bonds issued under subdivision 2c, or housing infrastructure bonds issued to refund those
32.5 bonds, remain outstanding, the commissioner of management and budget must transfer to
32.6 the housing infrastructure bond account established under section 462A.21, subdivision 33,
32.7 the amount certified under paragraph (a), not to exceed \$2,800,000 annually. The amounts
32.8 necessary to make the transfers are appropriated from the general fund to the commissioner
32.9 of management and budget.

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

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

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

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

33.1 (i) Each July 15, beginning in 2023 and through 2044, if any housing infrastructure
 33.2 bonds issued under subdivision 2h, or housing infrastructure bonds issued to refund those
 33.3 bonds, remain outstanding, the commissioner of management and budget must transfer to
 33.4 the housing infrastructure bond account established under section 462A.21, subdivision 33,
 33.5 the amount certified under paragraph (a). The amounts necessary to make the transfers are
 33.6 appropriated from the general fund to the commissioner of management and budget.

33.7 (j) Each July 15, beginning in 2024 and through 2045, if any housing infrastructure
 33.8 bonds issued under subdivision 2i remain outstanding, the commissioner of management
 33.9 and budget must transfer to the housing infrastructure bond account established under section
 33.10 462A.21, subdivision 33, the amount certified under paragraph (a). The amounts necessary
 33.11 to make the transfers are appropriated from the general fund to the commissioner of
 33.12 management and budget.

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

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

33.16 Subdivision 1. **Establishment.** A workforce and affordable homeownership development
 33.17 program is established to award homeownership development grants to cities, counties,
 33.18 Tribal governments, nonprofit organizations, cooperatives created under chapter 308A or
 33.19 308B, and community land trusts created for the purposes outlined in section 462A.31,
 33.20 subdivision 1, for development of workforce and affordable homeownership projects. The
 33.21 purpose of the program is to increase the supply of workforce and affordable, owner-occupied
 33.22 multifamily or single-family housing throughout Minnesota.

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

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

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

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

34.4 (d) "Market rate residential rental properties" means properties that are rented at market
 34.5 value, including new modular homes, new manufactured homes, and new manufactured
 34.6 homes on leased land or in a manufactured home park, and may include rental developments
 34.7 that have a portion of income-restricted units.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

36.4 Subd. 4. **Eligible uses.** (a) Funds shall be used to cover costs needed for supportive
 36.5 housing to operate effectively. Costs may include but are not limited to building operating
 36.6 expenses such as front desk, tenant service coordination, revenue shortfall, and security
 36.7 costs. These funds may be capitalized as part of development costs. Funds may be provided
 36.8 to support existing permanent supportive housing units or to cover costs associated with
 36.9 new permanent supportive housing units.

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

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

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

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

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

36.24 (1) multiunit rental housing that:

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

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

36.29 (2) owner-occupied housing located in communities where market pressures or significant
 36.30 deferred rehabilitation needs, as defined by the agency, are creating opportunities for
 36.31 displacement or the loss of owner-occupied housing affordable to households at or below

37.1 115 percent of the greater of state or area median income as determined by the United States
37.2 Department of Housing and Urban Development.

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

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

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

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

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

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

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

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

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

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

38.4 (a) This appropriation is for the affordable
38.5 rental investment fund program under
38.6 Minnesota Statutes, section 462A.21,
38.7 subdivision 8b, to finance the acquisition,
38.8 rehabilitation, replacement, and debt
38.9 restructuring of federally assisted rental
38.10 property and for making equity take-out loans
38.11 under Minnesota Statutes, section 462A.05,
38.12 subdivision 39.

38.13 (b) The owner of federally assisted rental
38.14 property must agree to participate in the
38.15 applicable federally assisted housing program
38.16 and to extend any existing low-income
38.17 affordability restrictions on the housing for
38.18 the maximum term permitted.

38.19 (c) The appropriation also may be used to
38.20 finance the acquisition, rehabilitation, and debt
38.21 restructuring of existing supportive housing
38.22 properties and naturally occurring affordable
38.23 housing as determined by the commissioner.
38.24 For purposes of this paragraph, "supportive
38.25 housing" means affordable rental housing with
38.26 links to services necessary for individuals,
38.27 youth, and families with children to maintain
38.28 housing stability.

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

38.30 Sec. 30. **FIRST-GENERATION HOMEBUYERS DOWN PAYMENT ASSISTANCE**
38.31 **FUND.**

38.32 **Subdivision 1. Establishment.** A first-generation homebuyers down payment assistance
38.33 **fund is established as a pilot project under the administration of the Midwest Minnesota**

39.1 Community Development Corporation, a community development financial institution
39.2 (CDFI) as defined under the Riegle Community Development and Regulatory Improvement
39.3 Act of 1994, to provide targeted assistance to eligible first-generation homebuyers.

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

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

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

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

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

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

39.17 Subd. 3. **Use of funds.** Assistance under this section is limited to ten percent of the
39.18 purchase price of a one or two unit home, not to exceed \$32,000. Funds are reserved at the
39.19 issuance of preapproval. Reservation of funds is not contingent on having an executed
39.20 purchase agreement. The assistance must be provided in the form of a loan that is forgivable
39.21 at a rate of 20 percent per year on the day after the anniversary date of the note. The prorated
39.22 balance due is repayable if the property converts to nonowner occupancy, is sold, is subjected
39.23 to an ineligible refinance, is subjected to an unauthorized transfer of title, or is subjected to
39.24 a completed foreclosure action within the five-year loan term. Recapture can be waived in
39.25 the event of financial or personal hardship. Funds may be used for closing costs, down
39.26 payment, or principal reduction. The eligible homebuyer may select any first mortgage
39.27 lender or broker. The funds must be used in conjunction with a conforming first mortgage
39.28 loan that is fully amortizing and meets the standards of a qualified mortgage or meets the
39.29 minimum standards for exemption under Code of Federal Regulations, title 12, section
39.30 1026.43. Funds may be used in conjunction with other programs the eligible homebuyer
39.31 may qualify for and the loan placed in any priority position.

39.32 Subd. 4. **Administration.** The first-generation homebuyers down payment assistance
39.33 fund is available statewide and shall be administered by Midwest Minnesota Community

40.1 Development Corporation, the designated central CDFI. Midwest Minnesota Community
 40.2 Development Corporation may originate and service funds and authorize other CDFIs,
 40.3 Tribal entities, and nonprofit organizations administering down payment assistance to
 40.4 reserve, originate, fund, and service funds for eligible homebuyers. Administrative costs
 40.5 must not exceed \$3,200 per loan. Any funds recaptured prior to June 30, 2026, are deposited
 40.6 in the fund established in subdivision 1 and are to be redistributed to eligible homebuyers.
 40.7 Any unused funds, or funds recaptured on or after June 30, 2026, shall be remitted to the
 40.8 agency to be returned to the general fund.

40.9 Subd. 5. **Report to legislature.** By January 15 each year, the fund administrator, Midwest
 40.10 Minnesota Community Development Corporation, must report to the chairs and ranking
 40.11 minority members of the legislative committees having jurisdiction over housing finance
 40.12 and policy the following information:

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

40.14 (2) the median loan amount;

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

40.16 (4) the median home purchase price;

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

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

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

40.20 **Sec. 31. GREATER MINNESOTA HOUSING INFRASTRUCTURE GRANT**
 40.21 **PROGRAM.**

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

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

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

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

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

41.7 Subd. 4. **Application.** (a) The commissioner must develop forms and procedures for
41.8 soliciting and reviewing applications for grants under this section. At a minimum, a city
41.9 must include in its application a resolution of the city council certifying that the required
41.10 nonstate match is available. The commissioner must evaluate complete applications for
41.11 funding for eligible projects to determine that:

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

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

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

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

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

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

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

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

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

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

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

42.7 Subd. 2. **Grant program.** The commissioner of the Housing Finance Agency must make
 42.8 grants to owners of eligible buildings for installation of sprinkler systems. Priority shall be
 42.9 given to nonprofit applicants. The maximum grant per eligible building shall be \$2,000,000.
 42.10 Each grant to a nonprofit organization shall require a 25 percent match. Each grant to a
 42.11 for-profit organization shall require a 50 percent match.

42.12 Sec. 33. **REQUIRING CITIES TO REPORT BUILDINGS THAT DO NOT HAVE**
 42.13 **SPRINKLER SYSTEMS.**

42.14 (a) A city of the first or second class shall provide to the state fire marshal a list by June
 42.15 20, 2024, and an updated list by June 30, 2027, and June 30, 2032, of each residential
 42.16 building in the city that:

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

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

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

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

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

42.27 The commissioner shall convene stakeholders to evaluate methods of processing
 42.28 applications for rental assistance and emergency rental assistance, methods of distributing
 42.29 rental assistance funds, and ways to expedite these processes. The advisory group shall have
 42.30 a range of stakeholder representation as determined by the commissioner. By January 31,
 42.31 2024, the commissioner must report to the legislative committees with jurisdiction over

43.1 housing finance and policy with the findings of the advisory group, including
43.2 recommendations to improve rental assistance procedures.

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

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

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

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

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

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

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

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

43.16 The commissioner must ensure grant awards are distributed throughout the state based on
43.17 population.

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

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

43.21 (2) have primary operations located in Minnesota;

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

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

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

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

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

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

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

44.9 (1) new manufactured home financing programs;

44.10 (2) manufactured home down payment assistance; or

44.11 (3) manufactured home repair, renovation, removal, and site preparation financing
44.12 programs.

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

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

44.16 (2) have primary operations located in Minnesota;

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

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

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

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

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

44.29 **Subd. 6. Report.** By January 15 each year, the commissioner must submit a report to
44.30 the chairs and ranking minority members of the legislative committees with jurisdiction

45.1 over housing finance and policy detailing the use of funds under this section. The report
45.2 must include the following information:

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

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

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

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

45.8 (5) the location of each project."

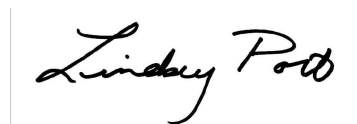
45.9 Delete the title and insert:

45.10 "A bill for an act

45.11 relating to state government; establishing a budget for the Minnesota Housing
45.12 Finance Agency; making policy and technical changes to housing provisions;
45.13 establishing housing programs; appropriating money; requiring reports; authorizing
45.14 the sale and issuance of housing infrastructure bonds; amending Minnesota Statutes
45.15 2022, sections 462A.05, subdivision 14, by adding subdivisions; 462A.201,
45.16 subdivision 2; 462A.2035, subdivision 1b; 462A.204, subdivisions 3, 8; 462A.21,
45.17 subdivision 3b; 462A.22, subdivision 1; 462A.36, subdivision 4, by adding a
45.18 subdivision; 462A.37, subdivisions 1, 2, 4, 5, by adding subdivisions; 462A.38,
45.19 subdivision 1; 462A.39, subdivisions 2, 5; Laws 2021, First Special Session chapter
45.20 8, article 1, section 3, subdivision 11; proposing coding for new law in Minnesota
45.21 Statutes, chapter 462A."

45.22 And when so amended the bill do pass and be re-referred to the Committee on Finance.

45.23 Amendments adopted. Report adopted.



45.24
45.25 (Committee Chair)

45.26 March 30, 2023.....
45.27 (Date of Committee recommendation)