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S.F. No. 4158 – Housing budget omnibus (1st engrossment)

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S.F. 4158 is the housing and homelessness prevention budget omnibus bill. Article 1 contains the appropriations, Article 2 contains modifications to statutes and uncoded sections, and Article 3 reflects the work of the Workgroup on Expediting Rental Assistance. More details about the component bills in this amendment can be found in the table on page 4. Except for Article 2, Section 22, all sections are effective July 1, 2024.

Article 1: Housing Appropriations

Please see the Senate Housing and Homelessness Prevention 2024 Supplemental Budget spreadsheet for information on appropriations.

Article 2: Housing Policy

Section 1 (462A.02, subdivision 10) amends a subdivision in the policy section to articulate that a goal of the Minnesota Housing Finance Agency (MHFA) is to encourage clean energy, climate resilience, greenhouse gas emissions reductions, and decarbonization, in addition to energy conservation.

Section 2 (462A.05, subdivision 14) makes conforming changes related to the expanded energy policy in the rehabilitation loans subdivision of the MHFA powers section.

Section 3 (462A.05, subdivision 14a) makes conforming changes related to the expanded energy policy in the existing owner-occupied residential housing rehabilitation loans subdivision of the MHFA powers section.

Section 4 (462A.05, subdivision 14b) makes conforming changes related to the expanded energy policy and renames the subdivision of the MHFA powers section to be energy decarbonization and climate resiliency loans.

Section 5 (462A.05, subdivision 15) makes conforming changes related to the expanded energy policy in the rehabilitation grants subdivision of the MHFA powers section.

Section 6 (462A.05, subdivision 15b) makes conforming changes related to the expanded energy policy and renames the subdivision of the MHFA powers section to be energy decarbonization and climate resiliency grants.

Section 7 (462A.05, subdivision 21) makes conforming changes related to the expanded energy policy in the rental property loans subdivision of the MHFA powers section.

Section 8 (462A.05, subdivision 23) makes conforming changes related to the expanded energy policy in the insuring financial institution loans subdivision of the MHFA powers section.

Section 9 (462A.05, subdivision 45) makes a technical change referring to MHFA in the subdivision relating to the eligibility of Indian Tribes.

Section 10 (462A.07) adds a new subdivision to the section relating to additional powers and duties of the agency to allow MHFA to determine if a household meets rent or income requirements if a household receives public assistance benefits.

Section 11 (462A.21, subdivision 7) makes conforming changes related to the expanded energy policy in the energy efficiency loans subdivision of the housing development fund section.

Section 12 (462A.22, subdivision 1) raises the debt ceiling for the bond fund to \$7,000,000,000.

Section 13 (462A.35, subdivision 2) removes the commissioner of management and budget from the expending funds subdivision of the Minnesota manufactured home relocation trust fund and inserts the commissioner of MHFA.

Section 14 (462A.37, subdivision 2) specifies that where accessible units are required, at least one of the accessible units must have a roll-in shower.

Section 15 (462A.37) adds a subdivision to the housing infrastructure bonds section authorizing an additional authorization of up to \$50 million.

Section 16 (462A.37, subdivision 5) adds a paragraph to the additional appropriation subdivision of the housing infrastructure bonds section allowing the transfer of funds to the housing infrastructure bonds account.

Section 17 (462A.39, subdivision 2) amends the eligible project area definition for the workforce housing development program by eliminating the population requirements.

Section 18 (462A.395) modifies the Greater Minnesota Housing Infrastructure Grant Program to allow grants to be made to counties and expands eligible projects to include manufactured home development projects. The maximum allowable grant award per lot for one to four home developments increases to \$40,000, and the maximum allowable grant award per manufactured

housing lot is \$60,000. A county or city may receive a maximum of \$500,000 in two years under this program, except that the \$500,000 limitation would not apply to manufactured housing developments.

Section 19 (462A.40, subdivision 2) amends the use of funds subdivision in the Minnesota housing tax credit contribution account to eliminate the requirements for MHFA to set aside certain percentages for specific project types.

Section 20 (462A.40, subdivision 3) amends the eligible recipients subdivision in the Minnesota housing tax credit contribution account to disqualify individuals who have immediate family members who contributed to the account or own the housing that would be purchased.

Section 21 (469.012) amends the Housing and Redevelopment Authority section of law by allowing a housing and redevelopment authority to provide financial assistance to assist with the capital repair or replacement of an asset with a regular life span in excess of 25 years and with a project cost in excess of \$5,000,000, provided all of the following requirements are met: (1) the project is a multifamily housing building; (2) at least 25% of the units were sold or are rented to households meeting the federal definition of low-income; and (3) more than 25 years have elapsed since the asset has been repaired or replaced.

Section 22 (Laws 2023, chapter 37, article 1, section 2, subdivision 2) amends the appropriation for Urban Homeworks to allow the grant to be used for gap financing for households with an income of 60% or less of the area median income. This section is effective the day following final enactment.

Section 23 (Laws 2023, chapter 37, article 1, section 2, subdivision 32) amends the appropriation for the Northland Foundation to allow the funds to be used to assist and support communities in providing housing locally.

Section 24 (Laws 2023, chapter 37, article 2, section 12, subdivision 2) amends the fee-based home purchase financing pilot project with Neighborworks by eliminating the requirement for an eligible homebuyer to live in a census tract with a high rate of rental housing.

Section 25 establishes the Housing Affordability Preservation Investment grant program to support recapitalization of distressed buildings.

Section 26 requires the commissioner to evaluate the financial impacts of low-income rental housing tax programs and report to the legislature on the findings.

Section 27 requires the commissioner of labor and industry to evaluate the safety of single-exit stairway apartment buildings and report to the legislature on the findings.

Section 28 requires the commissioner of MHFA to submit an annual report specifying the amount of funding requested, funds awarded, and the number of housing units affected by the funding awards.

Section 29 is a revisor instruction that moves a subdivision to a more logical section in the statutes.

Article 3: Expediting Rental Assistance

Section 1 [462A.2096] requires MHFA to develop an annual projection of the need for rental

assistance and to report on the need to the legislature by January 15 each year.

Section 2 requires MHFA to work with the Department of Human Services to develop criteria for measuring the timeliness of processing rental assistance applications, collect data on application processing speeds for the Family Homelessness Prevention and Assistance program, and report to the legislature in 2027 about whether application processing goals have been met.

Section 3 requires MHFA to develop uniform e-signature options for the Family Homelessness Prevention and Assistance program.

Section 4 requires MHFA to develop recommendations to simplify the process of verifying information for Family Homelessness Prevention and Assistance program applications, adopt the recommendations, and provide assistance to administrators to implement the recommendations.

Table of component bills for Articles 2 and 3

A-2 amendment section	SF of origin	Bill author
Article 2		
1-14, 17, 19-20, and 22-24	SF 4804	Port
15 and 16	SF 4158	Port
18	SF 3232 with A-3 amendment and SF 3768	Pappas Hauschild
21	SF 4678	Murphy
25 and 27	Chair's initiative	Port
26	A-3 amendment to SF 2040	Mohamed
Article 3		
1 to 4	SF 4704	Port