

1.1 Senator moves to amend S.F. No. 2298 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "ARTICLE 1

1.4 APPROPRIATIONS

1.5 Section 1. TRANSFERS.

1.6 \$96,948,000 in fiscal year 2026 and \$82,798,000 in fiscal year 2027 are transferred from
1.7 the general fund to the housing development fund under Minnesota Statutes, section 462A.20.
1.8 This transfer is \$83,748,000 in fiscal year 2028 and each year thereafter. Of this transfer:

1.9 (1) \$23,000,000 in fiscal year 2026 and each year thereafter is transferred to the state
1.10 rent assistance account under Minnesota Statutes, section 462A.2095, subdivision 1 for the
1.11 rent assistance program; and

1.12 (2) \$11,646,000 in fiscal year 2026 and each year thereafter is transferred to the housing
1.13 trust fund account under Minnesota Statutes, section 462A.201, subdivision 1, and may be
1.14 used for the purposes provided in that section.

1.15 Sec. 2. APPROPRIATIONS.

1.16 The sums shown in the columns marked "Appropriations" are appropriated to the agency
1.17 for the purposes specified in this article. The appropriations are from the housing development
1.18 fund, or another named fund, and are available for the fiscal years indicated for each purpose.
1.19 The figures "2026" and "2027" used in this article mean that the appropriations listed under
1.20 them are available for the fiscal year ending June 30, 2026, or June 30, 2027, respectively.
1.21 "The first year" is fiscal year 2026. "The second year" is fiscal year 2027. "The biennium"
1.22 is fiscal years 2026 and 2027.

1.23

<u>APPROPRIATIONS</u>			
<u>Available for the Year</u>			
<u>Ending June 30</u>			
	<u>2026</u>		<u>2027</u>

1.24

1.25

1.26

1.27 Sec. 3. HOUSING FINANCE AGENCY

1.28 Subdivision 1. Total Appropriation \$ 62,302,000 \$ 48,152,000

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

2.1 (b) Except as otherwise indicated, the amounts
2.2 appropriated are part of the agency's
2.3 permanent budget base.

2.4 (c) Notwithstanding Minnesota Statutes,
2.5 section 16B.98, subdivision 14, the
2.6 commissioner must not use any amount of this
2.7 total appropriation for administrative costs.

2.8	<u>Subd. 2. Challenge Program</u>	<u>12,925,000</u>	<u>12,925,000</u>
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2.9 (a) This appropriation is for the economic
2.10 development and housing challenge program
2.11 under Minnesota Statutes, section 462A.33
2.12 and 462A.07, subdivision 14.

2.13 (b) Of this amount, \$1,208,000 each year shall
2.14 be made available during the first 11 months
2.15 of the fiscal year exclusively for housing
2.16 projects for American Indians. Any funds not
2.17 committed to housing projects for American
2.18 Indians within the annual consolidated request
2.19 for funding processes may be available for
2.20 any eligible activity under Minnesota Statutes,
2.21 sections 462A.33 and 462A.07, subdivision
2.22 14.

2.23	<u>Subd. 3. Workforce Housing Development</u>	<u>2,000,000</u>	<u>2,000,000</u>
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2.24 This appropriation is for the Greater
2.25 Minnesota workforce housing development
2.26 program under Minnesota Statutes, section
2.27 462A.39. If requested by the applicant and
2.28 approved by the agency, funded properties
2.29 may include a portion of income and rent
2.30 restricted units. Funded properties may include
2.31 owner-occupied homes.

3.1	<u>Subd. 4. <u>Manufactured Home Park</u></u>	<u>1,000,000</u>	<u>1,000,000</u>
3.2	<u>Infrastructure Grants</u>		
3.3	<u>This appropriation is for manufactured home</u>		
3.4	<u>park infrastructure grants under Minnesota</u>		
3.5	<u>Statutes, section 462A.2035, subdivision 1b.</u>		
3.6	<u>Subd. 5. <u>Workforce Homeownership Program</u></u>	<u>250,000</u>	<u>250,000</u>
3.7	<u>This appropriation is for the workforce</u>		
3.8	<u>homeownership program under Minnesota</u>		
3.9	<u>Statutes, section 462A.38.</u>		
3.10	<u>Subd. 6. <u>Homework Starts with Home</u></u>	<u>2,750,000</u>	<u>2,750,000</u>
3.11	<u>This appropriation is for the homework starts</u>		
3.12	<u>with home program under Minnesota Statutes,</u>		
3.13	<u>sections 462A.201, subdivision 2, paragraph</u>		
3.14	<u>(a), clause (4), and 462A.204, subdivision 8,</u>		
3.15	<u>to provide assistance to homeless families,</u>		
3.16	<u>those at risk of homelessness, or highly mobile</u>		
3.17	<u>families.</u>		
3.18	<u>Subd. 7. <u>Rental Assistance for Mentally Ill</u></u>	<u>5,338,000</u>	<u>5,338,000</u>
3.19	<u>(a) This appropriation is for the rental housing</u>		
3.20	<u>assistance program for persons with a mental</u>		
3.21	<u>illness or families with an adult member with</u>		
3.22	<u>a mental illness under Minnesota Statutes,</u>		
3.23	<u>section 462A.2097. Among comparable</u>		
3.24	<u>proposals, the agency shall prioritize those</u>		
3.25	<u>proposals that target, in part, eligible persons</u>		
3.26	<u>who desire to move to more integrated,</u>		
3.27	<u>community-based settings.</u>		
3.28	<u>(b) Notwithstanding any law to the contrary,</u>		
3.29	<u>this appropriation may be used for risk</u>		
3.30	<u>mitigation funds, landlord incentives, or other</u>		
3.31	<u>costs necessary to decrease the risk of</u>		
3.32	<u>homelessness, as determined by the agency.</u>		
3.33	<u>Subd. 8. <u>Family Homeless Prevention</u></u>	<u>20,419,000</u>	<u>10,269,000</u>

4.1 (a) This appropriation is for the family
 4.2 homeless prevention and assistance program
 4.3 under Minnesota Statutes, section 462A.204.

4.4 (b) Notwithstanding any law to the contrary,
 4.5 this appropriation may be used for program
 4.6 costs necessary to decrease the risk of
 4.7 homelessness and improve the effectiveness
 4.8 of the program, as determined by the agency.

4.9 (c) When a new grantee works with a current
 4.10 or former grantee in a given geographic area,
 4.11 a new grantee may work with either an
 4.12 advisory committee as required under
 4.13 Minnesota Statutes, section 462A.204,
 4.14 subdivision 6, or the local continuum of care
 4.15 and is not required to meet the requirements
 4.16 of Minnesota Statutes, section 462A.204,
 4.17 subdivision 4.

4.18 <u>Subd. 9. Home Ownership Assistance Fund</u>	<u>885,000</u>	<u>885,000</u>
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4.19 This appropriation is for the home ownership
 4.20 assistance program under Minnesota Statutes,
 4.21 section 462A.21, subdivision 8. The agency
 4.22 shall continue to strengthen its efforts to
 4.23 address the disparity gap in the
 4.24 homeownership rate between white
 4.25 households and indigenous American Indians
 4.26 and communities of color. To better
 4.27 understand and address the disparity gap, the
 4.28 agency is required to collect, on a voluntary
 4.29 basis, demographic information regarding
 4.30 race, color, national origin, and sex of
 4.31 applicants for agency programs intended to
 4.32 benefit homeowners and homebuyers.

4.33 <u>Subd. 10. Affordable Rental Investment Fund</u>	<u>4,218,000</u>	<u>4,218,000</u>
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5.1 (a) This appropriation is for the affordable
5.2 rental investment fund program under
5.3 Minnesota Statutes, section 462A.21,
5.4 subdivision 8b, to finance the acquisition,
5.5 rehabilitation, and debt restructuring of
5.6 federally assisted rental property and for
5.7 making equity take-out loans under Minnesota
5.8 Statutes, section 462A.05, subdivision 39.

5.9 (b) The owner of federally assisted rental
5.10 property must agree to participate in the
5.11 applicable federally assisted housing program
5.12 and to extend any existing low-income
5.13 affordability restrictions on the housing for
5.14 the maximum term permitted.

5.15 (c) The appropriation also may be used to
5.16 finance the acquisition, rehabilitation, and debt
5.17 restructuring of existing supportive housing
5.18 properties and naturally occurring affordable
5.19 housing as determined by the commissioner.
5.20 For purposes of this paragraph, "supportive
5.21 housing" means affordable rental housing with
5.22 links to services necessary for individuals,
5.23 youth, and families with children to maintain
5.24 housing stability.

5.25 **Subd. 11. Owner-Occupied Housing**
5.26 **Rehabilitation**

2,772,000

2,772,000

5.27 (a) This appropriation is for the rehabilitation
5.28 of owner-occupied housing under Minnesota
5.29 Statutes, section 462A.05, subdivisions 14 and
5.30 14a.

5.31 (b) Notwithstanding any law to the contrary,
5.32 grants or loans under this subdivision may be
5.33 made without rent or income restrictions of
5.34 owners or tenants. To the extent practicable,

6.1 grants or loans must be made available
 6.2 statewide.

6.3 **Subd. 12. Rental Housing Rehabilitation** 3,743,000 3,743,000

6.4 (a) This appropriation is for the rehabilitation
 6.5 of eligible rental housing under Minnesota
 6.6 Statutes, section 462A.05, subdivision 14. In
 6.7 administering a rehabilitation program for
 6.8 rental housing, the agency may apply the
 6.9 processes and priorities adopted for
 6.10 administration of the economic development
 6.11 and housing challenge program under
 6.12 Minnesota Statutes, section 462A.33, and may
 6.13 provide grants or forgivable loans if approved
 6.14 by the agency.

6.15 (b) Notwithstanding any law to the contrary,
 6.16 grants or loans under this subdivision may be
 6.17 made without rent or income restrictions of
 6.18 owners or tenants. To the extent practicable,
 6.19 grants or loans must be made available
 6.20 statewide.

6.21 **Subd. 13. Homeownership Education,** 857,000 857,000
 6.22 **Counseling, and Training**

6.23 This appropriation is for the homeownership
 6.24 education, counseling, and training program
 6.25 under Minnesota Statutes, section 462A.209.

6.26 **Subd. 14. Capacity Building Grants** 645,000 645,000

6.27 This appropriation is for capacity building
 6.28 grants under Minnesota Statutes, section
 6.29 462A.21, subdivision 3b.

6.30 **Subd. 15. Build Wealth MN** 500,000 500,000

6.31 This appropriation is for a grant to Build
 6.32 Wealth Minnesota to provide a family
 6.33 stabilization plan program including program

7.1 outreach, financial literacy education, and
 7.2 budget and debt counseling.

7.3 **Subd. 16. Greater Minnesota Housing**
 7.4 **Infrastructure Grant Program**

2,000,000

0

7.5 This appropriation is for the greater Minnesota
 7.6 housing infrastructure grant program under
 7.7 Minnesota Statutes, section 462A.395. The
 7.8 base for this appropriation is \$500,000 in fiscal
 7.9 year 2028 and each year thereafter.

7.10 **Subd. 17. Community-based First-Generation**
 7.11 **Homebuyers Down Payment Assistant**

2,000,000

0

7.12 This appropriation is for a grant to Midwest
 7.13 Minnesota Community Development
 7.14 Corporation (MMCDC), through its wholly
 7.15 owned subsidiary CDC Investments, Inc., for
 7.16 the community-based first-generation
 7.17 homebuyers assistance program under
 7.18 Minnesota Statutes, section 462A.415. At the
 7.19 end of each biennium, MMCDC must remit
 7.20 any unused funds to the Minnesota Housing
 7.21 Finance Agency. Funds remitted to the agency
 7.22 under this subdivision are appropriated to the
 7.23 agency for administration of the workforce
 7.24 and affordable homeownership development
 7.25 program under Minnesota Statutes, section
 7.26 462A.38. The base for this appropriation is
 7.27 \$450,000 in fiscal year 2028 and each year
 7.28 thereafter.

7.29 **Subd. 18. Availability and Transfer of Funds**

7.30 Money appropriated in the first year in this
 7.31 article is available the second year. The
 7.32 commissioner may shift or transfer money in
 7.33 the second year in subdivisions 2, 3, 4, 5, 10,
 7.34 11, and 12 to address high-priority housing
 7.35 needs.

8.1	Sec. 4. <u>LEGISLATIVE COORDINATING</u>			
8.2	<u>COMMISSION</u>	\$	<u>200,000</u>	\$ <u>0</u>
8.3	<u>\$200,000 from the general fund in fiscal year</u>			
8.4	<u>2026 to provide administrative support to the</u>			
8.5	<u>Task Force on Homeowners and Commercial</u>			
8.6	<u>Property Insurance established in article 2,</u>			
8.7	<u>section 13. This is a onetime appropriation.</u>			
8.8	Sec. 5. Laws 2023, chapter 37, article 1, section 2, subdivision 29, as amended by Laws			
8.9	2024, chapter 127, article 14, section 11, is amended to read:			
8.10			70,000,000	
8.11	Subd. 29. Community Stabilization	45,000,000	<u>60,000,000</u>	
8.12	(a) This appropriation is for the community			
8.13	stabilization program. This a onetime			
8.14	appropriation.			
8.15	(b) The first year and second year			
8.16	appropriations are available as follows:			
8.17	(1) \$10,000,000 is for a grant to AEON for			
8.18	Huntington Place;			
8.19	(2) notwithstanding Minnesota Statutes,			
8.20	sections 16B.98, subdivisions 5 and 12, and			
8.21	16B.981, subdivision 2, \$3,250,000 is for a			
8.22	grant to the Wilder Park Association to assist			
8.23	with the cost of a major capital repair project			
8.24	for the rehabilitation of portions of the			
8.25	owner-occupied senior high-rise facility. The			
8.26	grantee must verify that 50 percent of units			
8.27	are occupied by households with incomes at			
8.28	or below 60 percent of area median income;			
8.29	(3) \$41,750,000 is for multiunit rental housing;			
8.30	<u>and</u>			
8.31	(4) \$10,000,000 is for single-family housing;			
8.32	and			

(5) ~~(4)~~ \$50,000,000 is for recapitalization of distressed buildings. Of this amount, up to \$15,000,000 is for preservation or recapitalization of housing that includes supportive housing.

(c) Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner may use up to one percent of this appropriation for administrative costs for the grants in paragraph (b), clauses (1) and (2). This is a onetime appropriation.

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

Sec. 6. **TRANSFER; HOUSING SUPPORT ACCOUNT.**

The commissioner of management and budget must transfer any unencumbered balance from the housing support account, under Minnesota Statutes, section 462A.43, to the general fund by June 15, 2025.

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

Sec. 7. **REPEALER.**

(a) Minnesota Statutes 2024, section 16A.287, is repealed.

(b) Minnesota Statutes 2024, section 462A.43, is repealed.

EFFECTIVE DATE. Paragraph (a) is effective the day following final enactment.

ARTICLE 2

POLICY

Section 1. Minnesota Statutes 2024, section 462A.051, subdivision 2, is amended to read:

Subd. 2. **Application.** This section applies to all forms of financial assistance provided by the Minnesota Housing Finance Agency, as well as the allocation and award of federal low-income housing credits by all allocating agencies as defined under section 462A.221, for the development, construction, rehabilitation, renovation, or retrofitting of ~~multiunit residential~~ multifamily housing, including loans, grants, tax credits, loan guarantees, loan insurance, and other financial assistance.

10.1 Sec. 2. Minnesota Statutes 2024, section 462A.07, subdivision 19, is amended to read:

10.2 Subd. 19. **Report to the legislature.** (a) By February 15 each year, the commissioner
10.3 must submit a report to the chairs and ranking minority members of the legislative committees
10.4 having jurisdiction over housing finance and policy containing the following information:

10.5 (1) the total number of applications for funding;

10.6 (2) the amount of funding requested;

10.7 (3) the amounts of funding awarded; and

10.8 (4) the number of housing units that are affected by funding awards, including the number
10.9 of:

10.10 (i) newly constructed owner-occupied units;

10.11 (ii) renovated owner-occupied units;

10.12 (iii) newly constructed rental units; and

10.13 (iv) renovated rental units.

10.14 (b) This reporting requirement applies to appropriations for competitive development
10.15 programs made in Laws 2023 and in subsequent laws.

10.16 (c) By January 5 each year, the commissioner must report on the financial stability of
10.17 the affordable housing industry. The report must include:

10.18 (1) the ratio of operating expenses to revenue in affordable rental housing projects; and

10.19 (2) the percent of rents collected on time, divided into four regions of the state:

10.20 (i) the cities of St. Paul and Minneapolis;

10.21 (ii) the metropolitan counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and
10.22 Washington, except for the cities of St. Paul and Minneapolis;

10.23 (iii) urban greater Minnesota, including the cities of Duluth, Mankato, Moorhead,
10.24 Rochester, and St. Cloud; and

10.25 (iv) rural greater Minnesota, which includes all of Minnesota, except for the places listed
10.26 in items (i), (ii), and (iii).

11.1 Sec. 3. Minnesota Statutes 2024, section 462A.07, is amended by adding a subdivision to
11.2 read:

11.3 Subd. 21. **Affordable housing annual meeting.** At least once each year, the
11.4 commissioner must convene a meeting with the Interagency Council to End Homelessness
11.5 and the cities and counties with high levels of cost-burdened households, meaning those
11.6 where gross rent or homeownership costs are 30 percent or more of household income. The
11.7 purpose of the meeting is to discuss:

11.8 (1) resources received by cities and counties;

11.9 (2) regional needs for affordable housing; and

11.10 (3) recommendations for the collaborative use of funds to effectively address
11.11 homelessness, housing insecurity, security of affordable housing, and the lack of housing
11.12 supply.

11.13 Sec. 4. Minnesota Statutes 2024, section 462A.2095, subdivision 3, is amended to read:

11.14 Subd. 3. **Grants to program administrators.** (a) The agency may make grants to
11.15 program administrators to provide rental assistance for eligible households. Notwithstanding
11.16 section 16C.06, the commissioner may use a formula to determine award amounts to program
11.17 administrators. For both tenant-based and project-based assistance, program administrators
11.18 shall pay assistance directly to housing providers. Rental assistance may be provided in the
11.19 form of tenant-based assistance or project-based assistance. Notwithstanding the amounts
11.20 awarded under subdivision 1, paragraph (b), and to the extent practicable, the agency must
11.21 make grants statewide in proportion to the number of households eligible for assistance in
11.22 each county according to the most recent American Community Survey of the United States
11.23 Census Bureau. The agency may, at its discretion, redistribute unused or underutilized funds
11.24 among eligible program administrators to increase program efficiency and effectiveness.

11.25 (b) The program administrator may use its existing procedures to administer the rent
11.26 assistance program or may develop alternative procedures with the goals of reaching
11.27 households most in need and incentivizing landlord participation. The agency must approve
11.28 a program administrator's alternative procedures. Priority for rental assistance shall be given
11.29 to households with children 18 years of age and under, and annual incomes of up to 30
11.30 percent of the area median income. Program administrators may establish additional priority
11.31 populations based on local need.

12.1 Sec. 5. Minnesota Statutes 2024, section 462A.33, subdivision 2, is amended to read:

12.2 Subd. 2. **Eligible recipients.** Challenge grants or loans may be made to a city; a federally
12.3 recognized American Indian Tribe or subdivision located in Minnesota; a Tribal housing
12.4 corporation; a private developer; a nonprofit organization; a school district; a cooperative
12.5 unit, as defined in section 123A.24, subdivision 2; a charter school; a contract alternative
12.6 school; a Tribal contract school; or the owner of the housing, including individuals. For the
12.7 purpose of this section, "city" has the meaning given it in section 462A.03, subdivision 21.
12.8 To the extent practicable, grants and loans shall be made so that an approximately equal
12.9 number of housing units are financed in the metropolitan area and in the nonmetropolitan
12.10 area.

12.11 Sec. 6. Minnesota Statutes 2024, section 462A.33, subdivision 9, is amended to read:

12.12 Subd. 9. **Grant funding to schools.** A school district; a cooperative unit, as defined in
12.13 section 123A.24, subdivision 2; ~~or a charter school;~~ a contract alternative school; or a Tribal
12.14 contract school may receive funding under this section in the form of a grant less than
12.15 \$100,000. A school district; intermediate district; ~~or;~~ charter school; contract alternative
12.16 school; or Tribal contract school that uses a grant under this section to construct a home for
12.17 owner occupancy must require the future occupant to participate in the homeownership
12.18 education counseling and training program under section 462A.209.

12.19 Sec. 7. Minnesota Statutes 2024, section 462A.40, subdivision 3, is amended to read:

12.20 Subd. 3. **Eligible recipients; definitions; restrictions; use of funds.** (a) The agency
12.21 may award a grant or a loan to any recipient that qualifies under subdivision 2. The agency
12.22 must not award a grant or a loan to a disqualified individual or disqualified business.

12.23 (b) For the purposes of this subdivision disqualified individual means:

12.24 (1) an individual who or an individual whose immediate family member made a
12.25 contribution to the account in the current or prior taxable year and received a credit certificate;

12.26 (2) an individual who or an individual whose immediate family member owns the housing
12.27 for which the grant or loan will be used;

12.28 (3) an individual who meets the following criteria:

12.29 (i) the individual is an officer or principal of a business entity; and

12.30 (ii) that business entity made a contribution to the account in the current or previous
12.31 taxable year and received a credit certificate; or

13.1 (4) an individual who meets the following criteria:

13.2 (i) the individual directly owns, controls, or holds the power to vote 20 percent or more
13.3 of the outstanding securities of a business entity; and

13.4 (ii) that business entity made a contribution to the account in the current or previous
13.5 taxable year and received a credit certificate.

13.6 (c) For the purposes of this subdivision disqualified business means a business entity
13.7 that:

13.8 (1) made a contribution to the account in the current or prior taxable year and received
13.9 a credit certificate;

13.10 (2) has an officer or principal who is an individual who made a contribution to the
13.11 account in the current or previous taxable year and received a credit certificate; or

13.12 (3) meets the following criteria:

13.13 (i) the business entity is directly owned, controlled, or is subject to the power to vote 20
13.14 percent or more of the outstanding securities by an individual or business entity; and

13.15 (ii) that controlling individual or business entity made a contribution to the account in
13.16 the current or previous taxable year and received a credit certificate.

13.17 (d) For purposes of this subdivision, "immediate family" means the taxpayer's spouse,
13.18 parent or parent's spouse, sibling or sibling's spouse, or child or child's spouse. For a married
13.19 couple filing a joint return, the limitations in this subdivision apply collectively to the
13.20 taxpayer and spouse.

13.21 (e) For purposes of this subdivision, "officer or principal" excludes an individual serving
13.22 as a volunteer board member of a nonprofit organization governed by chapter 317A.

13.23 ~~(e)~~ (f) Before applying for a grant or loan, all recipients must sign a disclosure that the
13.24 disqualifications under this subdivision do not apply. The Minnesota Housing Finance
13.25 Agency must prescribe the form of the disclosure. The Minnesota Housing Finance Agency
13.26 may rely on the disclosure to determine the eligibility of recipients under paragraph (a).

13.27 ~~(f)~~ (g) The agency may award grants or loans to a city as defined in section 462A.03,
13.28 subdivision 21; a federally recognized American Indian tribe or subdivision located in
13.29 Minnesota; a tribal housing corporation; a private developer; a nonprofit organization; a
13.30 housing and redevelopment authority under sections 469.001 to 469.047; a public housing
13.31 authority or agency authorized by law to exercise any of the powers granted by sections
13.32 469.001 to 469.047; or the owner of the housing. The provisions of subdivision 2, and

paragraphs (a) to ~~(e)~~ (f) and ~~(g)~~ (h) of this subdivision, regarding the use of funds and eligible recipients apply to grants and loans awarded under this paragraph.

~~(g)~~ (h) Except for projects receiving funding under section 462A.39, eligible recipients must use the funds to serve households that meet the income limits as provided in section 462A.33, subdivision 5.

Sec. 8. **[462A.415] COMMUNITY-BASED FIRST-GENERATION HOMEBUYERS ASSISTANCE PROGRAM.**

Subdivision 1. Establishment. A community-based first-generation homebuyers down payment assistance program is established as a program under the administration of a community development financial institution (CDFI) as defined under the Riegle Community Development and Regulatory Improvement Act of 1994, to provide targeted assistance to eligible homebuyers.

Subd. 2. Administration. The community-based first-generation homebuyers down payment assistance program is available statewide and shall be administered by a designated central CDFI. The administering CDFI may originate and service funds and authorize other CDFIs, Tribal entities, and nonprofit organizations administering down payment assistance to reserve, originate, fund, and service funds for eligible homebuyers. Administrative costs must not exceed ten percent of the fiscal year appropriation.

Subd. 3. Eligible homebuyer. For purposes of this section, "eligible homebuyer" means an adult person:

(1) whose income is at or below 100 percent of the statewide median income at the time of application;

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

(3)(i) who either never owned a home or who owned a home but lost it due to foreclosure; and

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

The eligible homebuyer must complete an approved homebuyer education course prior to signing a purchase agreement and, following the purchase of the home, must occupy it as their primary residence.

Subd. 4. Use of funds. Assistance under this section is limited to ten percent of the purchase price of a one or two unit home, not to exceed \$32,000. Beginning in fiscal year

15.1 2027, the maximum amount of assistance may be increased to up to ten percent of the
15.2 median home sales price as reported in the previous year's Minnesota Realtors Annual
15.3 Report on the Minnesota Housing Market. Funds are reserved at the issuance of preapproval.
15.4 Reservation of funds is not contingent on having an executed purchase agreement. The
15.5 assistance must be provided in the form of a no-interest loan that is forgiven over five years,
15.6 forgivable at a rate of 20 percent per year on the day after the anniversary date of the note,
15.7 with the final 20 percent forgiven on the down payment assistance loan maturity date. There
15.8 is no monthly pro rata or partial year credit. The loan has no monthly payment and does not
15.9 accrue interest. The prorated balance due is repayable if the property converts to nonowner
15.10 occupancy, is sold, is subjected to an ineligible refinance, is subjected to an unauthorized
15.11 transfer of title, or is subjected to a completed foreclosure action within the five-year loan
15.12 term. Recapture can be waived in the event of financial or personal hardship. The
15.13 administering CDFI may retain recaptured funds for assisting eligible homebuyers as
15.14 provided in this section. Funds may be used for closing costs, down payment, or principal
15.15 reduction. The eligible household may select any first mortgage lender or broker of their
15.16 choice, provided that the funds are used in conjunction with a conforming first mortgage
15.17 loan that is fully amortizing and meets the standards of a qualified mortgage or meets the
15.18 minimum standards for exemption under Code of Federal Regulations, title 12, section
15.19 1026.43. Funds may be used in conjunction with other programs the eligible household may
15.20 qualify for and the loan placed in any priority position.

15.21 Subd. 5. **Report to legislature.** By January 15 each year, the administering CDFI must
15.22 report to the chairs and ranking minority members of the legislative committees with
15.23 jurisdiction over housing finance and policy the following information:

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

15.25 (2) the median loan amount;

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

15.27 (4) the median home purchase price;

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

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

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

15.31 Sec. 9. Laws 2023, chapter 37, article 1, section 2, subdivision 20, is amended to read:

15.32 Subd. 20. **Community-Based First-Generation**

15.33 **Homebuyers Down Payment Assistance**

100,000,000

-0-

16.1 This appropriation is for a grant to Midwest
16.2 Minnesota Community Development
16.3 Corporation (MMCDC) to act as the
16.4 administrator of the community-based
16.5 first-generation homebuyers down payment
16.6 assistance program. The funds shall be
16.7 available to MMCDC for a three-year period
16.8 commencing with issuance of the funds to
16.9 MMCDC. At the expiration of that period, any
16.10 unused funds shall be remitted to the agency.
16.11 ~~Any funds recaptured by MMCDC after the~~
16.12 ~~expiration of that period shall be remitted to~~
16.13 ~~the agency.~~ Funds remitted to the agency
16.14 under this paragraph are appropriated to the
16.15 agency for administration of the
16.16 first-generation homebuyers down payment
16.17 assistance fund.

16.18 Sec. 10. Laws 2023, chapter 37, article 1, section 2, subdivision 21, is amended to read:

16.19	Subd. 21. Local Housing Trust Fund Grants	4,800,000	-0-
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16.20 (a) This appropriation is for deposit in the
16.21 housing development fund for grants to local
16.22 housing trust funds established under
16.23 Minnesota Statutes, section 462C.16, to
16.24 incentivize local funding. This is a onetime
16.25 appropriation.

16.26 (b) A grantee is eligible to receive a grant
16.27 amount equal to 100 percent of the public
16.28 revenue committed to the local housing trust
16.29 fund from any source other than the state or
16.30 federal government, up to \$150,000, and in
16.31 addition, an amount equal to 50 percent of the
16.32 public revenue committed to the local housing
16.33 trust fund from any source other than the state

17.1 or federal government that is more than
17.2 \$150,000 but not more than \$300,000.
17.3 (c) A grantee must use grant funds within ~~eight~~
17.4 five years of receipt for purposes (1)
17.5 authorized under Minnesota Statutes, section
17.6 462C.16, subdivision 3, and (2) benefiting
17.7 households with incomes at or below 115
17.8 percent of the state median income. A grantee
17.9 must return any grant funds not used for these
17.10 purposes within eight years of receipt to the
17.11 commissioner of the Minnesota Housing
17.12 Finance Agency for deposit into the housing
17.13 development fund.

17.14 Sec. 11. Laws 2023, chapter 37, article 2, section 10, is amended to read:

17.15 Sec. 10. **HIGH-RISE SPRINKLER SYSTEM GRANT AND LOAN PROGRAM.**

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

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

17.18 (1) ~~at least one story used for human occupancy is~~ the building is seven stories or more
17.19 in height or 75 feet or more above the lowest level of fire department vehicle access; and

17.20 (2) at least two-thirds of its units are affordable to households with an annual income at
17.21 or below ~~50~~ 60 percent of the area median income as determined by the United States
17.22 Department of Housing and Urban Development, adjusted for family size, ~~that is paying~~
17.23 ~~no more than 30 percent of annual income on rent.~~

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

17.26 Subd. 2. **Grant program Use of funds.** The commissioner of the Housing Finance
17.27 Agency must make grants or loans to owners of eligible buildings for installation of sprinkler
17.28 systems and, if necessary, for relocation of residents during the installation of sprinkler
17.29 systems. Priority shall be given to nonprofit applicants. The maximum grant per eligible
17.30 building shall be \$2,000,000. Each grant to a nonprofit organization shall require a 25
17.31 percent match. Each grant to a for-profit organization shall require a 50 percent match.

18.1 Sec. 12. **POLICY FRAMEWORK FOR TARGETED STABILIZATION OF**
18.2 **REGULATED AFFORDABLE HOUSING.**

18.3 (a) The commissioner of the Housing Finance Agency must work with affordable housing
18.4 stakeholders, including the Interagency Stabilization Group, to develop a policy framework
18.5 for targeted stabilization of affordable rental housing. In developing this framework, the
18.6 commissioner must identify:

18.7 (1) strategies, tools, and funding mechanisms for targeted stabilization of affordable
18.8 rental housing and recapitalization of distressed properties;

18.9 (2) potential improvements for regulatory relief for affordable rental housing providers
18.10 and implement these improvements where feasible;

18.11 (3) a specific plan for relief when an operator of permanent housing cannot identify and
18.12 secure adequate service funding that matches the tenants' needs; and

18.13 (4) a strategy with the commissioner of human services to integrate the awarding of state
18.14 service dollars to permanent supportive housing so that state service dollars can accompany
18.15 capital awards in the consolidated request for proposal process.

18.16 (b) The commissioner of the Housing Finance Agency must report quarterly to the
18.17 Minnesota Housing Finance Agency Board of Directors on the policy framework,
18.18 improvements implemented, and any potential changes to legislation that may be needed
18.19 to support targeted stabilization of regulated affordable housing and recapitalization of
18.20 distressed properties.

18.21 (c) By January 5, 2026, the commissioner of the Housing Finance Agency must report
18.22 to the chairs and ranking minority members of the legislative committees having jurisdiction
18.23 over housing finance and policy on the policy framework, improvements implemented, and
18.24 any potential changes to legislation that may be needed to support targeted stabilization of
18.25 regulated affordable housing and recapitalization of distressed properties.

18.26 Sec. 13. **INTERAGENCY STABILIZATION GROUP.**

18.27 The commissioner of the Housing Finance Agency may convene regular meetings of
18.28 public funders and affordable housing stakeholders to seek funding solutions that support
18.29 preservation and stabilization of affordable properties.

19.1 Sec. 14. **TASK FORCE ON HOMEOWNERS AND COMMERCIAL PROPERTY**
19.2 **INSURANCE.**

19.3 Subdivision 1. **Establishment.** A task force is established to evaluate issues and provide
19.4 recommendations relating to insurance affordability with respect to single-family housing,
19.5 multifamily rental housing, common interest communities, cooperatives, and small
19.6 businesses, and preventing disruptions or loss to the development, preservation, and long-term
19.7 sustainability of Minnesota's housing infrastructure and small businesses.

19.8 Subd. 2. **Membership.** (a) The task force consists of the following:

19.9 (1) one member appointed by the commissioner of commerce;

19.10 (2) one member appointed by the speaker of the house;

19.11 (3) one member appointed by the house minority leader;

19.12 (4) one member appointed by the senate majority leader;

19.13 (5) one member appointed by the senate minority leader;

19.14 (6) one member appointed by the Minnesota Consortium of Community Developers;

19.15 (7) one representative appointed by the Insurance Federation of Minnesota;

19.16 (8) one representative appointed by Big I Minnesota;

19.17 (9) one representative appointed by the Minnesota Realtors;

19.18 (10) one member appointed by the Minnesota Community Development Financial
19.19 Institutions Coalition;

19.20 (11) one member appointed by the Minnesota Homeownership Center;

19.21 (12) one member appointed by the Housing Justice Center; and

19.22 (13) one member with climate science expertise.

19.23 (b) The appointing authorities must make the appointments by August 15, 2025.

19.24 Subd. 3. **Duties.** (a) The task force must identify recommendations to strengthen and
19.25 stabilize the homeowners and commercial property insurance industry.

19.26 (b) The task force must consult with the commissioner of the Housing Finance Agency,
19.27 the commissioner of employment and economic development, and key stakeholders in the
19.28 insurance and housing industries.

19.29 (c) The task force must review:

20.1 (1) risk mitigation and property resilience to natural hazards, and the relationship with
20.2 insurance costs;

20.3 (2) liability laws impacting insurance costs;

20.4 (3) minimum notice for coverage changes, including enforcement and oversight;

20.5 (4) public reporting of aggregated data relating to insurance plan costs and coverage;

20.6 (5) the reinsurance market for homeowners and commercial property insurance;

20.7 (6) the current state-supported insurance program and the potential to expand the program
20.8 to include a catastrophic reinsurance fund and a self-insured pool;

20.9 (7) factors that increase claim costs, including but not limited to post-loss contractors,
20.10 fraudulent claims, climate, inflation, and discontinued building materials; and

20.11 (8) other areas that would strengthen and stabilize the homeowners and commercial
20.12 property insurance industry.

20.13 Subd. 4. **Administration.** The Legislative Coordinating Commission must provide
20.14 administrative support to the task force. Upon request of the task force, the commissioners
20.15 of commerce, the Housing Finance Agency, and employment and economic development
20.16 must provide technical support and expertise.

20.17 Subd. 5. **Meetings.** (a) The Legislative Coordinating Commission must ensure the first
20.18 meeting of the task force convenes no later than September 15, 2025, and must provide
20.19 accessible physical or virtual meeting space as necessary for the task force to conduct work.

20.20 (b) At the first meeting, the task force must elect a chair or cochair from those appointed
20.21 by the house and senate by a majority vote of those members present and may elect a
20.22 vice-chair as necessary.

20.23 (c) The task force must establish a schedule for meetings and must meet as necessary
20.24 to accomplish the duties under subdivision 3.

20.25 (d) The task force is subject to Minnesota Statutes, chapter 13D.

20.26 Subd. 6. **Report required.** (a) The task force must submit a report to the commissioners
20.27 of commerce, the Housing Finance Agency, and employment and economic development,
20.28 and the chairs and ranking minority members of the legislative committees having jurisdiction
20.29 over the agencies listed in this paragraph by February 15, 2026.

20.30 (b) The report must:

20.31 (1) summarize the activities of the task force;

- 21.1 (2) provide findings and recommendations adopted by the task force;
- 21.2 (3) include any draft legislation required to implement recommendations; and
- 21.3 (4) include other information the task force believes is necessary to report.
- 21.4 Subd. 7. **Expiration.** The task force expires upon submission of the final report required
- 21.5 under subdivision 6.
- 21.6 **EFFECTIVE DATE.** This section is effective the day following final enactment."
- 21.7 Delete the title and insert:
- 21.8 "A bill for an act
- 21.9 relating to housing; establishing budget for Minnesota Housing Finance Agency;
- 21.10 making policy, finance, and technical changes to housing provisions; establishing
- 21.11 a task force on homeowners and commercial property insurance; transferring
- 21.12 money; appropriating money; amending Minnesota Statutes 2024, sections
- 21.13 462A.051, subdivision 2; 462A.07, subdivision 19, by adding a subdivision;
- 21.14 462A.2095, subdivision 3; 462A.33, subdivisions 2, 9; 462A.40, subdivision 3;
- 21.15 Laws 2023, chapter 37, article 1, section 2, subdivisions 20, 21, 29, as amended;
- 21.16 article 2, section 10; proposing coding for new law in Minnesota Statutes, chapter
- 21.17 462A; repealing Minnesota Statutes 2024, sections 16A.287; 462A.43."