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**Date:** January 14, 2022

**To:** Chair Alice Hausman, House Housing Finance and Policy  
Representative Tama Theis, Minority Lead, Housing Finance and Policy

Chair Rich Draheim, Senate Housing Finance and Policy  
Senator Kari Dziedzic, Ranking Minority Member, Housing Finance and Policy

**From:** Jennifer Leimaile Ho, Commissioner, Minnesota Housing Finance Agency

A handwritten signature in blue ink, appearing to read 'Jennifer Ho'.

**Subject:** Report on Housing Infrastructure Bond and the Federal Contingency

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This report is pursuant to Minnesota Laws 2021, 1<sup>st</sup> Special Session, Chapter 8, Article 4, Section 5.

The Legislature authorized \$100 million in Housing Infrastructure Bond (HIB) authority in the 2021 Special Session. Housing Infrastructure Bonds are the number one source of capital authorized by the Legislature for housing development and the types of housing that can be financed with loans or grants from HIB bond proceeds include: permanent supportive housing, senior housing, preservation of existing rental housing, homeownership development and manufactured home park infrastructure.

With the 2021 authorization, the Legislature made HIB authority contingent on potential federal action. If Congress passed a federal infrastructure or similar bill by December 31, 2021 that included funding for the same purposes as HIB, then bonds could not be issued for those purposes. Here is the specific language from Laws 2021 1<sup>st</sup> Special Session, Chapter 8, Article 4, Section 5.

**Sec. 5. ADJUSTMENT TO HOUSING INFRASTRUCTURE BOND AUTHORIZATION.**

(a) The housing infrastructure bond authorization in Minnesota Statutes, section 462A.37, subdivision 2h, is reduced by the amount of new federal funds appropriated and dedicated for loans and grants for the same purposes authorized in Minnesota Statutes, section 462A.37, subdivision 2, paragraph (a), or for any specific purpose that falls within one or more of the purposes authorized in Minnesota Statutes, section 462A.37, subdivision 2, paragraph (a), enacted by Congress as part of an infrastructure bill or other bill that is not the annual Transportation Housing and Urban Development appropriations bill between June 1, 2021, and December 31, 2021. The allocations in Minnesota Statutes, section 462A.37, subdivision 2h, paragraph (a), clauses (1) and (2), are reduced by the amount of federal funds that are appropriated for and dedicated to the purposes specified in Minnesota Statutes, section 462A.37, subdivision 2h, paragraph (a), clauses (1) and (2).

(b) The Minnesota Housing Finance Agency must report to the chairs and ranking minority members of the committees in the senate and the house of representatives with jurisdiction over housing policy and finance by January 15, 2022, as to the amount that the authorization and allocations in Minnesota Statutes, section 462A.37, subdivision 2h, are reduced under this section.

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

Minnesota Housing followed several pieces of federal legislation that could have triggered the contingency. On November 15, President Biden signed the Infrastructure Investment and Jobs Act, which did not include housing development resources. On November 19, the U.S. House of Representatives passed the Build Back Better Act that including several housing development provisions; however, the Senate did not vote on the act prior to December 31, 2021.

Provided that no federal legislation passed by December 31, 2021 impacting the contingency, the \$100 million in new authority is available to Minnesota Housing starting on January 16, 2021. This includes the \$33.333 million of the \$100 million that is set aside for single-family development (\$18.333 million) as well as the manufactured home community infrastructure (\$15 million).

We anticipate that Minnesota Housing's Board of Directors will make initial selections for single family development, rental housing and manufactured home park infrastructure at their January 27<sup>th</sup> Board meeting.

If you have any questions, please contact Ryan Baumtrog, Assistant Commissioner for Policy at 651-296-9820 or [ryan.baumtrog@state.mn.us](mailto:ryan.baumtrog@state.mn.us).