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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. **2335**

03/01/2023 Authored by Howard
The bill was read for the first time and referred to the Committee on Rules and Legislative Administration
03/06/2023 Adoption of Report: Re-referred to the Committee on Housing Finance and Policy
04/03/2023 Adoption of Report: Amended and re-referred to the Committee on Taxes
04/11/2023 Adoption of Report: Amended and re-referred to the Committee on Ways and Means

1.1 A bill for an act

1.2 relating to housing; establishing budget for Minnesota Housing Finance Agency;

1.3 modifying various housing policy and finance provisions; expanding and

1.4 establishing certain homeownership, manufactured home, and rent assistance

1.5 programs; expanding requirements, uses, and amount of housing infrastructure

1.6 bonds; establishing metropolitan region sales tax; establishing local affordable

1.7 housing aid; requiring reports; appropriating money; amending Minnesota Statutes

1.8 2022, sections 82.75, subdivision 8; 327C.095, subdivisions 12, 13, 16; 462.357,

1.9 subdivision 1; 462A.05, subdivision 14, by adding subdivisions; 462A.201,

1.10 subdivision 2; 462A.2035, subdivision 1b; 462A.204, subdivisions 3, 8; 462A.21,

1.11 subdivision 3b; 462A.22, subdivision 1; 462A.33, subdivision 2, by adding a

1.12 subdivision; 462A.36, subdivision 4, by adding a subdivision; 462A.37,

1.13 subdivisions 1, 2, 4, 5, by adding subdivisions; 462A.38, subdivision 1; 462A.39,

1.14 subdivisions 2, 5; 473.145; 500.20, subdivision 2a; Laws 2021, First Special

1.15 Session chapter 8, article 1, section 3, subdivision 11; proposing coding for new

1.16 law in Minnesota Statutes, chapters 297A; 462A; 477A.

1.17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.18 **ARTICLE 1**

1.19 **HOUSING APPROPRIATIONS**

1.20 Section 1. **APPROPRIATIONS.**

1.21 The sums shown in the columns marked "Appropriations" are appropriated to the agency

1.22 for the purposes specified in this article. The appropriations are from the general fund, or

1.23 another named fund, and are available for the fiscal years indicated for each purpose. The

1.24 figures "2024" and "2025" used in this article mean that the appropriations listed under them

1.25 are available for the fiscal year ending June 30, 2024, or June 30, 2025, respectively. "The

1.26 first year" is fiscal year 2024. "The second year" is fiscal year 2025. "The biennium" is

1.27 fiscal years 2024 and 2025.

2.1	<u>APPROPRIATIONS</u>		
2.2	<u>Available for the Year</u>		
2.3	<u>Ending June 30</u>		
2.4	<u>2024</u>	<u>2025</u>	
2.5	Sec. 2. <u>HOUSING FINANCE AGENCY</u>		
2.6	<u>Subdivision 1. Total Appropriation</u>	<u>\$ 607,998,000</u>	<u>\$ 457,298,000</u>
2.7	<u>(a) The amounts that may be spent for each</u>		
2.8	<u>purpose are specified in the following</u>		
2.9	<u>subdivisions.</u>		
2.10	<u>(b) Unless otherwise specified, this</u>		
2.11	<u>appropriation is for transfer to the housing</u>		
2.12	<u>development fund for the programs specified</u>		
2.13	<u>in this section. Except as otherwise indicated,</u>		
2.14	<u>this transfer is part of the agency's permanent</u>		
2.15	<u>budget base.</u>		
2.16	<u>Subd. 2. Challenge Program</u>	<u>37,925,000</u>	<u>37,925,000</u>
2.17	<u>(a) This appropriation is for the economic</u>		
2.18	<u>development and housing challenge program</u>		
2.19	<u>under Minnesota Statutes, sections 462A.33</u>		
2.20	<u>and 462A.07, subdivision 14.</u>		
2.21	<u>(b) The base for this program in fiscal year</u>		
2.22	<u>2026 and beyond is \$12,925,000.</u>		
2.23	<u>Subd. 3. Workforce Housing Development</u>	<u>22,000,000</u>	<u>22,000,000</u>
2.24	<u>(a) This appropriation is for the Greater</u>		
2.25	<u>Minnesota workforce housing development</u>		
2.26	<u>program under Minnesota Statutes, section</u>		
2.27	<u>462A.39.</u>		
2.28	<u>(b) The base for this program in fiscal year</u>		
2.29	<u>2026 and beyond is \$2,000,000.</u>		

3.1	<u>Subd. 4. <u>Manufactured Home Park</u></u>		
3.2	<u>Infrastructure Grants</u>	<u>1,000,000</u>	<u>1,000,000</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>Housing Trust Fund</u></u>	<u>11,646,000</u>	<u>11,646,000</u>
3.11	<u>This appropriation is for deposit in the housing</u>		
3.12	<u>trust fund account created under Minnesota</u>		
3.13	<u>Statutes, section 462A.201, and may be used</u>		
3.14	<u>for the purposes provided in that section.</u>		
3.15	<u>Subd. 7. <u>Childhood Housing Stability</u></u>	<u>1,750,000</u>	<u>1,750,000</u>
3.16	<u>This appropriation is for the childhood housing</u>		
3.17	<u>stability program under Minnesota Statutes,</u>		
3.18	<u>sections 462A.201, subdivision 2, paragraph</u>		
3.19	<u>(a), clause (4), and 462A.204, subdivision 8,</u>		
3.20	<u>to provide assistance to homeless or highly</u>		
3.21	<u>mobile families with minor children or with</u>		
3.22	<u>children eligible for enrollment in a</u>		
3.23	<u>prekindergarten through grade 12 academic</u>		
3.24	<u>program.</u>		
3.25	<u>Subd. 8. <u>Bridges</u></u>	<u>5,338,000</u>	<u>5,338,000</u>
3.26	<u>This appropriation is for the bridges housing</u>		
3.27	<u>assistance program under Minnesota Statutes,</u>		
3.28	<u>section 462A.2097.</u>		
3.29	<u>Subd. 9. <u>Family Homeless Prevention</u></u>	<u>10,269,000</u>	<u>85,269,000</u>
3.30	<u>(a) This appropriation is for the family</u>		
3.31	<u>homeless prevention and assistance programs</u>		
3.32	<u>under Minnesota Statutes, section 462A.204.</u>		

4.1 (b) The base for this program in fiscal year
 4.2 2026 and beyond is \$10,269,000.

4.3 **Subd. 10. Home Ownership Assistance Fund** 885,000 885,000

4.4 This appropriation is for the home ownership
 4.5 assistance program under Minnesota Statutes,
 4.6 section 462A.21, subdivision 8.

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

4.8 This appropriation is for the affordable rental
 4.9 investment fund program under Minnesota
 4.10 Statutes, section 462A.21, subdivision 8b, to
 4.11 finance the acquisition, rehabilitation, and debt
 4.12 restructuring of federally assisted rental
 4.13 property and for making equity take-out loans
 4.14 under Minnesota Statutes, section 462A.05,
 4.15 subdivision 39.

4.16 **Subd. 12. Owner-Occupied Housing**
 4.17 **Rehabilitation** 2,772,000 2,772,000

4.18 This appropriation is for the rehabilitation of
 4.19 owner-occupied housing under Minnesota
 4.20 Statutes, section 462A.05, subdivisions 14 and
 4.21 14a.

4.22 **Subd. 13. Rental Housing Rehabilitation** 3,743,000 3,743,000

4.23 This appropriation is for the rehabilitation of
 4.24 eligible rental housing under Minnesota
 4.25 Statutes, section 462A.05, subdivision 14.

4.26 **Subd. 14. Homeownership Education,**
 4.27 **Counseling, and Training** 1,857,000 1,857,000

4.28 (a) This appropriation is for the
 4.29 homeownership education, counseling, and
 4.30 training program under Minnesota Statutes,
 4.31 section 462A.209.

4.32 (b) The base for this program in fiscal year
 4.33 2026 and beyond is \$857,000.

5.1	<u>Subd. 15. Capacity-Building Grants</u>	<u>4,645,000</u>	<u>4,645,000</u>
5.2	<u>(a) This appropriation is for capacity-building</u>		
5.3	<u>grants under Minnesota Statutes, section</u>		
5.4	<u>462A.21, subdivision 3b.</u>		
5.5	<u>(b) The base for this program in fiscal year</u>		
5.6	<u>2026 and beyond is \$645,000.</u>		
5.7	<u>Subd. 16. Supportive Housing</u>	<u>2,500,000</u>	<u>2,500,000</u>
5.8	<u>This appropriation is for the supportive</u>		
5.9	<u>housing program under Minnesota Statutes,</u>		
5.10	<u>section 462A.42. This is a onetime</u>		
5.11	<u>appropriation.</u>		
5.12	<u>Subd. 17. Greater Minnesota Housing</u>		
5.13	<u>Infrastructure Grants</u>	<u>5,000,000</u>	<u>-0-</u>
5.14	<u>This appropriation is for the Greater</u>		
5.15	<u>Minnesota housing infrastructure grant</u>		
5.16	<u>program under Minnesota Statutes, section</u>		
5.17	<u>462A.43. This is a onetime appropriation.</u>		
5.18	<u>Subd. 18. Housing Infrastructure Bonds</u>	<u>100,000,000</u>	<u>100,000,000</u>
5.19	<u>This appropriation is for the housing</u>		
5.20	<u>infrastructure program for the eligible</u>		
5.21	<u>purposes under Minnesota Statutes, section</u>		
5.22	<u>462A.37, subdivision 2. This is a onetime</u>		
5.23	<u>appropriation.</u>		
5.24	<u>Subd. 19. Homeownership Investment Grants</u>	<u>40,000,000</u>	<u>40,000,000</u>
5.25	<u>This appropriation is for the homeownership</u>		
5.26	<u>investment grants program. This is a onetime</u>		
5.27	<u>appropriation.</u>		
5.28	<u>Subd. 20. Manufactured Home Lending Grants</u>	<u>25,000,000</u>	<u>-0-</u>
5.29	<u>This appropriation is for the manufactured</u>		
5.30	<u>home lending grants program. This is a</u>		
5.31	<u>onetime appropriation.</u>		

6.1	<u>Subd. 21. Manufactured Home Park Cooperative</u>		
6.2	<u>Purchase</u>	<u>10,000,000</u>	<u>-0-</u>
6.3	<u>This appropriation is for the manufactured</u>		
6.4	<u>home park cooperative purchase program. This</u>		
6.5	<u>is a onetime appropriation.</u>		
6.6	<u>Subd. 22. Local Housing Trust Fund</u>	<u>7,700,000</u>	<u>-0-</u>
6.7	<u>This appropriation is for local housing trust</u>		
6.8	<u>fund grants. This is a onetime appropriation.</u>		
6.9	<u>Subd. 23. Rent Assistance</u>	<u>50,000,000</u>	<u>50,000,000</u>
6.10	<u>This appropriation is for deposit in the state</u>		
6.11	<u>rent assistance account in the housing</u>		
6.12	<u>development fund for expenditure on the rent</u>		
6.13	<u>assistance program under Minnesota Statutes,</u>		
6.14	<u>section 462A.2095. Of this amount,</u>		
6.15	<u>\$12,000,000 is added to the agency's</u>		
6.16	<u>permanent budget base.</u>		
6.17	<u>Subd. 24. First-Generation Homebuyers Down</u>		
6.18	<u>Payment Assistance Fund</u>	<u>150,000,000</u>	<u>-0-</u>
6.19	<u>This appropriation is for the first-generation</u>		
6.20	<u>homebuyers down payment assistance fund.</u>		
6.21	<u>This appropriation is onetime. Services</u>		
6.22	<u>rendered under grant contracts with the grantee</u>		
6.23	<u>may occur any time up until June 30, 2026.</u>		
6.24	<u>Subd. 25. Build Wealth Minnesota</u>	<u>1,500,000</u>	<u>1,500,000</u>
6.25	<u>(a) This appropriation is for a grant to Build</u>		
6.26	<u>Wealth Minnesota to provide a family</u>		
6.27	<u>stabilization plan program, including program</u>		
6.28	<u>outreach, financial literacy education, and</u>		
6.29	<u>budget and debt counseling. This is a onetime</u>		
6.30	<u>appropriation.</u>		
6.31	<u>(b) The base for this program in fiscal year</u>		
6.32	<u>2026 and beyond is \$500,000.</u>		

7.1	<u>Subd. 26. First-Time Homebuyer, Fee-Based</u>		
7.2	<u>Home Purchase Financing</u>	<u>5,000,000</u>	<u>5,000,000</u>
7.3	<u>This appropriation is for the first-time</u>		
7.4	<u>homebuyer, fee-based home purchase</u>		
7.5	<u>financing program. This appropriation is</u>		
7.6	<u>onetime. Services rendered under grant</u>		
7.7	<u>contracts with the grantee may occur any time</u>		
7.8	<u>up until June 30, 2026.</u>		
7.9	<u>Subd. 27. Community Stabilization</u>	<u>75,000,000</u>	<u>75,000,000</u>
7.10	<u>This appropriation is for the community</u>		
7.11	<u>stabilization program under Minnesota</u>		
7.12	<u>Statutes, section 462A.41. This a onetime</u>		
7.13	<u>appropriation. Of this amount, \$10,000,000 is</u>		
7.14	<u>for a grant to AEON for Huntington Place.</u>		
7.15	<u>Subd. 28. High-Rise Sprinkler System Grant</u>	<u>10,000,000</u>	<u>-0-</u>
7.16	<u>This appropriation is for the high-rise sprinkler</u>		
7.17	<u>system grant program. This appropriation is</u>		
7.18	<u>onetime. Of this amount, up to \$4,000,000</u>		
7.19	<u>must be for a grant to CommonBond</u>		
7.20	<u>Communities for installation of sprinkler</u>		
7.21	<u>systems at two buildings known as Seward</u>		
7.22	<u>Tower West located at 2515 South 9th Street</u>		
7.23	<u>in Minneapolis and Seward Tower East</u>		
7.24	<u>located at 2910 East Franklin Avenue in</u>		
7.25	<u>Minneapolis.</u>		
7.26	<u>Subd. 29. Lead Safe Homes</u>	<u>4,000,000</u>	<u>-0-</u>
7.27	<u>This appropriation is for the lead safe homes</u>		
7.28	<u>grant program under Minnesota Statutes,</u>		
7.29	<u>section 462A.2906. This appropriation is</u>		
7.30	<u>onetime.</u>		
7.31	<u>Subd. 30. Landlord Risk Mitigation Fund</u>	<u>500,000</u>	<u>-0-</u>
7.32	<u>(a) This appropriation is for grants to eligible</u>		
7.33	<u>applicants to create or expand risk mitigation</u>		
7.34	<u>programs to reduce landlord financial risks</u>		

8.1 for renting to persons eligible for services
 8.2 under Minnesota Statutes, sections 245.4661,
 8.3 subdivision 9, paragraph (a), clause (2);
 8.4 462A.204; and 462A.2097. This appropriation
 8.5 is onetime.

8.6 (b) Eligible programs may reimburse landlords
 8.7 for costs, including but not limited to
 8.8 nonpayment of rent or damage costs above
 8.9 those costs covered by security deposits. The
 8.10 agency may give higher priority to applicants
 8.11 that demonstrate a matching amount of money
 8.12 by a local unit of government, business, or
 8.13 nonprofit organization. Grantees must
 8.14 establish a procedure to review and validate
 8.15 claims and reimbursements under this grant
 8.16 program.

8.17 (c) Eligible grantees include but are not limited
 8.18 to nonprofit organizations under Minnesota
 8.19 Statutes, section 462A.03, subdivision 22, and
 8.20 supportive housing providers under Minnesota
 8.21 Statutes, section 245.4661, subdivision 9,
 8.22 paragraph (a), clause (2).

8.23 Subd. 31. **Housing Meditation** 1,500,000 -0-

8.24 This appropriation is for the Minnesota
 8.25 Housing mediation grant program. This
 8.26 appropriation is onetime.

8.27 Subd. 32. **Northland Foundation** 2,000,000 -0-

8.28 This appropriation is for a grant to Northland
 8.29 Foundation for use on expenditures authorized
 8.30 under Minnesota Statutes, section 462C.16,
 8.31 subdivision 3 and on assisting local
 8.32 governments to establish local or regional
 8.33 housing trust funds. Northland Foundation
 8.34 may award grants and loans to other entities

9.1 to expend on authorized expenditures under
 9.2 this section. This appropriation is onetime and
 9.3 available until June 30, 2025.

9.4 **Subd. 33. Stable Housing Organization Relief** 10,000,000 -0-

9.5 This appropriation is for the stable housing
 9.6 organization relief program. This appropriation
 9.7 is onetime.

9.8 **Sec. 3. MANAGEMENT AND BUDGET** \$ 300,000 \$ -0-

9.9 \$300,000 in fiscal year 2024 is to the
 9.10 commissioner of management and budget to
 9.11 fund a study by Management Analysis and
 9.12 Development on expediting rental assistance
 9.13 payment. This is a onetime appropriation.

9.14 **Sec. 4. FISCAL YEAR 2023 APPROPRIATION TO THE MINNESOTA HOUSING**
 9.15 **FINANCE AGENCY.**

9.16 (a) \$50,000,000 in fiscal year 2023 is appropriated from the general fund to the Housing
 9.17 Finance Agency for transfer to the housing development fund for the family homeless
 9.18 prevention and assistance program under Minnesota Statutes, section 462A.204. This
 9.19 appropriation is onetime. Notwithstanding procurement provisions outlined in Minnesota
 9.20 Statutes, section 16C.06, subdivisions 1, 2, and 6, the agency may award grants to existing
 9.21 program grantees. The agency shall make best efforts to spend the appropriation by June
 9.22 30, 2024. If the appropriation in this paragraph is enacted more than once during the 2023
 9.23 regular session, the appropriation must be given effect only once. If the appropriation in
 9.24 this paragraph is enacted more than once during the 2023 regular session, this section applies
 9.25 to the appropriation.

9.26 (b) Notwithstanding Minnesota Statutes, section 462A.204, subdivision 5, qualified
 9.27 families may receive more than 24 months of rental assistance.

9.28 (c) Notwithstanding Minnesota Statutes, section 462A.204, subdivision 3, a
 9.29 community-based nonprofit organization without a sponsoring resolution may apply for
 9.30 and receive grants outside the metropolitan area.

9.31 (d) If the agency determines that the metropolitan area is in need of additional support
 9.32 to serve households that are homeless or at risk of homelessness, the agency may grant

10.1 funds to entities other than counties in the metropolitan area, including but not limited to
10.2 nonprofit organizations.

10.3 (e) In circumstances where more than one grantee operates in a given geographic area,
10.4 grantees may work with either an advisory committee as required under Minnesota Statutes,
10.5 section 462A.204, subdivision 6, or the local Continuum of Care and are not required to
10.6 meet the requirements of Minnesota Statutes, section 462A.204, subdivision 4.

10.7 **ARTICLE 2**

10.8 **HOUSING GRANT PROGRAMS**

10.9 Section 1. Minnesota Statutes 2022, section 462A.05, is amended by adding a subdivision
10.10 to read:

10.11 Subd. 42. **Rent assistance program.** The agency may administer the rent assistance
10.12 program established in section 462A.2095.

10.13 **Sec. 2. [462A.2095] RENT ASSISTANCE PROGRAM.**

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

10.17 (b) Money deposited in the account under section 297A.9925 is for grants to program
10.18 administrators in the metropolitan area.

10.19 (c) Money deposited in the account through a general fund appropriation is for grants
10.20 to program administrators outside the metropolitan counties, as defined by section 473.121,
10.21 subdivision 4.

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

10.24 (b) "Eligible household" means a household with an annual income of up to 50 percent
10.25 of the area median income as determined by the United States Department of Housing and
10.26 Urban Development, adjusted for family size, that is paying more than 30 percent of the
10.27 household's annual income on rent. Eligibility is determined at the time a household first
10.28 receives rent assistance under this section. Eligibility shall be recertified every year thereafter.
10.29 Eligible household does not include a household receiving federal tenant-based or
10.30 project-based assistance under Section 8 of the United States Housing Act of 1937, as
10.31 amended.

11.1 (c) "Program administrator" means:

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

11.5 (2) a Tribal government or Tribal housing authority; or

11.6 (3) if the local housing authority, Tribal government, or Tribal housing authority declines
11.7 to administer the program established in this section, a nongovernmental organization
11.8 determined by the agency to have the capacity to administer the program.

11.9 Subd. 3. **Grants to program administrators.** (a) The agency may make grants to
11.10 program administrators to provide rental assistance for eligible households. For both
11.11 tenant-based and project-based assistance, program administrators shall pay assistance
11.12 directly to housing providers. Rental assistance may be provided in the form of tenant-based
11.13 assistance or project-based assistance. Notwithstanding the amounts awarded under
11.14 subdivision 1, paragraph (b), and to the extent practicable, the agency must make grants
11.15 statewide in proportion to the number of households eligible for assistance in each county
11.16 according to the most recent American Community Survey of the United States Census
11.17 Bureau.

11.18 (b) The program administrator may use its existing procedures to administer the rent
11.19 assistance program or may develop alternative procedures with the goals of reaching
11.20 households most in need and incentivizing landlord participation. The agency must approve
11.21 a program administrator's alternative procedures.

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

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

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

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

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

12.5 (2) general assistance, Minnesota supplemental aid, and food support under chapter
12.6 256D;

12.7 (3) housing support under chapter 256I;

12.8 (4) Minnesota family investment program and diversionary work program under chapter
12.9 256J; and

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

12.11 (c) The commissioner of human services must not consider rent assistance grant money
12.12 under this section as income or assets under section 256B.056, subdivision 1a, paragraph
12.13 (a); subdivision 3; or subdivision 3c, or for persons with eligibility determined under section
12.14 256B.057, subdivision 3, 3a, or 3b.

12.15 Subd. 7. **Oversight.** The agency may direct program administrators to comply with
12.16 applicable sections of Code of Federal Regulations, title 24, parts 982 and 983.

12.17 **Sec. 3. [462A.2096] LEAD SAFE HOMES GRANT PROGRAM.**

12.18 Subdivision 1. **Establishment.** The Minnesota Housing Finance Agency shall establish
12.19 a lead safe homes grant program to provide grants to increase lead testing and make
12.20 residential rental units lead safe. The pilot program shall provide one grant to a project
12.21 servicing an area in a metropolitan county, as defined in section 473.121, subdivision 4, and
12.22 one grant to a project servicing an area outside a metropolitan county with a priority for
12.23 targeting grant resources to landlords and tenants where there are high concentrations of
12.24 lead poisoning in children based on information provided by the commissioner of health.

12.25 Subd. 2. **Eligibility.** (a) Eligible grantees must be a nonprofit or political subdivision
12.26 capable of providing funding and services to a defined geographic area. The grant programs
12.27 established by the grantees receiving funding under this section must provide lead risk
12.28 assessments completed by a lead inspector or a lead risk assessor licensed by the
12.29 commissioner of health pursuant to section 144.9505 for properties built before 1978 to
12.30 determine the presence of lead hazards and to provide interim controls to reduce lead health
12.31 hazards. The grant programs must provide funding for testing and lead hazard reduction to:

- 13.1 (1) landlords of residential buildings with 11 units or less where the tenant's income
13.2 does not exceed 60 percent of area median income;
- 13.3 (2) landlords of residential buildings with 12 units or more where at least 50 percent of
13.4 the tenants are below 60 percent of the median income; and
- 13.5 (3) tenants with an income that does not exceed 60 percent of area median income.
- 13.6 (b) A landlord or tenant must first access other available state and federal funding related
13.7 to lead testing and lead hazard reduction for which they are eligible.
- 13.8 (c) Up to ten percent of a grant award to a nonprofit or political subdivision may be used
13.9 to administer the grant and provide education and outreach about lead health hazards.
- 13.10 Subd. 3. **Short title.** This section shall be known as the "Dustin Luke Shields Act."
- 13.11 Sec. 4. **[462A.2098] MINNESOTA HOUSING MEDIATION GRANT PROGRAM.**
- 13.12 Subdivision 1. **Establishment; purpose.** The agency shall establish a housing mediation
13.13 program to reduce negative consequences to renters, rental property owners, families,
13.14 schools, employers, neighborhoods, and communities by providing support to renters and
13.15 residential rental property owners.
- 13.16 Subd. 2. **Selection criteria.** The agency shall award grants to community dispute
13.17 resolution programs certified under section 494.015. The agency shall develop forms and
13.18 procedures for soliciting and reviewing applications for grants under this section.
- 13.19 Subd. 3. **Administration.** The agency shall award a grant to Community Mediation
13.20 Minnesota to administrate the housing mediation program to ensure effective statewide
13.21 management, program design, and outreach among the grantees.
- 13.22 Subd. 4. **Authorized uses of grant.** The grant funding must be used to:
- 13.23 (1) provide housing dispute resolution services;
- 13.24 (2) increase awareness of and access to housing dispute resolution services statewide;
- 13.25 (3) provide alternative dispute resolution services, including but not limited to eviction
13.26 prevention, mediation, and navigation services;
- 13.27 (4) partner with culturally specific dispute resolution programs to provide training and
13.28 assistance with virtual and in-person mediation services;
- 13.29 (5) increase mediation services for seniors and renters with disabilities and illnesses that
13.30 face housing instability;

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

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

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

14.6 **Sec. 5. [462A.41] COMMUNITY STABILIZATION PROGRAM.**

14.7 Subdivision 1. **Establishment.** The agency shall establish a community stabilization
14.8 program for the purpose of providing grants or loans for the preservation of naturally
14.9 occurring affordable housing through acquisition or rehabilitation.

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

14.12 (1) multiunit rental housing that:

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

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

14.17 (2) owner-occupied housing located in communities where market pressures or significant
14.18 deferred rehabilitation needs, as defined by the agency, create opportunities for displacement
14.19 or the loss of owner-occupied housing affordable to households at or below 115 percent of
14.20 the greater of state or area median income as determined by the United States Department
14.21 of Housing and Urban Development.

14.22 Subd. 3. **Eligible recipients.** (a) Grants or loans may be made to:

14.23 (1) a local unit of government;

14.24 (2) a federally recognized American Indian Tribe located in Minnesota or its Tribally
14.25 Designated Housing Entity;

14.26 (3) a private developer;

14.27 (4) limited equity cooperatives;

14.28 (5) cooperatives created under chapter 308A or 308B;

14.29 (6) community land trusts created for the purposes outlined in section 462A.31,
14.30 subdivision 1; or

15.1 (7) a nonprofit organization.

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

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

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

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

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

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

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

15.25 Sec. 6. **[462A.42] SUPPORTIVE HOUSING PROGRAM.**

15.26 Subdivision 1. **Establishment.** The agency shall establish a supportive housing program
15.27 to provide funding to increase alignment with housing development financing and strengthen
15.28 supportive housing for individuals and families who have experienced homelessness.

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

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

16.4 Subd. 4. **Eligible uses.** (a) Funds shall be used to cover costs needed for supportive
16.5 housing to operate effectively. Costs may include but are not limited to building operating
16.6 expenses such as front desk, tenant service coordination, revenue shortfall, and security
16.7 costs.

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

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

16.16 Sec. 7. **[462A.43] GREATER MINNESOTA HOUSING INFRASTRUCTURE**
16.17 **GRANT PROGRAM.**

16.18 Subdivision 1. **Grant program established.** The commissioner may make grants to
16.19 cities to provide up to 50 percent of the capital costs of public infrastructure necessary for
16.20 an eligible workforce housing development project. The commissioner may make a grant
16.21 award only after determining that nonstate resources are committed to complete the project.
16.22 The nonstate contribution may be cash, other committed grant funds, or in kind. In-kind
16.23 contributions may include the value of the site, whether the site is prepared before or after
16.24 the law appropriating money for the grant is enacted.

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

16.27 (b) "City" means a statutory or home rule charter city that includes undeveloped parcels
16.28 that is located outside the metropolitan area, as defined in section 473.121, subdivision 2.

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

17.1 Subd. 3. **Eligible projects.** Housing infrastructure projects eligible for a grant under this
17.2 section may be for the development of single-family housing, manufactured home parks,
17.3 or multifamily housing, either owner-occupied or rental.

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

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

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

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

17.16 Subd. 5. **Maximum grant amount.** A city may receive no more than \$30,000 per lot
17.17 for single-family, duplex, triplex, or fourplex housing developed and no more than \$60,000
17.18 per lot for manufactured home parks or multifamily housing with more than four units per
17.19 building. A city may receive no more than \$500,000 in two years for one or more housing
17.20 developments.

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

17.25 Subd. 7. **Appropriation.** Grant money returned to the commissioner is appropriated to
17.26 the commissioner to make additional grants under this section.

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

17.28 Sec. 8. **STABLE HOUSING ORGANIZATION RELIEF PROGRAM.**

17.29 Subdivision 1. **Establishment.** The commissioner of the Minnesota Housing Finance
17.30 Agency must establish and administer a grant program in accordance with this section to
17.31 support nonprofits that are experiencing significant detrimental financial impacts due to
17.32 recent economic and social conditions.

18.1 Subd. 2. Eligible organizations. To be eligible for a grant under this section an
18.2 organization must:

18.3 (1) be a nonprofit organization that is tax exempt under section 501(c)(3) of the Internal
18.4 Revenue Code that has been doing business in the state for at least ten years as demonstrated
18.5 by registration or filing of organizational documents with the secretary of state;

18.6 (2) have its primary operations located in the state;

18.7 (3) be experiencing significant detrimental financial impact due to recent economic and
18.8 social conditions, including but not limited to decreased operating revenue due to loss of
18.9 rental income or increased operating expenses due to inflation in utility expenses, insurance,
18.10 or other expenses;

18.11 (4) have supportive services options available for the individuals and families residing
18.12 in the rental housing it provides to low-income populations; and

18.13 (5) provide, as of December 31, 2022, housing units in the state that it owns or controls
18.14 consisting of any of the following:

18.15 (i) at least 1,000 units of naturally occurring affordable housing. For purposes of this
18.16 item, "naturally occurring affordable housing" means multiunit rental housing developments
18.17 that have not received financing from the federal low-income housing tax credit program
18.18 for which the majority of the units have agreements in place to be affordable to individuals
18.19 or families with incomes at or below 60 percent of the area median income as determined
18.20 by the United States Department of Housing and Urban Development, adjusted for family
18.21 size, and that do not receive project- or other place-based rental subsidies from the federal
18.22 government;

18.23 (ii) rental housing units, not including naturally occurring affordable housing, of which
18.24 50 percent of the total number of units are rented to individuals or families whose annual
18.25 incomes, according to the most recent income certification as of December 31, 2022, are
18.26 at or below 30 percent of the area median income as determined by the United States
18.27 Department of Housing and Urban Development, adjusted for family size; or

18.28 (iii) at least 250 units of permanent supportive housing, as defined in Minnesota Statutes,
18.29 section 462A.36, subdivision 1, paragraph (e).

18.30 Subd. 3. Grant program. (a) The commissioner must provide grants to eligible
18.31 organizations as provided in this subdivision.

18.32 (b) An organization that seeks to obtain a grant must apply to the commissioner by July
18.33 28, 2023, and certify:

19.1 (1) that it is eligible for a grant under subdivision 2;

19.2 (2) the total number of rental housing units it owns or controls in the state, including
19.3 but not limited to the rental housing units it provides under subdivision 2, clause (5); and

19.4 (3) information on significant detrimental financial impacts due to recent economic and
19.5 social conditions.

19.6 (c) The commissioner must disburse grants to eligible organizations no later than
19.7 September 30, 2023. Eligible organizations that receive grants must use grant funds to
19.8 mitigate significant detrimental financial impacts due to recent economic and social
19.9 conditions.

19.10 (d) The amount of a grant to an eligible organization equals:

19.11 (1) the number of units an eligible organization certifies that it owns or controls in the
19.12 state divided by the total number of units certified by all eligible organizations; multiplied
19.13 by

19.14 (2) the total amount of the appropriation for this grant program.

19.15 (e) No grant to an eligible organization may exceed \$4,000 per certified unit. The per-unit
19.16 amount of the grant for each eligible organization must be calculated based on the total
19.17 number of units each eligible organization owns or controls in the state and is not limited
19.18 to the number of units that qualify it as an eligible organization under subdivision 2, clause
19.19 (5).

19.20 Subd. 4. **Reporting and financial audit.** Each grantee must submit a report to the
19.21 commissioner by September 30, 2024, on the use of those funds in a form determined by
19.22 the commissioner. By January 15, 2024, each grantee must report to the chair and ranking
19.23 minority members of the legislative committees having jurisdiction over housing on the use
19.24 of funds awarded under this section.

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

19.26 Sec. 9. **FIRST-GENERATION HOMEBUYERS DOWN PAYMENT ASSISTANCE**
19.27 **FUND.**

19.28 Subdivision 1. **Establishment.** A first-generation homebuyers down payment assistance
19.29 fund is established as a pilot project under the administration of the Midwest Minnesota
19.30 Community Development Corporation (MMCDC), a community development financial
19.31 institution (CDFI) as defined under the Riegle Community Development and Regulatory
19.32 Improvement Act of 1994, to provide targeted assistance to eligible households. The Housing

20.1 Finance Agency must release grant funds to MMCDC as needed, and may do so in tranches
20.2 for administrative efficiency.

20.3 Subd. 2. **Eligible household.** For purposes of this section, "eligible household" means
20.4 a household:

20.5 (1) whose income is at or below 100 percent of the area median income at the time of
20.6 purchase; and

20.7 (2) that includes at least one adult member:

20.8 (i) who is preapproved for a first mortgage loan;

20.9 (ii) who either never owned a home or who owned a home but lost it due to foreclosure;
20.10 and

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

20.13 At least one adult household member meeting the criteria under clause (2) must complete
20.14 an approved homebuyer education course prior to signing a purchase agreement and,
20.15 following the purchase of the home, must occupy it as their primary residence.

20.16 Subd. 3. **Use of funds.** Assistance under this section is limited to ten percent of the
20.17 purchase price of a one or two unit home, not to exceed \$32,000. Funds shall be reserved
20.18 for eligible households. Fund reservation is not contingent on having an executed purchase
20.19 agreement. The assistance must be provided in the form of a loan that is forgivable at a rate
20.20 of 20 percent per year on the day after the anniversary date of the note. The prorated balance
20.21 due is repayable if the property converts to nonowner occupancy, is sold, is subjected to an
20.22 ineligible refinance, is subjected to an unauthorized transfer of title, or is subjected to a
20.23 completed foreclosure action within the five-year loan term. Recapture can be waived in
20.24 the event of financial or personal hardship. Funds may be used for closing costs, down
20.25 payment, or principal reduction. The eligible household may select any first mortgage lender
20.26 or broker of their choice, provided that the funds are used in conjunction with a conforming
20.27 first mortgage loan that is fully amortizing and meets the standards of a qualified mortgage
20.28 or meets the minimum standards for exemption under Code of Federal Regulations, title
20.29 12, section 1026.43. Funds may be used in conjunction with other programs the eligible
20.30 household may qualify for and the loan placed in any priority position.

20.31 Subd. 4. **Administration.** The first-generation homebuyers down payment assistance
20.32 fund is available statewide and shall be administered by MMCDC, the designated central
20.33 CDFI. MMCDC may originate and service funds and authorize other CDFIs, Tribal entities,

21.1 and nonprofit organizations administering down payment assistance to reserve, originate,
 21.2 fund, and service funds for eligible households. Administrative costs must not exceed \$3,200
 21.3 per loan. Any funds recaptured prior to June 30, 2026, are returned to MMCDC for
 21.4 redistribution to eligible households. Any unused funds, or funds recaptured on or after
 21.5 June 30, 2026, shall be remitted to the agency to be returned to the general fund.

21.6 Subd. 5. **Report to legislature.** By January 15 each year, the fund administrator,
 21.7 MMCDC, must report to the chairs and ranking minority members of the legislative
 21.8 committees with jurisdiction over housing finance and policy the following information:

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

21.10 (2) the median loan amount;

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

21.12 (4) the median home purchase price;

21.13 (5) the type of mortgage;

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

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

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

21.17 Sec. 10. **HIGH-RISE SPRINKLER SYSTEM GRANT PROGRAM.**

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

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

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

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

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

21.28 Subd. 2. **Grant program.** The commissioner of the Housing Finance Agency must make
 21.29 grants to owners of eligible buildings for installation of sprinkler systems and for relocation
 21.30 of residents during the installation of sprinkler systems. Priority shall be given to nonprofit

22.1 applicants. The maximum grant per eligible building shall be \$2,000,000. Each grant to a
22.2 nonprofit organization shall require a 25 percent match. Each grant to a for-profit organization
22.3 shall require a 50 percent match.

22.4 Subd. 3. **Expiration.** This section expires June 30, 2026.

22.5 **Sec. 11. LOCAL HOUSING TRUST FUND GRANTS.**

22.6 (a) The commissioner of the Minnesota Housing Finance Agency shall award grants for
22.7 existing local housing trust funds established under Minnesota Statutes, section 462C.16
22.8 and for local governments seeking to establish local housing trust funds.

22.9 (b) A local government with an existing local housing trust fund may receive a grant
22.10 amount equal to 100 percent of the public revenue committed to the local housing trust fund
22.11 from any source other than the state or federal government, up to \$150,000, and in addition,
22.12 an amount equal to 50 percent of the public revenue committed to the local housing trust
22.13 fund from any source other than the state or federal government that is more than \$150,000
22.14 but not more than \$300,000.

22.15 (c) The agency may award grants of up to \$5,000 to a local government, or two or more
22.16 local governments operating under a joint powers agreement, which does not have a local
22.17 housing trust fund or a regional housing trust fund. Grants must be used to establish a local
22.18 or regional housing trust fund. The agency shall make grants on a first-come, first-served
22.19 basis.

22.20 (d) Except as provided in paragraph (c), a grantee must use grant funds within eight
22.21 years of receipt for purposes: (1) authorized under Minnesota Statutes, section 462C.16,
22.22 subdivision 3; and (2) benefiting households with incomes at or below 115 percent of the
22.23 state median income. A grantee must return any grant funds not used for these purposes
22.24 within eight years of receipt to the commissioner of the Minnesota Housing Finance Agency
22.25 for deposit into the housing development fund.

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

22.27 **Sec. 12. HOMEOWNERSHIP INVESTMENT GRANTS PROGRAM.**

22.28 Subdivision 1. **Definitions.** For the purposes of this section, the following terms have
22.29 the meanings given:

22.30 (1) "commissioner" means the commissioner of the Minnesota Housing Finance Agency;
22.31 and

23.1 (2) "eligible organization" means a nonprofit organization the commissioner determines
23.2 to be eligible under subdivision 2.

23.3 Subd. 2. **Eligible organization.** To be eligible for a grant under this subdivision, a
23.4 nonprofit organization must:

23.5 (1) be an organization defined under section 501(c)(3) of the Internal Revenue Code or
23.6 an equivalent organization;

23.7 (2) have primary operations located in Minnesota; and

23.8 (3) be certified as a community development financial institution by the United States
23.9 Department of the Treasury and must provide affordable housing lending or financing
23.10 programs.

23.11 Subd. 3. **Eligible services.** Eligible organizations may apply for housing investment
23.12 grants for affordable owner-occupied housing projects for:

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

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

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

23.17 (4) financing programs for affordable owner-occupied manufactured housing; and

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

23.21 Subd. 4. **Commissioner duties.** (a) The commissioner shall consult with eligible
23.22 organizations and develop forms, applications, and reporting requirements for use by eligible
23.23 organizations. All organizations applying for a grant must include as part of their application
23.24 a plan to create new affordable home ownership and home preservation opportunities for
23.25 targeted areas. The commissioner shall develop a grant award scoring system that ensures
23.26 a distribution of awards throughout the state based on population and eligible households
23.27 and communities.

23.28 (b) The commissioner shall complete the requirements under paragraph (a) within 90
23.29 days of enactment of this section.

23.30 (c) By January 15, 2024, the commissioner must submit a report to the chairs and ranking
23.31 minority members of the legislative committees with jurisdiction over housing finance and
23.32 policy detailing the use of funds under this section.

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

24.2 Sec. 13. **FIRST-TIME HOMEBUYER, FEE-BASED HOME PURCHASE**
24.3 **FINANCING PROGRAM.**

24.4 Subdivision 1. **Administration.** A first-time homebuyer, fee-based home purchasing
24.5 financing program is established as a pilot project under the administration of NeighborWorks
24.6 Home Partners.

24.7 Subd. 2. **Eligible homebuyer.** For the purposes of this section, an "eligible homebuyer"
24.8 means an individual:

24.9 (1) whose income is at or below 130 percent of area median income;

24.10 (2) who resides in a census tract where at least 60 percent of occupied housing units are
24.11 renter-occupied, based on the most recent estimates or experimental estimates provided by
24.12 the American Community Survey of the United States Census Bureau;

24.13 (3) who is financing the purchase of an eligible property with an interest-free, fee-based
24.14 mortgage; and

24.15 (4) who is a first-time homebuyer as defined by Code of Federal Regulations, title 24,
24.16 section 92.2.

24.17 Subd. 3. **Eligible property.** (a) For the purposes of this section, an "eligible property"
24.18 means residential real property that is a condominium, a townhouse, a single-family home,
24.19 a manufactured home titled as real property, or another building containing up to four
24.20 dwelling units.

24.21 (b) An eligible property may include property subject to a ground lease with a community
24.22 land trust, property on Indian Trust Land, or property participating in a shared equity
24.23 homeownership program.

24.24 Subd. 4. **Use of funds.** NeighborWorks Home Partners shall use the money appropriated
24.25 under subdivision 1 to provide forgivable grants of down payment assistance not to exceed
24.26 30 percent of the price of the eligible property that an eligible homebuyer seeks to purchase.
24.27 NeighborWorks Home Partners shall provide grants to eligible homebuyers using no-interest,
24.28 fee-based loans to finance the purchase of eligible properties. In making grants,
24.29 NeighborWorks Home Partners shall determine the circumstances, terms, and conditions
24.30 under which all or any portion of the grant will be repaid and shall determine the appropriate
24.31 security required for a repayment. The administrative fees for operating the program shall

25.1 not exceed five percent of the appropriation. An eligible homebuyer may use the funds in
25.2 conjunction with any other funding programs.

25.3 Subd. 5. **Conditions of receiving a grant.** (a) To qualify for assistance under this section,
25.4 an eligible homebuyer must:

25.5 (1) complete an approved homebuyer education course prior to signing a purchase
25.6 agreement;

25.7 (2) complete an approved landlord education course prior to signing a purchase agreement
25.8 if the property being purchased contains more than one dwelling unit;

25.9 (3) contribute a minimum of \$1,000 to down payment or closing costs; and

25.10 (4) occupy the purchased property as the homebuyer's primary residence.

25.11 (b) NeighborWorks Home Partners may establish additional requirements to ensure that
25.12 program participants comply with this subdivision.

25.13 Subd. 6. **Reports.** By January 15 and July 15 each year, NeighborWorks Home Partners
25.14 must report to the chairs and ranking minority members of the legislative committees with
25.15 jurisdiction over housing finance and policy the following information:

25.16 (1) the number and amount of grants issued;

25.17 (2) the median grant amount;

25.18 (3) the number and amount of grants issued by race or ethnic categories;

25.19 (4) the median home purchase price;

25.20 (5) the total amount returned to the fund; and

25.21 (6) the number and amount of grants issued by county.

25.22 Sec. 14. **MANUFACTURED HOME LENDING GRANTS.**

25.23 Subdivision 1. **Definitions.** For the purposes of this section, the following terms have
25.24 the meanings given:

25.25 (1) "commissioner" means the commissioner of the Minnesota Housing Finance Agency;
25.26 and

25.27 (2) "eligible organization" means a nonprofit organization the commissioner determines
25.28 to be eligible under subdivision 2.

25.29 Subd. 2. **Eligible organizations.** To be eligible for a grant under this section, a nonprofit
25.30 must:

26.1 (1) be an organization defined under section 501(c)(3) of the Internal Revenue Code, or
 26.2 an equivalent organization;

26.3 (2) have primary operations located in the state of Minnesota;

26.4 (3) be a qualified nonprofit lender or a community development financial institution
 26.5 certified by the United States Department of the Treasury; and

26.6 (4) serve low-income populations in manufactured home communities owned by residents,
 26.7 cooperatives, nonprofits, or municipalities.

26.8 Subd. 3. Eligible services. Eligible organizations may apply for manufactured home
 26.9 lending funds for the following services:

26.10 (1) new manufactured home financing programs;

26.11 (2) manufactured home down payment assistance; and

26.12 (3) manufactured home repair, renovation, removal, and site preparation financing
 26.13 programs.

26.14 Subd. 4. Commissioner duties. Within 90 days of final enactment, the commissioner
 26.15 shall develop the forms, applications, and reporting requirements for use by eligible
 26.16 organizations. In developing these materials, the commissioner shall consult with
 26.17 manufactured housing cooperatives, resident-owned manufactured home communities, and
 26.18 nonprofit organizations working with manufactured housing cooperatives and resident-owned
 26.19 communities.

26.20 **Sec. 15. MANUFACTURED HOME PARK COOPERATIVE PURCHASE**
 26.21 **PROGRAM.**

26.22 (a) The funding under this section shall be used for a revolving loan fund under Minnesota
 26.23 Statutes, section 462A.05, subdivision 35, to provide interest-free loans for residents of
 26.24 manufactured home parks to purchase the manufactured home park in which they reside
 26.25 for the purpose of conversion of the manufactured home park to cooperative ownership.
 26.26 Repayments of principal from loans issued under this section must be used for the purposes
 26.27 of this section.

26.28 (b) The agency shall develop criteria for loan requests under this section. Within 90 days
 26.29 of final enactment, the commissioner shall develop the forms, applications, and reporting
 26.30 requirements for use by eligible organizations. In developing these materials, the
 26.31 commissioner shall consult with manufactured housing cooperatives, resident-owned

27.1 manufactured home communities, and nonprofit organizations working with manufactured
 27.2 housing cooperatives and resident-owned communities.

27.3 (c) Borrowers must use funds to assist in the creation and preservation of housing that
 27.4 is affordable to households with incomes at or below 80 percent of the greater of state or
 27.5 area median income.

27.6 (d) A deed purchased with a loan under this section must contain a covenant running
 27.7 with the land requiring that the land be used as a manufactured home park for 30 years from
 27.8 the date of purchase.

27.9 (e) For the purposes of this section, the terms "manufactured home," "manufactured
 27.10 home park," and "resident" have the meanings given in Minnesota Statutes, section 327C.015.

27.11 **ARTICLE 3**

27.12 **BONDING AUTHORITY AND AUTHORIZATION**

27.13 Section 1. Minnesota Statutes 2022, section 462A.22, subdivision 1, is amended to read:

27.14 Subdivision 1. **Debt ceiling.** The aggregate principal amount of general obligation bonds
 27.15 and notes which are outstanding at any time, excluding the principal amount of any bonds
 27.16 and notes refunded by the issuance of new bonds or notes, shall not exceed the sum of
 27.17 \$5,000,000,000.

27.18 Sec. 2. Minnesota Statutes 2022, section 462A.36, is amended by adding a subdivision to
 27.19 read:

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

27.25 (b) In the refunding of nonprofit housing bonds, each bond must be called for redemption
 27.26 prior to its maturity in accordance with its terms no later than the earliest date on which it
 27.27 may be redeemed. No refunding bonds may be issued unless as of the date of the refunding
 27.28 bonds the present value of the dollar amount of the debt service on the refunding bonds,
 27.29 computed to their stated maturity dates, is lower than the present value of the dollar amount
 27.30 of debt service on all nonprofit housing bonds refunded computed to their stated maturity
 27.31 dates. For purposes of this subdivision, "present value of the dollar amount of debt service"

28.1 means the dollar amount of debt service to be paid, discounted to the nominal date of the
28.2 refunding bonds at a rate equal to the yield on the refunding bonds.

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

28.8 Sec. 3. Minnesota Statutes 2022, section 462A.36, subdivision 4, is amended to read:

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

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

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

28.21 Sec. 4. Minnesota Statutes 2022, section 462A.37, is amended by adding a subdivision to
28.22 read:

28.23 Subd. 2i. **Additional authorization.** In addition to the amounts authorized in subdivisions
28.24 2 to 2h, the agency may issue up to \$100,000,000 in housing infrastructure bonds in one or
28.25 more series to which the payments under this section may be pledged.

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

28.27 Sec. 5. Minnesota Statutes 2022, section 462A.37, is amended by adding a subdivision to
28.28 read:

28.29 Subd. 2j. **Additional authorization.** In addition to the amounts authorized in subdivisions
28.30 2 to 2i, the agency may issue up to \$100,000,000 in housing infrastructure bonds in one or
28.31 more series to which the payments under this section may be pledged.

29.1 **EFFECTIVE DATE.** This section is effective July 1, 2024.

29.2 Sec. 6. Minnesota Statutes 2022, section 462A.37, is amended by adding a subdivision to
29.3 read:

29.4 Subd. 2k. **Refunding bonds.** (a) The agency may issue housing infrastructure bonds in
29.5 one or more series to refund bonds authorized in this section. The amount of refunding
29.6 housing infrastructure bonds that may be issued from time to time will not be subject to the
29.7 dollar limitation contained in any of the authorizations in this section nor will those bonds
29.8 be included in computing the amount of bonds that may be issued within those dollar
29.9 limitations.

29.10 (b) In the refunding of housing infrastructure bonds, each bond must be called for
29.11 redemption prior to its maturity in accordance with its terms no later than the earliest date
29.12 on which it may be redeemed. No refunding bonds may be issued unless as of the date of
29.13 the refunding bonds the present value of the dollar amount of the debt service on the
29.14 refunding bonds, computed to their stated maturity dates, is lower than the present value of
29.15 the dollar amount of debt service on all housing infrastructure bonds refunded computed to
29.16 their stated maturity dates. For purposes of this subdivision, "present value of the dollar
29.17 amount of debt service" means the dollar amount of debt service to be paid, discounted to
29.18 the nominal date of the refunding bonds at a rate equal to the yield on the refunding bonds.

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

29.24 Sec. 7. Minnesota Statutes 2022, section 462A.37, subdivision 4, is amended to read:

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

29.28 (b) Each July 15, beginning in 2013 and through 2035, if any housing infrastructure
29.29 bonds issued under subdivision 2, or housing infrastructure bonds issued to refund those
29.30 bonds, remain outstanding, the commissioner of management and budget must transfer to
29.31 the ~~affordable~~ housing infrastructure bond account established under section 462A.21,
29.32 subdivision 33, the amount certified under paragraph (a), not to exceed \$2,200,000 annually.

30.1 The amounts necessary to make the transfers are appropriated from the general fund to the
30.2 commissioner of management and budget.

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

30.5 Sec. 8. Minnesota Statutes 2022, section 462A.37, subdivision 5, is amended to read:

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

30.9 (b) Each July 15, beginning in 2015 and through 2037, if any housing infrastructure
30.10 bonds issued under subdivision 2a remain outstanding, or housing infrastructure bonds
30.11 issued to refund those bonds, the commissioner of management and budget must transfer
30.12 to the housing infrastructure bond account established under section 462A.21, subdivision
30.13 33, the amount certified under paragraph (a), not to exceed \$6,400,000 annually. The amounts
30.14 necessary to make the transfers are appropriated from the general fund to the commissioner
30.15 of management and budget.

30.16 (c) Each July 15, beginning in 2017 and through 2038, if any housing infrastructure
30.17 bonds issued under subdivision 2b remain outstanding, or housing infrastructure bonds
30.18 issued to refund those bonds, the commissioner of management and budget must transfer
30.19 to the housing infrastructure bond account established under section 462A.21, subdivision
30.20 33, the amount certified under paragraph (a), not to exceed \$800,000 annually. The amounts
30.21 necessary to make the transfers are appropriated from the general fund to the commissioner
30.22 of management and budget.

30.23 (d) Each July 15, beginning in 2019 and through 2040, if any housing infrastructure
30.24 bonds issued under subdivision 2c remain outstanding, or housing infrastructure bonds
30.25 issued to refund those bonds, the commissioner of management and budget must transfer
30.26 to the housing infrastructure bond account established under section 462A.21, subdivision
30.27 33, the amount certified under paragraph (a), not to exceed \$2,800,000 annually. The amounts
30.28 necessary to make the transfers are appropriated from the general fund to the commissioner
30.29 of management and budget.

30.30 (e) Each July 15, beginning in 2020 and through 2041, if any housing infrastructure
30.31 bonds issued under subdivision 2d remain outstanding, or housing infrastructure bonds
30.32 issued to refund those bonds, the commissioner of management and budget must transfer
30.33 to the housing infrastructure bond account established under section 462A.21, subdivision

31.1 33, the amount certified under paragraph (a). The amounts necessary to make the transfers
31.2 are appropriated from the general fund to the commissioner of management and budget.

31.3 (f) Each July 15, beginning in 2020 and through 2041, if any housing infrastructure
31.4 bonds issued under subdivision 2e remain outstanding, or housing infrastructure bonds
31.5 issued to refund those bonds, the commissioner of management and budget must transfer
31.6 to the housing infrastructure bond account established under section 462A.21, subdivision
31.7 33, the amount certified under paragraph (a). The amounts necessary to make the transfers
31.8 are appropriated from the general fund to the commissioner of management and budget.

31.9 (g) Each July 15, beginning in 2022 and through 2043, if any housing infrastructure
31.10 bonds issued under subdivision 2f remain outstanding, or housing infrastructure bonds
31.11 issued to refund those bonds, the commissioner of management and budget must transfer
31.12 to the housing infrastructure bond account established under section 462A.21, subdivision
31.13 33, the amount certified under paragraph (a). The amounts necessary to make the transfers
31.14 are appropriated from the general fund to the commissioner of management and budget.

31.15 (h) Each July 15, beginning in 2022 and through 2043, if any housing infrastructure
31.16 bonds issued under subdivision 2g remain outstanding, or housing infrastructure bonds
31.17 issued to refund those bonds, the commissioner of management and budget must transfer
31.18 to the housing infrastructure bond account established under section 462A.21, subdivision
31.19 33, the amount certified under paragraph (a). The amounts necessary to make the transfers
31.20 are appropriated from the general fund to the commissioner of management and budget.

31.21 (i) Each July 15, beginning in 2023 and through 2044, if any housing infrastructure
31.22 bonds issued under subdivision 2h remain outstanding, or housing infrastructure bonds
31.23 issued to refund those bonds, the commissioner of management and budget must transfer
31.24 to the housing infrastructure bond account established under section 462A.21, subdivision
31.25 33, the amount certified under paragraph (a). The amounts necessary to make the transfers
31.26 are appropriated from the general fund to the commissioner of management and budget.

31.27 (j) Each July 15, beginning in 2024 and through 2045, if any housing infrastructure
31.28 bonds issued under subdivision 2i, or housing infrastructure bonds issued to refund those
31.29 bonds, remain outstanding, the commissioner of management and budget must transfer to
31.30 the housing infrastructure bond account established under section 462A.21, subdivision 33,
31.31 the amount certified under paragraph (a), not to exceed \$6,400,000 annually. The amounts
31.32 necessary to make the transfers are appropriated from the general fund to the commissioner
31.33 of management and budget.

32.1 (k) Each July 15, beginning in 2025 and through 2046, if any housing infrastructure
32.2 bonds issued under subdivision 2j, or housing infrastructure bonds issued to refund those
32.3 bonds, remain outstanding, the commissioner of management and budget must transfer to
32.4 the housing infrastructure bond account established under section 462A.21, subdivision 33,
32.5 the amount certified under paragraph (a), not to exceed \$6,400,000 annually. The amounts
32.6 necessary to make the transfers are appropriated from the general fund to the commissioner
32.7 of management and budget.

32.8 (l) The agency may pledge to the payment of the housing infrastructure bonds the
32.9 payments to be made by the state under this section.

32.10

ARTICLE 4

32.11

ELIGIBILITY AND USES

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

32.13 Subd. 14. **Rehabilitation loans.** It may agree to purchase, make, or otherwise participate
32.14 in the making, and may enter into commitments for the purchase, making, or participation
32.15 in the making, of eligible loans for rehabilitation, with terms and conditions as the agency
32.16 deems advisable, to persons and families of low and moderate income, and to owners of
32.17 existing residential housing for occupancy by such persons and families, for the rehabilitation
32.18 of existing residential housing owned by them. Rehabilitation may include the addition or
32.19 rehabilitation of a detached accessory dwelling unit. The loans may be insured or uninsured
32.20 and may be made with security, or may be unsecured, as the agency deems advisable. The
32.21 loans may be in addition to or in combination with long-term eligible mortgage loans under
32.22 subdivision 3. They may be made in amounts sufficient to refinance existing indebtedness
32.23 secured by the property, if refinancing is determined by the agency to be necessary to permit
32.24 the owner to meet the owner's housing cost without expending an unreasonable portion of
32.25 the owner's income thereon. No loan for rehabilitation shall be made unless the agency
32.26 determines that the loan will be used primarily to make the housing more desirable to live
32.27 in, to increase the market value of the housing, for compliance with state, county or municipal
32.28 building, housing maintenance, fire, health or similar codes and standards applicable to
32.29 housing, or to accomplish energy conservation related improvements. In unincorporated
32.30 areas and municipalities not having codes and standards, the agency may, solely for the
32.31 purpose of administering the provisions of this chapter, establish codes and standards. No
32.32 loan under this subdivision for the rehabilitation of owner-occupied housing shall be denied
32.33 solely because the loan will not be used for placing the owner-occupied residential housing
32.34 in full compliance with all state, county, or municipal building, housing maintenance, fire,

33.1 health, or similar codes and standards applicable to housing. Rehabilitation loans shall be
33.2 made only when the agency determines that financing is not otherwise available, in whole
33.3 or in part, from private lenders upon equivalent terms and conditions. Accessibility
33.4 rehabilitation loans authorized under this subdivision may be made to eligible persons and
33.5 families without limitations relating to the maximum incomes of the borrowers if:

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

33.9 (2) home care is appropriate; and

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

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

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

33.17 Subd. 43. **Housing disparities.** The agency must prioritize its use of appropriations for
33.18 any program under this chapter to serve households most affected by housing disparities.

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

33.21 Subd. 44. **Special purpose credit program.** The agency may establish special purpose
33.22 credit programs to assist one or more economically disadvantaged classes of persons in
33.23 order to address the effects of historic and current discrimination which resulted in limiting
33.24 access to housing credit by persons on the basis of race, color, ethnicity, or national origin.
33.25 A special purpose credit program may include a wide variety of remedies, including but
33.26 not limited to loans or other financial assistance, based on current, documented need as
33.27 determined by the agency.

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

33.30 Subd. 45. **Indian Tribes.** Notwithstanding any other provision in this chapter, at its
33.31 discretion the agency may make any federally recognized Indian Tribe in Minnesota, or

34.1 their associated Tribally Designated Housing Entity (TDHE) as defined by United States
34.2 Code, title 25, section 4103(22), eligible for funding authorized under this chapter.

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

34.5 Subd. 46. **Translation services.** The agency shall provide to all applicants for funding
34.6 authorized under this chapter interpreter or translation services to ensure that any
34.7 communications to the applicant are made in the applicant's primary language. The agency
34.8 shall require grantees, borrowers, or any other recipients of funding under this chapter to
34.9 provide interpreter or translation services to any member of the public seeking access to
34.10 services funded under this chapter.

34.11 Sec. 6. Minnesota Statutes 2022, section 462A.201, subdivision 2, is amended to read:

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

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

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

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

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

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

34.25 (b) The housing trust fund account must be used for the benefit of persons and families
34.26 whose income, at the time of initial occupancy, does not exceed 60 percent of median income
34.27 as determined by the United States Department of Housing and Urban Development for the
34.28 metropolitan area. At least 75 percent of the funds in the housing trust fund account must
34.29 be used for the benefit of persons and families whose income, at the time of initial occupancy,
34.30 does not exceed 30 percent of the median family income for the metropolitan area as defined
34.31 in section 473.121, subdivision 2. For purposes of this section, a household with a housing

35.1 assistance voucher under Section 8 of the United States Housing Act of 1937, as amended,
35.2 is deemed to meet the income requirements of this section.

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

35.4 (c) Rental assistance under this section must be provided by governmental units which
35.5 administer housing assistance supplements or by for-profit or nonprofit organizations
35.6 experienced in housing management. Rental assistance shall be limited to households whose
35.7 income at the time of initial receipt of rental assistance does not exceed 60 percent of median
35.8 income, as determined by the United States Department of Housing and Urban Development
35.9 for the metropolitan area. Priority among comparable applications for tenant-based rental
35.10 assistance will be given to proposals that will serve households whose income at the time
35.11 of initial application for rental assistance does not exceed 30 percent of median income, as
35.12 determined by the United States Department of Housing and Urban Development for the
35.13 metropolitan area. Rental assistance must be terminated when it is determined that 30 percent
35.14 of a household's monthly income for four consecutive months equals or exceeds the market
35.15 rent for the unit in which the household resides plus utilities for which the tenant is
35.16 responsible. Rental assistance may only be used for rental housing units that meet the housing
35.17 maintenance code of the local unit of government in which the unit is located, if such a code
35.18 has been adopted, or the housing quality standards adopted by the United States Department
35.19 of Housing and Urban Development, if no local housing maintenance code has been adopted.

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

35.26 Sec. 7. Minnesota Statutes 2022, section 462A.2035, subdivision 1b, is amended to read:

35.27 Subd. 1b. **Manufactured home park infrastructure grants and loans.** Eligible
35.28 recipients may use manufactured home park infrastructure grants and loans under this
35.29 program for:

35.30 (1) acquisition of and improvements in manufactured home parks; and

35.31 (2) infrastructure, including storm shelters and community facilities.

36.1 Sec. 8. Minnesota Statutes 2022, section 462A.204, subdivision 3, is amended to read:

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

36.7 Sec. 9. Minnesota Statutes 2022, section 462A.204, subdivision 8, is amended to read:

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

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

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

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

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

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

36.33 (4) one or more of the following:

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

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

37.5 (d) In selecting projects for funding under this subdivision, preference shall be given to
37.6 organizations granted funding under section 462A.201, subdivision 2, paragraph (a), clause
37.7 (4).

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

37.10 Sec. 10. Minnesota Statutes 2022, section 462A.21, subdivision 3b, is amended to read:

37.11 Subd. 3b. **Capacity building grants.** It may make capacity building grants to nonprofit
37.12 organizations, local government units, Indian tribes, and Indian tribal organizations to
37.13 expand their capacity to provide affordable housing and housing-related services. The grants
37.14 may be used to assess housing needs and to develop and implement strategies to meet those
37.15 needs, including but not limited to the creation or preservation of affordable housing,
37.16 prepurchase and postpurchase counseling and associated administrative costs, and the linking
37.17 of supportive services to the housing. The agency shall adopt rules, policies, and procedures
37.18 specifying the eligible uses of grant money. Funding priority ~~must~~ may be given to those
37.19 applicants that include low-income persons in their membership, have provided
37.20 housing-related services to low-income people, and demonstrate a local commitment of
37.21 local resources, which may include in-kind contributions. ~~Grants under this subdivision~~
37.22 ~~may be made only with specific appropriations by the legislature.~~

37.23 Sec. 11. Minnesota Statutes 2022, section 462A.33, subdivision 2, is amended to read:

37.24 Subd. 2. **Eligible recipients.** Challenge grants or loans may be made to a city, a federally
37.25 recognized American Indian Tribe or subdivision located in Minnesota, a Tribal housing
37.26 corporation, a private developer, a nonprofit organization, a school district, a cooperative
37.27 unit, as defined in section 123A.24, subdivision 2, or the owner of the housing, including
37.28 individuals. For the purpose of this section, "city" has the meaning given it in section
37.29 462A.03, subdivision 21. To the extent practicable, grants and loans shall be made so that
37.30 an approximately equal number of housing units are financed in the metropolitan area and
37.31 in the nonmetropolitan area.

38.1 Sec. 12. Minnesota Statutes 2022, section 462A.33, is amended by adding a subdivision
38.2 to read:

38.3 Subd. 9. **Grant funding to schools.** A school district; a cooperative unit, as defined in
38.4 section 123A.24, subdivision 2; or a charter school may receive funding under this section
38.5 in the form of a grant less than \$100,000. A school district, intermediate district, or charter
38.6 school that uses a grant under this section to construct a home for owner occupancy must
38.7 require the future occupant to participate in the homeownership education counseling and
38.8 training program under section 462A.209.

38.9 Sec. 13. Minnesota Statutes 2022, section 462A.37, subdivision 1, is amended to read:

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

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

38.13 (c) "Community land trust" means an entity that meets the requirements of section
38.14 462A.31, subdivisions 1 and 2.

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

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

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

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

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

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

38.29 ~~(4)~~ (3) are tax-exempt bonds that are not private activity bonds, within the meaning of
38.30 section 141(a) of the Internal Revenue Code, for the purpose of financing or refinancing
38.31 affordable housing authorized under this chapter.

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

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

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

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

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

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

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

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

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

39.20 Sec. 14. Minnesota Statutes 2022, section 462A.37, subdivision 2, is amended to read:

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

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

39.29 (2) to finance the costs of the acquisition and rehabilitation of foreclosed or abandoned
 39.30 housing to be used for affordable rental housing and the costs of new construction of rental
 39.31 housing on abandoned or foreclosed property where the existing structures will be demolished
 39.32 or removed;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

41.8 ~~(5)~~ (4) include households with incomes that do not exceed 30 percent of the median
41.9 household income for the metropolitan area.

41.10 (d) To the extent practicable, the agency shall balance the loans made between projects
41.11 in the metropolitan area and projects outside the metropolitan area. Of the loans made to
41.12 projects outside the metropolitan area, the agency shall, to the extent practicable, balance
41.13 the loans made between projects in counties or cities with a population of 20,000 or less,
41.14 as established by the most recent decennial census, and projects in counties or cities with
41.15 populations in excess of 20,000.

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

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

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

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

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

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

41.29 (C) low-fume paint;

41.30 (D) low-chemical carpet; and

42.1 (E) low-chemical carpet glue in units and common areas. Nothing in this paragraph will
42.2 relieve a project funded by the agency from meeting other applicable accessibility
42.3 requirements.

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

42.5 Sec. 15. Minnesota Statutes 2022, section 462A.38, subdivision 1, is amended to read:

42.6 Subdivision 1. **Establishment.** A workforce and affordable homeownership development
42.7 program is established to award homeownership development grants to cities, counties,
42.8 Tribal governments, nonprofit organizations, cooperatives created under chapter 308A or
42.9 308B, and community land trusts created for the purposes outlined in section 462A.31,
42.10 subdivision 1, for development of workforce and affordable homeownership projects. The
42.11 purpose of the program is to increase the supply of workforce and affordable, owner-occupied
42.12 multifamily or single-family housing throughout Minnesota.

42.13 Sec. 16. Minnesota Statutes 2022, section 462A.39, subdivision 2, is amended to read:

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

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

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

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

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

43.1 Sec. 17. Minnesota Statutes 2022, section 462A.39, subdivision 5, is amended to read:

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

43.8 Sec. 18. Laws 2021, First Special Session chapter 8, article 1, section 3, subdivision 11,
 43.9 is amended to read:

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

43.11 (a) This appropriation is for the affordable
 43.12 rental investment fund program under
 43.13 Minnesota Statutes, section 462A.21,
 43.14 subdivision 8b, to finance the acquisition,
 43.15 rehabilitation, replacement, and debt
 43.16 restructuring of federally assisted rental
 43.17 property and for making equity take-out loans
 43.18 under Minnesota Statutes, section 462A.05,
 43.19 subdivision 39.

43.20 (b) The owner of federally assisted rental
 43.21 property must agree to participate in the
 43.22 applicable federally assisted housing program
 43.23 and to extend any existing low-income
 43.24 affordability restrictions on the housing for
 43.25 the maximum term permitted.

43.26 (c) The appropriation also may be used to
 43.27 finance the acquisition, rehabilitation, and debt
 43.28 restructuring of existing supportive housing
 43.29 properties and naturally occurring affordable
 43.30 housing as determined by the commissioner.
 43.31 For purposes of this paragraph, "supportive
 43.32 housing" means affordable rental housing with
 43.33 links to services necessary for individuals,

44.1 youth, and families with children to maintain
 44.2 housing stability.

44.3 **ARTICLE 5**

44.4 **METROPOLITAN SALES TAX AND HOUSING AID**

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

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

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

44.9 (c) "Metropolitan Council" or "council" means the Metropolitan Council established by
 44.10 section 473.123.

44.11 (d) "Metropolitan sales tax" means the metropolitan region sales and use tax imposed
 44.12 under this section.

44.13 Subd. 2. **Sales tax imposition; rate.** The Metropolitan Council must impose a
 44.14 metropolitan region sales and use tax at a rate of 0.25 percent on retail sales made in the
 44.15 metropolitan area or to a destination in the metropolitan area.

44.16 Subd. 3. **Administration; collection; enforcement.** Except as otherwise provided in
 44.17 this section, the provisions of section 297A.99, subdivisions 4, and 6 to 12a, govern the
 44.18 administration, collection, and enforcement of the metropolitan sales tax.

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

44.20 (1) 25 percent to the state rent assistance account under section 462A.2095;

44.21 (2) 15 percent to the metropolitan city aid account in the housing assistance fund under
 44.22 section 477A.37; and

44.23 (3) 60 percent to the metropolitan county aid account in the housing assistance fund
 44.24 under section 477A.37.

44.25 **EFFECTIVE DATE; APPLICATION.** This section is effective for sales and purchases
 44.26 made after June 30, 2023, and applies in the metropolitan area, as defined by Minnesota
 44.27 Statutes, section 473.121, subdivision 2.

44.28 Sec. 2. **[477A.35] LOCAL AFFORDABLE HOUSING AID.**

44.29 Subdivision 1. **Purpose.** The purpose of this section is to help metropolitan local
 44.30 governments to develop and preserve affordable housing within their jurisdictions in order

45.1 to keep families from losing housing and to help those experiencing homelessness find
45.2 housing.

45.3 Subd. 2. **Definitions.** For the purposes of this section, the following terms have the
45.4 meanings given:

45.5 (1) "city distribution factor" means the number of households in a tier I city that are
45.6 cost-burdened divided by the total number of households that are cost-burdened in tier I
45.7 cities. The number of cost-burdened households shall be determined using the most recent
45.8 estimates or experimental estimates provided by the American Community Survey of the
45.9 United States Census Bureau as of May 1 of the aid calculation year;

45.10 (2) "cost-burdened household" means a household in which gross rent is 30 percent or
45.11 more of household income or in which homeownership costs are 30 percent or more of
45.12 household income;

45.13 (3) "county distribution factor" means the number of households in a county that are
45.14 cost-burdened divided by the total number of households in metropolitan counties that are
45.15 cost-burdened. The number of cost-burdened households shall be determined using the most
45.16 recent estimates or experimental estimates provided by the American Community Survey
45.17 of the United States Census Bureau as of May 1 of the aid calculation year;

45.18 (4) "metropolitan area" has the meaning given in section 473.121, subdivision 2;

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

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

45.21 (7) "tier I city" means a statutory or home rule charter city that is a city of the first,
45.22 second, or third class and is located in the metropolitan area; and

45.23 (8) "tier II city" means a statutory or home rule charter city that is a city of the fourth
45.24 class and is located in the metropolitan area.

45.25 Subd. 3. **Distribution.** (a) The commissioner of revenue shall calculate the amount of
45.26 aid to distribute to each county under this section as the sum of:

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

45.28 (2) 79 percent of the total amount available to counties under this section, multiplied by
45.29 the county distribution factor.

45.30 (b) The commissioner of revenue shall calculate the amount of aid to distribute to each
45.31 tier I city under this section as:

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

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

46.3 Subd. 4. **Grants to tier II cities.** (a) The commissioner of the Minnesota Housing Finance
46.4 Agency shall establish a program to award grants of at least \$25,000 to tier II cities. The
46.5 agency shall develop program guidelines and criteria in consultation with the League of
46.6 Minnesota Cities.

46.7 (b) Among comparable proposals, the agency shall prioritize grants to local governments
46.8 that have a higher proportion of cost-burdened households.

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

46.10 (d) In making grants, the agency shall determine the circumstances, terms, and conditions
46.11 under which all or any portion thereof will be repaid and shall determine the appropriate
46.12 security should repayment be required. Any repaid funds shall be returned to the account
46.13 or accounts established pursuant to paragraph (e).

46.14 (e) The agency shall establish a bookkeeping account or accounts in the housing
46.15 development fund for money distributed to the agency for grants under this subdivision. By
46.16 May 1 of each year, the Minnesota Housing Finance Agency shall report to the Department
46.17 of Revenue on the amount in the account or accounts.

46.18 Subd. 5. **Qualifying projects.** (a) Qualifying projects shall include emergency rental
46.19 assistance for households earning less than 80 percent of area median income as determined
46.20 by the United States Department of Housing and Urban Development and projects designed
46.21 for the purpose of construction, acquisition, rehabilitation, demolition or removal of existing
46.22 structures, construction financing, permanent financing, interest rate reduction, refinancing,
46.23 and gap financing of housing to provide affordable housing to households that have incomes
46.24 which do not exceed, for homeownership projects, 115 percent of the greater of state or
46.25 area median income as determined by the United States Department of Housing and Urban
46.26 Development, and for rental housing projects, 80 percent of the greater of state or area
46.27 median income as determined by the United States Department of Housing and Urban
46.28 Development, except that the housing developed or rehabilitated with funds under this
46.29 section must be affordable to the local work force. Projects shall be prioritized that provide
46.30 affordable housing to households that have incomes which do not exceed, for homeownership
46.31 projects, 80 percent of the greater of state or area median income as determined by the
46.32 United States Department of Housing and Urban Development, and for rental housing
46.33 projects, 50 percent of the greater of state or area median income as determined by the
46.34 United States Department of Housing and Urban Development, except that the housing

47.1 developed or rehabilitated with funds under this section must be affordable to the local work
47.2 force.

47.3 (b) Gap financing is either:

47.4 (1) the difference between the costs of the property, including acquisition, demolition,
47.5 rehabilitation, and construction, and the market value of the property upon sale; or

47.6 (2) the difference between the cost of the property and the amount the targeted household
47.7 can afford for housing, based on industry standards and practices.

47.8 (c) If a grant under this section is used for demolition or removal of existing structures,
47.9 the cleared land must be used for the construction of housing to be owned or rented by
47.10 persons who meet the income limits of paragraph (a).

47.11 (d) If an aid recipient uses the aid on a building containing more than four units, the loan
47.12 recipient must construct, convert, or otherwise adapt the building to include:

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

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

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

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

47.20 (C) low-fume paint;

47.21 (D) low-chemical carpet; and

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

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

47.25 Subd. 6. Use of proceeds. (a) Any funds distributed under this section must be spent on
47.26 a qualifying project. Funds are considered spent on a qualifying project if:

47.27 (1) a tier I city or county demonstrates to the Minnesota Housing Finance Agency that
47.28 the city or county cannot expend funds on a qualifying project by the deadline imposed by
47.29 paragraph (b) due to factors outside the control of the city or county; and

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

48.1 Funds transferred to a local housing trust fund under this paragraph must be spent on a
48.2 project or household that meets the affordability requirements of subdivision 5, paragraph
48.3 (a).

48.4 (b) Any unspent funds must be remitted to the Housing Finance Agency by December
48.5 31 in the third year following the year after the aid was received. The commissioner of the
48.6 Housing Finance Agency shall deposit any remitted funds under this paragraph into the
48.7 housing development fund. Funds deposited under this paragraph are appropriated to the
48.8 commissioner for use on the family homeless prevention and assistance program under
48.9 section 462A.204, the economic development and housing challenge program under section
48.10 462A.33, and the workforce and affordable homeownership development program under
48.11 section 462A.38.

48.12 Subd. 7. **Administration.** (a) The commissioner of revenue must compute the amount
48.13 of aid payable to each tier I city and county under this section. Before computing the amount
48.14 of aid for counties and after receiving the report required by subdivision 4, paragraph (e),
48.15 the commissioner shall transfer from the funds available to counties to the Minnesota
48.16 Housing Finance Agency a sum such that the amount in the account or accounts established
48.17 under that paragraph equals ten percent of the total aid paid to tier I cities and counties under
48.18 this section in the previous year. By August 1 of each year, the commissioner must certify
48.19 the amount to be paid to each tier I city and county in the following year. The commissioner
48.20 must pay local affordable housing aid annually at the times provided in section 477A.015.

48.21 (b) Beginning in 2025, tier I cities and counties shall submit a report annually, no later
48.22 than December 1 of each year, to the Minnesota Housing Finance Agency. The report must
48.23 include documentation of the location of any unspent funds distributed under this section
48.24 and of qualifying projects completed or planned with funds under this section. If a tier I
48.25 city or county fails to submit a report, if a tier I city or county fails to spend funds within
48.26 the timeline imposed under subdivision 6, paragraph (b), or if a tier I city or county uses
48.27 funds for a project that does not qualify under this section, the Minnesota Housing Finance
48.28 Agency shall notify the Department of Revenue and the cities and counties that must repay
48.29 funds under paragraph (c) by February 15 of the following year.

48.30 (c) By May 15, after receiving notice from the Minnesota Housing Finance Agency, a
48.31 tier I city or county must repay to the commissioner of revenue funds the city or county
48.32 received under this section if the city or county:

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

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

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

49.2 (d) The commissioner of revenue must stop distributing funds to a tier I city or county
49.3 that the Minnesota Housing Finance Agency reports to have, in three consecutive years,
49.4 failed to use funds, misused funds, or failed to report on its use of funds.

49.5 (e) The commissioner may resume distributing funds to a tier I city or county to which
49.6 the commissioner has stopped payments once the Minnesota Housing Finance Agency
49.7 certifies that the city or county has submitted documentation of plans for a qualifying project.

49.8 (f) By May 1, any funds repaid to the commissioner of revenue by cities under paragraph
49.9 (c) must be added to the overall distribution of aids certified under this section for tier I
49.10 cities in the following year. By May 1, any funds repaid to the commissioner of revenue by
49.11 counties under paragraph (c) must be added to the overall distribution of aids certified under
49.12 this section for counties in the following year.

49.13 Subd. 8. **County consultation with local governments.** A county that receives funding
49.14 under this section shall regularly consult with the local governments in the jurisdictions of
49.15 which its qualifying projects are planned or located.

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

49.17 **Sec. 3. [477A.37] HOUSING ASSISTANCE FUND.**

49.18 Subdivision 1. **Fund established.** A housing assistance fund is established in the state
49.19 treasury. The fund consists of money as provided under section 297A.9925, and any other
49.20 money donated, allotted, transferred, or otherwise provided to the fund.

49.21 Subd. 2. **Metropolitan county aid account; appropriation.** (a) A metropolitan county
49.22 aid account is established in the housing assistance fund. The account consists of money as
49.23 provided under section 297A.9925, and any other money donated, allotted, transferred, or
49.24 otherwise provided to the account.

49.25 (b) Money in the metropolitan county aid account is annually appropriated to the
49.26 commissioner of revenue for payments to counties as provided under Minnesota Statutes,
49.27 section 477A.35.

49.28 Subd. 3. **Metropolitan city aid account; appropriation.** (a) A metropolitan city aid
49.29 account is established in the housing assistance fund. The account consists of money as
49.30 provided under section 297A.9925, and any other money donated, allotted, transferred, or
49.31 otherwise provided to the account.

50.1 (b) Money in the metropolitan city aid account is annually appropriated to the
50.2 commissioner of revenue for payments to cities as provided under Minnesota Statutes,
50.3 section 477A.35.

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

50.5 **ARTICLE 6**

50.6 **MISCELLANEOUS**

50.7 Section 1. Minnesota Statutes 2022, section 82.75, subdivision 8, is amended to read:

50.8 Subd. 8. **Accrued interest.** (a) Each broker shall maintain a pooled interest-bearing trust
50.9 account for deposit of client funds. The interest accruing on the trust account, less reasonable
50.10 transaction costs, must be paid to the ~~commissioner of management and budget~~ Minnesota
50.11 Housing Finance Agency for deposit in the housing trust fund account created under section
50.12 462A.201 unless otherwise specified pursuant to an expressed written agreement between
50.13 the parties to a transaction.

50.14 (b) For an account created under paragraph (a), each broker shall direct the financial
50.15 institution to:

50.16 (1) pay the interest, less reasonable transaction costs, computed in accordance with the
50.17 financial institution's standard accounting practice, at least quarterly, to the ~~commissioner~~
50.18 ~~of management and budget~~ Minnesota Housing Finance Agency; and

50.19 (2) send a statement to the ~~commissioner of management and budget~~ Minnesota Housing
50.20 Finance Agency showing the name of the broker for whom the payment is made, the rate
50.21 of interest applied, the amount of service charges deducted, and the account balance for the
50.22 period in which the report is made.

50.23 The ~~commissioner of management and budget~~ Minnesota Housing Finance Agency shall
50.24 credit the amount collected under this subdivision to the housing trust fund account
50.25 established in section 462A.201.

50.26 (c) The financial institution must promptly notify the ~~commissioner~~ agency if a draft
50.27 drawn on the account is dishonored. A draft is not dishonored if a stop payment order is
50.28 requested by an issuer who has a good faith defense to payment on the draft.

50.29 (d) By January 15 of each year, the Minnesota Housing Finance Agency must report to
50.30 the chairs and ranking minority members of the legislative committees with jurisdiction
50.31 over housing finance and policy. The report must specify the amount of funds deposited
50.32 under this subdivision in the housing trust fund account established under section 462A.201

51.1 during the most recently concluded fiscal year. The report must also include a history of
 51.2 deposits made under this section, in nominal dollar amounts and in the present value of
 51.3 those amounts, calculated using the Consumer Price Index-All Items (United States city
 51.4 average).

51.5 **EFFECTIVE DATE.** This section is effective July 1, 2024.

51.6 Sec. 2. Minnesota Statutes 2022, section 327C.095, subdivision 12, is amended to read:

51.7 Subd. 12. **Payment to the Minnesota manufactured home relocation trust fund.** (a)

51.8 If a manufactured home owner is required to move due to the conversion of all or a portion
 51.9 of a manufactured home park to another use, the closure of a park, or cessation of use of
 51.10 the land as a manufactured home park, the manufactured park owner shall, upon the change
 51.11 in use, pay to the ~~commissioner of management and budget~~ Minnesota Housing Finance
 51.12 Agency for deposit in the Minnesota manufactured home relocation trust fund under section
 51.13 462A.35, the lesser amount of the actual costs of moving or purchasing the manufactured
 51.14 home approved by the neutral third party and paid by the Minnesota Housing Finance
 51.15 Agency under subdivision 13, paragraph (a) or (e), or \$3,250 for each single section
 51.16 manufactured home, and \$6,000 for each multisection manufactured home, for which a
 51.17 manufactured home owner has made application for payment of relocation costs under
 51.18 subdivision 13, paragraph (c). The manufactured home park owner shall make payments
 51.19 required under this section to the Minnesota manufactured home relocation trust fund within
 51.20 60 days of receipt of invoice from the neutral third party.

51.21 (b) A manufactured home park owner is not required to make the payment prescribed
 51.22 under paragraph (a), nor is a manufactured home owner entitled to compensation under
 51.23 subdivision 13, paragraph (a) or (e), if:

51.24 (1) the manufactured home park owner relocates the manufactured home owner to
 51.25 another space in the manufactured home park or to another manufactured home park at the
 51.26 park owner's expense;

51.27 (2) the manufactured home owner is vacating the premises and has informed the
 51.28 manufactured home park owner or manager of this prior to the mailing date of the closure
 51.29 statement under subdivision 1;

51.30 (3) a manufactured home owner has abandoned the manufactured home, or the
 51.31 manufactured home owner is not current on the monthly lot rental, personal property taxes;

51.32 (4) the manufactured home owner has a pending eviction action for nonpayment of lot
 51.33 rental amount under section 327C.09, which was filed against the manufactured home owner

52.1 prior to the mailing date of the closure statement under subdivision 1, and the writ of recovery
52.2 has been ordered by the district court;

52.3 (5) the conversion of all or a portion of a manufactured home park to another use, the
52.4 closure of a park, or cessation of use of the land as a manufactured home park is the result
52.5 of a taking or exercise of the power of eminent domain by a governmental entity or public
52.6 utility; or

52.7 (6) the owner of the manufactured home is not a resident of the manufactured home
52.8 park, as defined in section 327C.015, subdivision 14; the owner of the manufactured home
52.9 is a resident, but came to reside in the manufactured home park after the mailing date of
52.10 the closure statement under subdivision 1; or the owner of the manufactured home has not
52.11 paid the \$15 assessment when due under paragraph (c).

52.12 (c) If the unencumbered fund balance in the manufactured home relocation trust fund
52.13 is less than \$2,000,000 as of June 30 of each year, the ~~commissioner of management and~~
52.14 ~~budget~~ Minnesota Housing Finance Agency shall assess each manufactured home park
52.15 owner by mail the total amount of \$15 for each licensed lot in their park, payable on or
52.16 before December 15 of that year. Failure to notify and timely assess the manufactured home
52.17 park owner by July 31 of any year shall waive the assessment and payment obligations of
52.18 the manufactured home park owner for that year. Together with said assessment notice,
52.19 each year the ~~commissioner of management and budget~~ Minnesota Housing Finance Agency
52.20 shall prepare and distribute to park owners a letter explaining whether funds are being
52.21 collected for that year, information about the collection, an invoice for all licensed lots, a
52.22 notice for distribution to the residents, and a sample form for the park owners to collect
52.23 information on which park residents and lots have been accounted for. In a font no smaller
52.24 than 14-point, the notice provided by ~~management and budget~~ the Minnesota Housing
52.25 Finance Agency for distribution to residents by the park owner will include the payment
52.26 deadline of October 31 and the following language: "THIS IS NOT AN OPTIONAL FEE.
52.27 IF YOU OWN A MANUFACTURED HOME ON A LOT YOU RENT IN A
52.28 MANUFACTURED HOME PARK, AND YOU RESIDE IN THAT HOME, YOU MUST
52.29 PAY WHEN PROVIDED NOTICE." If assessed under this paragraph, the park owner may
52.30 recoup the cost of the \$15 assessment as a lump sum or as a monthly fee of no more than
52.31 \$1.25 collected from park residents together with monthly lot rent as provided in section
52.32 327C.03, subdivision 6. If, by September 15, a park owner provides the notice to residents
52.33 for the \$15 lump sum, a park owner may adjust payment for lots in their park that are vacant
52.34 or otherwise not eligible for contribution to the trust fund under section 327C.095, subdivision
52.35 12, paragraph (b), and for park residents who have not paid the \$15 assessment when due

53.1 to the park owner by October 31, and deduct from the assessment accordingly. The
53.2 ~~commissioner of management and budget~~ Minnesota Housing Finance Agency shall deposit
53.3 any payments in the Minnesota manufactured home relocation trust fund and ~~provide to the~~
53.4 ~~Minnesota Housing Finance Agency by December 31,~~ maintain an annual record for each
53.5 manufactured home park of the amount received for that park and the number of deductions
53.6 made for each of the following reasons: vacant lots, ineligible lots, and uncollected fees.

53.7 (d) This subdivision and subdivision 13, paragraph (c), clause (5), are enforceable by
53.8 the neutral third party, on behalf of the Minnesota Housing Finance Agency, or by action
53.9 in a court of appropriate jurisdiction. The court may award a prevailing party reasonable
53.10 attorney fees, court costs, and disbursements.

53.11 **EFFECTIVE DATE.** This section is effective July 1, 2024.

53.12 Sec. 3. Minnesota Statutes 2022, section 327C.095, subdivision 13, is amended to read:

53.13 Subd. 13. **Change in use, relocation expenses; payments by park owner.** (a) If a
53.14 manufactured home owner is required to relocate due to the conversion of all or a portion
53.15 of a manufactured home park to another use, the closure of a manufactured home park, or
53.16 cessation of use of the land as a manufactured home park under subdivision 1, and the
53.17 manufactured home owner complies with the requirements of this section, the manufactured
53.18 home owner is entitled to payment from the Minnesota manufactured home relocation trust
53.19 fund equal to the manufactured home owner's actual relocation costs for relocating the
53.20 manufactured home to a new location within a 50-mile radius of the park that is being closed,
53.21 up to a maximum of \$7,000 for a single-section and \$12,500 for a multisection manufactured
53.22 home. The actual relocation costs must include the reasonable cost of taking down, moving,
53.23 and setting up the manufactured home, including equipment rental, utility connection and
53.24 disconnection charges, minor repairs, modifications necessary for transportation of the
53.25 home, necessary moving permits and insurance, moving costs for any appurtenances, which
53.26 meet applicable local, state, and federal building and construction codes.

53.27 (b) A manufactured home owner is not entitled to compensation under paragraph (a) if
53.28 the manufactured home park owner is not required to make a payment to the Minnesota
53.29 manufactured home relocation trust fund under subdivision 12, paragraph (b).

53.30 (c) Except as provided in paragraph (e), in order to obtain payment from the Minnesota
53.31 manufactured home relocation trust fund, the manufactured home owner shall submit to the
53.32 neutral third party and the Minnesota Housing Finance Agency, with a copy to the park
53.33 owner, an application for payment, which includes:

- 54.1 (1) a copy of the closure statement under subdivision 1;
- 54.2 (2) a copy of the contract with a moving or towing contractor, which includes the
54.3 relocation costs for relocating the manufactured home;
- 54.4 (3) a statement with supporting materials of any additional relocation costs as outlined
54.5 in subdivision 1;
- 54.6 (4) a statement certifying that none of the exceptions to receipt of compensation under
54.7 subdivision 12, paragraph (b), apply to the manufactured home owner;
- 54.8 (5) a statement from the manufactured park owner that the lot rental is current and that
54.9 the annual \$15 payment to the Minnesota manufactured home relocation trust fund has been
54.10 paid when due; and
- 54.11 (6) a statement from the county where the manufactured home is located certifying that
54.12 personal property taxes for the manufactured home are paid through the end of that year.
- 54.13 (d) The neutral third party shall promptly process all payments for completed applications
54.14 within 14 days. If the neutral third party has acted reasonably and does not approve or deny
54.15 payment within 45 days after receipt of the information set forth in paragraph (c), the
54.16 payment is deemed approved. Upon approval and request by the neutral third party, the
54.17 Minnesota Housing Finance Agency shall issue two checks in equal amount for 50 percent
54.18 of the contract price payable to the mover and towing contractor for relocating the
54.19 manufactured home in the amount of the actual relocation cost, plus a check to the home
54.20 owner for additional certified costs associated with third-party vendors, that were necessary
54.21 in relocating the manufactured home. The moving or towing contractor shall receive 50
54.22 percent upon execution of the contract and 50 percent upon completion of the relocation
54.23 and approval by the manufactured home owner. The moving or towing contractor may not
54.24 apply the funds to any other purpose other than relocation of the manufactured home as
54.25 provided in the contract. A copy of the approval must be forwarded by the neutral third
54.26 party to the park owner with an invoice for payment of the amount specified in subdivision
54.27 12, paragraph (a).
- 54.28 (e) In lieu of collecting a relocation payment from the Minnesota manufactured home
54.29 relocation trust fund under paragraph (a), the manufactured home owner may collect an
54.30 amount from the fund after reasonable efforts to relocate the manufactured home have failed
54.31 due to the age or condition of the manufactured home, or because there are no manufactured
54.32 home parks willing or able to accept the manufactured home within a 25-mile radius. A
54.33 manufactured home owner may tender title of the manufactured home in the manufactured
54.34 home park to the manufactured home park owner, and collect an amount to be determined

55.1 by an independent appraisal. The appraiser must be agreed to by both the manufactured
55.2 home park owner and the manufactured home owner. If the appraised market value cannot
55.3 be determined, the tax market value, averaged over a period of five years, can be used as a
55.4 substitute. The maximum amount that may be reimbursed under the fund is \$8,000 for a
55.5 single-section and \$14,500 for a multisection manufactured home. The minimum amount
55.6 that may be reimbursed under the fund is \$2,000 for a single section and \$4,000 for a
55.7 multisection manufactured home. The manufactured home owner shall deliver to the
55.8 manufactured home park owner the current certificate of title to the manufactured home
55.9 duly endorsed by the owner of record, and valid releases of all liens shown on the certificate
55.10 of title, and a statement from the county where the manufactured home is located evidencing
55.11 that the personal property taxes have been paid. The manufactured home owner's application
55.12 for funds under this paragraph must include a document certifying that the manufactured
55.13 home cannot be relocated, that the lot rental is current, that the annual \$15 payments to the
55.14 Minnesota manufactured home relocation trust fund have been paid when due, that the
55.15 manufactured home owner has chosen to tender title under this section, and that the park
55.16 owner agrees to make a payment to the ~~commissioner of management and budget~~ Minnesota
55.17 Housing Finance Agency in the amount established in subdivision 12, paragraph (a), less
55.18 any documented costs submitted to the neutral third party, required for demolition and
55.19 removal of the home, and any debris or refuse left on the lot, not to exceed \$1,500. The
55.20 manufactured home owner must also provide a copy of the certificate of title endorsed by
55.21 the owner of record, and certify to the neutral third party, with a copy to the park owner,
55.22 that none of the exceptions to receipt of compensation under subdivision 12, paragraph (b),
55.23 clauses (1) to (6), apply to the manufactured home owner, and that the home owner will
55.24 vacate the home within 60 days after receipt of payment or the date of park closure,
55.25 whichever is earlier, provided that the monthly lot rent is kept current.

55.26 (f) Notwithstanding paragraph (a), the manufactured home owner's compensation for
55.27 relocation costs from the fund under section 462A.35, is the greater of the amount provided
55.28 under this subdivision, or the amount under the local ordinance in effect on May 26, 2007,
55.29 that is applicable to the manufactured home owner. Nothing in this paragraph is intended
55.30 to increase the liability of the park owner.

55.31 (g) Neither the neutral third party nor the Minnesota Housing Finance Agency shall be
55.32 liable to any person for recovery if the funds in the Minnesota manufactured home relocation
55.33 trust fund are insufficient to pay the amounts claimed. The Minnesota Housing Finance
55.34 Agency shall keep a record of the time and date of its approval of payment to a claimant.

56.1 (h)(1) By October 15, 2019, the Minnesota Housing Finance Agency shall post on its
56.2 website and report to the chairs of the senate Finance Committee and house of representatives
56.3 Ways and Means Committee on the Minnesota manufactured home relocation trust fund,
56.4 including the account balance, payments to claimants, the amount of any advances to the
56.5 fund, the amount of any insufficiencies encountered during the previous calendar year, and
56.6 any itemized administrative charges or expenses deducted from the trust fund balance. If
56.7 sufficient funds become available, the Minnesota Housing Finance Agency shall pay the
56.8 manufactured home owner whose unpaid claim is the earliest by time and date of approval.

56.9 (2) Beginning in 2019, the Minnesota Housing Finance Agency shall post on its website
56.10 and report to the chairs of the senate Finance Committee and house of representatives Ways
56.11 and Means Committee by October 15 of each year on the Minnesota manufactured home
56.12 relocation trust fund, including the aggregate account balance, the aggregate assessment
56.13 payments received, summary information regarding each closed park including the total
56.14 payments to claimants and payments received from each closed park, the amount of any
56.15 advances to the fund, the amount of any insufficiencies encountered during the previous
56.16 fiscal year, reports of neutral third parties provided pursuant to subdivision 4, and any
56.17 itemized administrative charges or expenses deducted from the trust fund balance, all of
56.18 which should be reconciled to the previous year's trust fund balance. If sufficient funds
56.19 become available, the Minnesota Housing Finance Agency shall pay the manufactured home
56.20 owner whose unpaid claim is the earliest by time and date of approval.

56.21 **EFFECTIVE DATE.** This section is effective July 1, 2024.

56.22 Sec. 4. Minnesota Statutes 2022, section 327C.095, subdivision 16, is amended to read:

56.23 Subd. 16. **Reporting of licensed manufactured home parks.** The Department of Health
56.24 or, if applicable, local units of government that have entered into a delegation of authority
56.25 agreement with the Department of Health as provided in section 145A.07 shall provide, by
56.26 March 31 of each year, a list of names and addresses of the manufactured home parks
56.27 licensed in the previous year, and for each manufactured home park, the current licensed
56.28 owner, the owner's address, the number of licensed manufactured home lots, and other data
56.29 as they may request for the ~~Department of Management and Budget~~ Minnesota Housing
56.30 Finance Agency to invoice each licensed manufactured home park in Minnesota.

56.31 **EFFECTIVE DATE.** This section is effective July 1, 2024.

57.1 Sec. 5. Minnesota Statutes 2022, section 462.357, subdivision 1, is amended to read:

57.2 Subdivision 1. **Authority for zoning.** For the purpose of promoting the public health,
57.3 safety, morals, and general welfare, a municipality may by ordinance regulate on the earth's
57.4 surface, in the air space above the surface, and in subsurface areas, the location, height,
57.5 width, bulk, type of foundation, number of stories, size of buildings and other structures,
57.6 the percentage of lot which may be occupied, the size of yards and other open spaces, the
57.7 density and distribution of population, the uses of buildings and structures for trade, industry,
57.8 residence, recreation, public activities, or other purposes, and the uses of land for trade,
57.9 industry, residence, recreation, agriculture, forestry, soil conservation, water supply
57.10 conservation, conservation of shorelands, as defined in sections 103F.201 to 103F.221,
57.11 access to direct sunlight for solar energy systems as defined in section 216C.06, flood control
57.12 or other purposes, and may establish standards and procedures regulating such uses. To
57.13 accomplish these purposes, official controls may include provision for purchase of
57.14 development rights by the governing body in the form of conservation easements under
57.15 chapter 84C in areas where the governing body considers preservation desirable and the
57.16 transfer of development rights from those areas to areas the governing body considers more
57.17 appropriate for development. No regulation may prohibit earth sheltered construction as
57.18 defined in section 216C.06, subdivision 14, relocated residential buildings, ~~or~~ manufactured
57.19 homes built in conformance with sections 327.31 to 327.35, or industrialized or modular
57.20 buildings for residential use built in conformance with Minnesota Rules, chapter 1361, that
57.21 comply with all other zoning ordinances promulgated pursuant to this section. The regulations
57.22 may divide the surface, above surface, and subsurface areas of the municipality into districts
57.23 or zones of suitable numbers, shape, and area. The regulations shall be uniform for each
57.24 class or kind of buildings, structures, or land and for each class or kind of use throughout
57.25 such district, but the regulations in one district may differ from those in other districts. The
57.26 ordinance embodying these regulations shall be known as the zoning ordinance and shall
57.27 consist of text and maps. A city may by ordinance extend the application of its zoning
57.28 regulations to unincorporated territory located within two miles of its limits in any direction,
57.29 but not in a county or town which has adopted zoning regulations; provided that where two
57.30 or more noncontiguous municipalities have boundaries less than four miles apart, each is
57.31 authorized to control the zoning of land on its side of a line equidistant between the two
57.32 noncontiguous municipalities unless a town or county in the affected area has adopted
57.33 zoning regulations. Any city may thereafter enforce such regulations in the area to the same
57.34 extent as if such property were situated within its corporate limits, until the county or town
57.35 board adopts a comprehensive zoning regulation which includes the area.

58.1 Sec. 6. Minnesota Statutes 2022, section 473.145, is amended to read:

58.2 **473.145 DEVELOPMENT GUIDE.**

58.3 (a) The Metropolitan Council shall prepare and adopt, after appropriate study and such
58.4 public hearings as may be necessary, a comprehensive development guide for the
58.5 metropolitan area. It shall consist of a compilation of policy statements, goals, standards,
58.6 programs, and maps prescribing guides for the orderly and economical development, public
58.7 and private, of the metropolitan area. The comprehensive development guide shall recognize
58.8 and encompass physical, social, or economic needs of the metropolitan area and those future
58.9 developments which will have an impact on the entire area including but not limited to such
58.10 matters as land use, parks and open space land needs, the necessity for and location of
58.11 airports, highways, transit facilities, public hospitals, libraries, schools, and other public
58.12 buildings.

58.13 (b) The council's adoption and amendment of the comprehensive development guide
58.14 and its adoption and amendment of metropolitan system plans as defined in section 473.852,
58.15 subdivision 8, other policy plans, and metropolitan system statements under this chapter
58.16 shall not constitute conduct that causes or is likely to cause pollution, impairment, or
58.17 destruction as defined under section 116B.02, subdivision 5, or governmental action as
58.18 defined under section 116D.04, subdivision 1a, paragraph (d).

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

58.20 Sec. 7. Minnesota Statutes 2022, section 500.20, subdivision 2a, is amended to read:

58.21 Subd. 2a. **Restriction of duration of condition.** Except for any right to reenter or to
58.22 repossess as provided in subdivision 3, all private covenants, conditions, or restrictions
58.23 created by which the title or use of real property is affected, cease to be valid and operative
58.24 30 years after the date of the deed, or other instrument, or the date of the probate of the will,
58.25 creating them, and may be disregarded.

58.26 This subdivision does not apply to covenants, conditions, or restrictions:

58.27 (1) that were created before August 1, 1959, under which a person who owns or has an
58.28 interest in real property against which the covenants, conditions, or restrictions have been
58.29 filed claims a benefit of the covenant, condition, or restriction if the person records in the
58.30 office of the county recorder or files in the office of the registrar of titles in the county in
58.31 which the real estate affected is located, on or before March 30, 1989, a notice sworn to by
58.32 the claimant or the claimant's agent or attorney: setting forth the name of the claimant;
58.33 describing the real estate affected; describing the deed, instrument, or will creating the

59.1 covenant, condition, or restriction; and stating that the covenant, condition, or restriction is
59.2 not nominal and may not be disregarded under subdivision 1;

59.3 (2) that are created by the declaration, bylaws, floor plans, or condominium plat of a
59.4 condominium created before August 1, 1980, under chapter 515, or created on or after
59.5 August 1, 1980, under chapter 515A or 515B, or by any amendments of the declaration,
59.6 bylaws, floor plans, or condominium plat;

59.7 (3) that are created by the articles of incorporation, bylaws, or proprietary leases of a
59.8 cooperative association formed under chapter 308A;

59.9 (4) that are created by a declaration or other instrument that authorizes and empowers
59.10 a corporation of which the qualification for being a stockholder or member is ownership of
59.11 certain parcels of real estate, to hold title to common real estate for the benefit of the parcels;

59.12 (5) that are created by a deed, declaration, reservation, or other instrument by which one
59.13 or more portions of a building, set of connecting or adjacent buildings, or complex or project
59.14 of related buildings and structures share support, structural components, ingress and egress,
59.15 or utility access with another portion or portions;

59.16 (6) that were created after July 31, 1959, under which a person who owns or has an
59.17 interest in real estate against which covenants, conditions, or restrictions have been filed
59.18 claims a benefit of the covenants, conditions, or restrictions if the person records in the
59.19 office of the county recorder or files in the office of the registrar of titles in the county in
59.20 which the real estate affected is located during the period commencing on the 28th
59.21 anniversary of the date of the deed or instrument, or the date of the probate of the will,
59.22 creating them and ending on the 30th anniversary, a notice as described in clause (1); ~~or~~

59.23 (7) that are created by a declaration or bylaws of a common interest community created
59.24 under or governed by chapter 515B, or by any amendments thereto; or

59.25 (8) that are created by a declaration or other instrument required by a government entity
59.26 related to affordable housing.

59.27 A notice filed in accordance with clause (1) or (6) delays application of this subdivision
59.28 to the covenants, conditions, or restrictions for a period ending on the later of seven years
59.29 after the date of filing of the notice, or until final judgment is entered in an action to determine
59.30 the validity of the covenants, conditions, or restrictions, provided in the case of an action
59.31 the summons and complaint must be served and a notice of lis pendens must be recorded
59.32 in the office of the county recorder or filed in the office of the registrar of titles in each

60.1 county in which the real estate affected is located within seven years after the date of
60.2 recording or filing of the notice under clause (1) or (6).

60.3 County recorders and registrars of titles shall accept for recording or filing a notice
60.4 conforming with this subdivision and charge a fee corresponding with the fee charged for
60.5 filing a notice of lis pendens of similar length. The notice may be discharged in the same
60.6 manner as a notice of lis pendens and when discharged, together with the information
60.7 included with it, ceases to constitute either actual or constructive notice.

60.8 **Sec. 8. TRANSITION OF RESPONSIBILITIES TO THE MINNESOTA HOUSING**
60.9 **FINANCE AGENCY.**

60.10 A payment submitted to the commissioner of management and budget on or before July
60.11 1, 2025, for deposit into the housing trust fund account created under Minnesota Statutes,
60.12 section 462A.201, or into the Minnesota manufactured home relocation trust fund established
60.13 under Minnesota Statutes, section 462A.35, must be deposited by the commissioner of
60.14 management and budget in the housing trust fund account created under Minnesota Statutes,
60.15 section 462A.201, or in the Minnesota manufactured home relocation trust fund. The
60.16 commissioner of management and budget must notify the person who submitted the payment
60.17 to the commissioner of management and budget that the payment was received, documented,
60.18 and has been or will be deposited into the trust fund; that future payments must be submitted
60.19 to the Minnesota Housing Finance Agency rather than the commissioner of management
60.20 and budget; and that payments submitted to the commissioner of management and budget
60.21 after July 1, 2025, will not be accepted.

60.22 **EFFECTIVE DATE.** This section is effective July 1, 2024.

60.23 **Sec. 9. REQUIRING CITIES TO REPORT BUILDINGS THAT DO NOT HAVE**
60.24 **SPRINKLER SYSTEMS.**

60.25 (a) A city of the first or second class shall provide to the state fire marshal a list by June
60.26 20, 2024, and an updated list by June 30, 2027, and June 30, 2032, of each residential
60.27 building in the city that:

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

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

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

61.1 (b) The state fire marshal shall submit the lists within 60 days of the due dates under
61.2 paragraph (a) to the chairs and ranking minority members of the legislative committees with
61.3 jurisdiction over the State Building Code and the State Fire Code.

61.4 Sec. 10. **LEGISLATIVE TASK FORCE; EXPEDITING RENTAL ASSISTANCE.**

61.5 Subdivision 1. **Creation; duties.** (a) A legislative task force is created to study how to
61.6 expedite both the processing of applications for rental assistance and for emergency rental
61.7 assistance and the distribution of rental assistance funds to landlords, in order to identify
61.8 what processes, procedures, and technological or personnel resources would be necessary
61.9 to enable the state or county agency responsible for administering rental assistance funds
61.10 to meet the following goals:

61.11 (1) within two weeks of receiving a completed application for rental assistance, make
61.12 and issue a determination of the application; and

61.13 (2) within 30 days of receiving a completed application for rental assistance, issue
61.14 payment on an approved rental application to the landlord.

61.15 (b) The task force shall identify and consult with renters facing eviction who have
61.16 experienced or been harmed by the delays in processing applications and delivering rent
61.17 payments to landlords.

61.18 Subd. 2. **Membership.** (a) The task force shall consist of 12 members, appointed as
61.19 follows:

61.20 (1) the commissioner of the Housing Finance Agency or a designee;

61.21 (2) one member appointed by the Minnesota Multi Housing Association;

61.22 (3) one member appointed by Mid-Minnesota Legal Aid;

61.23 (4) one member appointed by HOME Line;

61.24 (5) one member appointed by United Way;

61.25 (6) one member appointed by The Salvation Army;

61.26 (7) four county administrators of emergency rental assistance, including two working
61.27 for metropolitan counties, as defined by Minnesota Statutes, section 473.121, subdivision
61.28 4, and two working for nonmetropolitan counties, with one member from each category
61.29 appointed by the speaker of the house of representatives, and one from each category
61.30 appointed by the senate majority leader;

62.1 (8) one member from the house of representatives appointed by the speaker of the house;
62.2 and

62.3 (9) one member from the senate, appointed by the senate majority leader.

62.4 (b) Appointments to the task force must be made by August 15, 2023.

62.5 Subd. 3. **Compensation.** Public members of the task force may be compensated as
62.6 provided by Minnesota Statutes, section 15.059, subdivision 3.

62.7 Subd. 4. **Officers; meetings.** (a) The first meetings of the task force shall be cochaired
62.8 by the task force member from the house of representatives and the task force member from
62.9 the senate. The task force shall elect a chair and vice-chair at the first meeting who shall
62.10 preside at the remainder of the task force meetings. The task force may elect other officers
62.11 as necessary.

62.12 (b) The task force shall meet at least monthly. The Legislative Coordinating Commission
62.13 shall convene the first meeting by September 1, 2023.

62.14 (c) Meetings of the task force are subject to the Minnesota Open Meeting Law under
62.15 Minnesota Statutes, chapter 13D.

62.16 Subd. 5. **Report required.** The task force shall submit a final report by February 15,
62.17 2024, to the chairs and ranking minority members of the legislative committees with
62.18 jurisdiction over housing finance and policy.

62.19 Subd. 6. **Expiration.** The task force expires upon submission of the final report in
62.20 subdivision 5 or February 28, 2024, whichever is later.

62.21 **EFFECTIVE DATE.** This section is effective the day following final enactment and
62.22 expires March 1, 2024.

62.23 Sec. 11. **STUDY ON EXPEDITING RENTAL ASSISTANCE PAYMENTS.**

62.24 (a) Management Analysis and Development (MAD) in Minnesota Management and
62.25 Budget shall conduct an analytical study to determine how to expedite both the processing
62.26 of applications for rental assistance and for emergency rental assistance and the distribution
62.27 of rental assistance funds to landlords, in order to identify what processes, procedures, and
62.28 technological or personnel resources would be necessary to enable the state or county agency
62.29 responsible for administering rental assistance funds to meet the following goals:

62.30 (1) within two weeks of receiving a completed application for rental assistance, make
62.31 and issue a determination of the application; and

63.1 (2) within 30 days of receiving a completed application for rental assistance, issue
63.2 payment on an approved rental application to the landlord.

63.3 (b) By December 1, 2023, MAD shall conduct the study and prepare an informal report
63.4 to be delivered to the legislative task force on expediting rental assistance payments. By
63.5 February 15, 2024, MAD shall submit a formal report to the chairs and ranking minority
63.6 members of the legislative committees with jurisdiction over housing finance and policy.