

A bill for an act

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

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

ARTICLE 1

HOUSING APPROPRIATIONS

Section 1. **APPROPRIATIONS.**

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

APPROPRIATIONS

Available for the Year

Ending June 30

2024

2025

2.1 **Sec. 2. HOUSING FINANCE AGENCY**

3.1 percent of the area median income. The grant
 3.2 is to be used for acquisition, rehabilitation,
 3.3 and construction of homes to be sold to
 3.4 households with incomes of 50 to 60 percent
 3.5 of the area median income. This is a onetime
 3.6 appropriation, and is available until June 30,
 3.7 2027. By December 15 each year until 2027,
 3.8 Urban Homeworks must submit a report to
 3.9 the chairs and ranking minority members of
 3.10 the legislative committees having jurisdiction
 3.11 over housing finance and policy. The report
 3.12 must include the amount used for (1)
 3.13 acquisition, (2) rehabilitation, and (3)
 3.14 construction of housing units, along with the
 3.15 number of housing units acquired,
 3.16 rehabilitated, or constructed, and the amount
 3.17 of the appropriation that has been spent. If any
 3.18 home was sold or transferred within the year
 3.19 covered by the report, Urban Homeworks must
 3.20 include the price at which the home was sold,
 3.21 as well as how much was spent to complete
 3.22 the project before sale.

3.23 (d) The base for this program in fiscal year
 3.24 2026 and beyond is \$12,925,000.

3.25	<u>Subd. 3. Workforce Housing Development</u>	<u>22,000,000</u>	<u>22,000,000</u>
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3.26 (a) This appropriation is for the Greater
 3.27 Minnesota workforce housing development
 3.28 program under Minnesota Statutes, section
 3.29 462A.39. If requested by the applicant and
 3.30 approved by the agency, funded properties
 3.31 may include a portion of income and rent
 3.32 restricted units. Funded properties may include
 3.33 owner-occupied homes.

3.34 (b) The base for this program in fiscal year
 3.35 2026 and beyond is \$2,000,000.

4.1	<u>Subd. 4. Manufactured Home Park</u>		
4.2	<u>Infrastructure Grants and Loans</u>	<u>13,500,000</u>	<u>13,500,000</u>
4.3	<u>(a) This appropriation is for manufactured</u>		
4.4	<u>home park infrastructure grants and loans</u>		
4.5	<u>under Minnesota Statutes, section 462A.2035,</u>		
4.6	<u>subdivision 1b.</u>		
4.7	<u>(b) The base for this program in fiscal year</u>		
4.8	<u>2026 and beyond is \$1,000,000.</u>		
4.9	<u>(c) By January 15 each year, the commissioner</u>		
4.10	<u>must submit a report on the use of funds in</u>		
4.11	<u>this subdivision to the chairs and ranking</u>		
4.12	<u>minority members of the legislative</u>		
4.13	<u>committees having jurisdiction over housing</u>		
4.14	<u>finance and policy. The report must include</u>		
4.15	<u>the following information:</u>		
4.16	<u>(1) grants and loans requested and funded</u>		
4.17	<u>during the prior fiscal year, organized by</u>		
4.18	<u>ownership type of the manufactured home</u>		
4.19	<u>park, such as private, cooperative, and</u>		
4.20	<u>municipal ownership, and by county;</u>		
4.21	<u>(2) the average amount of grants and loans</u>		
4.22	<u>awarded;</u>		
4.23	<u>(3) loans requested and loans funded during</u>		
4.24	<u>the prior fiscal year, organized by ownership</u>		
4.25	<u>type of the manufactured home park, such as</u>		
4.26	<u>private, cooperative, and municipal ownership,</u>		
4.27	<u>and by county;</u>		
4.28	<u>(4) the average amount of loans issued;</u>		
4.29	<u>(5) information regarding the terms of the</u>		
4.30	<u>loans; and</u>		
4.31	<u>(6) information about how repaid loan funds</u>		
4.32	<u>were used.</u>		

5.1	<u>Subd. 5. Workforce Homeownership Program</u>	<u>17,750,000</u>	<u>17,750,000</u>
5.2	<u>(a) This appropriation is for the workforce</u>		
5.3	<u>homeownership program under Minnesota</u>		
5.4	<u>Statutes, section 462A.38.</u>		
5.5	<u>(b) The base for this program in fiscal year</u>		
5.6	<u>2026 and beyond is \$250,000.</u>		
5.7	<u>Subd. 6. Housing Trust Fund</u>	<u>26,646,000</u>	<u>16,646,000</u>
5.8	<u>(a) This appropriation is for deposit in the</u>		
5.9	<u>housing trust fund account created under</u>		
5.10	<u>Minnesota Statutes, section 462A.201, and</u>		
5.11	<u>may be used for the purposes provided in that</u>		
5.12	<u>section.</u>		
5.13	<u>(b) \$10,000,000 in the first year is for grants</u>		
5.14	<u>to low-income persons eligible under</u>		
5.15	<u>Minnesota Statutes, section 462A.201,</u>		
5.16	<u>subdivision 2, to purchase shares in</u>		
5.17	<u>limited-equity cooperative housing units.</u>		
5.18	<u>Grants are limited to \$20,000 or 25 percent of</u>		
5.19	<u>the cost of a share, whichever is less. This</u>		
5.20	<u>paragraph expires on June 30, 2027, and any</u>		
5.21	<u>money remaining on June 30, 2027, shall be</u>		
5.22	<u>returned to the housing trust fund account.</u>		
5.23	<u>(c) The base for this program for fiscal year</u>		
5.24	<u>2026 and beyond is \$11,646,000.</u>		
5.25	<u>Subd. 7. Homework Starts with Home</u>	<u>4,250,000</u>	<u>4,250,000</u>
5.26	<u>(a) This appropriation is for the homework</u>		
5.27	<u>starts with home program under Minnesota</u>		
5.28	<u>Statutes, sections 462A.201, subdivision 2,</u>		
5.29	<u>paragraph (a), clause (4), and 462A.204,</u>		
5.30	<u>subdivision 8, to provide assistance to</u>		
5.31	<u>homeless families, those at risk of</u>		
5.32	<u>homelessness, or highly mobile families.</u>		

6.1 (b) The base for this program in fiscal year
6.2 2026 and beyond is \$1,750,000.

6.3 **Subd. 8. Rental Assistance for Mentally Ill** 9,338,000 9,338,000

6.4 (a) This appropriation is for the rental housing
6.5 assistance program for persons with a mental
6.6 illness or families with an adult member with
6.7 a mental illness under Minnesota Statutes,
6.8 section 462A.2097. Among comparable
6.9 proposals, the agency shall prioritize those
6.10 proposals that target, in part, eligible persons
6.11 who desire to move to more integrated,
6.12 community-based settings.

6.13 (b) Notwithstanding any law to the contrary,
6.14 this appropriation may be used for risk
6.15 mitigation funds, landlord incentives, or other
6.16 costs necessary to decrease the risk of
6.17 homelessness, as determined by the agency.

6.18 (c) The base for this program in fiscal year
6.19 2026 and beyond is \$4,338,000.

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

6.21 (a) This appropriation is for the family
6.22 homeless prevention and assistance program
6.23 under Minnesota Statutes, section 462A.204.

6.24 (b) Up to \$5,000,000 in fiscal year 2024 is for
6.25 grants to eligible applicants to create or expand
6.26 risk mitigation programs to reduce landlord
6.27 financial risks for renting to persons eligible
6.28 under Minnesota Statutes, section 462A.204.
6.29 Eligible programs may use funds for
6.30 administrative costs, outreach and coordination
6.31 staff, and to reimburse landlords for costs
6.32 including but not limited to nonpayment of
6.33 rent, or damage costs above those costs
6.34 covered by security deposits. This

7.1 appropriation may be used for staffing costs
7.2 necessary to implement the program. The
7.3 agency may give priority to applicants that
7.4 demonstrate a matching amount of money by
7.5 a local unit of government, business, or
7.6 nonprofit organization. Grantees must
7.7 establish a procedure to review and validate
7.8 claims and reimbursements under this
7.9 program. This is a onetime appropriation.

7.10 (c) For fiscal year 2024 and fiscal year 2025,
7.11 qualified families may receive more than 24
7.12 months of rental assistance.

7.13 (d) If the agency determines that the
7.14 metropolitan area needs additional support to
7.15 serve homeless households or those at risk of
7.16 homelessness, the agency is authorized to
7.17 grant funds to entities other than counties in
7.18 the metropolitan area, including but not limited
7.19 to nonprofit organizations.

7.20 (e) When a new grantee works with a current
7.21 or former grantee in a given geographic area,
7.22 a new grantee may work with either an
7.23 advisory committee as required under
7.24 Minnesota Statutes, section 462A.204,
7.25 subdivision 6, or the local continuum of care
7.26 and is not required to meet the requirements
7.27 of Minnesota Statutes, section 462A.204,
7.28 subdivision 4.

7.29 (f) Notwithstanding any law to the contrary,
7.30 \$10,000,000 of this appropriation is allocated
7.31 to federally recognized American Indian
7.32 Tribes located in Minnesota. The funds shall
7.33 be divided proportionally among the Tribes
7.34 and shall be used for the purposes allowed
7.35 under this section.

8.1 (g) \$2,400,000 in fiscal year 2024 is for a
 8.2 grant to Neighborhood House, a Ramsey
 8.3 County-based nonprofit organization, to
 8.4 provide administrative costs for families facing
 8.5 eviction, rental assistance, delinquent utility
 8.6 fees, mortgage assistance, and damage deposit
 8.7 assistance. This is a onetime appropriation.

8.8 (h) The base for this program in fiscal year
 8.9 2026 and beyond is \$10,269,000.

8.10 <u>Subd. 10. Home Ownership Assistance Fund</u>	<u>13,385,000</u>	<u>13,385,000</u>
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8.11 (a) This appropriation is for the home
 8.12 ownership assistance program under
 8.13 Minnesota Statutes, section 462A.21,
 8.14 subdivision 8. The agency shall continue to
 8.15 strengthen its efforts to address the disparity
 8.16 gap in the homeownership rate between white
 8.17 households and indigenous American Indians
 8.18 and communities of color. To better
 8.19 understand and address the disparity gap, the
 8.20 agency is required to collect, on a voluntary
 8.21 basis, demographic information regarding
 8.22 race, color, national origin, and sex of
 8.23 applicants for agency programs intended to
 8.24 benefit homeowners and homebuyers.

8.25 (b) The base for this program in fiscal year
 8.26 2026 and beyond is \$885,000.

8.27 <u>Subd. 11. Affordable Rental Investment Fund</u>	<u>4,218,000</u>	<u>4,218,000</u>
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8.28 (a) This appropriation is for the affordable
 8.29 rental investment fund program under
 8.30 Minnesota Statutes, section 462A.21,
 8.31 subdivision 8b, to finance the acquisition,
 8.32 rehabilitation, and debt restructuring of
 8.33 federally assisted rental property and for

9.1 making equity take-out loans under Minnesota
9.2 Statutes, section 462A.05, subdivision 39.

9.3 (b) The owner of federally assisted rental
9.4 property must agree to participate in the
9.5 applicable federally assisted housing program
9.6 and to extend any existing low-income
9.7 affordability restrictions on the housing for
9.8 the maximum term permitted.

9.9 (c) The appropriation also may be used to
9.10 finance the acquisition, rehabilitation, and debt
9.11 restructuring of existing supportive housing
9.12 properties and naturally occurring affordable
9.13 housing as determined by the commissioner.
9.14 For purposes of this paragraph, "supportive
9.15 housing" means affordable rental housing with
9.16 links to services necessary for individuals,
9.17 youth, and families with children to maintain
9.18 housing stability.

9.19 **Subd. 12. Owner-Occupied Housing**
9.20 **Rehabilitation**

2,772,000

2,772,000

9.21 (a) This appropriation is for the rehabilitation
9.22 of owner-occupied housing under Minnesota
9.23 Statutes, section 462A.05, subdivisions 14 and
9.24 14a.

9.25 (b) Notwithstanding any law to the contrary,
9.26 grants or loans under this subdivision may be
9.27 made without rent or income restrictions of
9.28 owners or tenants. To the extent practicable,
9.29 grants or loans must be made available
9.30 statewide.

9.31 **Subd. 13. Rental Housing Rehabilitation**

3,743,000

3,743,000

9.32 (a) This appropriation is for the rehabilitation
9.33 of eligible rental housing under Minnesota
9.34 Statutes, section 462A.05, subdivision 14. In

10.1 administering a rehabilitation program for
10.2 rental housing, the agency may apply the
10.3 processes and priorities adopted for
10.4 administration of the economic development
10.5 and housing challenge program under
10.6 Minnesota Statutes, section 462A.33, and may
10.7 provide grants or forgivable loans if approved
10.8 by the agency.

10.9 (b) Notwithstanding any law to the contrary,
10.10 grants or loans under this subdivision may be
10.11 made without rent or income restrictions of
10.12 owners or tenants. To the extent practicable,
10.13 grants or loans must be made available
10.14 statewide.

10.15 **Subd. 14. Homeownership Education,**
10.16 **Counseling, and Training**

2,357,000

2,357,000

10.17 (a) This appropriation is for the
10.18 homeownership education, counseling, and
10.19 training program under Minnesota Statutes,
10.20 section 462A.209.

10.21 (b) The base for this program in fiscal year
10.22 2026 and beyond is \$857,000.

10.23 **Subd. 15. Capacity-Building Grants**

5,230,000

5,230,000

10.24 (a) This appropriation is for capacity-building
10.25 grants under Minnesota Statutes, section
10.26 462A.21, subdivision 3b. Of this amount, up
10.27 to \$125,000 each year is for support of the
10.28 Homeless Management Information System
10.29 (HMIS), and \$85,000 in fiscal year 2024 and
10.30 \$85,000 in fiscal year 2025 are for Open
10.31 Access Connections. The appropriations for
10.32 Open Access Connections are onetime.

10.33 (b) \$445,000 in fiscal year 2024 is for a grant
10.34 to the Community Stabilization Project to: (1)

11.1	<u>deliver services and curriculum to renters and</u>		
11.2	<u>property owners in order to preserve deeply</u>		
11.3	<u>affordable rental units in underrepresented</u>		
11.4	<u>communities; (2) help create entry-level</u>		
11.5	<u>employment opportunities for renters; and (3)</u>		
11.6	<u>construct a secure space for documents and</u>		
11.7	<u>identification for those experiencing</u>		
11.8	<u>homelessness. This is a onetime appropriation.</u>		
11.9	<u>(c) The base for this program in fiscal year</u>		
11.10	<u>2026 and beyond is \$645,000.</u>		
11.11	<u>Subd. 16. Build Wealth Minnesota</u>	<u>5,500,000</u>	<u>500,000</u>
11.12	<u>(a) \$500,000 each year is for a grant to Build</u>		
11.13	<u>Wealth Minnesota to provide a family</u>		
11.14	<u>stabilization plan program.</u>		
11.15	<u>(b) \$5,000,000 the first year is for a grant to</u>		
11.16	<u>Build Wealth Minnesota for the 9,000 Equities</u>		
11.17	<u>Fund, a targeted loan pool, to provide</u>		
11.18	<u>affordable first mortgages or equivalent</u>		
11.19	<u>financing opportunities to households</u>		
11.20	<u>struggling to access mortgages in underserved</u>		
11.21	<u>communities of color. Of this amount, up to</u>		
11.22	<u>\$1,000,000 may be used for a grant to</u>		
11.23	<u>Stairstep Foundation to support completion of</u>		
11.24	<u>the Family Stabilization Plan program</u>		
11.25	<u>developed by Build Wealth Minnesota. This</u>		
11.26	<u>is a onetime appropriation.</u>		
11.27	<u>Subd. 17. Housing Infrastructure</u>	<u>100,000,000</u>	<u>0</u>
11.28	<u>This appropriation is for the housing</u>		
11.29	<u>infrastructure program for the eligible</u>		
11.30	<u>purposes under Minnesota Statutes, section</u>		
11.31	<u>462A.37, subdivision 2. This is a onetime</u>		
11.32	<u>appropriation.</u>		
11.33	<u>Subd. 18. Community Stabilization</u>	<u>100,000,000</u>	<u>-0-</u>

12.1	<u>This appropriation is for the community</u>		
12.2	<u>stabilization program under Minnesota</u>		
12.3	<u>Statutes, section 462A.43. Of this amount,</u>		
12.4	<u>\$30,000,000 is for a grant to the Minneapolis</u>		
12.5	<u>Public Housing Authority for the city of</u>		
12.6	<u>Minneapolis and its affiliated entities,</u>		
12.7	<u>including but not limited to its wholly</u>		
12.8	<u>controlled nonprofit corporation, Community</u>		
12.9	<u>Housing Resources, to rehabilitate, preserve,</u>		
12.10	<u>equip, and repair its deeply affordable family</u>		
12.11	<u>housing units. This a onetime appropriation.</u>		
12.12	<u>Subd. 19. Supportive Housing</u>	<u>40,000,000</u>	<u>0</u>
12.13	<u>This appropriation is for the supportive</u>		
12.14	<u>housing program under Minnesota Statutes,</u>		
12.15	<u>section 462A.42. This is a onetime</u>		
12.16	<u>appropriation.</u>		
12.17	<u>Subd. 20. First Generation Homebuyer</u>	<u>100,000,000</u>	<u>0</u>
12.18	<u>This appropriation is for the first generation</u>		
12.19	<u>homebuyer program down payment assistance</u>		
12.20	<u>fund. This is a onetime appropriation.</u>		
12.21	<u>Subd. 21. Local Housing Trust Fund Grants</u>	<u>10,000,000</u>	<u>0</u>
12.22	<u>(a) \$8,000,000 in fiscal year 2024 is for</u>		
12.23	<u>deposit in the housing development fund for</u>		
12.24	<u>grants to local housing trust funds established</u>		
12.25	<u>under Minnesota Statutes, section 462C.16,</u>		
12.26	<u>to incentivize local funding. This is a onetime</u>		
12.27	<u>appropriation.</u>		
12.28	<u>(b) A grantee is eligible to receive a grant</u>		
12.29	<u>amount equal to 100 percent of the public</u>		
12.30	<u>revenue committed to the local housing trust</u>		
12.31	<u>fund from any source other than the state or</u>		
12.32	<u>federal government, up to \$150,000, and in</u>		
12.33	<u>addition, an amount equal to 50 percent of the</u>		
12.34	<u>public revenue committed to the local housing</u>		

13.1 trust fund from any source other than the state
 13.2 or federal government that is more than
 13.3 \$150,000 but not more than \$300,000.

13.4 (c) \$100,000 of the amount appropriated in
 13.5 paragraph (a) is for technical assistance grants
 13.6 to local and regional housing trust funds. A
 13.7 housing trust fund may apply for a technical
 13.8 assistance grant at the time and in the manner
 13.9 and form required by the agency. The agency
 13.10 shall make grants on a first-come, first-served
 13.11 basis. A technical assistance grant must not
 13.12 exceed \$5,000.

13.13 (d) A grantee must use grant funds within
 13.14 eight years of receipt for purposes (1)
 13.15 authorized under Minnesota Statutes, section
 13.16 462C.16, subdivision 3, and (2) benefiting
 13.17 households with incomes at or below 115
 13.18 percent of the state median income. A grantee
 13.19 must return any grant funds not used for these
 13.20 purposes within eight years of receipt to the
 13.21 commissioner of the Minnesota Housing
 13.22 Finance Agency for deposit into the housing
 13.23 development fund.

13.24 (e) \$2,000,000 in fiscal year 2024 is for a grant
 13.25 to Northland Foundation. Northland
 13.26 Foundation may use the funds on expenditures
 13.27 authorized under Minnesota Statutes, section
 13.28 462C.16, subdivision 3, and on assisting local
 13.29 governments to establish local or regional
 13.30 housing trust funds. Northland Foundation
 13.31 may award grants and loans to other entities
 13.32 to expend on authorized expenditures under
 13.33 this section. This is a onetime appropriation
 13.34 and is available until June 30, 2025.

14.1	<u>Subd. 22. Greater Minnesota Housing</u>		
14.2	<u>Infrastructure Grant Program</u>	<u>5,000,000</u>	<u>0</u>
14.3	<u>This appropriation is for a pilot program to</u>		
14.4	<u>provide grants to municipalities for up to 50</u>		
14.5	<u>percent of the costs of infrastructure that</u>		
14.6	<u>would otherwise be required to be paid by the</u>		
14.7	<u>developer for new housing developments. The</u>		
14.8	<u>grants shall be limited to 16 housing units in</u>		
14.9	<u>the municipality and a maximum of \$12,000</u>		
14.10	<u>per housing unit. This is a onetime</u>		
14.11	<u>appropriation.</u>		
14.12	<u>Subd. 23. Stable Rental Housing Mediation</u>	<u>4,000,000</u>	<u>0</u>
14.13	<u>This appropriation is for housing mediation</u>		
14.14	<u>grants under Minnesota Statutes, section</u>		
14.15	<u>462A.2098. This is a onetime appropriation.</u>		
14.16	<u>Of this amount, up to \$300,000 may be used</u>		
14.17	<u>for administrative costs under Minnesota</u>		
14.18	<u>Statutes, section 462A.2098, subdivision 3.</u>		
14.19	<u>Subd. 24. Manufactured Home Park Cooperative</u>		
14.20	<u>Purchase Program</u>	<u>10,000,000</u>	<u>0</u>
14.21	<u>(a) This appropriation is for loans under this</u>		
14.22	<u>subdivision.</u>		
14.23	<u>(b) The funding under this subdivision may</u>		
14.24	<u>be used for a revolving loan fund under</u>		
14.25	<u>Minnesota Statutes, section 462A.05,</u>		
14.26	<u>subdivision 35, to provide interest-free loans</u>		
14.27	<u>for residents of manufactured home parks to</u>		
14.28	<u>purchase the manufactured home park in</u>		
14.29	<u>which they reside for the purpose of</u>		
14.30	<u>conversion of the manufactured home park to</u>		
14.31	<u>cooperative ownership. Repayments of</u>		
14.32	<u>principal from loans issued under this section</u>		
14.33	<u>must be used for the purposes of this</u>		
14.34	<u>subdivision.</u>		

- 15.1 (c) The agency may develop criteria for loan
15.2 requests under this subdivision. Within 90
15.3 days of final enactment, the commissioner
15.4 shall develop the forms, applications, and
15.5 reporting requirements for use by eligible
15.6 organizations. In developing these materials,
15.7 the commissioner shall consult with
15.8 manufactured housing cooperatives,
15.9 resident-owned manufactured home
15.10 communities, and nonprofit organizations
15.11 working with manufactured housing
15.12 cooperatives and resident-owned communities.
- 15.13 (d) Borrowers must use funds to assist in the
15.14 creation and preservation of housing that is
15.15 affordable to households with incomes at or
15.16 below 80 percent of the greater of state or area
15.17 median income.
- 15.18 (e) A deed purchased with a loan under this
15.19 section must contain a covenant running with
15.20 the land requiring that the land be used as a
15.21 manufactured home park for 30 years from
15.22 the date of purchase.
- 15.23 (f) For the purposes of this subdivision, the
15.24 terms "manufactured home," "manufactured
15.25 home park," and "resident" have the meanings
15.26 given in Minnesota Statutes, section 327C.015.
- 15.27 (g) By January 15 each year, the commissioner
15.28 must submit a report to the chairs and ranking
15.29 minority members of the legislative
15.30 committees with jurisdiction over housing
15.31 finance and policy detailing the use of funds
15.32 under this section. The report must include the
15.33 following information:
- 15.34 (1) the number and amount of loans issued;

- 16.1 (2) the amount of loans that have been repaid;
- 16.2 (3) the amount of interest earned within the
- 16.3 fund and the remaining balance of the
- 16.4 revolving loan fund;
- 16.5 (4) the number of residents included in each
- 16.6 project; and
- 16.7 (5) the location of each project.

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

- 16.9 This appropriation is for the manufactured
- 16.10 home lending grant program. This is a onetime
- 16.11 appropriation.

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

- 16.13 This appropriation is for the lead safe homes
- 16.14 grant program under Minnesota Statutes,
- 16.15 section 462A.2096. This is a onetime
- 16.16 appropriation.

16.17 **Subd. 27. High-Rise Sprinkler System Grant**

16.18 **Program** 10,000,000 0

- 16.19 This appropriation is for the high-rise sprinkler
- 16.20 system grant program. Of this amount, up to
- 16.21 \$4,000,000 must be for a grant to
- 16.22 CommonBond Communities for installation
- 16.23 of sprinkler systems at two buildings known
- 16.24 as Seward Tower West located at 2515 South
- 16.25 9th Street in Minneapolis and Seward Tower
- 16.26 East located at 2910 East Franklin Avenue in
- 16.27 Minneapolis. This is a onetime appropriation.

16.28 **Subd. 28. Rent Assistance Program** 65,665,000 65,665,000

- 16.29 (a) This appropriation is for the rent assistance
- 16.30 program under Minnesota Statutes, section
- 16.31 462A.2095. This appropriation is available
- 16.32 until June 30, 2027. Up to five percent of the

17.1 amount may be used in the first year to set up
17.2 the program.

17.3 (b) The base for this program in fiscal year
17.4 2026 and beyond is \$10,000,000.

17.5 **Subd. 29. Homeownership Investment Grants**
17.6 **Program**

80,000,000

0

17.7 This appropriation is for the homeownership
17.8 investment grants program. This is a onetime
17.9 appropriation.

17.10 **Subd. 30. Housing Cost Reduction Incentive**
17.11 **Program**

2,500,000

0

17.12 This appropriation is for the housing cost
17.13 reduction incentive program under Minnesota
17.14 Statutes, section 462A.41. This is a onetime
17.15 appropriation.

17.16 **Subd. 31. Availability and Transfer of Funds**

17.17 Money appropriated in the first year in this
17.18 article is available the second year. The
17.19 commissioner may shift or transfer money in
17.20 the second year in subdivisions 2, 3, 4, 5, 11,
17.21 12, and 13 to address high-priority housing
17.22 needs.

17.23 **Subd. 32. Report to Legislature**

17.24 (a) By January 15, 2024; January 15, 2025;
17.25 and January 15, 2026, the commissioner shall
17.26 submit a report to the chairs and ranking
17.27 minority members of the legislative
17.28 committees having jurisdiction over housing
17.29 finance and policy containing the following
17.30 information about each of the programs funded
17.31 in this act:

17.32 (1) the amount expended and the remaining
17.33 balance from each program;

- 18.1 (2) grant awards, including the amounts and
 18.2 geographic distribution of the awards; and
 18.3 (3) the number of housing units that are
 18.4 affected by each grant including new and
 18.5 rehabilitated owner-occupied homes, new and
 18.6 rehabilitated rental units, and new and
 18.7 rehabilitated manufactured homes, as reported
 18.8 in paragraph (b).
 18.9 (b) The commissioner shall require any entity
 18.10 that receives a grant for new construction or
 18.11 housing rehabilitation from a program funded
 18.12 in this act to submit the following information
 18.13 prior to receiving the grant award, and at the
 18.14 conclusion of the grant:
 18.15 (1) the number of newly constructed rental
 18.16 units;
 18.17 (2) the number of newly constructed
 18.18 owner-occupied units;
 18.19 (3) the number of units to be used as rentals
 18.20 that were rehabilitated; and
 18.21 (4) the number of units to be owner-occupied
 18.22 that were rehabilitated.

ARTICLE 2

HOUSING POLICY

- 18.23
 18.24
 18.25 Section 1. Minnesota Statutes 2022, section 462A.05, subdivision 14, is amended to read:
 18.26 Subd. 14. **Rehabilitation loans.** It may agree to purchase, make, or otherwise participate
 18.27 in the making, and may enter into commitments for the purchase, making, or participation
 18.28 in the making, of eligible loans for rehabilitation, with terms and conditions as the agency
 18.29 deems advisable, to persons and families of low and moderate income, and to owners of
 18.30 existing residential housing for occupancy by such persons and families, for the rehabilitation
 18.31 of existing residential housing owned by them. Rehabilitation may include the addition or
 18.32 rehabilitation of a detached accessory dwelling unit. The loans may be insured or uninsured

and may be made with security, or may be unsecured, as the agency deems advisable. The loans may be in addition to or in combination with long-term eligible mortgage loans under subdivision 3. They may be made in amounts sufficient to refinance existing indebtedness secured by the property, if refinancing is determined by the agency to be necessary to permit the owner to meet the owner's housing cost without expending an unreasonable portion of the owner's income thereon. No loan for rehabilitation shall be made unless the agency determines that the loan will be used primarily to make the housing more desirable to live in, to increase the market value of the housing, for compliance with state, county or municipal building, housing maintenance, fire, health or similar codes and standards applicable to housing, or to accomplish energy conservation related improvements. In unincorporated areas and municipalities not having codes and standards, the agency may, solely for the purpose of administering the provisions of this chapter, establish codes and standards. No loan under this subdivision for the rehabilitation of owner-occupied housing shall be denied solely because the loan will not be used for placing the owner-occupied residential housing in full compliance with all state, county, or municipal building, housing maintenance, fire, health, or similar codes and standards applicable to housing. Rehabilitation loans shall be made only when the agency determines that financing is not otherwise available, in whole or in part, from private lenders upon equivalent terms and conditions. Accessibility rehabilitation loans authorized under this subdivision may be made to eligible persons and families without limitations relating to the maximum incomes of the borrowers if:

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

(2) home care is appropriate; and

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

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

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

Subd. 42. **Indian Tribes.** Notwithstanding any other provision in this chapter, at its discretion the agency may make any federally recognized Indian Tribe in Minnesota, or

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

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

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

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

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

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

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

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

20.21 Subd. 1b. **Manufactured home park infrastructure grants and loans.** Eligible
20.22 recipients may use manufactured home park infrastructure grants and loans under this
20.23 program for:

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

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

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

20.27 Subd. 3. **Set aside.** At least one grant must be awarded in an area located outside of the
20.28 metropolitan area. A county, a group of contiguous counties jointly acting together, a Tribe,
20.29 a group of Tribes, or a community-based nonprofit organization ~~with a sponsoring resolution~~

21.1 ~~from each of the county boards of the counties located within its operating jurisdiction may~~
21.2 ~~apply for and receive grants for areas located outside the metropolitan area.~~

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

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

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

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

21.17 (c) "Program administrator" means:

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

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

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

21.25 Subd. 3. **Grants to program administrators.** (a) The agency may make grants to
21.26 program administrators to provide rental assistance for eligible households. For both
21.27 tenant-based and project-based assistance, program administrators shall pay assistance
21.28 directly to housing providers. Rental assistance may be provided in the form of tenant-based
21.29 assistance or project-based assistance. To the extent practicable, the agency must make
21.30 grants statewide in proportion to the number of households eligible for assistance in each
21.31 county according to the most recent American Community Survey of the United States
21.32 Census Bureau.

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

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

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

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

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

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

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

(3) housing support under chapter 256I;

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

(5) economic assistance programs under chapter 256P.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

23.29 Subdivision 1. **Establishment; purpose.** The agency shall establish a housing mediation
23.30 program to reduce negative consequences to renters, rental property owners, families,

24.1 schools, employers, neighborhoods, and communities by providing support to renters and
24.2 residential rental property owners.

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

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

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

24.10 (1) provide housing dispute resolution services;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25.17 (c) Rental assistance under this section must be provided by governmental units which
25.18 administer housing assistance supplements or by for-profit or nonprofit organizations
25.19 experienced in housing management. Rental assistance shall be limited to households whose
25.20 income at the time of initial receipt of rental assistance does not exceed 60 percent of median
25.21 income, as determined by the United States Department of Housing and Urban Development
25.22 for the metropolitan area. Priority among comparable applications for tenant-based rental
25.23 assistance will be given to proposals that will serve households whose income at the time
25.24 of initial application for rental assistance does not exceed 30 percent of median income, as
25.25 determined by the United States Department of Housing and Urban Development for the
25.26 metropolitan area. Rental assistance must be terminated when it is determined that 30 percent
25.27 of a household's monthly income for four consecutive months equals or exceeds the market
25.28 rent for the unit in which the household resides plus utilities for which the tenant is
25.29 responsible. Rental assistance may only be used for rental housing units that meet the housing
25.30 maintenance code of the local unit of government in which the unit is located, if such a code
25.31 has been adopted, or the housing quality standards adopted by the United States Department
25.32 of Housing and Urban Development, if no local housing maintenance code has been adopted.

25.33 (d) In making the loans or grants, the agency shall determine the terms and conditions
25.34 of repayment and the appropriate security, if any, should repayment be required. To promote

the geographic distribution of grants and loans, the agency may designate a portion of the grant or loan awards to be set aside for projects located in specified congressional districts or other geographical regions specified by the agency. The agency may adopt rules for awarding grants and loans under this subdivision.

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

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

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

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

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

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

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

(4) one or more of the following:

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

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

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

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

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

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

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

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

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

Subd. 2a. **Refunding bonds.** (a) The agency may issue nonprofit housing bonds in one or more series to refund bonds authorized in subdivision 2. The amount of refunding nonprofit housing bonds that may be issued from time to time will not be subject to the dollar limitation

28.1 contained in subdivision 2 nor will those bonds be included in computing the amount of
28.2 bonds that may be issued within that dollar limitation.

28.3 (b) In the refunding of nonprofit housing bonds, each bond must be called for redemption
28.4 prior to its maturity in accordance with its terms no later than the earliest date on which it
28.5 may be redeemed. No refunding bonds may be issued unless as of the date of the refunding
28.6 bonds the present value of the dollar amount of the debt service on the refunding bonds,
28.7 computed to their stated maturity dates, is lower than the present value of the dollar amount
28.8 of debt service on all nonprofit housing bonds refunded computed to their stated maturity
28.9 dates. For purposes of this subdivision, "present value of the dollar amount of debt service"
28.10 means the dollar amount of debt service to be paid, discounted to the nominal date of the
28.11 refunding bonds at a rate equal to the yield on the refunding bonds.

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

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

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

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

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

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

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

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

29.2 (c) "Community land trust" means an entity that meets the requirements of section
29.3 462A.31, subdivisions 1 and 2.

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

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

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

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

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

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

29.18 ~~(4)~~ (3) are tax-exempt bonds that are not private activity bonds, within the meaning of
29.19 section 141(a) of the Internal Revenue Code, for the purpose of financing or refinancing
29.20 affordable housing authorized under this chapter.

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

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

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

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

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

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

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

29.30 ~~(j)~~ (j) "Senior housing" means housing intended and operated for occupancy by ~~at least~~
29.31 ~~one senior per unit~~ senior households with at least 80 percent of the units occupied by at

~~least one senior per unit~~ senior households, and for which there is publication of, and adherence to, policies and procedures that demonstrate an intent by the owner or manager to provide housing for seniors. Senior housing may be developed in conjunction with and as a distinct portion of mixed-income senior housing developments that use a variety of public or private financing sources.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

31.29 (d) To the extent practicable, the agency shall balance the loans made between projects
31.30 in the metropolitan area and projects outside the metropolitan area. Of the loans made to
31.31 projects outside the metropolitan area, the agency shall, to the extent practicable, balance
31.32 the loans made between projects in counties or cities with a population of 20,000 or less,

32.1 as established by the most recent decennial census, and projects in counties or cities with
32.2 populations in excess of 20,000.

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

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

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

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

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

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

32.16 (C) low-fume paint;

32.17 (D) low-chemical carpet; and

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

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

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

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

32.24 Subd. 2i. **Additional authorization.** In addition to the amounts authorized in subdivisions
32.25 2 to 2h, the agency may issue up to \$250,000,000 in housing infrastructure bonds in one or
32.26 more series to which the payments under this section may be pledged.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Subd. 5. **Allocation.** The amount of a grant or deferred loans may not exceed ~~25~~ 50 percent of the rental housing development project cost. The commissioner shall not award a grant or deferred loans to ~~a city~~ an eligible project area without certification by the ~~city~~.

eligible project area that the amount of the grant or deferred loans shall be matched by a local unit of government, business, ~~or~~ nonprofit organization, or federally recognized Tribe, with \$1 for every \$2 provided in grant or deferred loans funds.

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

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

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

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

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

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

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

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

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

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

(b) The agency must evaluate complete applications for funding for reimbursement for eligible fee waivers or reductions to determine whether the fee waiver or reduction is

necessary to increase the number of multifamily housing developments and single-family, owner-occupied housing developments within the applicant's boundaries.

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

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

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

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

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

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

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

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

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

Sec. 28. **462A.43 COMMUNITY STABILIZATION PROGRAM.**

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

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

(1) multiunit rental housing that:

(i) is at least 20 years old; and

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

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

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

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

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

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

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

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

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

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

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

Subd. 11. Affordable Rental Investment Fund	4,218,000	4,218,000
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(a) This appropriation is for the affordable rental investment fund program under Minnesota Statutes, section 462A.21, subdivision 8b, to finance the acquisition, rehabilitation, replacement, and debt restructuring of federally assisted rental property and for making equity take-out loans under Minnesota Statutes, section 462A.05, subdivision 39.

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

(c) The appropriation also may be used to finance the acquisition, rehabilitation, and debt restructuring of existing supportive housing

properties and naturally occurring affordable housing as determined by the commissioner. For purposes of this paragraph, "supportive housing" means affordable rental housing with links to services necessary for individuals, youth, and families with children to maintain housing stability.

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

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

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

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

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

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

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

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

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

Subd. 3. Use of funds. Assistance under this section is limited to ten percent of the purchase price of a one or two unit home, not to exceed \$32,000. Funds are reserved at the issuance of preapproval. Reservation of funds is not contingent on having an executed purchase agreement. The assistance must be provided in the form of a loan that is forgivable

at a rate of 20 percent per year on the day after the anniversary date of the note. The prorated balance due is repayable if the property converts to nonowner occupancy, is sold, is subjected to an ineligible refinance, is subjected to an unauthorized transfer of title, or is subjected to a completed foreclosure action within the five-year loan term. Recapture can be waived in the event of financial or personal hardship. Funds may be used for closing costs, down payment, or principal reduction. The eligible homebuyer may select any first mortgage lender or broker. The funds must be used in conjunction with a conforming first mortgage loan that is fully amortizing and meets the standards of a qualified mortgage or meets the minimum standards for exemption under Code of Federal Regulations, title 12, section 1026.43. Funds may be used in conjunction with other programs the eligible homebuyer may qualify for and the loan placed in any priority position.

Subd. 4. **Administration.** The first-generation homebuyers down payment assistance fund is available statewide and shall be administered by Midwest Minnesota Community Development Corporation, the designated central CDFI. Midwest Minnesota Community Development Corporation may originate and service funds and authorize other CDFIs, Tribal entities, and nonprofit organizations administering down payment assistance to reserve, originate, fund, and service funds for eligible homebuyers. Administrative costs must not exceed \$3,200 per loan. Any funds recaptured prior to June 30, 2026, are deposited in the fund established in subdivision 1 and are to be redistributed to eligible homebuyers. Any unused funds, or funds recaptured on or after June 30, 2026, shall be remitted to the agency to be returned to the general fund.

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

(1) the number and amount of loans closed;

(2) the median loan amount;

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

(4) the median home purchase price;

(5) the interest rates and types of mortgages;

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

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

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

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

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

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

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

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

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

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

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

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

Subd. 5. Maximum grant amount. A city may receive no more than \$30,000 per lot for single-family, duplex, triplex, or fourplex housing developed and no more than \$60,000

per lot for multifamily housing with more than four units per building. A city may receive no more than \$500,000 in two years for one or more housing developments.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The commissioner shall convene stakeholders to evaluate methods of processing applications for rental assistance and emergency rental assistance, methods of distributing rental assistance funds, and ways to expedite these processes. The advisory group shall have a range of stakeholder representation as determined by the commissioner. By January 31, 2024, the commissioner must report to the legislative committees with jurisdiction over housing finance and policy with the findings of the advisory group, including recommendations to improve rental assistance procedures.

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

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

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

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

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

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

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

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

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

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

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

(2) have primary operations located in Minnesota;

(3) be certified as a community development financial institution by the United States

Department of the Treasury; and

(4) provide affordable housing lending or financing programs.

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

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

Sec. 36. **MANUFACTURED HOME LENDING GRANTS PROGRAM.**

Subdivision 1. **Program established.** The commissioner of the Minnesota Housing Finance Agency must award a grant to an organization for manufactured home lending services under subdivision 2.

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

(1) new manufactured home financing programs;

(2) manufactured home down payment assistance; or

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

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

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

(2) have primary operations located in Minnesota;

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

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

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

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

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

Sec. 37. FINANCIAL REVIEW OF GRANT AND BUSINESS SUBSIDY RECIPIENTS.

Subdivision 1. **Definitions.** (a) As used in this section, the following terms have the meanings given.

(b) "Grant" means a grant or business subsidy funded by an appropriation in this act.

(c) "Grantee" means a business entity as defined in Minnesota Statutes, section 5.001.

Subd. 2. **Financial information required; determination of ability to perform.** Before an agency awards a competitive, legislatively named, single-source, or sole-source grant, the agency must assess the risk that a grantee cannot or would not perform the required duties. In making this assessment, the agency must review the following information:

(1) the grantee's history of performing duties similar to those required by the grant, whether the size of the grant requires the grantee to perform services at a significantly increased scale, and whether the size of the grant will require significant changes to the operation of the grantee's organization;

(2) for a grantee that is a nonprofit organization, the grantee's Form 990 or Form 990-EZ filed with the Internal Revenue Service in each of the prior three years. If the grantee has not been in existence long enough or is not required to file Form 990 or Form 990-EZ, the grantee must demonstrate to the grantor's satisfaction that the grantee is exempt and must instead submit the grantee's most recent board-reviewed financial statements and documentation of internal controls;

(3) for a for-profit business, three years of federal and state tax returns, current financial statements, certification that the business is not under bankruptcy proceedings, and disclosure of any liens on its assets. If a business has not been in business long enough to have three years of tax returns, the grantee must demonstrate to the grantor's satisfaction that the grantee has appropriate internal financial controls;

(4) evidence of registration and good standing with the secretary of state under Minnesota Statutes, chapter 317A, or other applicable law;

(5) if the grantee's total annual revenue exceeds \$750,000, the grantee's most recent financial audit performed by an independent third party in accordance with generally accepted accounting principles; and

(6) certification, provided by the grantee, that none of its principals have been convicted of a financial crime.

Subd. 3. **Additional measures for some grantees.** The agency may require additional information and must provide enhanced oversight for grants that have not previously received state or federal grants for similar amounts or similar duties and so have not yet demonstrated the ability to perform the duties required under the grant on the scale required.

Subd. 4. **Assistance from administration.** An agency without adequate resources or experience to perform obligations under this section may contract with the commissioner of administration to perform the agency's duties under this section.

Subd. 5. **Agency authority to not award grant.** If an agency determines that there is an appreciable risk that a grantee receiving a competitive, single-source, or sole-source grant cannot or would not perform the required duties under the grant agreement, the agency must notify the grantee and the commissioner of administration and give the grantee an opportunity to respond to the agency's concerns. If the grantee does not satisfy the agency's concerns within 45 days, the agency must not award the grant.

Subd. 6. **Legislatively named grantees.** If an agency determines that there is an appreciable risk that a grantee receiving a legislatively named grant cannot or would not perform the required duties under the grant agreement, the agency must notify the grantee, the commissioner of administration, and the chair and ranking minority members of the Ways and Means Committee in the house of representatives, the chair and ranking minority members of the Finance Committee in the senate, and the chairs and ranking minority members of the committees in the house of representatives and the senate with primary jurisdiction over the bill in which the money for the grant was appropriated. The agency must give the grantee an opportunity to respond to the agency's concerns. If the grantee does not satisfy the agency's concerns within 45 days, the agency must delay award of the grant until adjournment of the next regular or special legislative session.

Subd. 7. **Subgrants.** If a grantee will disburse the money received from the grant to other organizations to perform duties required under the grant agreement, the agency must be a party to agreements between the grantee and a subgrantee. Before entering agreements

49.1 for subgrants, the agency must perform the financial review required under this section with
49.2 respect to the subgrantees.

49.3 Subd. 8. **Effect.** The requirements of this section are in addition to other requirements
49.4 imposed by law; the commissioner of administration under Minnesota Statutes, sections
49.5 16B.97 and 16B.98; or agency grant policy.

49.6 Sec. 38. **EMPLOYMENT REPORT.**

49.7 By January 15, 2024, the agency must report to the chairs and ranking members of the
49.8 legislative committees having jurisdiction over housing finance and policy on the number
49.9 of new full-time equivalent employees required to administer the appropriations and programs
49.10 authorized under this act, as well as the total costs associated with those new employees.