

SENATE
STATE OF MINNESOTA
NINETY-FIRST SESSION

S.F. No. 1644

(SENATE AUTHORS: WEBER)

DATE	D-PG	OFFICIAL STATUS
02/25/2019	519	Introduction and first reading Referred to Agriculture, Rural Development, and Housing Policy
03/13/2019	821a	Comm report: To pass as amended and re-refer to Agriculture, Rural Development, and Housing Finance
03/28/2019	1400a	Comm report: To pass as amended
	1421	Second reading
05/08/2019	4232	Rule 45-amend, subst. General Orders HF2542 See SF2226

- 1.1 A bill for an act
- 1.2 relating to housing; modifying requirement for economic and housing challenge
- 1.3 grants; modifying the Minnesota Bond Allocation Act relating to housing bonds;
- 1.4 amending Minnesota Statutes 2018, sections 462A.22, subdivision 9; 462A.33,
- 1.5 subdivisions 1, 3; 474A.02, by adding subdivisions; 474A.061, subdivisions 1, 2a,
- 1.6 by adding a subdivision; 474A.091, subdivisions 2, 3.
- 1.7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
- 1.8 Section 1. Minnesota Statutes 2018, section 462A.22, subdivision 9, is amended to read:
- 1.9 Subd. 9. **Biennial report.** The agency shall also submit a biennial report of its activities
- 1.10 and receipts, and a plan for the next biennium, to the governor and the legislature on or
- 1.11 before February 15 in each odd-numbered year. The report shall include: (1) the distribution
- 1.12 of money under each agency program by county, except for counties containing a city of
- 1.13 the first class, where the distribution shall be reported by municipality; and (2) the cost per
- 1.14 unit of housing and the cost per square foot of housing financed under each agency program.
- 1.15 In addition, the report shall include the cost to the agency of the issuance of its bonds
- 1.16 for each issue in the biennium, along with comparable information for other state housing
- 1.17 finance agencies.
- 1.18 Sec. 2. Minnesota Statutes 2018, section 462A.33, subdivision 1, is amended to read:
- 1.19 Subdivision 1. **Created.** The economic development and housing challenge program is
- 1.20 created to be administered by the agency. Notwithstanding section 462A.24, this section
- 1.21 shall be construed based on the specific language within this section and within an
- 1.22 appropriation pursuant to this section.

2.1 (a) The program shall provide grants or loans for the purpose of construction, acquisition,
2.2 rehabilitation, demolition or removal of existing structures, construction financing, permanent
2.3 financing, interest rate reduction, refinancing, and gap financing of housing to support
2.4 economic development and redevelopment activities or job creation or job preservation
2.5 within a community or region by meeting locally identified housing needs. "Locally identified
2.6 housing needs" means housing for the area work force supported by the local municipality,
2.7 housing redevelopment authority, economic development authority, or other political
2.8 subdivision responsible for housing.

2.9 Gap financing is either:

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

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

2.14 (b) Preference for grants and loans shall be given to comparable proposals that include
2.15 regulatory changes or waivers that result in identifiable cost avoidance or cost reductions,
2.16 such as increased density, flexibility in site development standards, or zoning code
2.17 requirements. Preference must also be given among comparable proposals to proposals for
2.18 projects that are accessible to transportation systems, jobs, schools, and other services.

2.19 (c) If a grant or loan is used for demolition or removal of existing structures, the cleared
2.20 land must be used for the construction of housing to be owned or rented by persons who
2.21 meet the income limits of this section or for other housing-related purposes that primarily
2.22 benefit the persons residing in the adjacent housing. In making selections for grants or loans
2.23 for projects that demolish affordable housing units, the agency must review the potential
2.24 displacement of residents and consider the extent to which displacement of residents is
2.25 minimized.

2.26 Sec. 3. Minnesota Statutes 2018, section 462A.33, subdivision 3, is amended to read:

2.27 Subd. 3. **Contribution requirement.** Fifty percent of the funds appropriated for this
2.28 section must be used for challenge grants or loans for housing proposals with financial or
2.29 in-kind contributions from nonstate resources that reduce the need for deferred loan or grant
2.30 funds from state resources. Challenge grants or loans must be used for economically viable
2.31 homeownership or rental housing proposals that address the housing needs of the local work
2.32 force. "Housing needs of the local work force" means one or more businesses located in
2.33 the project area or within 25 miles of the area that employs a minimum of 20 full-time

3.1 equivalent employees in aggregate and have provided a written statement to the local housing
3.2 authority indicating that the lack of available housing has impeded their ability to recruit
3.3 and hire employees.

3.4 Among comparable proposals, preference must be given to proposals that include
3.5 contributions from nonstate resources for the greatest portion of the total development cost.
3.6 Comparable proposals with contributions from local units of government or private
3.7 philanthropic, religious, or charitable organizations must be given preference in awarding
3.8 grants or loans.

3.9 For the purpose of this subdivision, a contribution may consist partially or wholly of the
3.10 premium paid for federal housing tax credits.

3.11 Sec. 4. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision to
3.12 read:

3.13 Subd. 1a. **Aggregate bond limitation.** "Aggregate bond limitation" means up to 55
3.14 percent of the reasonably expected aggregate basis of a residential rental project and the
3.15 land on which the project is or will be located.

3.16 Sec. 5. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision to
3.17 read:

3.18 Subd. 1b. **AMI.** "AMI" means the area median income for the applicable county or
3.19 metropolitan area as published by the Department of Housing and Urban Development, as
3.20 adjusted for household size.

3.21 Sec. 6. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision to
3.22 read:

3.23 Subd. 12a. **LIHTC.** "LIHTC" means low-income housing tax credits under section 42
3.24 of the Internal Revenue Code of 1986, as amended.

3.25 Sec. 7. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision to
3.26 read:

3.27 Subd. 21a. **Preservation project.** "Preservation project" means any residential rental
3.28 project, regardless of whether or not such project is restricted to persons of a certain age or
3.29 older, that is expected to generate low-income housing tax credits under section 42 of the
3.30 Internal Revenue Code of 1986, as amended, and (1) receives federal project-based rental
3.31 assistance, or (2) is funded through a loan from or guaranteed by the United States

4.1 Department of Agriculture's Rural Development Program. In addition, to qualify as a
 4.2 preservation project, the amount of bonds requested in the application must not exceed the
 4.3 aggregate bond limitation.

4.4 Sec. 8. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision to
 4.5 read:

4.6 Subd. 30. **30 percent AMI residential rental project.** "30 percent AMI residential
 4.7 rental project" means a residential rental project that does not otherwise qualify as a
 4.8 preservation project, is expected to generate low-income housing tax credits under section
 4.9 42 of the Internal Revenue Code of 1986, as amended, from 100 percent of its residential
 4.10 units, and in which:

4.11 (1) all the residential units of the project:

4.12 (i) are reserved for tenants whose income, on average, is 30 percent of AMI or less;

4.13 (ii) are rent-restricted in accordance with section 42(g)(2) of the Internal Revenue Code
 4.14 of 1986, as amended; and

4.15 (iii) are subject to rent and income restrictions for a period of not less than 30 years; or

4.16 (2)(i) is located outside of the metropolitan area as defined in section 473.121, subdivision
 4.17 2, and within a county or metropolitan area that has a current median area gross income
 4.18 that is less than the statewide area median income for Minnesota;

4.19 (ii) all of the units of the project are rent-restricted in accordance with section 42(g)(2)
 4.20 of the Internal Revenue Code of 1986, as amended; and

4.21 (iii) all of the units of the project are subject to the applicable rent and income restrictions
 4.22 for a period of not less than 30 years.

4.23 In addition, to qualify as a 30 percent AMI residential project, the amount of bonds
 4.24 requested in the application must not exceed the aggregate bond limitation.

4.25 Sec. 9. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision to
 4.26 read:

4.27 Subd. 31. **50 percent AMI residential rental project.** "50 percent AMI residential
 4.28 rental project" means a residential rental project that does not qualify as a preservation
 4.29 project or 30 percent AMI residential rental project, is expected to generate low-income
 4.30 housing tax credits under section 42 of the Internal Revenue Code of 1986, as amended,
 4.31 from 100 percent of its residential units, and in which all the residential units of the project:

5.1 (1) are reserved for tenants whose income, on average, is 50 percent of AMI or less;

5.2 (2) are rent-restricted in accordance with section 42(g)(2) of the Internal Revenue Code
 5.3 of 1986, as amended; and

5.4 (3) are subject to rent and income restrictions for a period of not less than 30 years.

5.5 In addition, to qualify as a 50 percent AMI residential rental project, the amount of bonds
 5.6 requested in the application must not exceed the aggregate bond limitation.

5.7 Sec. 10. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision
 5.8 to read:

5.9 Subd. 32. **100 percent LIHTC project.** "100 percent LIHTC project" means a residential
 5.10 rental project that is expected to generate low-income housing tax credits under section 42
 5.11 of the Internal Revenue Code of 1986, as amended, from 100 percent of its residential units
 5.12 and does not otherwise qualify as a preservation project, 30 percent AMI residential rental
 5.13 project, or 50 percent AMI residential rental project. In addition, to qualify as a 100 percent
 5.14 LIHTC project, the amount of bonds requested in the application must not exceed the
 5.15 aggregate bond limitation.

5.16 Sec. 11. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision
 5.17 to read:

5.18 Subd. 33. **20 percent LIHTC project.** "20 percent LIHTC project" means a residential
 5.19 rental project that is expected to generate low-income housing tax credits under section 42
 5.20 of the Internal Revenue Code of 1986, as amended, from at least 20 percent of its residential
 5.21 units and does not otherwise qualify as a preservation project, 30 percent AMI residential
 5.22 rental project, 50 percent AMI residential rental project, or 100 percent LIHTC project. In
 5.23 addition, to qualify as a 20 percent LIHTC project, the amount of bonds requested in the
 5.24 application must not exceed the aggregate bond limitation.

5.25 Sec. 12. Minnesota Statutes 2018, section 474A.061, subdivision 1, is amended to read:

5.26 Subdivision 1. **Allocation application; small issue pool and public facilities pool.** (a)
 5.27 For any requested allocations from the small issue pool and the public facilities pool, an
 5.28 issuer may apply for an allocation under this section by submitting to the department an
 5.29 application on forms provided by the department, accompanied by (1) a preliminary
 5.30 resolution, (2) a statement of bond counsel that the proposed issue of obligations requires
 5.31 an allocation under this chapter and the Internal Revenue Code, (3) the type of qualified
 5.32 bonds to be issued, (4) an application deposit in the amount of one percent of the requested

6.1 allocation before the last Monday in July, or in the amount of two percent of the requested
 6.2 allocation on or after the last Monday in July, and (5) a public purpose scoring worksheet
 6.3 for manufacturing project and enterprise zone facility project applications, ~~and (6) for~~
 6.4 ~~residential rental projects, a statement from the applicant or bond counsel as to whether the~~
 6.5 ~~project preserves existing federally subsidized housing for residential rental project~~
 6.6 ~~applications and whether the project is restricted to persons who are 55 years of age or older.~~
 6.7 The issuer must pay the application deposit by a check made payable to the Department of
 6.8 Management and Budget. The Minnesota Housing Finance Agency, the Minnesota Rural
 6.9 Finance Authority, and the Minnesota Office of Higher Education may apply for and receive
 6.10 an allocation under this section without submitting an application deposit.

6.11 (b) An entitlement issuer may not apply for an allocation ~~from the public facilities pool~~
 6.12 under this subdivision unless it has either permanently issued bonds equal to the amount of
 6.13 its entitlement allocation for the current year plus any amount of bonding authority carried
 6.14 forward from previous years or returned for reallocation all of its unused entitlement
 6.15 allocation. ~~An entitlement issuer may not apply for an allocation from the housing pool~~
 6.16 ~~unless it either has permanently issued bonds equal to any amount of bonding authority~~
 6.17 ~~carried forward from a previous year or has returned for reallocation any unused bonding~~
 6.18 ~~authority carried forward from a previous year.~~ For purposes of this subdivision, its
 6.19 entitlement allocation includes an amount obtained under section 474A.04, subdivision 6.
 6.20 ~~This paragraph does not apply to an application from the Minnesota Housing Finance Agency~~
 6.21 ~~for an allocation under subdivision 2a for cities who choose to have the agency issue bonds~~
 6.22 ~~on their behalf.~~

6.23 (c) If an application is rejected under this section, the commissioner must notify the
 6.24 applicant and return the application deposit to the applicant within 30 days unless the
 6.25 applicant requests in writing that the application be resubmitted. The granting of an allocation
 6.26 of bonding authority under this section must be evidenced by a certificate of allocation.

6.27 Sec. 13. Minnesota Statutes 2018, section 474A.061, is amended by adding a subdivision
 6.28 to read:

6.29 Subd. 1a. Allocation application; housing pool. (a) For any requested allocations from
 6.30 the housing pool, an issuer may apply for an allocation under this section by submitting to
 6.31 the department an application on forms provided by the department, accompanied by (1) a
 6.32 preliminary resolution, (2) a statement of bond counsel that the proposed issue of obligations
 6.33 requires an allocation under this chapter and the Internal Revenue Code, (3) an application
 6.34 deposit in the amount of two percent of the requested allocation, (4) a sworn statement from

7.1 the applicant identifying the project as either a preservation project, 30 percent AMI
 7.2 residential rental project, 50 percent AMI residential rental project, 100 percent LIHTC
 7.3 project, 20 percent LIHTC project, or any other residential rental project, and (5) a
 7.4 certification from the applicant or its accountant stating whether the requested allocation
 7.5 exceeds the aggregate bond limitation. The issuer must pay the application deposit to the
 7.6 Department of Management and Budget. The Minnesota Housing Finance Agency may
 7.7 apply for and receive an allocation under this section without submitting an application
 7.8 deposit.

7.9 (b) An entitlement issuer may not apply for an allocation from the housing pool unless
 7.10 it either has permanently issued bonds equal to any amount of bonding authority carried
 7.11 forward from a previous year or has returned for reallocation any unused bonding authority
 7.12 carried forward from a previous year. For purposes of this subdivision, its entitlement
 7.13 allocation includes an amount obtained under section 474A.04, subdivision 6. This paragraph
 7.14 does not apply to an application from the Minnesota Housing Finance Agency for an
 7.15 allocation under subdivision 2a for cities who choose to have the agency issue bonds on the
 7.16 city's behalf.

7.17 (c) If an application is rejected under this section, the commissioner must notify the
 7.18 applicant and return the application deposit to the applicant within 30 days unless the
 7.19 applicant requests in writing that the application be resubmitted. The granting of an allocation
 7.20 of bonding authority under this section must be evidenced by a certificate of allocation.

7.21 Sec. 14. Minnesota Statutes 2018, section 474A.061, subdivision 2a, is amended to read:

7.22 Subd. 2a. **Housing pool allocation.** (a) Commencing on the second Tuesday in January
 7.23 and continuing on each Monday through July 15, the commissioner shall allocate available
 7.24 bonding authority from the housing pool to applications received on or before the Monday
 7.25 of the preceding week for residential rental projects that meet the eligibility criteria under
 7.26 section 474A.047. Allocations of available bonding authority from the housing pool for
 7.27 eligible residential rental projects shall be awarded in the following order of priority: ~~(1)~~
 7.28 ~~projects that preserve existing federally subsidized housing; (2) projects that are not restricted~~
 7.29 ~~to persons who are 55 years of age or older; and (3) other residential rental projects. Prior~~
 7.30 ~~to May 15, no allocation shall be made to a project restricted to persons who are 55 years~~
 7.31 ~~of age or older~~

7.32 (1) preservation projects;

7.33 (2) 30 percent AMI residential rental projects;

8.1 (3) 50 percent AMI residential rental projects;

8.2 (4) 100 percent LIHTC projects;

8.3 (5) 20 percent LIHTC projects; and

8.4 (6) other residential rental projects for which the amount of bonds requested in their
8.5 respective applications do not exceed the aggregate bond limitation.

8.6 If an issuer that receives an allocation under this paragraph does not issue obligations equal
8.7 to all or a portion of the allocation received within 120 days of the allocation or returns the
8.8 allocation to the commissioner, the amount of the allocation is canceled and returned for
8.9 reallocation through the housing pool or to the unified pool after July 15.

8.10 (b) After January 1, and through January 15, The Minnesota Housing Finance Agency
8.11 may accept applications from cities for single-family housing programs which meet program
8.12 requirements as follows:

8.13 (1) the housing program must meet a locally identified housing need and be economically
8.14 viable;

8.15 (2) the adjusted income of home buyers may not exceed 80 percent of the greater of
8.16 statewide or area median income as published by the Department of Housing and Urban
8.17 Development, adjusted for household size;

8.18 (3) house price limits may not exceed the federal price limits established for mortgage
8.19 revenue bond programs. Data on the home purchase price amount, mortgage amount, income,
8.20 household size, and race of the households served in the previous year's single-family
8.21 housing program, if any, must be included in each application; and

8.22 (4) for applicants who choose to have the agency issue bonds on their behalf, an
8.23 application fee pursuant to section 474A.03, subdivision 4, and an application deposit equal
8.24 to one percent of the requested allocation must be submitted to the Minnesota Housing
8.25 Finance Agency before the agency forwards the list specifying the amounts allocated to the
8.26 commissioner under paragraph (d). The agency shall submit the city's application fee and
8.27 application deposit to the commissioner when requesting an allocation from the housing
8.28 pool.

8.29 Applications by a consortium shall include the name of each member of the consortium
8.30 and the amount of allocation requested by each member.

8.31 (c) Any amounts remaining in the housing pool after July 15 are available for
8.32 single-family housing AMI programs for cities that applied in January and received an allocation

9.1 under this section in the same calendar year. For a city that chooses to issue bonds on its
9.2 own behalf or pursuant to a joint powers agreement, the agency must allot available bonding
9.3 authority based on the formula in paragraphs (d) and (f). Allocations will be made loan by
9.4 loan, on a first-come, first-served basis among cities on whose behalf the Minnesota Housing
9.5 Finance Agency issues bonds.

9.6 Any city that received an allocation pursuant to paragraph (f) in the same calendar year
9.7 that wishes to issue bonds on its own behalf or pursuant to a joint powers agreement for an
9.8 amount becoming available for single-family housing programs after July 15 shall notify
9.9 the Minnesota Housing Finance Agency by July 15. The Minnesota Housing Finance Agency
9.10 shall notify each city making a request of the amount of its allocation within three business
9.11 days after July 15. The city must comply with paragraph (f).

9.12 For purposes of paragraphs (a) to (h), "city" means a county or a consortium of local
9.13 government units that agree through a joint powers agreement to apply together for
9.14 single-family housing programs, and has the meaning given it in section 462C.02, subdivision
9.15 6. "Agency" means the Minnesota Housing Finance Agency.

9.16 (d) The total amount of allocation for mortgage bonds for one city is limited to the lesser
9.17 of: (i) the amount requested, or (ii) the product of the total amount available for mortgage
9.18 bonds from the housing pool, multiplied by the ratio of each applicant's population as
9.19 determined by the most recent estimate of the city's population released by the state
9.20 demographer's office to the total of all the applicants' population, except that each applicant
9.21 shall be allocated a minimum of \$100,000 regardless of the amount requested or the amount
9.22 determined under the formula in clause (ii). If a city applying for an allocation is located
9.23 within a county that has also applied for an allocation, the city's population will be deducted
9.24 from the county's population in calculating the amount of allocations under this paragraph.

9.25 Upon determining the amount of each applicant's allocation, the agency shall forward
9.26 to the commissioner a list specifying the amounts allotted to each application with all
9.27 application fees and deposits from applicants who choose to have the agency issue bonds
9.28 on their behalf.

9.29 Total allocations from the housing pool for single-family housing programs may not
9.30 exceed 31 percent of the adjusted allocation to the housing pool until after July 15.

9.31 (e) The agency may issue bonds on behalf of participating cities. The agency shall request
9.32 an allocation from the commissioner for all applicants who choose to have the agency issue
9.33 bonds on their behalf and the commissioner shall allocate the requested amount to the
9.34 agency. The agency may request an allocation at any time after the second Tuesday in

10.1 January and through the last Monday in July. After awarding an allocation and receiving a
10.2 notice of issuance for the mortgage bonds issued on behalf of the participating cities, the
10.3 commissioner shall transfer the application deposits to the Minnesota Housing Finance
10.4 Agency to be returned to the participating cities. The Minnesota Housing Finance Agency
10.5 shall return any application deposit to a city that paid an application deposit under paragraph
10.6 (b), clause (4), but was not part of the list forwarded to the commissioner under paragraph
10.7 (d).

10.8 (f) A city may choose to issue bonds on its own behalf or through a joint powers
10.9 agreement and may request an allocation from the commissioner by forwarding an application
10.10 with an application fee pursuant to section 474A.03, subdivision 4, and a one percent
10.11 application deposit to the commissioner no later than the Monday of the week preceding
10.12 an allocation. If the total amount requested by all applicants exceeds the amount available
10.13 in the pool, the city may not receive a greater allocation than the amount it would have
10.14 received under the list forwarded by the Minnesota Housing Finance Agency to the
10.15 commissioner. No city may request or receive an allocation from the commissioner until
10.16 the list under paragraph (d) has been forwarded to the commissioner. A city must request
10.17 an allocation from the commissioner no later than the last Monday in July. No city may
10.18 receive an allocation from the housing pool for mortgage bonds which has not first applied
10.19 to the Minnesota Housing Finance Agency. The commissioner shall allocate the requested
10.20 amount to the city or cities subject to the limitations under this paragraph.

10.21 If a city issues mortgage bonds from an allocation received under this paragraph, the
10.22 issuer must provide for the recycling of funds into new loans. If the issuer is not able to
10.23 provide for recycling, the issuer must notify the commissioner in writing of the reason that
10.24 recycling was not possible and the reason the issuer elected not to have the Minnesota
10.25 Housing Finance Agency issue the bonds. "Recycling" means the use of money generated
10.26 from the repayment and prepayment of loans for further eligible loans or for the redemption
10.27 of bonds and the issuance of current refunding bonds.

10.28 (g) No entitlement city or county or city in an entitlement county may apply for or be
10.29 allocated authority to issue mortgage bonds or use mortgage credit certificates from the
10.30 housing pool. No city in an entitlement county may apply for or be allocated authority to
10.31 issue residential rental bonds from the housing pool or the unified pool.

10.32 (h) A city that does not use at least 50 percent of its allotment by the date applications
10.33 are due for the first allocation that is made from the housing pool for single-family housing
10.34 programs in the immediately succeeding calendar year may not apply to the housing pool
10.35 for a single-family mortgage bond or mortgage credit certificate program allocation that

11.1 exceeds the amount of its allotment for the preceding year that was used by the city in the
 11.2 immediately preceding year or receive an allotment from the housing pool in the succeeding
 11.3 calendar year that exceeds the amount of its allotment for the preceding year that was used
 11.4 in the preceding year. The minimum allotment is \$100,000 for an allocation made prior to
 11.5 July 15, regardless of the amount used in the preceding calendar year, except that a city
 11.6 whose allocation in the preceding year was the minimum amount of \$100,000 and who did
 11.7 not use at least 50 percent of its allocation from the preceding year is ineligible for an
 11.8 allocation in the immediate succeeding calendar year. Each local government unit in a
 11.9 consortium must meet the requirements of this paragraph.

11.10 Sec. 15. Minnesota Statutes 2018, section 474A.091, subdivision 2, is amended to read:

11.11 Subd. 2. **Application.** (a) Issuers may apply for an allocation under this section by
 11.12 submitting to the department an application on forms provided by the department
 11.13 accompanied by:

11.14 (1) a preliminary resolution;₂

11.15 (2) a statement of bond counsel that the proposed issue of obligations requires an
 11.16 allocation under this chapter and the Internal Revenue Code;₂

11.17 ~~(3) the type of qualified bonds to be issued, (4) an application deposit in the amount of~~
 11.18 ~~two percent of the requested allocation, (5) a public purpose scoring worksheet for~~
 11.19 ~~manufacturing and enterprise zone applications, and (6) for residential rental projects, a~~
 11.20 ~~statement from the applicant or bond counsel as to whether the project preserves existing~~
 11.21 ~~federally subsidized housing and whether the project is restricted to persons who are 55~~
 11.22 ~~years of age or older; and~~

11.23 (4) a sworn statement from the applicant identifying the project as either a preservation
 11.24 project, 30 percent AMI residential rental project, 50 percent AMI residential rental project,
 11.25 100 percent LIHTC project, 20 percent LIHTC project, or any other residential rental project.

11.26 The issuer must pay the application deposit ~~by check~~ to the Department of Management
 11.27 and Budget. An entitlement issuer may not apply for an allocation for public facility bonds,
 11.28 residential rental project bonds, or mortgage bonds under this section unless it has either
 11.29 permanently issued bonds equal to the amount of its entitlement allocation for the current
 11.30 year plus any amount carried forward from previous years or returned for reallocation all
 11.31 of its unused entitlement allocation. For purposes of this subdivision, its entitlement allocation
 11.32 includes an amount obtained under section 474A.04, subdivision 6.

12.1 (b) Notwithstanding the restrictions imposed on entitlement issuers under this subdivision,
 12.2 the Minnesota Housing Finance Agency may not receive an allocation for mortgage bonds
 12.3 under this section prior to the first Monday in October, but may be awarded allocations for
 12.4 mortgage bonds from the unified pool on or after the first Monday in October. The Minnesota
 12.5 Housing Finance Agency, the Minnesota Office of Higher Education, and the Minnesota
 12.6 Rural Finance Authority may apply for and receive an allocation under this section without
 12.7 submitting an application deposit.

12.8 Sec. 16. Minnesota Statutes 2018, section 474A.091, subdivision 3, is amended to read:

12.9 Subd. 3. **Allocation procedure.** (a) The commissioner shall allocate available bonding
 12.10 authority under this section on the Monday of every other week beginning with the first
 12.11 Monday in August through and on the last Monday in November. Applications for allocations
 12.12 must be received by the department by 4:30 p.m. on the Monday preceding the Monday on
 12.13 which allocations are to be made. If a Monday falls on a holiday, the allocation will be made
 12.14 or the applications must be received by the next business day after the holiday.

12.15 (b) Prior to October 1, only the following applications shall be awarded allocations from
 12.16 the unified pool. Allocations shall be awarded in the following order of priority:

12.17 (1) applications for residential rental project bonds;

12.18 (2) applications for small issue bonds for manufacturing projects; and

12.19 (3) applications for small issue bonds for agricultural development bond loan projects.

12.20 (c) On the first Monday in October through the last Monday in November, allocations
 12.21 shall be awarded from the unified pool in the following order of priority:

12.22 (1) applications for student loan bonds issued by or on behalf of the Minnesota Office
 12.23 of Higher Education;

12.24 (2) applications for mortgage bonds;

12.25 (3) applications for public facility projects funded by public facility bonds;

12.26 (4) applications for small issue bonds for manufacturing projects;

12.27 (5) applications for small issue bonds for agricultural development bond loan projects;

12.28 (6) applications for residential rental project bonds;

12.29 (7) applications for enterprise zone facility bonds;

12.30 (8) applications for governmental bonds; and

13.1 (9) applications for redevelopment bonds.

13.2 (d) If there are two or more applications for manufacturing projects from the unified
13.3 pool and there is insufficient bonding authority to provide allocations for all manufacturing
13.4 projects in any one allocation period, the available bonding authority shall be awarded based
13.5 on the number of points awarded a project under section 474A.045 with those projects
13.6 receiving the greatest number of points receiving allocation first. If two or more applications
13.7 for manufacturing projects receive an equal amount of points, available bonding authority
13.8 shall be awarded by lot unless otherwise agreed to by the respective issuers.

13.9 (e) If there are two or more applications for enterprise zone facility projects from the
13.10 unified pool and there is insufficient bonding authority to provide allocations for all enterprise
13.11 zone facility projects in any one allocation period, the available bonding authority shall be
13.12 awarded based on the number of points awarded a project under section 474A.045 with
13.13 those projects receiving the greatest number of points receiving allocation first. If two or
13.14 more applications for enterprise zone facility projects receive an equal amount of points,
13.15 available bonding authority shall be awarded by lot unless otherwise agreed to by the
13.16 respective issuers.

13.17 (f) If there are two or more applications for residential rental projects from the unified
13.18 pool and there is insufficient bonding authority to provide allocations for all residential
13.19 rental projects in any one allocation period, the available bonding authority shall be awarded
13.20 in the following order of priority: ~~(1) projects that preserve existing federally subsidized~~
13.21 ~~housing; (2) projects that are not restricted to persons who are 55 years of age or older; and~~
13.22 ~~(3) preservation projects; (2) 30 percent AMI residential rental projects; (3) 50 percent AMI~~
13.23 ~~residential rental projects; (4) 100 percent LIHTC projects; (5) 20 percent LIHTC projects;~~
13.24 ~~and (6) other residential rental projects. If there are two or more applications for residential~~
13.25 ~~rental projects at the same priority level and there is insufficient bonding authority to provide~~
13.26 ~~allocations for all the projects in any one allocation period, available bonding authority shall~~
13.27 ~~be randomly awarded by lot but only for projects that received the full amount of their~~
13.28 ~~respective requested allocations. If a residential rental project does not receive any of its~~
13.29 ~~requested allocation pursuant to this paragraph and the project applies in the future to the~~
13.30 ~~housing pool or the unified pool for additional allocation of bonds, the project shall be fully~~
13.31 ~~funded up to its original application request for bonding authority before any new project,~~
13.32 ~~applying in the same allocation period, that has an equal priority shall receive bonding~~
13.33 ~~authority.~~

13.34 (g) From the first Monday in August through the last Monday in November, \$20,000,000
13.35 of bonding authority or an amount equal to the total annual amount of bonding authority

14.1 allocated to the small issue pool under section 474A.03, subdivision 1, less the amount
14.2 allocated to issuers from the small issue pool for that year, whichever is less, is reserved
14.3 within the unified pool for small issue bonds to the extent ~~such~~ the amounts are available
14.4 within the unified pool.

14.5 (h) The total amount of allocations for mortgage bonds from the housing pool and the
14.6 unified pool may not exceed:

14.7 (1) \$10,000,000 for any one city; or

14.8 (2) \$20,000,000 for any number of cities in any one county.

14.9 (i) The total amount of allocations for student loan bonds from the unified pool may not
14.10 exceed \$25,000,000 per year.

14.11 (j) If there is insufficient bonding authority to fund all projects within any qualified bond
14.12 category other than enterprise zone facility projects, manufacturing projects, and residential
14.13 rental projects, allocations shall be awarded by lot unless otherwise agreed to by the
14.14 respective issuers.

14.15 (k) If an application is rejected, the commissioner must notify the applicant and return
14.16 the application deposit to the applicant within 30 days unless the applicant requests in writing
14.17 that the application be resubmitted.

14.18 (l) The granting of an allocation of bonding authority under this section must be evidenced
14.19 by issuance of a certificate of allocation.