

SENATE
STATE OF MINNESOTA
EIGHTY-SEVENTH LEGISLATURE

S.F. No. 2073

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DATE	D-PG	OFFICIAL STATUS
02/23/2012	3940	Introduction and first reading Referred to Capital Investment

1.1 A bill for an act

1.2 relating to capital investment; appropriating money for housing; authorizing
1.3 the Minnesota Housing Finance Agency to issue housing infrastructure bonds;
1.4 authorizing the sale and issuance of state bonds; amending Minnesota Statutes
1.5 2010, section 462A.21, by adding a subdivision; proposing coding for new law
1.6 in Minnesota Statutes, chapter 462A.

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

1.8 Section 1. **HOUSING.**

1.9 Subdivision 1. **Appropriation.** \$10,000,000 is appropriated from the bond proceeds
1.10 fund to the Housing Finance Agency to finance the rehabilitation of public housing under
1.11 Minnesota Statutes, section 462A.202, subdivision 3a. For purposes of this section,
1.12 "public housing" means housing for low-income persons and households financed by
1.13 the federal government and owned and operated by public housing authorities and
1.14 agencies formed by cities and counties. Eligible public housing authorities must have a
1.15 public housing assessment system rating of standard or above. Priority must be given to
1.16 proposals that maximize federal or local resources to finance the capital costs. The priority
1.17 in Minnesota Statutes, section 462A.202, subdivision 3a, for projects to increase the
1.18 supply of affordable housing and the restrictions of Minnesota Statutes, section 462A.202,
1.19 subdivision 7, do not apply to this appropriation.

1.20 Subd. 2. **Bond sale.** To provide the money appropriated in this section from the
1.21 bond proceeds fund, the commissioner of management and budget shall sell and issue
1.22 bonds of the state in an amount up to \$10,000,000 in the manner, upon the terms, and with
1.23 the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the
1.24 Minnesota Constitution, article XI, sections 4 to 7.

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

2.2 Sec. 2. Minnesota Statutes 2010, section 462A.21, is amended by adding a subdivision
2.3 to read:

2.4 Subd. 33. Housing infrastructure bonds account. The agency may establish a
2.5 housing infrastructure bond account as a separate account within the housing development
2.6 fund. Proceeds of housing infrastructure bonds and payments made by the state under
2.7 section 462A.37 may be credited to the account. The agency may transfer the proceeds of
2.8 housing infrastructure bonds to other accounts within the housing development fund that it
2.9 determines appropriate to accomplish the purposes for which the bonds are authorized
2.10 under section 462A.37.

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

2.12 Sec. 3. [462A.37] HOUSING INFRASTRUCTURE BONDS; AUTHORIZATION;
2.13 STANDING APPROPRIATION.

2.14 Subdivision 1. Definitions. (a) For purposes of this section, the following terms
2.15 have the meanings given.

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

2.17 (c) "Community land trust" means an entity that meets the requirements of section
2.18 462A.31, subdivisions 1 and 2.

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

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

2.25 (f) "Housing infrastructure bonds" means bonds issued by the agency under this
2.26 chapter that are qualified 501(c)(3) bonds, within the meaning of section 145(a) of the
2.27 Internal Revenue Code, or are tax-exempt bonds that are not private activity bonds, within
2.28 the meaning of section 141(a) of the Internal Revenue Code, for the purpose of financing
2.29 or refinancing affordable housing authorized under this chapter.

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

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

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

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

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

3.12 (3) to finance that portion of the costs of acquisition of abandoned or foreclosed
3.13 property that is attributable to the land to be leased by community land trusts to low-
3.14 and moderate-income homebuyers; and

3.15 (4) to finance the costs of acquisition and rehabilitation of federally assisted rental
3.16 housing and for the refinancing of costs of the construction, acquisition, and rehabilitation
3.17 of federally assisted rental housing, including providing funds to refund, in whole or in
3.18 part, outstanding bonds previously issued by the agency or another governmental unit to
3.19 finance or refinance such costs.

3.20 (b) Among comparable proposals for permanent supportive housing, preference
3.21 shall be given to permanent supportive housing for individuals or families who: (1) either
3.22 have been without a permanent residence for at least 12 months or at least four times in
3.23 the last three years; or (2) are at significant risk of lacking a permanent residence for 12
3.24 months or at least four times in the last three years.

3.25 Subd. 3. **No full faith and credit.** The housing infrastructure bonds are not public
3.26 debt of the state, and the full faith and credit and taxing powers of the state are not pledged
3.27 to the payment of the housing infrastructure bonds or to any payment that the state agrees
3.28 to make under this section. The bonds must contain a conspicuous statement to that effect.

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

3.32 (b) Each July 15, beginning in 2013 and through 2035, if any housing infrastructure
3.33 bonds issued under subdivision 2 remain outstanding, the commissioner of management
3.34 and budget must transfer to the affordable housing bond account established under
3.35 section 462A.21, subdivision 33, the amount certified under paragraph (a), not to exceed

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4.1 \$2,200,000 annually. The amounts necessary to make the transfers are appropriated from
4.2 the general fund to the commissioner of management and budget.

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

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