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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 2445

03/17/2025

04/21/2025

Authorred by Igo and Howard
The bill was read for the first time and referred to the Committee on Housing Finance and Policy
Adoption of Report: Amended and re-referred to the Committee on Ways and Means

A bill for an act

relating to housing; establishing a budget for the Minnesota Housing Finance Agency; authorizing the issuance of housing infrastructure bonds; establishing an Accessible Housing Task Force; modifying the community-based first-generation homebuyers down payment assistance program; providing for the creation of a policy framework for targeted stabilization of regulated affordable housing; repealing housing support account in special revenue fund; requiring reports; transferring money; appropriating money; amending Minnesota Statutes 2024, sections 462A.07, subdivision 19, by adding subdivisions; 462A.37, subdivision 5, by adding a subdivision; Laws 2023, chapter 37, article 1, section 2, subdivision 20; article 2, section 9; repealing Minnesota Statutes 2024, sections 16A.287; 462A.43.

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

ARTICLE 1

HOUSING BUDGET 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 "2026" and "2027" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2026, or June 30, 2027, respectively. "The first year" is fiscal year 2026. "The second year" is fiscal year 2027. "The biennium" is fiscal years 2026 and 2027.

APPROPRIATIONS

Available for the Year

Ending June 30

<u>2026</u>	<u>2027</u>
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2.1 Sec. 2. **HOUSING FINANCE AGENCY**

2.2	<u>Subdivision 1. Total Appropriation</u>	<u>\$ 158,698,000</u>	<u>\$ 83,248,000</u>
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2.3 (a) The amounts that may be spent for each
2.4 purpose are specified in the following
2.5 subdivisions.

2.6 (b) Unless otherwise specified, the
2.7 appropriations for the programs in this section
2.8 are appropriated and made available for the
2.9 purposes of the housing development fund.
2.10 Except as otherwise indicated, the amounts
2.11 appropriated are part of the agency's
2.12 permanent budget base.

2.13	<u>Subd. 2. Challenge Program</u>	<u>22,925,000</u>	<u>12,925,000</u>
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2.14 (a) This appropriation is for the economic
2.15 development and housing challenge program
2.16 under Minnesota Statutes, sections 462A.33
2.17 and 462A.07, subdivision 14.

2.18 (b) Of this amount, \$1,208,000 each year shall
2.19 be made available during the first 11 months
2.20 of the fiscal year exclusively for housing
2.21 projects for American Indians. Any funds not
2.22 committed to housing projects for American
2.23 Indians within the annual consolidated request
2.24 for funding processes may be available for
2.25 any eligible activity under Minnesota Statutes,
2.26 sections 462A.33 and 462A.07, subdivision
2.27 14.

2.28 (c) The base for this program in fiscal year
2.29 2028 and beyond is \$12,925,000.

2.30	<u>Subd. 3. Workforce Housing Development</u>	<u>12,000,000</u>	<u>2,000,000</u>
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2.31 (a) This appropriation is for the greater
2.32 Minnesota workforce housing development
2.33 program under Minnesota Statutes, section

3.1 462A.39. If requested by the applicant and
3.2 approved by the agency, funded properties
3.3 may include a portion of income and rent
3.4 restricted units. Funded properties may include
3.5 owner-occupied homes.

3.6 (b) The base for this program in fiscal year
3.7 2028 and beyond is \$2,000,000.

3.8	<u>Subd. 4. Manufactured Home Park</u>	<u>3,000,000</u>	<u>1,000,000</u>
3.9	<u>Infrastructure Grants</u>		

3.10 (a) This appropriation is for manufactured
3.11 home park infrastructure grants under
3.12 Minnesota Statutes, section 462A.2035,
3.13 subdivision 1b.

3.14 (b) The base for this program in fiscal year
3.15 2028 and beyond is \$1,000,000.

3.16	<u>Subd. 5. Workforce Homeownership Program</u>	<u>3,250,000</u>	<u>250,000</u>
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3.17 (a) This appropriation is for the workforce
3.18 homeownership program under Minnesota
3.19 Statutes, section 462A.38.

3.20 (b) The base for this program in fiscal year
3.21 2028 and beyond is \$250,000.

3.22	<u>Subd. 6. Rent Assistance Program</u>	<u>23,000,000</u>	<u>23,000,000</u>
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3.23 This appropriation is for the rent assistance
3.24 program under Minnesota Statutes, section
3.25 462A.2095.

3.26	<u>Subd. 7. Housing Trust Fund</u>	<u>11,646,000</u>	<u>11,646,000</u>
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3.27 This appropriation is for deposit in the housing
3.28 trust fund account created under Minnesota
3.29 Statutes, section 462A.201, and may be used
3.30 for the purposes provided in that section.

4.1	<u>Subd. 8. Homework Starts with Home</u>	<u>2,750,000</u>	<u>2,750,000</u>
4.2	<u>This appropriation is for the homework starts</u>		
4.3	<u>with home program under Minnesota Statutes,</u>		
4.4	<u>sections 462A.201, subdivision 2, paragraph</u>		
4.5	<u>(a), clause (4), and 462A.204, subdivision 8,</u>		
4.6	<u>to provide assistance to homeless families,</u>		
4.7	<u>those at risk of homelessness, or highly mobile</u>		
4.8	<u>families.</u>		
4.9	<u>Subd. 9. Rental Assistance for Mentally Ill</u>	<u>5,338,000</u>	<u>5,338,000</u>
4.10	<u>(a) This appropriation is for the rental housing</u>		
4.11	<u>assistance program for persons with a mental</u>		
4.12	<u>illness or families with an adult member with</u>		
4.13	<u>a mental illness under Minnesota Statutes,</u>		
4.14	<u>section 462A.2097. Among comparable</u>		
4.15	<u>proposals, the agency shall prioritize those</u>		
4.16	<u>proposals that target, in part, eligible persons</u>		
4.17	<u>who desire to move to more integrated,</u>		
4.18	<u>community-based settings.</u>		
4.19	<u>(b) Notwithstanding any law to the contrary,</u>		
4.20	<u>this appropriation may be used for risk</u>		
4.21	<u>mitigation funds, landlord incentives, or other</u>		
4.22	<u>costs necessary to decrease the risk of</u>		
4.23	<u>homelessness, as determined by the agency.</u>		
4.24	<u>Subd. 10. Family Homeless Prevention</u>	<u>40,419,000</u>	<u>10,719,000</u>
4.25	<u>(a) This appropriation is for the family</u>		
4.26	<u>homeless prevention and assistance program</u>		
4.27	<u>under Minnesota Statutes, section 462A.204.</u>		
4.28	<u>(b) Notwithstanding any law to the contrary,</u>		
4.29	<u>this appropriation may be used for program</u>		
4.30	<u>costs necessary to decrease the risk of</u>		
4.31	<u>homelessness and improve the effectiveness</u>		
4.32	<u>of the program, as determined by the agency.</u>		
4.33	<u>(c) When a new grantee works with a current</u>		
4.34	<u>or former grantee in a given geographic area,</u>		

5.1 a new grantee may work with either an
5.2 advisory committee as required under
5.3 Minnesota Statutes, section 462A.204,
5.4 subdivision 6, or the local continuum of care
5.5 and is not required to meet the requirements
5.6 of Minnesota Statutes, section 462A.204,
5.7 subdivision 4.

5.8 (d) The base for this program in fiscal year
5.9 2028 and beyond is \$10,719,000.

5.10	<u>Subd. 11. Home Ownership Assistance Fund</u>	<u>885,000</u>	<u>885,000</u>
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5.11 This appropriation is for the home ownership
5.12 assistance program under Minnesota Statutes,
5.13 section 462A.21, subdivision 8. The agency
5.14 shall continue to strengthen its efforts to
5.15 address the disparity gap in the
5.16 homeownership rate between white
5.17 households and Indigenous American Indians
5.18 and communities of color. To better
5.19 understand and address the disparity gap, the
5.20 agency is required to collect, on a voluntary
5.21 basis, demographic information regarding
5.22 race, color, national origin, and sex of
5.23 applicants for agency programs intended to
5.24 benefit homeowners and homebuyers.

5.25	<u>Subd. 12. Affordable Rental Investment Fund</u>	<u>4,218,000</u>	<u>4,218,000</u>
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5.26 (a) This appropriation is for the affordable
5.27 rental investment fund program under
5.28 Minnesota Statutes, section 462A.21,
5.29 subdivision 8b, to finance the acquisition,
5.30 rehabilitation, and debt restructuring of
5.31 federally assisted rental property and for
5.32 making equity take-out loans under Minnesota
5.33 Statutes, section 462A.05, subdivision 39.

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

6.7 (c) The appropriation also may be used to
6.8 finance the acquisition, rehabilitation, and debt
6.9 restructuring of existing supportive housing
6.10 properties and naturally occurring affordable
6.11 housing as determined by the commissioner.
6.12 For purposes of this paragraph, "supportive
6.13 housing" means affordable rental housing with
6.14 links to services necessary for individuals,
6.15 youth, and families with children to maintain
6.16 housing stability.

6.17 **Subd. 13. Owner-Occupied Housing**
6.18 **Rehabilitation**

2,772,000

2,772,000

6.19 (a) This appropriation is for the rehabilitation
6.20 of owner-occupied housing under Minnesota
6.21 Statutes, section 462A.05, subdivisions 14 and
6.22 14a.

6.23 (b) Notwithstanding any law to the contrary,
6.24 grants or loans under this subdivision may be
6.25 made without rent or income restrictions of
6.26 owners or tenants. To the extent practicable,
6.27 grants or loans must be made available
6.28 statewide.

6.29 **Subd. 14. Rental Housing Rehabilitation**

3,743,000

3,743,000

6.30 (a) This appropriation is for the rehabilitation
6.31 of eligible rental housing under Minnesota
6.32 Statutes, section 462A.05, subdivision 14. In
6.33 administering a rehabilitation program for
6.34 rental housing, the agency may apply the
6.35 processes and priorities adopted for

7.1 administration of the economic development
 7.2 and housing challenge program under
 7.3 Minnesota Statutes, section 462A.33, and may
 7.4 provide grants or forgivable loans if approved
 7.5 by the agency.

7.6 (b) Notwithstanding any law to the contrary,
 7.7 grants or loans under this subdivision may be
 7.8 made without rent or income restrictions of
 7.9 owners or tenants. To the extent practicable,
 7.10 grants or loans must be made available
 7.11 statewide.

7.12	<u>Subd. 15. Homeownership Education,</u>	<u>857,000</u>	<u>857,000</u>
7.13	<u>Counseling, and Training</u>		

7.14 This appropriation is for the homeownership
 7.15 education, counseling, and training program
 7.16 under Minnesota Statutes, section 462A.209.

7.17	<u>Subd. 16. Capacity Building Grants</u>	<u>645,000</u>	<u>645,000</u>
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7.18 This appropriation is for capacity building
 7.19 grants under Minnesota Statutes, section
 7.20 462A.21, subdivision 3b.

7.21	<u>Subd. 17. Build Wealth MN</u>	<u>500,000</u>	<u>500,000</u>
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7.22 This appropriation is for a grant to Build
 7.23 Wealth Minnesota to provide a family
 7.24 stabilization plan program including program
 7.25 outreach, financial literacy education, and
 7.26 budget and debt counseling.

7.27	<u>Subd. 18. Greater Minnesota Housing</u>		
7.28	<u>Infrastructure Grants</u>	<u>20,000,000</u>	<u>-0-</u>

7.29 This appropriation is for the greater Minnesota
 7.30 housing infrastructure grant program under
 7.31 Minnesota Statutes, section 462A.395. This
 7.32 is a onetime appropriation.

8.1	<u>Subd. 19. Statewide Tenant Education and</u>		
8.2	<u>Hotline Service</u>	<u>500,000</u>	<u>-0-</u>
8.3	<u>This appropriation is for a statewide tenant</u>		
8.4	<u>education and hotline service that provides</u>		
8.5	<u>free and confidential legal advice for all</u>		
8.6	<u>Minnesota renters. This is a onetime</u>		
8.7	<u>appropriation.</u>		
8.8	<u>Subd. 20. Accessible Housing Task Force</u>	<u>150,000</u>	<u>-0-</u>
8.9	<u>This appropriation is for administration of the</u>		
8.10	<u>Accessible Housing Task Force established</u>		
8.11	<u>in this act. This is a onetime appropriation.</u>		
8.12	<u>Subd. 21. Policies to Stabilize Affordable</u>		
8.13	<u>Housing</u>	<u>100,000</u>	<u>-0-</u>
8.14	<u>This appropriation is for administration of</u>		
8.15	<u>article 3, sections 1, 2, and 6. This is a onetime</u>		
8.16	<u>appropriation.</u>		
8.17	<u>Subd. 22. Availability</u>		
8.18	<u>Money appropriated in the first year in this</u>		
8.19	<u>article is available the second year.</u>		
8.20	<u>Sec. 3. TRANSFER; HOUSING SUPPORT ACCOUNT.</u>		
8.21	<u>The commissioner of management and budget must transfer any unencumbered balance</u>		
8.22	<u>from the housing support account, under Minnesota Statutes, section 462A.43, to the general</u>		
8.23	<u>fund by June 15, 2025.</u>		
8.24	<u>EFFECTIVE DATE. This section is effective the day following final enactment.</u>		
8.25	<u>Sec. 4. REPEALER.</u>		
8.26	<u>(a) Minnesota Statutes 2024, section 16A.287, is repealed.</u>		
8.27	<u>(b) Minnesota Statutes 2024, section 462A.43, is repealed.</u>		
8.28	<u>EFFECTIVE DATE. Paragraph (a) is effective June 30, 2025.</u>		

9.1 **ARTICLE 2**

9.2 **BONDING AUTHORITY AND DEBT SERVICE APPROPRIATIONS**

9.3 Section 1. Minnesota Statutes 2024, section 462A.37, is amended by adding a subdivision
9.4 to read:

9.5 Subd. 2k. **Additional authorization.** In addition to the amount authorized in subdivisions
9.6 2 to 2j and 3a, the agency may issue up to \$100,000,000 in one or more series to which the
9.7 payments under this section may be pledged.

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

9.9 Sec. 2. Minnesota Statutes 2024, section 462A.37, subdivision 5, is amended to read:

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

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

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

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

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

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

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

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

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

10.31 (j) Each July 15, beginning in 2026 and through 2047, if any housing infrastructure
10.32 bonds issued under subdivision 2j, or housing infrastructure bonds issued to refund those
10.33 bonds, remain outstanding, the commissioner of management and budget must transfer to
10.34 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) Each July 15, beginning in 2027 and through 2048, if any housing infrastructure bonds issued under subdivision 2k, 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.

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

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

ARTICLE 3

HOUSING POLICY

Section 1. Minnesota Statutes 2024, section 462A.07, subdivision 19, is amended to read:

Subd. 19. **Report to the legislature.** (a) By February 15 each year, the commissioner must submit a report to the chairs and ranking minority members of the legislative committees having jurisdiction over housing finance and policy containing the following information:

(1) the total number of applications for funding;

(2) the amount of funding requested;

(3) the amounts of funding awarded; and

(4) the number of housing units that are affected by funding awards, including the number of:

(i) newly constructed owner-occupied units;

(ii) renovated owner-occupied units;

(iii) newly constructed rental units; and

(iv) renovated rental units.

(b) This reporting requirement applies to appropriations for competitive development programs made in Laws 2023 and in subsequent laws.

(c) By January 5 each year, the commissioner must report on the financial stability of the affordable housing industry. The report must include:

- 12.1 (1) the ratio of operating expenses to revenue in affordable rental housing projects; and
- 12.2 (2) the percent of rents collected on time, divided into four regions of the state:
- 12.3 (i) the cities of St. Paul and Minneapolis;
- 12.4 (ii) the metropolitan counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and
- 12.5 Washington, except for the cities of St. Paul and Minneapolis;
- 12.6 (iii) urban greater Minnesota, including the cities of Duluth, Mankato, Moorhead,
- 12.7 Rochester, and St. Cloud; and
- 12.8 (iv) rural greater Minnesota, which includes all of Minnesota, except for the places listed
- 12.9 in items (i), (ii), and (iii).

12.10 Sec. 2. Minnesota Statutes 2024, section 462A.07, is amended by adding a subdivision to

12.11 read:

12.12 Subd. 21. **Affordable housing annual meeting.** At least once each year, the

12.13 commissioner must convene a meeting with the Interagency Council to End Homelessness

12.14 and the cities and counties with high levels of cost-burdened households, meaning those

12.15 where gross rent or homeownership costs are 30 percent or more of household income. The

12.16 purpose of the meeting is to discuss:

- 12.17 (1) resources received by cities and counties;
- 12.18 (2) regional needs for affordable housing; and
- 12.19 (3) recommendations for the collaborative use of funds to effectively address
- 12.20 homelessness, housing insecurity, security of affordable housing, and the lack of housing
- 12.21 supply.

12.22 Sec. 3. Minnesota Statutes 2024, section 462A.07, is amended by adding a subdivision to

12.23 read:

12.24 Subd. 22. **Prioritization of competitive development program awards.** (a) When

12.25 assessing applications for funding from competitive development programs, the commissioner

12.26 shall prioritize applications for projects located in jurisdictions that have policies conducive

12.27 to developing residential properties. For assessing applications for funding for any

12.28 competitive development program, the commissioner shall develop a scoring system which

12.29 awards additional points to any jurisdiction that meets any of the following criteria:

- 12.30 (1) the jurisdiction allows for the development of multifamily housing in at least 75
- 12.31 percent of the area within the jurisdiction zoned as the commercial district;

13.1 (2) the jurisdiction allows for duplexes, accessory dwelling units, or townhomes within
13.2 75 percent of the area within the jurisdiction zoned for single-family and applies the same
13.3 administrative approval process to those properties that would apply to a single-family
13.4 dwelling being developed on the same lot;

13.5 (3) the jurisdiction does not have parking mandates greater than one stall per unit of
13.6 housing for single family or multifamily developments;

13.7 (4) the jurisdiction does not mandate lot sizes larger than one-eighth of an acre; and

13.8 (5) the jurisdiction does not place aesthetic mandates on new home construction in
13.9 single-family, including type of exterior finish materials, including siding; the presence of
13.10 shutters, columns, gables, decks, balconies, or porches; or minimum garage square footage,
13.11 size, width, or depth.

13.12 (b) In determining whether a jurisdiction has complied with any of the criteria in
13.13 paragraph (a), the commissioner may rely on representations on the website of a municipality
13.14 as to their compliance with any of those criteria.

13.15 Sec. 4. Laws 2023, chapter 37, article 1, section 2, subdivision 20, is amended to read:

13.16 Subd. 20. **Community-Based First-Generation**
13.17 **Homebuyers Down Payment Assistance**

100,000,000

-0-

13.18 This appropriation is for a grant to Midwest
13.19 Minnesota Community Development
13.20 Corporation (MMCDC) to act as the
13.21 administrator of the community-based
13.22 first-generation homebuyers down payment
13.23 assistance program. The funds shall be
13.24 available to MMCDC for a three-year period
13.25 commencing with issuance of the funds to
13.26 MMCDC. At the expiration of that period, any
13.27 unused funds shall be remitted to the agency.
13.28 ~~Any funds recaptured by MMCDC after the~~
13.29 ~~expiration of that period shall be remitted to~~
13.30 ~~the agency.~~ Funds remitted to the agency
13.31 under this paragraph are appropriated to the
13.32 agency for administration of the
13.33 first-generation homebuyers down payment
13.34 assistance fund.

14.1 Sec. 5. Laws 2023, chapter 37, article 2, section 9, is amended to read:

14.2 Sec. 9. **COMMUNITY-BASED FIRST-GENERATION HOMEBUYERS**
14.3 **ASSISTANCE PROGRAM.**

14.4 Subdivision 1. **Establishment.** A community-based first-generation homebuyers down
14.5 payment assistance program is established as a ~~pilot project~~ program under the administration
14.6 of the Midwest Minnesota Community Development Corporation (MMCDC), a community
14.7 development financial institution (CDFI) as defined under the Riegle Community
14.8 Development and Regulatory Improvement Act of 1994, to provide targeted assistance to
14.9 eligible ~~households~~ homebuyers.

14.10 Subd. 2. **Eligible ~~household~~ homebuyer.** For purposes of this section, "~~eligible~~
14.11 ~~household~~" "eligible homebuyer" means ~~a household~~ an adult person:

14.12 (1) whose income is at or below 100 percent of the ~~area~~ statewide median income at the
14.13 time of ~~purchase~~ application; ~~and~~

14.14 ~~(2) that includes at least one adult member;~~

14.15 ~~(i)~~ (2) who is preapproved for a first mortgage loan; and

14.16 ~~(ii)~~ (3)(i) who either never owned a home or who owned a home but lost it due to
14.17 foreclosure; and

14.18 ~~(iii)~~ (ii) whose parent or prior legal guardian either never owned a home or owned a
14.19 home but lost it due to foreclosure.

14.20 ~~At least one adult household member meeting the criteria under clause (2)~~ The eligible
14.21 homebuyer must complete an approved homebuyer education course prior to signing a
14.22 purchase agreement and, following the purchase of the home, must occupy it as their primary
14.23 residence.

14.24 Subd. 3. **Use of funds.** Assistance under this section is limited to ten percent of the
14.25 purchase price of a one or two unit home, not to exceed \$32,000. Beginning in fiscal year
14.26 2027, the maximum amount of assistance may be increased to up to ten percent of the
14.27 median home sales price as reported in the previous year's Minnesota Realtors Annual
14.28 Report on the Minnesota Housing Market. Funds are reserved at the issuance of preapproval.
14.29 Reservation of funds is not contingent on having an executed purchase agreement. The
14.30 assistance must be provided in the form of a no-interest loan that is forgiven over five years,
14.31 forgivable at a rate of 20 percent per year on the day after the anniversary date of the note,
14.32 with the final 20 percent forgiven on the down payment assistance loan maturity date. There

15.1 is no monthly pro rata or partial year credit. The loan has no monthly payment and does not
15.2 accrue interest. The prorated balance due is repayable if the property converts to nonowner
15.3 occupancy, is sold, is subjected to an ineligible refinance, is subjected to an unauthorized
15.4 transfer of title, or is subjected to a completed foreclosure action within the five-year loan
15.5 term. Recapture can be waived in the event of financial or personal hardship. MMCDC may
15.6 retain recaptured funds for assisting eligible homebuyers as provided in this section. Funds
15.7 may be used for closing costs, down payment, or principal reduction. The eligible household
15.8 may select any first mortgage lender or broker of their choice, provided that the funds are
15.9 used in conjunction with a conforming first mortgage loan that is fully amortizing and meets
15.10 the standards of a qualified mortgage or meets the minimum standards for exemption under
15.11 Code of Federal Regulations, title 12, section 1026.43. Funds may be used in conjunction
15.12 with other programs the eligible household may qualify for and the loan placed in any
15.13 priority position.

15.14 Subd. 4. **Administration.** The community-based first-generation homebuyers down
15.15 payment assistance program is available statewide and shall be administered by MMCDC,
15.16 the designated central CDFI. MMCDC may originate and service funds and authorize other
15.17 CDFIs, Tribal entities, and nonprofit organizations administering down payment assistance
15.18 to reserve, originate, fund, and service funds for eligible ~~households~~ homebuyers.
15.19 Administrative costs must not exceed ~~\$3,200 per loan~~ ten percent of the fiscal year
15.20 appropriation.

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

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

15.25 (2) the median loan amount;

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

15.27 (4) the median home purchase price;

15.28 (5) the interest rates and types of mortgages;

15.29 (6) the credit scores of both applicants and households served;

15.30 (7) the total amount returned to the fund; and

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

Sec. 6. **POLICY FRAMEWORK FOR TARGETED STABILIZATION OF
REGULATED AFFORDABLE HOUSING.**

(a) The commissioner of housing finance must work with affordable housing stakeholders, including the Interagency Stabilization Group, to develop a policy framework for targeted stabilization of affordable rental housing. In developing this framework, the commissioner must identify:

(1) strategies, tools, and funding mechanisms for targeted stabilization of affordable rental housing and recapitalization of distressed properties;

(2) potential improvements for regulatory relief for affordable rental housing providers and implement these improvements where feasible;

(3) a specific plan for relief when an operator of permanent housing cannot identify and secure adequate service funding that matches the tenants' needs; and

(4) a strategy with the commissioner of human services to integrate the awarding of state service dollars to permanent supportive housing so that state service dollars can accompany capital awards in the consolidated request for proposal process.

(b) The commissioner must report quarterly to the Minnesota Housing Finance Agency Board of Directors on the policy framework, improvements implemented, and any potential changes to legislation that may be needed to support targeted stabilization of regulated affordable housing and recapitalization of distressed properties.

(c) By January 5, 2026, the commissioner must report to the chairs and ranking minority members of the legislative committees having jurisdiction over housing finance and policy on the policy framework, improvements implemented, and any potential changes to legislation that may be needed to support targeted stabilization of regulated affordable housing and recapitalization of distressed properties.

Sec. 7. **ACCESSIBLE HOUSING TASK FORCE.**

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

(b) "Accessible housing" means housing that is designed, constructed, or modified to enable persons with disabilities to live independently. Accessible housing may be made accessible through design or additional features, such as modified bathrooms, cabinetry, appliances, furniture, space, shelves, or cupboards that improve the overall ability of persons with disabilities to function in the housing.

17.1 (c) "Person with a disability" has the meaning given in Minnesota Statutes, section
17.2 256.481.

17.3 Subd. 2. **Establishment of task force.** An Accessible Housing Task Force is established
17.4 to:

17.5 (1) examine the housing experiences of persons with disabilities, including their
17.6 experiences seeking accessible housing or independent housing;

17.7 (2) examine the practices of housing providers related to accessible housing and
17.8 independent housing and the issues preventing housing providers from providing accessible
17.9 housing or independent housing units to persons with disabilities; and

17.10 (3) recommend legislation to increase the supply of safe and affordable, accessible
17.11 housing and independent housing units.

17.12 Subd. 3. **Membership.** (a) The task force consists of the following members appointed
17.13 by the governor:

17.14 (1) five persons with disabilities who have experienced a lack of accessible housing;

17.15 (2) two parents of adult persons who have experienced a lack of affordable housing;

17.16 (3) one representative of the Minnesota Council on Disability;

17.17 (4) one representative of Arc Minnesota;

17.18 (5) one representative of the Minnesota Consortium for Citizens with Disabilities;

17.19 (6) one representative of the Minnesota Housing Finance Agency;

17.20 (7) one representative of the Minnesota Department of Human Services;

17.21 (8) one representative of the Minnesota Department of Health;

17.22 (9) one staff person working for a housing stabilization services program;

17.23 (10) one representative of a housing contractor who has built accessible housing;

17.24 (11) one representative of a housing developer who has developed property that includes
17.25 accessible housing;

17.26 (12) one representative of an organization or a local government agency that helps find
17.27 housing for people with disabilities;

17.28 (13) one member of the Minnesota Board on Aging; and

17.29 (14) two representatives of organizations or groups who advocate for persons with
17.30 disabilities.

18.1 (b) Appointments must be made no later than July 1, 2025, and must include
18.2 representatives of both the metropolitan area and greater Minnesota.

18.3 (c) Task force members must serve without compensation, except for public members.
18.4 Members eligible for compensation must receive expenses as provided in Minnesota Statutes,
18.5 section 15.059, subdivision 6.

18.6 (d) Vacancies must be filled by the governor consistent with the qualifications of the
18.7 vacating member required by this subdivision.

18.8 Subd. 4. **Meetings; officers.** (a) The Minnesota Housing Finance Agency shall convene
18.9 the first meeting of the task force no later than August 15, 2025, and shall provide accessible
18.10 physical or virtual meeting space as necessary for the task force to conduct its work.

18.11 (b) At its first meeting, the task force shall elect a chair and vice-chair from among the
18.12 task force members and may elect other officers as necessary.

18.13 (c) The task force shall meet according to a schedule determined by the members or
18.14 upon the call of the task force's chair. The task force must meet as often as necessary to
18.15 accomplish the duties under subdivision 5.

18.16 (d) Meetings of the task force are subject to Minnesota Statutes, chapter 13D.

18.17 Subd. 5. **Duties.** (a) The task force must seek input from:

18.18 (1) individuals who are experiencing or who have experienced the lack of affordable,
18.19 accessible housing;

18.20 (2) providers of accessible housing; and

18.21 (3) any other persons or organizations with experience or expertise in affordable,
18.22 accessible housing.

18.23 (b) The task force must:

18.24 (1) research and analyze how other states, cities, and counties address a lack of affordable,
18.25 accessible housing; and

18.26 (2) develop recommendations to establish statewide education on affordable, accessible
18.27 housing to ensure that local units of government include affordable, accessible housing and
18.28 affordable housing policies in local planning.

18.29 Subd. 6. **Report.** (a) No later than February 1, 2026, the task force shall submit an initial
18.30 report to the chairs and ranking minority members of the legislative committees and divisions

19.1 with jurisdiction over housing on the findings and recommendations of the task force for
19.2 improving the supply, quality, and affordability of accessible housing statewide.

19.3 (b) No later than August 31, 2026, the task force shall submit a final report to the chairs
19.4 and ranking minority members of the legislative committees and divisions with jurisdiction
19.5 over housing on the findings and recommendations in paragraph (a).

19.6 Subd. 7. **Expiration.** The task force expires the day following submission of the final
19.7 report under subdivision 6.

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

APPENDIX
Article locations for H2445-1

ARTICLE 1 HOUSING BUDGET APPROPRIATIONS Page.Ln 1.14

BONDING AUTHORITY AND DEBT SERVICE

ARTICLE 2 APPROPRIATIONS..... Page.Ln 9.1

ARTICLE 3 HOUSING POLICY..... Page.Ln 11.12

APPENDIX
Repealed Minnesota Statutes: H2445-1

16A.287 TRANSFER; HOUSING SUPPORT.

In fiscal year 2025 and each year thereafter, the commissioner of management and budget must transfer \$450,000 from the general fund to the housing support account, under section 462A.43.

462A.43 HOUSING SUPPORT ACCOUNT.

The commissioner of management and budget shall establish the housing support account in the special revenue fund for the deposit of certain funds provided by law. Money appropriated from the account by law must provide housing support for Minnesotans.