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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 2740

03/24/2025 Authored by Howard, Momanyi-Hiltsley, Rehrauer and Kozlowski
The bill was read for the first time and referred to the Committee on Housing Finance and Policy

1.1 A bill for an act
1.2 relating to housing; requiring a report on the affordable housing industry; setting
1.3 a maximum compliance period for certain low-income tax credit commitment
1.4 requirements; requiring the commissioner of the Minnesota Housing Finance
1.5 Agency to identify avenues for potential regulatory relief to affordable housing
1.6 providers; transferring money; appropriating money; amending Minnesota Statutes
1.7 2024, sections 462A.07, subdivision 19, by adding a subdivision; 462A.222, by
1.8 adding a subdivision.

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

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

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

- 1.14 (1) the total number of applications for funding;
- 1.15 (2) the amount of funding requested;
- 1.16 (3) the amounts of funding awarded; and
- 1.17 (4) the number of housing units that are affected by funding awards, including the number
1.18 of:
 - 1.19 (i) newly constructed owner-occupied units;
 - 1.20 (ii) renovated owner-occupied units;
 - 1.21 (iii) newly constructed rental units; and
 - 1.22 (iv) renovated rental units.

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

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

2.5 (1) the ratio of operating expenses to revenue in affordable rental housing projects; and

2.6 (2) the percent of rents collected on time, divided into four regions of the state:

2.7 (i) the cities of St. Paul and Minneapolis;

2.8 (ii) the metropolitan counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and
2.9 Washington, except for the cities of St. Paul and Minneapolis;

2.10 (iii) urban greater Minnesota, including the cities of Duluth, Mankato, Moorhead,
2.11 Rochester, and St. Cloud; and

2.12 (iv) rural greater Minnesota, which includes all of Minnesota, except for the places listed
2.13 in items (i), (ii), and (iii).

2.14 Sec. 2. Minnesota Statutes 2024, section 462A.07, is amended by adding a subdivision to
2.15 read:

2.16 Subd. 21. **Local affordable housing aid annual meeting.** At least once each year, the
2.17 commissioner must convene a meeting with the Interagency Council to End Homelessness
2.18 and the cities and counties receiving local affordable housing aid under section 477A.35.
2.19 The purpose of the meeting is to discuss: (1) the impacts of local affordable housing aid;
2.20 (2) regional needs for affordable housing; and (3) recommendations for the collaborative
2.21 use of funds to effectively address homelessness, housing insecurity, security of affordable
2.22 housing, and the lack of housing supply.

2.23 Sec. 3. Minnesota Statutes 2024, section 462A.222, is amended by adding a subdivision
2.24 to read:

2.25 Subd. 5. **Commitment restriction.** The commissioner may not require commitment
2.26 terms longer than the compliance period required under section 42 of the Internal Revenue
2.27 Code of 1986, as amended.

3.1 Sec. 4. **POLICY FRAMEWORK FOR TARGETED STABILIZATION OF**
3.2 **REGULATED AFFORDABLE HOUSING.**

3.3 (a) The commissioner of the Minnesota Housing Finance Agency must develop a policy
3.4 framework for targeted stabilization of affordable rental housing. In developing this
3.5 framework, the commissioner must identify strategies, tools, and funding mechanisms for
3.6 targeted stabilization of affordable rental housing and recapitalization of distressed properties.
3.7 The commissioner must identify potential improvements for regulatory relief for affordable
3.8 rental housing providers and implement these improvements where feasible.

3.9 (b) By January 5, 2026, the commissioner must report to the chairs and ranking minority
3.10 members of the legislative committees with jurisdiction over housing finance and policy
3.11 on the policy framework, improvements implemented, and propose legislation that may be
3.12 needed to support targeted stabilization of regulated affordable housing and recapitalization
3.13 of distressed properties.

3.14 Sec. 5. **INTERAGENCY STABILIZATION GROUP.**

3.15 The commissioner of the Minnesota Housing Finance Agency may convene regular
3.16 meetings of public funders and affordable housing stakeholders to seek funding solutions
3.17 that support preservation and stabilization of affordable properties.

3.18 Sec. 6. **TRANSFER; HOUSING DEVELOPMENT FUND.**

3.19 \$..... in fiscal year 2026 and \$..... in fiscal year 2027 are transferred from the general
3.20 fund to the housing development fund. This transfer is \$..... in fiscal year 2028 and each
3.21 year thereafter.

3.22 Sec. 7. **APPROPRIATION; TARGETED STABILIZATION POLICY**
3.23 **FRAMEWORK.**

3.24 \$..... in fiscal year 2026 is appropriated from the housing development fund to the
3.25 commissioner of the Minnesota Housing Finance Agency to develop a policy framework
3.26 for targeted stabilization of affordable rental housing. This is a onetime appropriation.