

SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION

S.F. No. 2298

(SENATE AUTHORS: PORT, Boldon, Clark and Putnam)

DATE	D-PG	OFFICIAL STATUS
03/10/2025	701	Introduction and first reading
		Referred to Housing and Homelessness Prevention
04/07/2025	1425a	Comm report: To pass as amended and re-refer to Finance
04/10/2025		Comm report: To pass as amended
		Second reading

1.1

A bill for an act

1.2

relating to housing; establishing budget for Minnesota Housing Finance Agency;

1.3

making policy, finance, and technical changes to housing provisions; establishing

1.4

a task force on homeowners and commercial property insurance; transferring

1.5

money; requiring a report; appropriating money; amending Minnesota Statutes

1.6

2024, sections 327C.095, subdivision 12; 462A.051, subdivision 2; 462A.07,

1.7

subdivision 19, by adding a subdivision; 462A.2095, subdivision 3; 462A.33,

1.8

subdivisions 2, 9; 462A.40, subdivision 3; Laws 2023, chapter 37, article 1, section

1.9

2, subdivisions 20, 21, 29, as amended; article 2, section 10; proposing coding for

1.10

new law in Minnesota Statutes, chapter 462A; repealing Minnesota Statutes 2024,

1.11

sections 16A.287; 462A.43.

1.12

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

1.13

ARTICLE 1

1.14

APPROPRIATIONS

1.15

Section 1. APPROPRIATIONS.

1.16

The sums shown in the columns marked "Appropriations" are appropriated to the agency

1.17

for the purposes specified in this article. The appropriations are from the general fund, or

1.18

another named fund, and are available for the fiscal years indicated for each purpose. The

1.19

figures "2026" and "2027" used in this article mean that the appropriations listed under them

1.20

are available for the fiscal year ending June 30, 2026, or June 30, 2027, respectively. "The

1.21

first year" is fiscal year 2026. "The second year" is fiscal year 2027. "The biennium" is

1.22

fiscal years 2026 and 2027.

1.23

APPROPRIATIONS

1.24

Available for the Year

1.25

Ending June 30

1.26

20262027

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

3.1	<u>Subd. 3. Workforce Housing Development</u>	<u>2,000,000</u>	<u>2,000,000</u>
3.2	<u>This appropriation is for the Greater</u>		
3.3	<u>Minnesota workforce housing development</u>		
3.4	<u>program under Minnesota Statutes, section</u>		
3.5	<u>462A.39. If requested by the applicant and</u>		
3.6	<u>approved by the agency, funded properties</u>		
3.7	<u>may include a portion of income and rent</u>		
3.8	<u>restricted units. Funded properties may include</u>		
3.9	<u>owner-occupied homes.</u>		
3.10	<u>Subd. 4. Manufactured Home Park</u>	<u>1,000,000</u>	<u>1,000,000</u>
3.11	<u>Infrastructure Grants</u>		
3.12	<u>This appropriation is for manufactured home</u>		
3.13	<u>park infrastructure grants under Minnesota</u>		
3.14	<u>Statutes, section 462A.2035, subdivision 1b.</u>		
3.15	<u>Subd. 5. Workforce Homeownership Program</u>	<u>250,000</u>	<u>250,000</u>
3.16	<u>This appropriation is for the workforce</u>		
3.17	<u>homeownership program under Minnesota</u>		
3.18	<u>Statutes, section 462A.38.</u>		
3.19	<u>Subd. 6. Rent Assistance Program</u>	<u>23,000,000</u>	<u>23,000,000</u>
3.20	<u>This appropriation is for the rent assistance</u>		
3.21	<u>program under Minnesota Statutes, section</u>		
3.22	<u>462A.2095.</u>		
3.23	<u>Subd. 7. Housing Trust Fund</u>	<u>11,646,000</u>	<u>11,646,000</u>
3.24	<u>This appropriation is for deposit in the housing</u>		
3.25	<u>trust fund account created under Minnesota</u>		
3.26	<u>Statutes, section 462A.201, and may be used</u>		
3.27	<u>for the purposes provided in that section.</u>		
3.28	<u>Subd. 8. Homework Starts with Home</u>	<u>2,750,000</u>	<u>2,750,000</u>
3.29	<u>This appropriation is for the homework starts</u>		
3.30	<u>with home program under Minnesota Statutes,</u>		
3.31	<u>sections 462A.201, subdivision 2, paragraph</u>		
3.32	<u>(a), clause (4), and 462A.204, subdivision 8,</u>		
3.33	<u>to provide assistance to homeless families,</u>		

4.1 those at risk of homelessness, or highly mobile
 4.2 families.

4.3 **Subd. 9. Rental Assistance for Mentally Ill** 5,338,000 5,338,000

4.4 (a) This appropriation is for the rental housing
 4.5 assistance program for persons with a mental
 4.6 illness or families with an adult member with
 4.7 a mental illness under Minnesota Statutes,
 4.8 section 462A.2097. Among comparable
 4.9 proposals, the agency shall prioritize those
 4.10 proposals that target, in part, eligible persons
 4.11 who desire to move to more integrated,
 4.12 community-based settings.

4.13 (b) Notwithstanding any law to the contrary,
 4.14 this appropriation may be used for risk
 4.15 mitigation funds, landlord incentives, or other
 4.16 costs necessary to decrease the risk of
 4.17 homelessness, as determined by the agency.

4.18 **Subd. 10. Family Homeless Prevention** 20,419,000 10,269,000

4.19 (a) This appropriation is for the family
 4.20 homeless prevention and assistance program
 4.21 under Minnesota Statutes, section 462A.204.

4.22 (b) Notwithstanding any law to the contrary,
 4.23 this appropriation may be used for program
 4.24 costs necessary to decrease the risk of
 4.25 homelessness and improve the effectiveness
 4.26 of the program, as determined by the agency.

4.27 (c) When a new grantee works with a current
 4.28 or former grantee in a given geographic area,
 4.29 a new grantee may work with either an
 4.30 advisory committee as required under
 4.31 Minnesota Statutes, section 462A.204,
 4.32 subdivision 6, or the local continuum of care
 4.33 and is not required to meet the requirements

5.1 of Minnesota Statutes, section 462A.204,
 5.2 subdivision 4.

5.3 **Subd. 11. Home Ownership Assistance Fund** 885,000 885,000

5.4 This appropriation is for the home ownership
 5.5 assistance program under Minnesota Statutes,
 5.6 section 462A.21, subdivision 8. The agency
 5.7 shall continue to strengthen its efforts to
 5.8 address the disparity gap in the
 5.9 homeownership rate between white
 5.10 households and indigenous American Indians
 5.11 and communities of color. To better
 5.12 understand and address the disparity gap, the
 5.13 agency is required to collect, on a voluntary
 5.14 basis, demographic information regarding
 5.15 race, color, national origin, and sex of
 5.16 applicants for agency programs intended to
 5.17 benefit homeowners and homebuyers.

5.18 **Subd. 12. Affordable Rental Investment Fund** 4,218,000 4,218,000

5.19 (a) This appropriation is for the affordable
 5.20 rental investment fund program under
 5.21 Minnesota Statutes, section 462A.21,
 5.22 subdivision 8b, to finance the acquisition,
 5.23 rehabilitation, and debt restructuring of
 5.24 federally assisted rental property and for
 5.25 making equity take-out loans under Minnesota
 5.26 Statutes, section 462A.05, subdivision 39.

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

5.33 (c) The appropriation also may be used to
 5.34 finance the acquisition, rehabilitation, and debt

6.1 restructuring of existing supportive housing
 6.2 properties and naturally occurring affordable
 6.3 housing as determined by the commissioner.
 6.4 For purposes of this paragraph, "supportive
 6.5 housing" means affordable rental housing with
 6.6 links to services necessary for individuals,
 6.7 youth, and families with children to maintain
 6.8 housing stability.

6.9 **Subd. 13. Owner-Occupied Housing**
 6.10 **Rehabilitation**

2,772,000

2,772,000

6.11 (a) This appropriation is for the rehabilitation
 6.12 of owner-occupied housing under Minnesota
 6.13 Statutes, section 462A.05, subdivisions 14 and
 6.14 14a.

6.15 (b) Notwithstanding any law to the contrary,
 6.16 grants or loans under this subdivision may be
 6.17 made without rent or income restrictions of
 6.18 owners or tenants. To the extent practicable,
 6.19 grants or loans must be made available
 6.20 statewide.

6.21 **Subd. 14. Rental Housing Rehabilitation**

3,743,000

3,743,000

6.22 (a) This appropriation is for the rehabilitation
 6.23 of eligible rental housing under Minnesota
 6.24 Statutes, section 462A.05, subdivision 14. In
 6.25 administering a rehabilitation program for
 6.26 rental housing, the agency may apply the
 6.27 processes and priorities adopted for
 6.28 administration of the economic development
 6.29 and housing challenge program under
 6.30 Minnesota Statutes, section 462A.33, and may
 6.31 provide grants or forgivable loans if approved
 6.32 by the agency.

6.33 (b) Notwithstanding any law to the contrary,
 6.34 grants or loans under this subdivision may be
 6.35 made without rent or income restrictions of

7.1 owners or tenants. To the extent practicable,
 7.2 grants or loans must be made available
 7.3 statewide.

7.4 Subd. 15. **Homeownership Education,** 857,000 857,000
 7.5 **Counseling, and Training**

7.6 This appropriation is for the homeownership
 7.7 education, counseling, and training program
 7.8 under Minnesota Statutes, section 462A.209.

7.9 Subd. 16. **Capacity Building Grants** 645,000 645,000

7.10 This appropriation is for capacity building
 7.11 grants under Minnesota Statutes, section
 7.12 462A.21, subdivision 3b.

7.13 Subd. 17. **Build Wealth MN** 500,000 500,000

7.14 This appropriation is for a grant to Build
 7.15 Wealth Minnesota to provide a family
 7.16 stabilization plan program including program
 7.17 outreach, financial literacy education, and
 7.18 budget and debt counseling.

7.19 Subd. 18. **Greater Minnesota Housing**
 7.20 **Infrastructure Grant Program** 2,000,000 -0-

7.21 This appropriation is for the greater Minnesota
 7.22 housing infrastructure grant program under
 7.23 Minnesota Statutes, section 462A.395. The
 7.24 base for this appropriation is \$500,000 in fiscal
 7.25 year 2028 and each year thereafter.

7.26 Subd. 19. **Community-Based First-Generation**
 7.27 **Homebuyers Down Payment Assistance**
 7.28 **Program** 2,000,000 -0-

7.29 This appropriation is for a grant to Midwest
 7.30 Minnesota Community Development
 7.31 Corporation (MMCDC), through its wholly
 7.32 owned subsidiary CDC Investments, Inc., for
 7.33 the community-based first-generation
 7.34 homebuyers down payment assistance

8.1 program under Minnesota Statutes, section
8.2 462A.415. At the end of each biennium,
8.3 MMCDC must remit any unused funds to the
8.4 Minnesota Housing Finance Agency. Funds
8.5 remitted to the agency under this subdivision
8.6 are appropriated to the agency to administer
8.7 the workforce and affordable homeownership
8.8 development program under Minnesota
8.9 Statutes, section 462A.38. The base for this
8.10 appropriation is \$450,000 in fiscal year 2028
8.11 and each year thereafter.

8.12 **Subd. 20. Availability and Transfer of Funds**

8.13 Money appropriated in the first year in this
8.14 article is available the second year. The
8.15 commissioner may shift or transfer money in
8.16 the second year in subdivisions 2, 3, 4, 5, 12,
8.17 13, and 14 to address high-priority housing
8.18 needs.

8.19 **Sec. 3. LEGISLATIVE COORDINATING**
8.20 **COMMISSION**

\$	<u>200,000</u>	\$	<u>-0-</u>
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8.21 \$200,000 in fiscal year 2026 is to provide
8.22 administrative support to the Task Force on
8.23 Homeowners and Commercial Property
8.24 Insurance established in article 2, section 13.
8.25 This is a onetime appropriation.

8.26 Sec. 4. Laws 2023, chapter 37, article 1, section 2, subdivision 29, as amended by Laws
8.27 2024, chapter 127, article 14, section 11, is amended to read:

8.28			70,000,000
8.29	Subd. 29. Community Stabilization	45,000,000	<u>60,000,000</u>

8.30 (a) This appropriation is for the community
8.31 stabilization program. This a onetime
8.32 appropriation.

8.33 (b) The first year and second year
8.34 appropriations are available as follows:

- 9.1 (1) \$10,000,000 is for a grant to AEON for
9.2 Huntington Place;
- 9.3 (2) notwithstanding Minnesota Statutes,
9.4 sections 16B.98, subdivisions 5 and 12, and
9.5 16B.981, subdivision 2, \$3,250,000 is for a
9.6 grant to the Wilder Park Association to assist
9.7 with the cost of a major capital repair project
9.8 for the rehabilitation of portions of the
9.9 owner-occupied senior high-rise facility. The
9.10 grantee must verify that 50 percent of units
9.11 are occupied by households with incomes at
9.12 or below 60 percent of area median income;
- 9.13 (3) \$41,750,000 is for multiunit rental housing;
9.14 and
- 9.15 ~~(4) \$10,000,000 is for single-family housing;~~
9.16 ~~and~~
- 9.17 ~~(5)~~ (4) \$50,000,000 is for recapitalization of
9.18 distressed buildings. Of this amount, up to
9.19 \$15,000,000 is for preservation or
9.20 recapitalization of housing that includes
9.21 supportive housing.
- 9.22 (c) Notwithstanding Minnesota Statutes,
9.23 section 16B.98, subdivision 14, the
9.24 commissioner may use up to one percent of
9.25 this appropriation for administrative costs for
9.26 the grants in paragraph (b), clauses (1) and
9.27 (2). This is a onetime appropriation.

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

9.29 Sec. 5. **TRANSFER; HOUSING SUPPORT ACCOUNT.**

9.30 The commissioner of management and budget must transfer any unencumbered balance
9.31 from the housing support account under Minnesota Statutes, section 462A.43, to the general
9.32 fund by June 15, 2025.

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

10.1 Sec. 6. **REPEALER.**

10.2 (a) Minnesota Statutes 2024, section 16A.287, is repealed.

10.3 (b) Minnesota Statutes 2024, section 462A.43, is repealed.

10.4 **EFFECTIVE DATE.** Paragraph (a) is effective the day following final enactment.

10.5 **ARTICLE 2**

10.6 **POLICY**

10.7 Section 1. Minnesota Statutes 2024, section 327C.095, subdivision 12, is amended to read:

10.8 Subd. 12. **Payment to the Minnesota manufactured home relocation trust fund.** (a)

10.9 If a manufactured home owner is required to move due to the conversion of all or a portion
10.10 of a manufactured home park to another use, the closure of a park, or cessation of use of
10.11 the land as a manufactured home park, the manufactured park owner shall, upon the change
10.12 in use, pay to the Minnesota Housing Finance Agency for deposit in the Minnesota
10.13 manufactured home relocation trust fund under section 462A.35, the lesser amount of the
10.14 actual costs of moving or purchasing the manufactured home approved by the neutral third
10.15 party and paid by the Minnesota Housing Finance Agency under subdivision 13, paragraph
10.16 (a) or (e), or \$3,250 for each single section manufactured home, and \$6,000 for each
10.17 multisection manufactured home, for which a manufactured home owner has made
10.18 application for payment of relocation costs under subdivision 13, paragraph (c). The
10.19 manufactured home park owner shall make payments required under this section to the
10.20 Minnesota manufactured home relocation trust fund within 60 days of receipt of invoice
10.21 from the neutral third party.

10.22 (b) A manufactured home park owner is not required to make the payment prescribed
10.23 under paragraph (a), nor is a manufactured home owner entitled to compensation under
10.24 subdivision 13, paragraph (a) or (e), if:

10.25 (1) the manufactured home park owner relocates the manufactured home owner to
10.26 another space in the manufactured home park or to another manufactured home park at the
10.27 park owner's expense;

10.28 (2) the manufactured home owner is vacating the premises and has informed the
10.29 manufactured home park owner or manager of this prior to the mailing date of the closure
10.30 statement under subdivision 1;

10.31 (3) a manufactured home owner has abandoned the manufactured home, or the
10.32 manufactured home owner is not current on the monthly lot rental, personal property taxes;

11.1 (4) the manufactured home owner has a pending eviction action for nonpayment of lot
11.2 rental amount under section 327C.09, which was filed against the manufactured home owner
11.3 prior to the mailing date of the closure statement under subdivision 1, and the writ of recovery
11.4 has been ordered by the district court;

11.5 (5) the conversion of all or a portion of a manufactured home park to another use, the
11.6 closure of a park, or cessation of use of the land as a manufactured home park is the result
11.7 of a taking or exercise of the power of eminent domain by a governmental entity or public
11.8 utility; or

11.9 (6) the owner of the manufactured home is not a resident of the manufactured home
11.10 park, as defined in section 327C.015, subdivision 14; the owner of the manufactured home
11.11 is a resident, but came to reside in the manufactured home park after the mailing date of
11.12 the closure statement under subdivision 1; or the owner of the manufactured home has not
11.13 paid the \$15 assessment when due under paragraph (c).

11.14 (c) If the unencumbered fund balance in the manufactured home relocation trust fund
11.15 is less than \$2,000,000 as of June 30 of each year, the Minnesota Housing Finance Agency
11.16 shall assess each manufactured home park owner by mail the total amount of \$15 for each
11.17 licensed lot in their park, payable on or before December 15 of that year. Failure to notify
11.18 and timely assess the manufactured home park owner by July 31 of any year shall waive
11.19 the assessment and payment obligations of the manufactured home park owner for that year.
11.20 Together with said assessment notice, each year the Minnesota Housing Finance Agency
11.21 shall prepare and distribute to park owners a letter explaining whether funds are being
11.22 collected for that year, information about the collection, an invoice for all licensed lots, a
11.23 notice for distribution to the residents, and a sample form for the park owners to collect
11.24 information on which park residents and lots have been accounted for. The agency must
11.25 also include information in the letter about the tax credit available for sales of manufactured
11.26 home parks to cooperatives in section 290.0694 and about notice requirements for unsolicited
11.27 sales in section 327C.097. The agency may include additional information in the letter about
11.28 programs and resources available to manufactured home park residents and owners. In a
11.29 font no smaller than 14-point, the notice provided by the Minnesota Housing Finance Agency
11.30 for distribution to residents by the park owner will include the payment deadline of October
11.31 31 and the following language: "THIS IS NOT AN OPTIONAL FEE. IF YOU OWN A
11.32 MANUFACTURED HOME ON A LOT YOU RENT IN A MANUFACTURED HOME
11.33 PARK, AND YOU RESIDE IN THAT HOME, YOU MUST PAY WHEN PROVIDED
11.34 NOTICE." If assessed under this paragraph, the park owner may recoup the cost of the \$15
11.35 assessment as a lump sum or as a monthly fee of no more than \$1.25 collected from park

12.1 residents together with monthly lot rent as provided in section 327C.03, subdivision 6. If,
12.2 by September 15, a park owner provides the notice to residents for the \$15 lump sum, a
12.3 park owner may adjust payment for lots in their park that are vacant or otherwise not eligible
12.4 for contribution to the trust fund under section 327C.095, subdivision 12, paragraph (b),
12.5 and for park residents who have not paid the \$15 assessment when due to the park owner
12.6 by October 31, and deduct from the assessment accordingly. The Minnesota Housing Finance
12.7 Agency shall deposit any payments in the Minnesota manufactured home relocation trust
12.8 fund and maintain an annual record for each manufactured home park of the amount received
12.9 for that park and the number of deductions made for each of the following reasons: vacant
12.10 lots, ineligible lots, and uncollected fees.

12.11 (d) This subdivision and subdivision 13, paragraph (c), clause (5), are enforceable by
12.12 the neutral third party, on behalf of the Minnesota Housing Finance Agency, or by action
12.13 in a court of appropriate jurisdiction. The court may award a prevailing party reasonable
12.14 attorney fees, court costs, and disbursements.

12.15 Sec. 2. Minnesota Statutes 2024, section 462A.051, subdivision 2, is amended to read:

12.16 Subd. 2. **Application.** This section applies to all forms of financial assistance provided
12.17 by the Minnesota Housing Finance Agency, as well as the allocation and award of federal
12.18 low-income housing credits by all allocating agencies as defined under section 462A.221,
12.19 for the development, construction, rehabilitation, renovation, or retrofitting of ~~multiunit~~
12.20 ~~residential~~ multifamily housing, including loans, grants, tax credits, loan guarantees, loan
12.21 insurance, and other financial assistance.

12.22 Sec. 3. Minnesota Statutes 2024, section 462A.07, subdivision 19, is amended to read:

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

12.26 (1) the total number of applications for funding;

12.27 (2) the amount of funding requested;

12.28 (3) the amounts of funding awarded; and

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

12.31 (i) newly constructed owner-occupied units;

13.1 (ii) renovated owner-occupied units;

13.2 (iii) newly constructed rental units; and

13.3 (iv) renovated rental units.

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

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

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

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

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

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

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

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

13.17 Sec. 4. Minnesota Statutes 2024, section 462A.07, is amended by adding a subdivision to
13.18 read:

13.19 Subd. 21. **Affordable housing annual meeting.** At least once each year, the
13.20 commissioner must convene a meeting with the Interagency Council to End Homelessness
13.21 and the cities and counties with high levels of cost-burdened households, meaning the cities
13.22 and counties where gross rent or homeownership costs are 30 percent or more of household
13.23 income. The purpose of the meeting is to discuss:

13.24 (1) resources received by cities and counties;

13.25 (2) regional needs for affordable housing; and

13.26 (3) recommendations for the collaborative use of funds to effectively address
13.27 homelessness, housing insecurity, security of affordable housing, and the lack of housing
13.28 supply.

14.1 Sec. 5. Minnesota Statutes 2024, section 462A.2095, subdivision 3, is amended to read:

14.2 Subd. 3. **Grants to program administrators.** (a) The agency may make grants to
14.3 program administrators to provide rental assistance for eligible households. Notwithstanding
14.4 section 16C.06, the commissioner may use a formula to determine award amounts to program
14.5 administrators. For both tenant-based and project-based assistance, program administrators
14.6 shall pay assistance directly to housing providers. Rental assistance may be provided in the
14.7 form of tenant-based assistance or project-based assistance. Notwithstanding the amounts
14.8 awarded under subdivision 1, paragraph (b), and to the extent practicable, the agency must
14.9 make grants statewide in proportion to the number of households eligible for assistance in
14.10 each county according to the most recent American Community Survey of the United States
14.11 Census Bureau. The agency may, at its discretion, redistribute unused or underutilized
14.12 money among eligible program administrators to increase program efficiency and
14.13 effectiveness.

14.14 (b) The program administrator may use its existing procedures to administer the rent
14.15 assistance program or may develop alternative procedures with the goals of reaching
14.16 households most in need and incentivizing landlord participation. The agency must approve
14.17 a program administrator's alternative procedures. Priority for rental assistance shall be given
14.18 to households with children 18 years of age and under, and annual incomes of up to 30
14.19 percent of the area median income. Program administrators may establish additional priority
14.20 populations based on local need.

14.21 Sec. 6. Minnesota Statutes 2024, section 462A.33, subdivision 2, is amended to read:

14.22 Subd. 2. **Eligible recipients.** Challenge grants or loans may be made to a city; a federally
14.23 recognized American Indian Tribe or subdivision located in Minnesota; a Tribal housing
14.24 corporation; a private developer; a nonprofit organization; a school district; a cooperative
14.25 unit, as defined in section 123A.24, subdivision 2; a charter school; a contract alternative
14.26 school; a Tribal contract school; or the owner of the housing, including individuals. For the
14.27 purpose of this section, "city" has the meaning given it in section 462A.03, subdivision 21.
14.28 To the extent practicable, grants and loans shall be made so ~~that~~ an approximately equal
14.29 number of housing units are financed in the metropolitan area and in the nonmetropolitan
14.30 area.

14.31 Sec. 7. Minnesota Statutes 2024, section 462A.33, subdivision 9, is amended to read:

14.32 Subd. 9. **Grant funding to schools.** A school district; a cooperative unit, as defined in
14.33 section 123A.24, subdivision 2; ~~or a charter school;~~ a contract alternative school; or a Tribal

15.1 contract school may receive funding under this section in the form of a grant less than
15.2 \$100,000. A school district; ~~intermediate district; or;~~ charter school; contract alternative
15.3 school; or Tribal contract school that uses a grant under this section to construct a home for
15.4 owner occupancy must require the future occupant to participate in the homeownership
15.5 education counseling and training program under section 462A.209.

15.6 Sec. 8. Minnesota Statutes 2024, section 462A.40, subdivision 3, is amended to read:

15.7 Subd. 3. **Eligible recipients; definitions; restrictions; use of funds.** (a) The agency
15.8 may award a grant or a loan to any recipient that qualifies under subdivision 2. The agency
15.9 must not award a grant or a loan to a disqualified individual or disqualified business.

15.10 (b) For the purposes of this subdivision disqualified individual means:

15.11 (1) an individual who or an individual whose immediate family member made a
15.12 contribution to the account in the current or prior taxable year and received a credit certificate;

15.13 (2) an individual who or an individual whose immediate family member owns the housing
15.14 for which the grant or loan will be used;

15.15 (3) an individual who meets the following criteria:

15.16 (i) the individual is an officer or principal of a business entity; and

15.17 (ii) that business entity made a contribution to the account in the current or previous
15.18 taxable year and received a credit certificate; or

15.19 (4) an individual who meets the following criteria:

15.20 (i) the individual directly owns, controls, or holds the power to vote 20 percent or more
15.21 of the outstanding securities of a business entity; and

15.22 (ii) that business entity made a contribution to the account in the current or previous
15.23 taxable year and received a credit certificate.

15.24 (c) For the purposes of this subdivision disqualified business means a business entity
15.25 that:

15.26 (1) made a contribution to the account in the current or prior taxable year and received
15.27 a credit certificate;

15.28 (2) has an officer or principal who is an individual who made a contribution to the
15.29 account in the current or previous taxable year and received a credit certificate; or

15.30 (3) meets the following criteria:

(i) the business entity is directly owned, controlled, or is subject to the power to vote 20 percent or more of the outstanding securities by an individual or business entity; and

(ii) that controlling individual or business entity made a contribution to the account in the current or previous taxable year and received a credit certificate.

(d) For purposes of this subdivision, "immediate family" means the taxpayer's spouse, parent or parent's spouse, sibling or sibling's spouse, or child or child's spouse. For a married couple filing a joint return, the limitations in this subdivision apply collectively to the taxpayer and spouse.

(e) For purposes of this subdivision, "officer or principal" excludes an individual serving as a volunteer board member of a nonprofit organization governed by chapter 317A.

~~(e)~~ (f) Before applying for a grant or loan, all recipients must sign a disclosure that the disqualifications under this subdivision do not apply. The Minnesota Housing Finance Agency must prescribe the form of the disclosure. The Minnesota Housing Finance Agency may rely on the disclosure to determine the eligibility of recipients under paragraph (a).

~~(f)~~ (g) The agency may award grants or loans to a city as defined in section 462A.03, subdivision 21; a federally recognized American Indian tribe or subdivision located in Minnesota; a tribal housing corporation; a private developer; a nonprofit organization; a housing and redevelopment authority under sections 469.001 to 469.047; a public housing authority or agency authorized by law to exercise any of the powers granted by sections 469.001 to 469.047; or the owner of the housing. The provisions of subdivision 2, and paragraphs (a) to ~~(e)~~ (f) and ~~(g)~~ (h) of this subdivision, regarding the use of funds and eligible recipients apply to grants and loans awarded under this paragraph.

~~(g)~~ (h) Except for projects receiving funding under section 462A.39, eligible recipients must use the funds to serve households that meet the income limits as provided in section 462A.33, subdivision 5.

Sec. 9. [462A.415] COMMUNITY-BASED FIRST-GENERATION HOMEBUYERS DOWN PAYMENT ASSISTANCE PROGRAM.

Subdivision 1. Establishment. A community-based first-generation homebuyers down payment assistance program is established as a noncompetitive program under the administration of 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 homebuyers.

17.1 Subd. 2. **Administration.** The community-based first-generation homebuyers down
17.2 payment assistance program is available statewide and shall be administered by a designated
17.3 central CDFI. The administering CDFI may originate and service funds and authorize other
17.4 CDFIs, Tribal entities, and nonprofit organizations administering down payment assistance
17.5 to reserve, originate, fund, and service funds for eligible homebuyers. Administrative costs
17.6 must not exceed ten percent of the fiscal year appropriation.

17.7 Subd. 3. **Eligible homebuyer.** For purposes of this section, "eligible homebuyer" means
17.8 an adult person:

17.9 (1) whose income is at or below 100 percent of the statewide median income at the time
17.10 of application;

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

17.12 (3)(i) who either never owned a home or who owned a home but lost it due to foreclosure;
17.13 and

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

17.16 The eligible homebuyer must complete an approved homebuyer education course prior to
17.17 signing a purchase agreement and, following the purchase of the home, must occupy it as
17.18 their primary residence.

17.19 Subd. 4. **Use of funds.** Assistance under this section is limited to ten percent of the
17.20 purchase price of a one unit or two unit home, not to exceed \$32,000. Beginning in fiscal
17.21 year 2027, the maximum amount of assistance may be increased to up to ten percent of the
17.22 median home sales price as reported in the previous year's Minnesota Realtors Annual
17.23 Report on the Minnesota Housing Market. Funds are reserved at the issuance of preapproval.
17.24 Reservation of funds is not contingent on having an executed purchase agreement. The
17.25 assistance must be provided in the form of a no-interest loan that is forgiven over five years,
17.26 forgivable at a rate of 20 percent per year on the day after the anniversary date of the note,
17.27 with the final 20 percent forgiven on the down payment assistance loan maturity date. There
17.28 is no monthly pro rata or partial-year credit. The loan has no monthly payment and does
17.29 not accrue interest. The prorated balance due is repayable if the property converts to
17.30 nonowner occupancy, is sold, is subjected to an ineligible refinance, is subjected to an
17.31 unauthorized transfer of title, or is subjected to a completed foreclosure action within the
17.32 five-year loan term. Recapture can be waived in the event of financial or personal hardship.
17.33 The administering CDFI may retain recaptured funds for assisting eligible homebuyers as
17.34 provided in this section. Funds may be used for closing costs, down payment, or principal

reduction. The eligible household may select any first mortgage lender or broker of their choice, provided that the funds are 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 household may qualify for and the loan placed in any priority position.

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

(1) the number and amounts of loans closed;

(2) the median loan amount;

(3) the number and amounts 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 amounts of loans issued by county.

Sec. 10. Laws 2023, chapter 37, article 1, section 2, subdivision 20, is amended to read:

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

100,000,000

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This appropriation is for a grant to Midwest Minnesota Community Development Corporation (MMCDC) to act as the administrator of the community-based first-generation homebuyers down payment assistance program. The funds shall be available to MMCDC for a three-year period commencing with issuance of the funds to MMCDC. At the expiration of that period, any unused funds shall be remitted to the agency. ~~Any funds recaptured by MMCDC after the expiration of that period shall be remitted to the agency.~~ Funds remitted to the agency

19.1 under this paragraph are appropriated to the
 19.2 agency for administration of the
 19.3 first-generation homebuyers down payment
 19.4 assistance fund.

19.5 Sec. 11. Laws 2023, chapter 37, article 1, section 2, subdivision 21, is amended to read:

19.6	Subd. 21. Local Housing Trust Fund Grants	4,800,000	-0-
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19.7 (a) This appropriation is for deposit in the
 19.8 housing development fund for grants to local
 19.9 housing trust funds established under
 19.10 Minnesota Statutes, section 462C.16, to
 19.11 incentivize local funding. This is a onetime
 19.12 appropriation.

19.13 (b) A grantee is eligible to receive a grant
 19.14 amount equal to 100 percent of the public
 19.15 revenue committed to the local housing trust
 19.16 fund from any source other than the state or
 19.17 federal government, up to \$150,000, and in
 19.18 addition, an amount equal to 50 percent of the
 19.19 public revenue committed to the local housing
 19.20 trust fund from any source other than the state
 19.21 or federal government that is more than
 19.22 \$150,000 but not more than \$300,000.

19.23 (c) A grantee must use grant funds within ~~eight~~
 19.24 five years of receipt for purposes (1)
 19.25 authorized under Minnesota Statutes, section
 19.26 462C.16, subdivision 3, and (2) benefiting
 19.27 households with incomes at or below 115
 19.28 percent of the state median income. A grantee
 19.29 must return any grant funds not used for these
 19.30 purposes within eight years of receipt to the
 19.31 commissioner of the Minnesota Housing
 19.32 Finance Agency for deposit into the housing
 19.33 development fund.

20.1 Sec. 12. Laws 2023, chapter 37, article 2, section 10, is amended to read:

20.2 Sec. 10. **HIGH-RISE SPRINKLER SYSTEM GRANT AND LOAN PROGRAM.**

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

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

20.5 (1) ~~at least one story used for human occupancy is~~ the building is seven stories or more
20.6 in height or 75 feet or more above the lowest level of fire department vehicle access; and

20.7 (2) at least two-thirds of its units are affordable to households with an annual income at
20.8 or below ~~50~~ 60 percent of the area median income as determined by the United States
20.9 Department of Housing and Urban Development, adjusted for family size, ~~that is paying~~
20.10 ~~no more than 30 percent of annual income on rent.~~

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

20.13 Subd. 2. ~~Grant program~~ **Use of funds.** The commissioner of the Housing Finance
20.14 Agency must make grants or loans to owners of eligible buildings for installation of sprinkler
20.15 systems and, if necessary, for relocation of residents during the installation of sprinkler
20.16 systems. Priority shall be given to nonprofit applicants. The maximum grant per eligible
20.17 building shall be \$2,000,000. Each grant to a nonprofit organization shall require a 25
20.18 percent match. Each grant to a for-profit organization shall require a 50 percent match.

20.19 Sec. 13. **POLICY FRAMEWORK FOR TARGETED STABILIZATION OF**
20.20 **REGULATED AFFORDABLE HOUSING.**

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

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

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

20.29 (3) a specific plan for relief when an operator of permanent housing cannot identify and
20.30 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 of the Housing Finance Agency 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 of the Housing Finance Agency 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. 14. **INTERAGENCY STABILIZATION GROUP.**

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

Sec. 15. **TASK FORCE ON HOMEOWNERS AND COMMERCIAL PROPERTY INSURANCE.**

Subdivision 1. **Establishment.** A task force is established to evaluate issues and provide recommendations relating to insurance affordability of single-family housing, multifamily rental housing, common interest communities, cooperatives, and small businesses and for preventing disruptions or loss to the development, preservation, and long-term sustainability of Minnesota's housing infrastructure and small businesses.

Subd. 2. **Membership.** (a) The task force consists of the following:

(1) one member appointed by the commissioner of commerce;

(2) one member appointed by the speaker of the house;

(3) one member appointed by the house minority leader;

(4) one member appointed by the senate majority leader;

(5) one member appointed by the senate minority leader;

(6) one member appointed by the Minnesota Consortium of Community Developers;

- 22.1 (7) one member appointed by the Insurance Federation of Minnesota;
- 22.2 (8) one member appointed by Big I Minnesota;
- 22.3 (9) one member appointed by the Minnesota Realtors;
- 22.4 (10) one member appointed by the Minnesota Community Development Financial
- 22.5 Institutions Coalition;
- 22.6 (11) one member appointed by the Minnesota Homeownership Center;
- 22.7 (12) one member appointed by the Housing Justice Center; and
- 22.8 (13) one member with climate science expertise.
- 22.9 (b) The appointing authorities must make the appointments by August 15, 2025.
- 22.10 Subd. 3. **Duties.** (a) The task force must identify recommendations to strengthen and
- 22.11 stabilize the homeowners and commercial property insurance industry.
- 22.12 (b) The task force must consult with the commissioner of the Housing Finance Agency,
- 22.13 the commissioner of employment and economic development, and key stakeholders in the
- 22.14 insurance and housing industries.
- 22.15 (c) The task force must review:
- 22.16 (1) risk mitigation and property resilience to natural hazards, and the effect on insurance
- 22.17 costs;
- 22.18 (2) liability laws impacting insurance costs;
- 22.19 (3) minimum notice for coverage changes, including enforcement and oversight;
- 22.20 (4) public reporting of aggregated data relating to insurance plan costs and coverage;
- 22.21 (5) the reinsurance market for homeowners and commercial property insurance;
- 22.22 (6) the current state-supported insurance program and the potential to expand the program
- 22.23 to include a catastrophic reinsurance fund and a self-insured pool;
- 22.24 (7) factors that increase claim costs, including but not limited to post-loss contractors,
- 22.25 fraudulent claims, climate, inflation, and discontinued building materials; and
- 22.26 (8) other areas that would strengthen and stabilize the homeowners and commercial
- 22.27 property insurance industry.
- 22.28 Subd. 4. **Administration.** The Legislative Coordinating Commission must provide
- 22.29 administrative support to the task force. Upon request of the task force, the commissioners

23.1 of commerce, the Housing Finance Agency, and employment and economic development
23.2 must provide technical support and expertise.

23.3 Subd. 5. **Meetings.** (a) The Legislative Coordinating Commission must ensure the first
23.4 meeting of the task force convenes no later than September 15, 2025, and must provide
23.5 accessible physical or virtual meeting space as necessary for the task force to conduct work.

23.6 (b) At the first meeting, the task force must elect a chair or cochair from those appointed
23.7 by the house and senate by a majority vote of those members present and may elect a
23.8 vice-chair as necessary.

23.9 (c) The task force must establish a schedule for meetings and must meet as necessary
23.10 to accomplish the duties under subdivision 3.

23.11 (d) The task force is subject to Minnesota Statutes, chapter 13D.

23.12 Subd. 6. **Report required.** (a) The task force must submit a report to the commissioners
23.13 of commerce, the Housing Finance Agency, and employment and economic development
23.14 and the chairs and ranking minority members of the legislative committees having jurisdiction
23.15 over the agencies listed in this paragraph by February 15, 2026.

23.16 (b) The report must:

23.17 (1) summarize the activities of the task force;

23.18 (2) provide findings and recommendations adopted by the task force;

23.19 (3) include any draft legislation required to implement recommendations; and

23.20 (4) include other information the task force believes is necessary to report.

23.21 Subd. 7. **Expiration.** The task force expires upon submission of the report required
23.22 under subdivision 6.

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

APPENDIX
Article locations for S2298-1

ARTICLE 1 APPROPRIATIONS..... Page.Ln 1.13

ARTICLE 2 POLICY..... Page.Ln 10.5

APPENDIX
Repealed Minnesota Statutes: S2298-1

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.