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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. **4207**

03/12/2026 Authored by Howard

The bill was read for the first time and referred to the Committee on Housing Finance and Policy

03/26/2026 Adoption of Report: Amended and re-referred to the Committee on Human Services Finance and Policy

- 1.1 A bill for an act
- 1.2 relating to housing; modifying housing provisions; modifying certain income
- 1.3 provisions; clarifying eligible uses for certain housing aid funds; making technical
- 1.4 changes; amending Minnesota Statutes 2024, sections 462A.40, subdivision 3;
- 1.5 477A.36, subdivision 5a; Minnesota Statutes 2025 Supplement, sections 477A.35,
- 1.6 subdivision 5; 477A.36, subdivision 5; proposing coding for new law in Minnesota
- 1.7 Statutes, chapter 462A.
- 1.8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
- 1.9 Section 1. Minnesota Statutes 2024, section 462A.40, subdivision 3, is amended to read:
- 1.10 Subd. 3. **Eligible recipients; definitions; restrictions; use of funds.** (a) The agency
- 1.11 may award a grant or a loan to any recipient that qualifies under subdivision 2. The agency
- 1.12 must not award a grant or a loan to a disqualified individual or disqualified business.
- 1.13 (b) For the purposes of this subdivision disqualified individual means:
- 1.14 (1) an individual who or an individual whose immediate family member made a
- 1.15 contribution to the account in the current or prior taxable year and received a credit certificate;
- 1.16 (2) an individual who or an individual whose immediate family member owns the housing
- 1.17 for which the grant or loan will be used;
- 1.18 (3) an individual who meets the following criteria:
- 1.19 (i) the individual is an officer or principal of a business entity; and
- 1.20 (ii) that business entity made a contribution to the account in the current or previous
- 1.21 taxable year and received a credit certificate; or
- 1.22 (4) an individual who meets the following criteria:

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

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

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

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

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

2.11 (3) meets the following criteria:

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

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

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

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

2.24 (f) The agency may award grants or loans to a city as defined in section 462A.03,
2.25 subdivision 21; a federally recognized American Indian tribe or subdivision located in
2.26 Minnesota; a tribal housing corporation; a private developer; a nonprofit organization; a
2.27 housing and redevelopment authority under sections 469.001 to 469.047; a public housing
2.28 authority or agency authorized by law to exercise any of the powers granted by sections
2.29 469.001 to 469.047; or the owner of the housing. The provisions of subdivision 2, and
2.30 paragraphs (a) to (e) and (g) of this subdivision, regarding the use of funds and eligible
2.31 recipients apply to grants and loans awarded under this paragraph.

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

3.4 Sec. 2. [462A.45] LIVED-EXPERIENCE ENGAGEMENT EXEMPTION.

3.5 (a) Notwithstanding any law to the contrary, income received from lived-experience
3.6 engagement is not considered income, assets, or personal property for purposes of
3.7 determining eligibility or recertifying eligibility for state public assistance, including but
3.8 not limited to:

3.9 (1) child care assistance programs under chapter 142E;

3.10 (2) general assistance, Minnesota supplemental aid, and food support under chapters
3.11 142F and 256D;

3.12 (3) housing support under chapter 256I;

3.13 (4) Minnesota family investment program under chapter 142G; and

3.14 (5) economic assistance programs under chapter 256P.

3.15 (b) For purposes of this section, "lived-experience engagement" means the agency
3.16 engaging with people with relevant experience identified by the agency for the purposes of
3.17 (1) serving as a community reviewer of proposals submitted as part of an agency request
3.18 for proposals, or (2) gathering and sharing feedback on the impact of housing programs.

3.19 (c) The commissioner of human services must not consider wages earned from
3.20 lived-experience engagement as income or assets under section 256B.056, subdivision 1a,
3.21 paragraph (a); subdivision 3; or subdivision 3c, or for persons with eligibility determined
3.22 under section 256B.057, subdivision 3, 3a, or 3b.

3.23 Sec. 3. Minnesota Statutes 2025 Supplement, section 477A.35, subdivision 5, is amended
3.24 to read:

3.25 Subd. 5. **Use of proceeds.** (a) Any funds distributed under this section must be spent on
3.26 a qualifying project, as described in subdivision 4. Funds are considered spent on a qualifying
3.27 project if:

3.28 (1) a tier I city or county demonstrates to the Minnesota Housing Finance Agency that
3.29 the city or county cannot expend funds on a qualifying project by the deadline imposed by
3.30 paragraph (b) due to factors outside the control of the city or county; and

3.31 (2) the funds are transferred to a local housing trust fund.

4.1 Funds transferred to a local housing trust fund under this paragraph must be spent on a
4.2 project or household that meets the affordability requirements of subdivision 4, ~~paragraph~~
4.3 ~~(a)~~.

4.4 (b) Funds must be spent by December 31 in the third year following the year after the
4.5 aid was received. The requirements of this paragraph are satisfied if funds are:

4.6 (1) committed to a qualifying project by December 31 in the third year following the
4.7 year after the aid was received; and

4.8 (2) expended by December 31 in the fourth year following the year after the aid was
4.9 received.

4.10 (c) An aid recipient may not use aid money to reimburse itself for prior expenditures.

4.11 (d) Any program income generated from funds distributed under this section must be
4.12 used on a qualifying project, as described in subdivision 4.

4.13 Sec. 4. Minnesota Statutes 2025 Supplement, section 477A.36, subdivision 5, is amended
4.14 to read:

4.15 Subd. 5. **Use of proceeds.** (a) Any funds distributed under this section must be spent on
4.16 a qualifying project, as described in subdivision 4. If a tier I city or county demonstrates to
4.17 the Minnesota Housing Finance Agency that the tier I city or county cannot expend funds
4.18 on a qualifying project by the deadline imposed by paragraph ~~(b)~~ (c) due to factors outside
4.19 the control of the tier I city or county, funds shall be considered spent on a qualifying project
4.20 if the funds are transferred to a local housing trust fund. Funds transferred to a local housing
4.21 trust fund must be spent on a project or household that meets the affordability requirements
4.22 of subdivision 4, ~~paragraph (a)~~.

4.23 (b) If a Tribal Nation demonstrates to the Minnesota Housing Finance Agency that the
4.24 Tribal Nation cannot expend funds on a qualifying project by the deadline imposed by
4.25 paragraph (c) due to factors outside the control of the Tribal Nation, funds shall be considered
4.26 spent on a qualifying project if the funds are transferred to a Tribal housing fund overseen
4.27 by the Tribal Nation. Funds transferred to a Tribal housing fund must be spent on a project
4.28 or household that meets the affordability requirements of subdivision 4, paragraph (a).

4.29 ~~(b)~~ (c) Funds must be spent by December 31 in the third year following the year after
4.30 the aid was received. The requirements of this paragraph are satisfied if funds are:

4.31 (1) committed to a qualifying project by December 31 in the third year following the
4.32 year after the aid was received; and

5.1 (2) expended by December 31 in the fourth year following the year after the aid was
5.2 received.

5.3 ~~(e)~~ (d) An aid recipient may not use aid funds to reimburse itself for prior expenditures.

5.4 ~~(d)~~ (e) Any program income generated from funds distributed under this section must
5.5 be used on a qualifying project, as described in subdivision 4.

5.6 Sec. 5. Minnesota Statutes 2024, section 477A.36, subdivision 5a, is amended to read:

5.7 Subd. 5a. **Conditions for receipt.** (a) As a condition of receiving aid under this section,
5.8 a recipient must commit to using money to supplement, not supplant, existing locally funded
5.9 housing expenditures, so that the recipient is using the funds to create new or to expand
5.10 existing housing programs.

5.11 (b) In the annual report required under subdivision 6, a tier I city or county recipient
5.12 must certify compliance with this subdivision, including an accounting of locally funded
5.13 housing expenditures in the prior fiscal year. In ~~an aid~~ a tier I city or county recipient's first
5.14 report to the Minnesota Housing Finance Agency, the aid recipient must document its locally
5.15 funded housing expenditures in the two prior fiscal years. If a recipient reduces one of its
5.16 locally funded housing expenditures, the recipient must detail the expenditure, the amount
5.17 of the reduction, and the reason for the reduction. The certification required under this
5.18 paragraph must be made available publicly on the recipient's website.