

**SENATE  
STATE OF MINNESOTA  
NINETY-FOURTH SESSION**

**S.F. No. 4394**

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DATE	D-PG	OFFICIAL STATUS
03/12/2026	6666	Introduction and first reading Referred to Housing and Homelessness Prevention
03/18/2026	6786a	Comm report: To pass as amended and re-refer to Taxes
04/09/2026		Comm report: To pass as amended and re-refer to Housing and Homelessness Prevention

1.1 A bill for an act

1.2 relating to housing; modifying housing provisions; modifying certain income

1.3 provisions; modifying eligible uses of certain housing aid funds; modifying housing

1.4 aggregate bond limitation; extending the deadline to spend certain housing aid

1.5 funds on particular eligible uses; making technical changes; amending Minnesota

1.6 Statutes 2024, sections 462A.40, subdivision 3; 474A.02, subdivision 1a; 477A.35,

1.7 subdivisions 4, 6; 477A.36, subdivisions 4, 5a, 6; Minnesota Statutes 2025

1.8 Supplement, sections 477A.35, subdivision 5; 477A.36, subdivision 5; proposing

1.9 coding for new law in Minnesota Statutes, chapter 462A.

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

1.11 Section 1. Minnesota Statutes 2024, section 462A.40, subdivision 3, is amended to read:

1.12 Subd. 3. **Eligible recipients; definitions; restrictions; use of funds.** (a) The agency

1.13 may award a grant or a loan to any recipient that qualifies under subdivision 2. The agency

1.14 must not award a grant or a loan to a disqualified individual or disqualified business.

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

1.16 (1) an individual who or an individual whose immediate family member made a

1.17 contribution to the account in the current or prior taxable year and received a credit certificate;

1.18 (2) an individual who or an individual whose immediate family member owns the housing

1.19 for which the grant or loan will be used;

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

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

1.22 (ii) that business entity made a contribution to the account in the current or previous

1.23 taxable year and received a credit certificate; or

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

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

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

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

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

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

2.12 (3) meets the following criteria:

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

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

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

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

2.25 (f) The agency may award grants or loans to a city as defined in section 462A.03,  
2.26 subdivision 21; a federally recognized American Indian tribe or subdivision located in  
2.27 Minnesota; a tribal housing corporation; a private developer; a nonprofit organization; a  
2.28 housing and redevelopment authority under sections 469.001 to 469.047; a public housing  
2.29 authority or agency authorized by law to exercise any of the powers granted by sections  
2.30 469.001 to 469.047; or the owner of the housing. The provisions of subdivision 2, and  
2.31 paragraphs (a) to (e) and (g) of this subdivision, regarding the use of funds and eligible  
2.32 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 2024, section 474A.02, subdivision 1a, is amended to read:**

3.24 **Subd. 1a. Aggregate bond limitation.** "Aggregate bond limitation" means ~~up to 55~~ the  
 3.25 greater of: (1) 30 percent of the reasonably expected aggregate basis of a residential rental  
 3.26 project and the land on which the project is or will be located; or (2) the maximum  
 3.27 supportable permanent amortizing debt, subject to a maximum of 40 percent of the reasonably  
 3.28 expected aggregate basis of a residential rental project and the land on which the project is  
 3.29 or will be located.

3.30 **EFFECTIVE DATE.** This section is effective January 1, 2027.

4.1 Sec. 4. Minnesota Statutes 2024, section 477A.35, subdivision 4, is amended to read:

4.2 Subd. 4. **Qualifying projects.** (a) Qualifying projects include:

4.3 (1) emergency rental assistance for households earning less than 80 percent of area  
4.4 median income as determined by the United States Department of Housing and Urban  
4.5 Development;

4.6 (2) financial support to nonprofit affordable housing providers in their mission to provide  
4.7 safe, dignified, affordable and supportive housing;

4.8 (3) projects designed for the purpose of construction, acquisition, rehabilitation,  
4.9 demolition or removal of existing structures, construction financing, permanent financing,  
4.10 interest rate reduction, refinancing, and gap financing of housing to provide affordable  
4.11 housing to households that have incomes which do not exceed, for homeownership projects,  
4.12 115 percent of the greater of state or area median income as determined by the United States  
4.13 Department of Housing and Urban Development, and for rental housing projects, 80 percent  
4.14 of the greater of state or area median income as determined by the United States Department  
4.15 of Housing and Urban Development, except that the housing developed or rehabilitated  
4.16 with funds under this section must be affordable to the local work force;

4.17 (4) financing the operations and management of financially distressed residential  
4.18 properties;

4.19 (5) funding of supportive services or staff of supportive services providers for supportive  
4.20 housing as defined by section 462A.37, subdivision 1. Financial support to nonprofit housing  
4.21 providers to finance supportive housing operations may be awarded as a capitalized reserve  
4.22 or as an award of ongoing funding; and

4.23 (6) ~~costs of operating emergency shelter facilities~~ facility construction and operations,  
4.24 ~~including the costs of providing services~~ service provision.

4.25 (b) Recipients must prioritize projects that provide affordable housing to households  
4.26 that have incomes which do not exceed, for homeownership projects, 80 percent of the  
4.27 greater of state or area median income as determined by the United States Department of  
4.28 Housing and Urban Development, and for rental housing projects, 50 percent of the greater  
4.29 of state or area median income as determined by the United States Department of Housing  
4.30 and Urban Development. Priority may be given to projects that: reduce disparities in home  
4.31 ownership; reduce housing cost burden, housing instability, or homelessness; improve the  
4.32 habitability of homes; create accessible housing; or create more energy- or water-efficient  
4.33 homes.

5.1 (c) Gap financing is either:

5.2 (1) the difference between the costs of the property, including acquisition, demolition,  
5.3 rehabilitation, and construction, and the market value of the property upon sale; or

5.4 (2) the difference between the cost of the property and the amount the targeted household  
5.5 can afford for housing, based on industry standards and practices.

5.6 (d) If aid under this section is used for demolition or removal of existing structures, the  
5.7 cleared land must be used for the construction of housing to be owned or rented by persons  
5.8 who meet the income limits of paragraph (a).

5.9 (e) If an aid recipient uses the aid on new construction of a building containing more  
5.10 than four units, the loan recipient must construct, convert, or otherwise adapt the building  
5.11 to include:

5.12 (1) the greater of: (i) at least one unit; or (ii) at least five percent of units that are  
5.13 accessible units, and each accessible unit includes at least one roll-in shower, water closet,  
5.14 and kitchen work surface meeting the requirements of section 1002 of the current State  
5.15 Building Code Accessibility Provisions for Dwelling Units in Minnesota; and

5.16 (2) the greater of: (i) at least one unit; or (ii) at least five percent of units that are  
5.17 sensory-accessible units that include:

5.18 (A) soundproofing between shared walls for first and second floor units;

5.19 (B) no florescent lighting in units and common areas;

5.20 (C) low-fume paint;

5.21 (D) low-chemical carpet; and

5.22 (E) low-chemical carpet glue in units and common areas.

5.23 Nothing in this paragraph relieves a project funded by this section from meeting other  
5.24 applicable accessibility requirements.

5.25 Sec. 5. Minnesota Statutes 2025 Supplement, section 477A.35, subdivision 5, is amended  
5.26 to read:

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

5.30 (1) a tier I city or county demonstrates to the Minnesota Housing Finance Agency that  
5.31 the city or county cannot expend funds on a qualifying project by the ~~deadline~~ deadlines

6.1 imposed by ~~paragraph (b)~~ this subdivision due to factors outside the control of the city or  
 6.2 county; and

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

6.4 Funds transferred to a local housing trust fund under this paragraph must be spent on a  
 6.5 ~~project or household that meets the affordability requirements of subdivision 4, paragraph~~  
 6.6 ~~(a)~~ qualifying project, as described in subdivision 4.

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

6.9 ~~(1)~~ committed to a qualifying project by December 31 ~~in~~ of the third year following the  
 6.10 year ~~after~~ the aid was received; and

6.11 ~~(2)~~ expended by December 31 ~~in~~ of the fourth year following the year ~~after~~ the aid was  
 6.12 received.

6.13 (c) Notwithstanding paragraph (b), aid that a tier I city or county will spend on a  
 6.14 qualifying affordable housing construction project under subdivision 4, paragraph (a), clause  
 6.15 (3), or a qualifying emergency shelter facility construction project under subdivision 4,  
 6.16 paragraph (a), clause (6), as documented in the most recent annual report submitted to the  
 6.17 Minnesota Housing Finance Agency under subdivision 6, must be committed to the project  
 6.18 by December 31 of the fifth year following the year the aid was received and expended by  
 6.19 December 31 of the sixth year following the year the aid was received.

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

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

6.23 Sec. 6. Minnesota Statutes 2024, section 477A.35, subdivision 6, is amended to read:

6.24 Subd. 6. **Administration.** (a) The commissioner of revenue must compute the amount  
 6.25 of aid payable to each tier I city and county under this section. By August 1 of each year,  
 6.26 the commissioner must certify the distribution factors of each tier I city and county to be  
 6.27 used in the following year. The commissioner must pay local affordable housing aid annually  
 6.28 at the times provided in section 477A.015, distributing the amounts available on the  
 6.29 immediately preceding June 1 under the accounts established in section 477A.37, subdivisions  
 6.30 2 and 3.

6.31 (b) Beginning in 2025, tier I cities and counties shall submit a report annually, no later  
 6.32 than December 1 of each year, to the Minnesota Housing Finance Agency. The report must

7.1 include documentation of the location of any unspent funds distributed under this section  
 7.2 and of qualifying projects completed or planned with funds under this section. If a tier I  
 7.3 city or county fails to submit a report, if a tier I city or county fails to spend funds ~~within~~  
 7.4 ~~the timeline~~ by the deadlines imposed under subdivision 5, ~~paragraph (b)~~, if a tier I city or  
 7.5 county uses funds for a project that does not qualify under this section, or if a tier I city or  
 7.6 county fails to meet its requirements of subdivision 5a, the Minnesota Housing Finance  
 7.7 Agency shall notify the Department of Revenue and the cities and counties that must repay  
 7.8 funds under paragraph (c) by February 15 of the following year.

7.9 (c) By May 15, after receiving notice from the Minnesota Housing Finance Agency, a  
 7.10 tier I city or county must pay to the Minnesota Housing Finance Agency funds the city or  
 7.11 county received under this section if the city or county:

7.12 (1) fails to spend the funds ~~within the time allowed~~ by the deadlines imposed under  
 7.13 subdivision 5, ~~paragraph (b)~~;

7.14 (2) spends the funds on anything other than a qualifying project;

7.15 (3) fails to submit a report documenting use of the funds; or

7.16 (4) fails to meet the requirements of subdivision 5a.

7.17 (d) The commissioner of revenue must stop distributing funds to a tier I city or county  
 7.18 that requests in writing that the commissioner stop payment or that, in three consecutive  
 7.19 years, the Minnesota Housing Finance Agency has reported, pursuant to paragraph (b), to  
 7.20 have failed to use funds, misused funds, or failed to report on its use of funds. A request to  
 7.21 stop payment under this paragraph must be submitted to the commissioner in the form and  
 7.22 manner prescribed by the commissioner on or before May 1 of the aids payable year the  
 7.23 aid recipient wants the commissioner to stop payment of aid. The commissioner shall not  
 7.24 stop payment based on a request received after May 1 until the next aids payable year.

7.25 (e) The commissioner may resume distributing funds to a tier I city or county to which  
 7.26 the commissioner has stopped payments in the year following the August 1 after the  
 7.27 Minnesota Housing Finance Agency certifies that the city or county has submitted  
 7.28 documentation of plans for a qualifying project. The commissioner may resume distributing  
 7.29 funds to a tier I city or county to which the commissioner has stopped payments at the  
 7.30 request of the city or county in the year following the August 1 after the Minnesota Housing  
 7.31 Finance Agency certifies that the city or county has submitted documentation of plans for  
 7.32 a qualifying project.

8.1 (f) By June 1, any funds paid to the Minnesota Housing Finance Agency under paragraph  
8.2 (c) must be deposited in the housing development fund. Funds deposited under this paragraph  
8.3 are appropriated to the commissioner of the Minnesota Housing Finance Agency for use  
8.4 on the family homeless prevention and assistance program under section 462A.204, the  
8.5 economic development and housing challenge program under section 462A.33, and the  
8.6 workforce and affordable homeownership development program under section 462A.38.

8.7 Sec. 7. Minnesota Statutes 2024, section 477A.36, subdivision 4, is amended to read:

8.8 Subd. 4. **Qualifying projects.** (a) Qualifying projects shall include:

8.9 (1) emergency rental assistance for households earning less than 80 percent of area  
8.10 median income as determined by the United States Department of Housing and Urban  
8.11 Development;

8.12 (2) financial support to nonprofit affordable housing providers in their mission to provide  
8.13 safe, dignified, affordable and supportive housing;

8.14 (3) outside the metropolitan counties as defined in section 473.121, subdivision 4,  
8.15 development of market rate residential rental properties, as defined in section 462A.39,  
8.16 subdivision 2, paragraph (d), if the relevant unit of government submits with the report  
8.17 required under subdivision 6 a resolution and supporting documentation showing that the  
8.18 area meets the requirements of section 462A.39, subdivision 4, paragraph (a);

8.19 (4) projects designed for the purpose of construction, acquisition, rehabilitation,  
8.20 demolition or removal of existing structures, construction financing, permanent financing,  
8.21 interest rate reduction, refinancing, and gap financing of housing to provide affordable  
8.22 housing to households that have incomes which do not exceed, for homeownership projects,  
8.23 115 percent of the greater of state or area median income as determined by the United States  
8.24 Department of Housing and Urban Development and, for rental housing projects, 80 percent  
8.25 of the greater of state or area median income as determined by the United States Department  
8.26 of Housing and Urban Development, except that the housing developed or rehabilitated  
8.27 with funds under this section must be affordable to the local work force;

8.28 (5) financing the operations and management of financially distressed residential  
8.29 properties;

8.30 (6) funding of supportive services or staff of supportive services providers for supportive  
8.31 housing as defined in section 462A.37, subdivision 1. Financial support to nonprofit housing  
8.32 providers to finance supportive housing operations may be awarded as a capitalized reserve  
8.33 or as an award of ongoing funding; and

9.1 (7) ~~costs of operating~~ emergency shelter ~~facilities~~ facility construction and operations,  
9.2 including ~~the costs of providing services~~ service provision.

9.3 (b) Recipients must prioritize projects that provide affordable housing to households  
9.4 that have incomes that do not exceed, for homeownership projects, 80 percent of the greater  
9.5 of state or area median income as determined by the United States Department of Housing  
9.6 and Urban Development, and for rental housing projects, 50 percent of the greater of state  
9.7 or area median income as determined by the United States Department of Housing and  
9.8 Urban Development. Priority may be given to projects that: reduce disparities in home  
9.9 ownership; reduce housing cost burden, housing instability, or homelessness; improve the  
9.10 habitability of homes; create accessible housing; or create more energy- or water-efficient  
9.11 homes.

9.12 (c) Gap financing is either:

9.13 (1) the difference between the costs of the property, including acquisition, demolition,  
9.14 rehabilitation, and construction, and the market value of the property upon sale; or

9.15 (2) the difference between the cost of the property and the amount the targeted household  
9.16 can afford for housing, based on industry standards and practices.

9.17 (d) If aid under this section is used for demolition or removal of existing structures, the  
9.18 cleared land must be used for the construction of housing to be owned or rented by persons  
9.19 who meet the income limits of paragraph (a).

9.20 (e) If an aid recipient uses the aid on new construction of a building containing more  
9.21 than four units, the loan recipient must construct, convert, or otherwise adapt the building  
9.22 to include:

9.23 (1) the greater of: (i) at least one unit; or (ii) at least five percent of units that are  
9.24 accessible units, and each accessible unit includes at least one roll-in shower, water closet,  
9.25 and kitchen work surface meeting the requirements of section 1002 of the current State  
9.26 Building Code Accessibility Provisions for Dwelling Units in Minnesota; and

9.27 (2) the greater of: (i) at least one unit; or (ii) at least five percent of units that are  
9.28 sensory-accessible units that include:

9.29 (A) soundproofing between shared walls for first and second floor units;

9.30 (B) no florescent lighting in units and common areas;

9.31 (C) low-fume paint;

9.32 (D) low-chemical carpet; and

10.1 (E) low-chemical carpet glue in units and common areas.

10.2 Nothing in this paragraph relieves a project funded by this section from meeting other  
10.3 applicable accessibility requirements.

10.4 Sec. 8. Minnesota Statutes 2025 Supplement, section 477A.36, subdivision 5, is amended  
10.5 to read:

10.6 **Subd. 5. Use of proceeds.** (a) Any funds distributed under this section must be spent on  
10.7 a qualifying project, as described in subdivision 4. If a tier I city or county demonstrates to  
10.8 the Minnesota Housing Finance Agency that the tier I city or county cannot expend funds  
10.9 on a qualifying project by the ~~deadline~~ deadlines imposed by ~~paragraph (b)~~ this subdivision  
10.10 due to factors outside the control of the tier I city or county, funds shall be considered spent  
10.11 on a qualifying project if the funds are transferred to a local housing trust fund. Funds  
10.12 transferred to a local housing trust fund must be spent on a ~~project or household that meets~~  
10.13 ~~the affordability requirements of subdivision 4, paragraph (a)~~ qualifying project, as described  
10.14 in subdivision 4.

10.15 (b) If a Tribal Nation demonstrates to the Minnesota Housing Finance Agency that the  
10.16 Tribal Nation cannot expend funds on a qualifying project by the deadline imposed by  
10.17 paragraph (c) due to factors outside the control of the Tribal Nation, funds shall be considered  
10.18 spent on a qualifying project if the funds are transferred to a Tribal housing fund overseen  
10.19 by the Tribal Nation. Funds transferred to a Tribal housing fund must be spent on a qualifying  
10.20 project, as described in subdivision 4.

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

10.23 ~~(1) committed to a qualifying project by December 31 in of the third year following the~~  
10.24 ~~year after the aid was received; and~~

10.25 ~~(2) expended by December 31 in of the fourth year following the year after the aid was~~  
10.26 ~~received.~~

10.27 (d) Notwithstanding paragraph (c), aid that a recipient will spend on a qualifying  
10.28 affordable housing construction project under subdivision 4, paragraph (a), clause (4), or a  
10.29 qualifying emergency shelter facility construction project under subdivision 4, paragraph  
10.30 (a), clause (7), as documented in the most recent annual report submitted to the Minnesota  
10.31 Housing Finance Agency under subdivision 6, must be committed to the project by December  
10.32 31 of the fifth year following the year the aid was received and expended by December 31  
10.33 of the sixth year following the year the aid was received.

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

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

11.4 Sec. 9. Minnesota Statutes 2024, section 477A.36, subdivision 5a, is amended to read:

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

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

11.17 Sec. 10. Minnesota Statutes 2024, section 477A.36, subdivision 6, is amended to read:

11.18 Subd. 6. **Administration.** (a) The commissioner of revenue must compute the amount  
 11.19 of aid payable to each aid recipient under this section. Beginning with aids payable in  
 11.20 calendar year 2024, before computing the amount of aid for counties and after receiving  
 11.21 the report required by subdivision 3, paragraph (e), the commissioner shall compute the  
 11.22 amount necessary to increase the amount in the account or accounts established under that  
 11.23 paragraph to \$1,250,000. The amount calculated under the preceding sentence shall be  
 11.24 deducted from the amount available to counties for the purposes of certifying the amount  
 11.25 of aid to be paid to counties in the following year. By August 1 of each year, the  
 11.26 commissioner must certify the amount to be paid to each tier I city and county in the  
 11.27 following year. The commissioner must pay statewide local housing aid to tier I cities and  
 11.28 counties annually at the times provided in section 477A.015. Before paying the first  
 11.29 installment of aid annually, the commissioner of revenue shall transfer to the Minnesota  
 11.30 Housing Finance Agency from the funds available for counties, for deposit in the account  
 11.31 or accounts established under subdivision 3, paragraph (e), the amount computed in the  
 11.32 prior year to be necessary to increase the amount in the account or accounts established  
 11.33 under that paragraph to \$1,250,000.

12.1 (b) Beginning in 2025, aid recipients shall submit a report annually, no later than  
12.2 December 1 of each year, to the Minnesota Housing Finance Agency. The report shall  
12.3 include documentation of the location of any unspent funds distributed under this section  
12.4 and of qualifying projects completed or planned with funds under this section. If an aid  
12.5 recipient fails to submit a report, fails to spend funds ~~within the timeline~~ by the deadlines  
12.6 imposed under subdivision 5, ~~paragraph (b)~~, uses funds for a project that does not qualify  
12.7 under this section, or if an aid recipient fails to meet the requirements of subdivision 5a,  
12.8 the Minnesota Housing Finance Agency shall notify the Department of Revenue and the  
12.9 aid recipient must repay funds under paragraph (c) by February 15 of the following year.

12.10 (c) By May 15, after receiving notice from the Minnesota Housing Finance Agency, an  
12.11 aid recipient must pay to the Minnesota Housing Finance Agency funds the aid recipient  
12.12 received under this section if the aid recipient:

12.13 (1) fails to spend the funds ~~within the time allowed~~ by the deadlines imposed under  
12.14 subdivision 5, ~~paragraph (b)~~;

12.15 (2) spends the funds on anything other than a qualifying project;

12.16 (3) fails to submit a report documenting use of the funds; or

12.17 (4) fails to meet the requirements of subdivision 5a.

12.18 (d) The commissioner of revenue must stop distributing funds to an aid recipient that  
12.19 requests in writing that the commissioner stop payment or that the Minnesota Housing  
12.20 Finance Agency reports to have, in three consecutive years, failed to use funds, misused  
12.21 funds, or failed to report on its use of funds. A request to stop payment under this paragraph  
12.22 must be submitted to the commissioner in the form and manner prescribed by the  
12.23 commissioner on or before May 1 of the year prior to the aids payable year in which the  
12.24 aid recipient wants the commissioner to stop payment of aid. The commissioner shall not  
12.25 stop payment based on a request received after May 1 until aids payable based on certification  
12.26 in the following calendar year.

12.27 (e) The commissioner may resume distributing funds to an aid recipient to which the  
12.28 commissioner has stopped payments in the year following the August 1 after the Minnesota  
12.29 Housing Finance Agency certifies that the city or county has submitted documentation of  
12.30 plans for a qualifying project. The commissioner may resume distributing funds to an aid  
12.31 recipient to which the commissioner has stopped payments at the request of the recipient  
12.32 in the year following the August 1 after the Minnesota Housing Finance Agency certifies  
12.33 that the recipient has submitted documentation of plans for a qualifying project.

13.1 (f) By June 1, any funds paid to the Minnesota Housing Finance Agency under paragraph  
13.2 (c) must be deposited in the housing development fund. Funds deposited under this paragraph  
13.3 are appropriated to the commissioner of the Minnesota Housing Finance Agency for use  
13.4 on the family homeless prevention and assistance program under section 462A.204, the  
13.5 economic development and housing challenge program under section 462A.33, and the  
13.6 workforce and affordable homeownership development program under section 462A.38.

13.7 (g) An eligible Tribal Nation may choose to receive an aid distribution under this section  
13.8 by submitting an application under this subdivision. An eligible Tribal Nation which has  
13.9 not received a distribution in a prior aids payable year may elect to begin participation in  
13.10 the program by submitting an application in the manner and form prescribed by the  
13.11 commissioner of revenue by January 15 of the aids payable year. In order to receive a  
13.12 distribution, an eligible Tribal Nation must certify to the commissioner of revenue the most  
13.13 recent estimate of the total number of enrolled members of the eligible Tribal Nation. The  
13.14 information must be annually certified by March 1 in the form prescribed by the  
13.15 commissioner of revenue. The commissioner of revenue must annually calculate and certify  
13.16 the amount of aid payable to each eligible Tribal Nation on or before August 1 of the aids  
13.17 payable year. The commissioner of revenue must pay statewide local housing aid to eligible  
13.18 Tribal Nations annually by December 27 of the year the aid is certified.