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State of Minnesota

HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 2112

02/25/2014 Authored by Clark, Sawatzky, Kahn, Isaacson, Johnson, S., and others

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

03/28/2014 Adoption of Report: Amended and re-referred to the Committee on Ways and Means

1.1 A bill for an act  
1.2 relating to housing; creating the Housing Opportunities Made Equitable (HOME)  
1.3 pilot project; requiring reports; modifying prior appropriations; appropriating  
1.4 money; amending Laws 2013, chapter 85, article 1, section 4, subdivisions 1, 2.

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

1.6 Section 1. Laws 2013, chapter 85, article 1, section 4, subdivision 1, is amended to read:

1.7 Subdivision 1. **Total Appropriation** \$ 58,748,000 \$ 42,748,000

1.8 The amounts that may be spent for each  
1.9 purpose are specified in the following  
1.10 subdivisions.

1.11 Unless otherwise specified, this appropriation  
1.12 is for transfer to the housing development  
1.13 fund for the programs specified in this  
1.14 section. Except as otherwise indicated, this  
1.15 transfer is part of the agency's permanent  
1.16 budget base.

1.17 The Housing Finance Agency will make  
1.18 continuous improvements to its ongoing  
1.19 efforts to reduce the racial and ethnic  
1.20 inequalities in homeownership rates and  
1.21 will seek opportunities to deploy increasing  
1.22 levels of resources toward these efforts.

2.1 Sec. 2. Laws 2013, chapter 85, article 1, section 4, subdivision 2, is amended to read:

2.2 Subd. 2. **Challenge Program** 19,203,000 9,203,000

2.3 (a) This appropriation is for the economic  
 2.4 development and housing challenge program  
 2.5 under Minnesota Statutes, section 462A.33.

2.6 The agency must continue to strengthen its  
 2.7 efforts to address the disparity rate between  
 2.8 white households and indigenous American  
 2.9 Indians and communities of color. Of this  
 2.10 amount, \$1,208,000 each year shall be made  
 2.11 available during the first 11 months of the  
 2.12 fiscal year exclusively for housing projects  
 2.13 for American Indians. Any funds not  
 2.14 committed to housing projects for American  
 2.15 Indians in the first 11 months of the fiscal year  
 2.16 shall be available for any eligible activity  
 2.17 under Minnesota Statutes, section 462A.33.

2.18 (b) Of this amount, \$10,000,000 is a onetime  
 2.19 appropriation and is targeted for housing in  
 2.20 communities and regions that have:

2.21 (1)(i) low housing vacancy rates; and

2.22 (ii) cooperatively developed a plan that  
 2.23 identifies current and future housing needs;  
 2.24 and

2.25 (2)(i) experienced job growth since 2005 and  
 2.26 have at least 2,000 jobs within the commuter  
 2.27 shed;

2.28 (ii) evidence of anticipated job expansion; or

2.29 (iii) a significant portion of area employees  
 2.30 who commute more than 30 miles between  
 2.31 their residence and their employment.

2.32 (c) Priority shall be given to programs and  
 2.33 projects that are land trust programs and

3.1 programs that work in coordination with a  
3.2 land trust program.

3.3 (d) Of this amount, \$500,000 is for  
3.4 homeownership opportunities for families  
3.5 who have been evicted or been given  
3.6 notice of an eviction due to a disabled  
3.7 child in the home, including adjustments  
3.8 for the incremental increase in costs of  
3.9 addressing the unique housing needs of those  
3.10 households. Any funds not expended for this  
3.11 purpose may be returned to the challenge  
3.12 fund after October 31, 2014.

3.13 ~~(d)~~ (e) The base funding for this program in  
3.14 the 2016-2017 biennium is \$12,925,000 each  
3.15 year.

3.16 **Sec. 3. AFFORDABLE HOUSING PLAN; DISPARITIES REPORT.**

3.17 (a) The Housing Finance Agency shall provide the chairs and ranking minority  
3.18 members of the house of representatives and senate committees with jurisdiction over the  
3.19 agency with the draft and final versions of its affordable housing plan before and after it  
3.20 has been submitted to the agency board for consideration.

3.21 (b) The Housing Finance Agency shall annually report to the chairs and ranking  
3.22 minority members of the house of representatives and senate committees with jurisdiction  
3.23 over the agency on the progress, if any, the agency has made in closing the racial disparity  
3.24 gap and low-income concentrated housing disparities.

3.25 **Sec. 4. HOUSING OPPORTUNITIES MADE EQUITABLE (HOME) PILOT**  
3.26 **PROJECT.**

3.27 (a) The Minnesota Housing Finance Agency in collaboration with the Chicano Latino  
3.28 Affairs Council, Council on Asian-Pacific Minnesotans, Council on Black Minnesotans,  
3.29 and Minnesota Indian Affairs Council shall establish the Housing Opportunities Made  
3.30 Equitable (HOME) pilot project to support closing the disparity gap in affordable  
3.31 homeownership for all communities of color and American Indians in Minnesota and  
3.32 increase housing opportunities for specific groups while closing the disparity gap that  
3.33 exists in Minnesota. Nothing in this section shall interfere with the agency's ability to meet  
3.34 obligations to bondholders or violate Minnesota Statutes, section 462A.15.

4.1 (b) With the funds available to the Minnesota Housing Finance Agency, the  
4.2 commissioner may support the capacity of several local community nonprofit housing and  
4.3 service providers to administer the HOME pilot project under this section. The Minnesota  
4.4 Housing Finance Agency shall choose providers that have proven track records of assisting  
4.5 culturally diverse groups of people with long-term education services and wraparound  
4.6 services that have historically resulted in sustainable affordable housing opportunities for  
4.7 culturally diverse groups. The pilot project may also support the redevelopment and  
4.8 rebuilding of challenged neighborhoods affected by foreclosure crisis.

4.9 (c) A portion of funds must be awarded to providers to assist families to attain  
4.10 sustainable affordable homeownership. Assistance may include long-term financial  
4.11 education, training, case management, credit mending, homebuyer education, foreclosure  
4.12 prevention mitigation services, and supporting wraparound services.

4.13 (d) A portion of funds must be used to develop and administer loans to assist families  
4.14 with credit financing who cannot use conventional financing due to cultural or religious  
4.15 beliefs that will be originated by the qualified providers. A qualified provider is a provider  
4.16 that has a proven track record of assisting culturally diverse groups of people in obtaining  
4.17 sustainable affordable homeownership and that, at a minimum, is in good standing with  
4.18 the Minnesota Department of Commerce, is licensed to originate mortgage loans, and has  
4.19 demonstrated an ability to underwrite to HFA or conventional underwriting guidelines.  
4.20 Qualified providers may be paid an origination fee, service release premium and a standard  
4.21 fee set in order to expand capacity to assist more families with purchasing a home.