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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. 864

02/06/2017 Authored by Hausman, Schomacker, Clark, Maye Quade, Kiel and others
The bill was read for the first time and referred to the Committee on Job Growth and Energy Affordability Policy and Finance

1.1 A bill for an act
1.2 relating to capital investment; appropriating money for preservation of public
1.3 housing and to support issuance of additional housing infrastructure bonds; adding
1.4 senior housing to the allowable uses of housing infrastructure bonds; authorizing
1.5 the sale and issuance of state bonds; amending Minnesota Statutes 2016, section
1.6 462A.37, subdivisions 1, 2, 5, by adding a subdivision.

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

1.8 Section 1. Minnesota Statutes 2016, section 462A.37, subdivision 1, is amended to read:

1.9 Subdivision 1. Definitions. (a) For purposes of this section, the following terms have
1.10 the meanings given.

1.11 (b) "Abandoned property" has the meaning given in section 117.025, subdivision 5.

1.12 (c) "Community land trust" means an entity that meets the requirements of section
1.13 462A.31, subdivisions 1 and 2.

1.14 (d) "Debt service" means the amount payable in any fiscal year of principal, premium,
1.15 if any, and interest on housing infrastructure bonds and the fees, charges, and expenses
1.16 related to the bonds.

1.17 (e) "Foreclosed property" means residential property where foreclosure proceedings
1.18 have been initiated or have been completed and title transferred or where title is transferred
1.19 in lieu of foreclosure.

1.20 (f) "Housing infrastructure bonds" means bonds issued by the agency under this chapter
1.21 that are qualified 501(c)(3) bonds, within the meaning of Section 145(a) of the Internal
1.22 Revenue Code, finance qualified residential rental projects within the meaning of Section
1.23 142(d) of the Internal Revenue Code, or are tax-exempt bonds that are not private activity

2.1 bonds, within the meaning of Section 141(a) of the Internal Revenue Code, for the purpose
 2.2 of financing or refinancing affordable housing authorized under this chapter.

2.3 (g) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended.

2.4 (h) "Senior" means a person 55 years of age or older with an annual income not greater
 2.5 than 50 percent of:

2.6 (1) the metropolitan area median income for persons in the metropolitan area; or

2.7 (2) the statewide median income for persons outside the metropolitan area.

2.8 (i) "Senior housing" means housing intended and operated for occupancy by at least one
 2.9 senior per unit with at least 80 percent of the units occupied by at least one senior per unit,
 2.10 and for which there is publication of, and adherence to, policies and procedures that
 2.11 demonstrate an intent by the owner or manager to provide housing for seniors. Senior
 2.12 housing may be developed in conjunction with and as a distinct portion of mixed-income
 2.13 senior housing developments that use a variety of public or private financing sources.

2.14 ~~(h)~~ (j) "Supportive housing" means housing that is not time-limited and provides or
 2.15 coordinates with linkages to services necessary for residents to maintain housing stability
 2.16 and maximize opportunities for education and employment.

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

2.18 Sec. 2. Minnesota Statutes 2016, section 462A.37, subdivision 2, is amended to read:

2.19 Subd. 2. **Authorization.** (a) The agency may issue up to \$30,000,000 in aggregate
 2.20 principal amount of housing infrastructure bonds in one or more series to which the payment
 2.21 made under this section may be pledged. The housing infrastructure bonds authorized in
 2.22 this subdivision may be issued to fund loans, on terms and conditions the agency deems
 2.23 appropriate, made for one or more of the following purposes:

2.24 (1) to finance the costs of the construction, acquisition, and rehabilitation of supportive
 2.25 housing for individuals and families who are without a permanent residence;

2.26 (2) to finance the costs of the acquisition and rehabilitation of foreclosed or abandoned
 2.27 housing to be used for affordable rental housing and the costs of new construction of rental
 2.28 housing on abandoned or foreclosed property where the existing structures will be demolished
 2.29 or removed;

2.30 (3) to finance that portion of the costs of acquisition of property that is attributable to
 2.31 the land to be leased by community land trusts to low- and moderate-income homebuyers;
 2.32 **and**

3.1 (4) to finance the costs of acquisition and rehabilitation of federally assisted rental
3.2 housing and for the refinancing of costs of the construction, acquisition, and rehabilitation
3.3 of federally assisted rental housing, including providing funds to refund, in whole or in part,
3.4 outstanding bonds previously issued by the agency or another government unit to finance
3.5 or refinance such costs; and

3.6 (5) to finance the costs of acquisition, rehabilitation, adaptive reuse, or new construction
3.7 of senior housing.

3.8 (b) Among comparable proposals for permanent supportive housing, preference shall
3.9 be given to permanent supportive housing for veterans and other individuals or families
3.10 who:

3.11 (1) either have been without a permanent residence for at least 12 months or at least four
3.12 times in the last three years; or

3.13 (2) are at significant risk of lacking a permanent residence for 12 months or at least four
3.14 times in the last three years.

3.15 (c) Among comparable proposals for senior housing, the agency must give priority to
3.16 requests for projects that:

3.17 (1) demonstrate a commitment to maintaining the housing financed as affordable to
3.18 seniors;

3.19 (2) leverage other sources of funding to finance the project, including the use of
3.20 low-income housing tax credits;

3.21 (3) provide access to services to residents and demonstrate the ability to increase physical
3.22 supports and support services as residents age and experience increasing levels of disability;

3.23 (4) provide a service plan containing the elements of clause (3) reviewed by the housing
3.24 authority, economic development authority, public housing authority, or community
3.25 development agency that has an area of operation for the jurisdiction in which the project
3.26 is located; and

3.27 (5) include households with incomes that do not exceed 30 percent of the median
3.28 household income for the metropolitan area.

3.29 To the extent practicable, the agency shall balance the loans made between projects in the
3.30 metropolitan area and projects outside the metropolitan area. Of the loans made to projects
3.31 outside the metropolitan area, the agency shall, to the extent practicable, balance the loans
3.32 made between projects in counties or cities with a population of 20,000 or less, as established

4.1 by the most recent decennial census, and projects in counties or cities with populations in
 4.2 excess of 20,000.

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

4.4 Sec. 3. Minnesota Statutes 2016, section 462A.37, is amended by adding a subdivision to
 4.5 read:

4.6 Subd. 2c. **Additional authorization.** In addition to the amount authorized in subdivisions
 4.7 2, 2a, and 2b, the agency may issue up to \$80,000,000 of housing infrastructure bonds for
 4.8 the purposes stated in subdivision 2, in one or more series to which the payments made
 4.9 under this section may be pledged.

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

4.11 Sec. 4. Minnesota Statutes 2016, section 462A.37, subdivision 5, is amended to read:

4.12 Subd. 5. **Additional appropriation.** (a) The agency must certify annually to the
 4.13 commissioner of management and budget the actual amount of annual debt service on each
 4.14 series of bonds issued under subdivisions 2a ~~and~~ 2b, and 2c.

4.15 (b) Each July 15, beginning in 2015 and through 2037, if any housing infrastructure
 4.16 bonds issued under subdivision 2a remain outstanding, the commissioner of management
 4.17 and budget must transfer to the housing infrastructure bond account established under section
 4.18 462A.21, subdivision 33, the amount certified under paragraph (a), not to exceed \$6,400,000
 4.19 annually. The amounts necessary to make the transfers are appropriated from the general
 4.20 fund to the commissioner of management and budget.

4.21 (c) Each July 15, beginning in 2017 and through 2038, if any housing infrastructure
 4.22 bonds issued under subdivision 2b remain outstanding, the commissioner of management
 4.23 and budget must transfer to the housing infrastructure bond account established under section
 4.24 462A.21, subdivision 33, the amount certified under paragraph (a), not to exceed \$800,000
 4.25 annually. The amounts necessary to make the transfers are appropriated from the general
 4.26 fund to the commissioner of management and budget.

4.27 (d) Each July 15, beginning in 2018 and through 2039, if any housing infrastructure
 4.28 bonds issued under subdivision 2c remain outstanding, the commissioner of management
 4.29 and budget must transfer to the housing infrastructure bond account established under section
 4.30 462A.21, subdivision 33, the amount certified under paragraph (a), not to exceed \$.....
 4.31 annually. The amounts necessary to make the transfers are appropriated from the general
 4.32 fund to the commissioner of management and budget.

5.1 ~~(d)~~ (e) The agency may pledge to the payment of the housing infrastructure bonds the
5.2 payments to be made by the state under this section.

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

5.4 Sec. 5. **MINNESOTA HOUSING FINANCE AGENCY; PUBLIC HOUSING.**

5.5 Subdivision 1. **Appropriation.** \$20,000,000 is appropriated from the bond proceeds
5.6 fund to the Minnesota Housing Finance Agency for transfer to the housing development
5.7 fund to finance the costs of rehabilitation to preserve public housing under Minnesota
5.8 Statutes, section 462A.202, subdivision 3a. For purposes of this section, "public housing"
5.9 means housing for low-income persons and households financed by the federal government
5.10 and owned and operated by the public housing authorities and agencies formed by cities
5.11 and counties. Public housing authorities receiving a public housing assessment composite
5.12 score of 80 or above are eligible to receive funding. Priority must be given to proposals that
5.13 maximize federal or local resources to finance the capital costs. The priority in Minnesota
5.14 Statutes, section 462A.202, subdivision 3a, for projects to increase the supply of affordable
5.15 housing and the restrictions of Minnesota Statutes, section 462A.202, subdivision 7, do not
5.16 apply to this appropriation.

5.17 Subd. 2. **Bond sale.** To provide the money appropriated in this section from the bond
5.18 proceeds fund, the commissioner of management and budget shall sell and issue bonds of
5.19 the state in an amount up to \$20,000,000 in the manner, upon the terms, and with the effect
5.20 prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota
5.21 Constitution, article XI, sections 4 to 7.

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