

SENATE
STATE OF MINNESOTA
NINETY-THIRD SESSION

S.F. No. 1488

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Introduction and first reading
Referred to Housing and Homelessness Prevention

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to housing; establishing a community stabilization program; appropriating
1.3 money for loans or grants to preserve naturally occurring affordable housing;
1.4 proposing coding for new law in Minnesota Statutes, chapter 462A.

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

1.6 Section 1. 462A.41 COMMUNITY STABILIZATION PROGRAM.

1.7 Subdivision 1. Establishment. The agency shall establish a community stabilization
1.8 program for the purpose of providing grants or loans for the preservation of naturally
1.9 occurring affordable housing through acquisition or rehabilitation.

1.10 Subd. 2. Definitions. For the purposes of this section, "naturally occurring affordable
1.11 housing" means:

1.12 (1) multiunit rental housing that:

1.13 (i) is at least 20 years old; and

1.14 (ii) has rents in a majority of units that are affordable to households at or below 60
1.15 percent of the greater of state or area median income as determined by the United States
1.16 Department of Housing and Urban Development; or

1.17 (2) owner-occupied housing located in communities where market pressures or significant
1.18 deferred rehabilitation needs, as defined by the agency, create opportunities for displacement
1.19 or the loss of owner-occupied housing affordable to households at or below 115 percent of
1.20 the greater of state or area median income as determined by the United States Department
1.21 of Housing and Urban Development.

1.22 Subd. 3. Eligible recipients. (a) Grants or loans may be made to:

2.1 (1) a local unit of government;

2.2 (2) a federally recognized American Indian Tribe located in Minnesota or its Tribally
2.3 Designated Housing Entity;

2.4 (3) a private developer;

2.5 (4) limited equity cooperatives;

2.6 (5) cooperatives created under chapter 308A or 308B;

2.7 (6) community land trusts created for the purposes outlined in section 462A.31,
2.8 subdivision 1; or

2.9 (7) a nonprofit organization.

2.10 (b) The agency shall make a grant to a statewide intermediary to facilitate the acquisition
2.11 and associated rehabilitation of existing multiunit rental housing and may use an intermediary
2.12 or intermediaries for the acquisition and associated rehabilitation of owner-occupied housing.

2.13 Subd. 4. **Eligible uses.** The program shall provide grants or loans for the purpose of
2.14 acquisition, rehabilitation, interest rate reduction, or gap financing of housing to support
2.15 the preservation of naturally occurring affordable housing. Priority in funding shall be given
2.16 to proposals that serve lower incomes and maintain longer periods of affordability.

2.17 Subd. 5. **Owner-occupied housing income limits.** Households served through grants
2.18 or loans related to owner-occupied housing must have, at initial occupancy, income that is
2.19 at or below 115 percent of the greater of state or area median income as determined by the
2.20 United States Department of Housing and Urban Development.

2.21 Subd. 6. **Multifamily housing rent limits.** Multifamily housing financed through grants
2.22 or loans under this section must remain affordable to low-income or moderate-income
2.23 households as defined by the agency.

2.24 Subd. 7. **Application.** (a) The agency shall develop forms and procedures for soliciting
2.25 and reviewing applications for grants or loans under this section. The agency shall consult
2.26 with interested stakeholders when developing the guidelines and procedures for the program.

2.27 (b) Notwithstanding any other applicable law, the agency may accept applications on a
2.28 noncompetitive, rolling basis in order to provide funds for eligible properties as they become
2.29 available.

2.30 Subd. 8. **Voucher requirement for multifamily properties.** Rental properties that
2.31 receive funds must accept rental subsidies, including but not limited to vouchers under
2.32 Section 8 of the United States Housing Act of 1937, as amended.

3.1 Sec. 2. **APPROPRIATION; COMMUNITY STABILIZATION PROGRAM.**

3.2 \$..... in fiscal year 2024 and \$..... in fiscal year 2025 are appropriated from the general
3.3 fund to the commissioner of the Minnesota Housing Finance Agency for the community
3.4 stabilization program under Minnesota Statutes, section 462A.41.