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State of Minnesota
HOUSE OF REPRESENTATIVES
First Division Engrossment

NINETY-FIRST SESSION

H. F. No. 1151

02/14/2019 Authored by Hausman, Theis, Howard, Gunther, Fischer and others
The bill was read for the first time and referred to the Committee on Ways and Means

Division Action

Referred by Chair to the Housing Finance and Policy Division

04/03/2019 Division action, to adopt as amended and return to the Committee on Ways and Means

1.1 A bill for an act
1.2 relating to housing; appropriating money to the Housing Finance Agency for
1.3 housing programs; proposing coding for new law in Minnesota Statutes, chapter
1.4 462A.

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

ARTICLE 1

HOUSING FINANCE AGENCY APPROPRIATIONS

Section 1. APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are appropriated to the agencies for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2020" and "2021" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2020, or June 30, 2021, respectively. "The first year" is fiscal year 2020. "The second year" is fiscal year 2021. "The biennium" is fiscal years 2020 and 2021.

APPROPRIATIONS

Available for the Year

Ending June 30

2020

2021

Sec. 2. HOUSING FINANCE AGENCY

Subdivision 1. Total Appropriation \$ 69,298,000 \$ 62,298,000

2.1 (a) The amounts that may be spent for each  
 2.2 purpose are specified in the following  
 2.3 subdivisions.

2.4 (b) Unless otherwise specified, this  
 2.5 appropriation is for transfer to the housing  
 2.6 development fund for the programs specified  
 2.7 in this section. Except as otherwise indicated,  
 2.8 this transfer is part of the agency's permanent  
 2.9 budget base.

|      |  |                   |                   |
|------|--|-------------------|-------------------|
| 2.10 | <b><u>Subd. 2. Challenge Program</u></b> | <u>14,925,000</u> | <u>14,925,000</u> |
|------|--|-------------------|-------------------|

2.11 (a) This appropriation is for the economic  
 2.12 development and housing challenge program  
 2.13 under Minnesota Statutes, section 462A.33.

2.14 (b) The base for this program in fiscal year  
 2.15 2022 and beyond is \$14,425,000.

|      |  |                  |            |
|------|--|------------------|------------|
| 2.16 | <b><u>Subd. 3. Local Housing Trust Fund Grants</u></b> | <u>7,000,000</u> | <u>-0-</u> |
|------|--|------------------|------------|

2.17 (a) This appropriation is for grants to housing  
 2.18 trust funds established under Minnesota  
 2.19 Statutes, section 462C.16, to incentivize local  
 2.20 funding. This is a onetime appropriation.

2.21 (b) A grantee is eligible to receive a grant  
 2.22 amount equal to 100 percent of the public  
 2.23 revenue committed to the local housing trust  
 2.24 fund from any source other than the state or  
 2.25 federal government, up to \$150,000, and in  
 2.26 addition, an amount equal to 50 percent of the  
 2.27 public revenue committed to the local housing  
 2.28 trust fund from any source other than the state  
 2.29 or federal government that is more than  
 2.30 \$150,000 but not more than \$300,000.

2.31 (c) \$100,000 of this appropriation is for  
 2.32 technical assistance grants to local and  
 2.33 regional housing trust funds. A housing trust

3.1 fund may apply for a technical assistance grant  
3.2 at the time and in the manner and form  
3.3 required by the agency. The agency shall make  
3.4 grants on a first-come, first-served basis. A  
3.5 technical assistance grant must not exceed  
3.6 \$5,000.

3.7 (d) A grantee must use grant funds within  
3.8 eight years of receipt for purposes (1)  
3.9 authorized under Minnesota Statutes, section  
3.10 462C.16, subdivision 3, and (2) benefiting  
3.11 households with incomes at or below 115  
3.12 percent of the state median income. A grantee  
3.13 must return any grant funds not used for these  
3.14 purposes within eight years of receipt to the  
3.15 commissioner of the Housing Finance Agency  
3.16 for deposit into the housing development fund.

3.17 (e) Before the agency makes any grants with  
3.18 money from this appropriation, the  
3.19 commissioner shall consult with interested  
3.20 stakeholders when developing the guidelines  
3.21 and procedures for the grant program.

3.22 **Subd. 4. Workforce Housing Development** 2,000,000 2,000,000

3.23 This appropriation is for the workforce  
3.24 housing development program under  
3.25 Minnesota Statutes, section 462A.39. If  
3.26 requested by the applicant and approved by  
3.27 the agency, funded properties may include a  
3.28 portion of income and rent restricted units.

3.29 **Subd. 5. Housing Trust Fund** 11,646,000 11,646,000

3.30 This appropriation is for deposit in the housing  
3.31 trust fund account created under Minnesota  
3.32 Statutes, section 462A.201, and may be used  
3.33 for the purposes provided in that section.

|      |   |                  |                  |
|------|---|------------------|------------------|
| 4.1  | <u>Subd. 6. Homework Starts with Home</u>               | <u>3,000,000</u> | <u>3,000,000</u> |
| 4.2  | <u>This appropriation is for the homework starts</u>    |                  |                  |
| 4.3  | <u>with home program under Minnesota Statutes,</u>      |                  |                  |
| 4.4  | <u>sections 462A.201, subdivision 2, paragraph</u>      |                  |                  |
| 4.5  | <u>(a), clause (4), and 462A.204, subdivision 8,</u>    |                  |                  |
| 4.6  | <u>to provide assistance to homeless or highly</u>      |                  |                  |
| 4.7  | <u>mobile families with children eligible for</u>       |                  |                  |
| 4.8  | <u>enrollment in a prekindergarten through grade</u>    |                  |                  |
| 4.9  | <u>12 academic program.</u>                             |                  |                  |
| 4.10 | <u>Subd. 7. Rental Assistance for Mentally Ill</u>      | <u>5,088,000</u> | <u>5,088,000</u> |
| 4.11 | <u>This appropriation is for the rental housing</u>     |                  |                  |
| 4.12 | <u>assistance program for persons with a mental</u>     |                  |                  |
| 4.13 | <u>illness or families with an adult member with</u>    |                  |                  |
| 4.14 | <u>a mental illness under Minnesota Statutes,</u>       |                  |                  |
| 4.15 | <u>section 462A.2097. Among comparable</u>              |                  |                  |
| 4.16 | <u>proposals, the agency shall prioritize those</u>     |                  |                  |
| 4.17 | <u>proposals that target, in part, eligible persons</u> |                  |                  |
| 4.18 | <u>who desire to move to more integrated,</u>           |                  |                  |
| 4.19 | <u>community-based settings.</u>                        |                  |                  |
| 4.20 | <u>Subd. 8. Family Homeless Prevention</u>              | <u>9,519,000</u> | <u>9,519,000</u> |
| 4.21 | <u>This appropriation is for the family homeless</u>    |                  |                  |
| 4.22 | <u>prevention and assistance programs under</u>         |                  |                  |
| 4.23 | <u>Minnesota Statutes, section 462A.204.</u>            |                  |                  |
| 4.24 | <u>Subd. 9. Workforce Homeownership Program</u>         | <u>1,000,000</u> | <u>1,000,000</u> |
| 4.25 | <u>(a) This appropriation is for the workforce</u>      |                  |                  |
| 4.26 | <u>homeownership program under Minnesota</u>            |                  |                  |
| 4.27 | <u>Statutes, section 462A.38.</u>                       |                  |                  |
| 4.28 | <u>(b) The base for this program in fiscal year</u>     |                  |                  |
| 4.29 | <u>2022 and beyond is \$500,000.</u>                    |                  |                  |
| 4.30 | <u>Subd. 10. Affordable Rental Investment Fund</u>      | <u>4,218,000</u> | <u>4,218,000</u> |
| 4.31 | <u>(a) This appropriation is for the affordable</u>     |                  |                  |
| 4.32 | <u>rental investment fund program under</u>             |                  |                  |
| 4.33 | <u>Minnesota Statutes, section 462A.21,</u>             |                  |                  |

5.1 subdivision 8b, to finance the acquisition,  
5.2 rehabilitation, and debt restructuring of  
5.3 federally assisted rental property and for  
5.4 making equity take-out loans under Minnesota  
5.5 Statutes, section 462A.05, subdivision 39.

5.6 (b) The owner of federally assisted rental  
5.7 property must agree to participate in the  
5.8 applicable federally assisted housing program  
5.9 and to extend any existing low-income  
5.10 affordability restrictions on the housing for  
5.11 the maximum term permitted. The owner must  
5.12 also enter into an agreement that gives local  
5.13 units of government, housing and  
5.14 redevelopment authorities, and nonprofit  
5.15 housing organizations the right of first refusal  
5.16 if the rental property is offered for sale.

5.17 Priority must be given among comparable  
5.18 federally assisted rental properties to  
5.19 properties with the longest remaining term  
5.20 under an agreement for federal assistance.

5.21 Priority must also be given among comparable  
5.22 rental housing developments to developments  
5.23 that are or will be owned by local government  
5.24 units, a housing and redevelopment authority,  
5.25 or a nonprofit housing organization.

5.26 (c) The appropriation also may be used to  
5.27 finance the acquisition, rehabilitation, and debt  
5.28 restructuring of existing supportive housing  
5.29 properties and naturally occurring affordable  
5.30 housing as determined by the commissioner.

5.31 For purposes of this paragraph, "supportive  
5.32 housing" means affordable rental housing with  
5.33 links to services necessary for individuals,  
5.34 youth, and families with children to maintain  
5.35 housing stability.

|      |  |                  |                  |
|------|--|------------------|------------------|
| 6.1  | <b><u>Subd. 11. Housing Rehabilitation</u></b>         | <u>6,515,000</u> | <u>6,515,000</u> |
| 6.2  | <u>(a) This appropriation is for the housing</u>       |                  |                  |
| 6.3  | <u>rehabilitation program under Minnesota</u>          |                  |                  |
| 6.4  | <u>Statutes, section 462A.05, subdivision 14. Of</u>   |                  |                  |
| 6.5  | <u>this amount, \$2,772,000 each year is for the</u>   |                  |                  |
| 6.6  | <u>rehabilitation of owner-occupied housing and</u>    |                  |                  |
| 6.7  | <u>\$3,743,000 each year is for the rehabilitation</u> |                  |                  |
| 6.8  | <u>of eligible rental housing. In administering a</u>  |                  |                  |
| 6.9  | <u>rehabilitation program for rental housing, the</u>  |                  |                  |
| 6.10 | <u>agency may apply the processes and priorities</u>   |                  |                  |
| 6.11 | <u>adopted for administration of the economic</u>      |                  |                  |
| 6.12 | <u>development and housing challenge program</u>       |                  |                  |
| 6.13 | <u>under Minnesota Statutes, section 462A.33,</u>      |                  |                  |
| 6.14 | <u>and may provide grants or forgivable loans if</u>   |                  |                  |
| 6.15 | <u>approved by the agency.</u>                         |                  |                  |
| 6.16 | <u>(b) Notwithstanding any law to the contrary,</u>    |                  |                  |
| 6.17 | <u>grants or loans under this subdivision may be</u>   |                  |                  |
| 6.18 | <u>made without rent or income restrictions of</u>     |                  |                  |
| 6.19 | <u>owners or tenants. To the extent practicable,</u>   |                  |                  |
| 6.20 | <u>grants or loans must be made available</u>          |                  |                  |
| 6.21 | <u>statewide.</u>                                      |                  |                  |
| 6.22 | <b><u>Subd. 12. Home Ownership Assistance Fund</u></b> | <u>885,000</u>   | <u>885,000</u>   |
| 6.23 | <u>This appropriation is for the home ownership</u>    |                  |                  |
| 6.24 | <u>assistance program under Minnesota Statutes,</u>    |                  |                  |
| 6.25 | <u>section 462A.21, subdivision 8. The agency</u>      |                  |                  |
| 6.26 | <u>shall continue to strengthen its efforts to</u>     |                  |                  |
| 6.27 | <u>address the disparity gap in the</u>                |                  |                  |
| 6.28 | <u>homeownership rate between white</u>                |                  |                  |
| 6.29 | <u>households and indigenous American Indians</u>      |                  |                  |
| 6.30 | <u>and communities of color. To better</u>             |                  |                  |
| 6.31 | <u>understand and address the disparity gap, the</u>   |                  |                  |
| 6.32 | <u>agency is required to collect, on a voluntary</u>   |                  |                  |
| 6.33 | <u>basis, demographic information regarding</u>        |                  |                  |
| 6.34 | <u>race, color, national origin, and sex of</u>        |                  |                  |

7.1 applicants for agency programs intended to  
7.2 benefit homeowners and homebuyers.

7.3 **Subd. 13. Lead Safe Homes Grant Program** 1,000,000 1,000,000

7.4 (a) This appropriation is for grants under the  
7.5 lead safe homes grant program under  
7.6 Minnesota Statutes, section 462A.2095.

7.7 (b) At least one grant must be to a nonprofit  
7.8 organization or political subdivision serving  
7.9 an area in the seven-county metropolitan area,  
7.10 as defined in Minnesota Statutes, section  
7.11 473.121, and at least one grant must be to a  
7.12 nonprofit organization or political subdivision  
7.13 serving an area outside the seven-county  
7.14 metropolitan area.

7.15 (c) The base for this program in fiscal year  
7.16 2022 and beyond is \$500,000.

7.17 **Subd. 14. Homeownership Education,**  
7.18 **Counseling, and Training** 857,000 857,000

7.19 This appropriation is for the homeownership  
7.20 education, counseling, and training program  
7.21 under Minnesota Statutes, section 462A.209.

7.22 **Subd. 15. Capacity-Building Grants** 745,000 745,000

7.23 This appropriation is for nonprofit  
7.24 capacity-building grants under Minnesota  
7.25 Statutes, section 462A.21, subdivision 3b. Of  
7.26 this amount, \$125,000 each year is for support  
7.27 of the Homeless Management Information  
7.28 System (HMIS). Of this amount, \$300,000  
7.29 each year is for a statewide tenant hotline that  
7.30 provides free and confidential legal advice for  
7.31 all Minnesota renters.

7.32 **Subd. 16. Build Wealth MN** 500,000 500,000

8.1 This appropriation is for a grant to Build  
8.2 Wealth Minnesota to provide a family  
8.3 stabilization plan program including program  
8.4 outreach, financial literacy education, and  
8.5 budget and debt counseling.

8.6 **Subd. 17. Homeownership Capacity** 400,000 400,000

8.7 This appropriation is for competitive grants  
8.8 to nonprofit housing organizations, housing  
8.9 and redevelopment authorities, or other  
8.10 political subdivisions to provide intensive  
8.11 financial education and coaching services to  
8.12 individuals or families who have the goal of  
8.13 homeownership. Financial education and  
8.14 coaching services include but are not limited  
8.15 to asset building, development of spending  
8.16 plans, credit report education, repair and  
8.17 rebuilding, consumer protection training, and  
8.18 debt reduction. Priority must be given to  
8.19 organizations that have experience serving  
8.20 underserved populations.

8.21 **Sec. 3. EFFECTIVE DATE.**

8.22 This article is effective July 1, 2019.

8.23 **ARTICLE 2**  
8.24 **HOUSING PROGRAMS**

8.25 **Section 1. [462A.2095] LEAD SAFE HOMES GRANT PROGRAM.**

8.26 Subdivision 1. **Establishment.** The Housing Finance Agency shall establish a lead safe  
8.27 homes grant program to increase lead testing in residential rental housing and make  
8.28 residential rental housing units lead safe. The agency shall give priority to grantees that  
8.29 target landlords and tenants in areas with a high concentration of lead poisoning in children  
8.30 based on information provided by the commissioner of health.

8.31 Subd. 2. **Eligibility.** (a) An eligible grantee must be a nonprofit organization or political  
8.32 subdivision capable of administering funding and services to a defined geographic area.



9.1 (b) Up to ten percent of a grant award may be used to administer the grant and provide  
9.2 education and outreach about lead health hazards.

9.3 Subd. 3. **Inspection; lead hazard reduction.** (a) A grantee must provide lead risk  
9.4 assessments completed by a lead inspector or a lead risk assessor licensed by the  
9.5 commissioner of health pursuant to section 144.9505 for properties built before 1978 to  
9.6 determine the presence of lead hazards and to provide interim controls to reduce lead health  
9.7 hazards. The grantee must conduct testing and provide lead hazard reduction to:

9.8 (1) landlords of residential buildings with 11 units or less where the tenants have incomes  
9.9 that do not exceed 60 percent of area median income;

9.10 (2) landlords of residential buildings with 12 units or more where at least 50 percent of  
9.11 the tenants have incomes that are below 60 percent of the median income; and

9.12 (3) tenants with an income that does not exceed 60 percent of area median income.

9.13 (b) A landlord or tenant must first access other available state and federal funding related  
9.14 to lead testing and lead hazard reduction for which they are eligible.

9.15 Subd. 4. **Short title.** This section shall be known as the "Dustin Luke Shields Act."

9.16 **EFFECTIVE DATE.** This section is effective July 1, 2019.