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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 2480

03/17/2025 Authored by Howard; Lee, F.; Igo; Hussein and Kraft
The bill was read for the first time and referred to the Committee on Housing Finance and Policy

1.1 A bill for an act
1.2 relating to housing; authorizing housing and redevelopment authorities to create
1.3 public corporations for the purpose of purchasing, owning, and operating properties
1.4 converted under the federal Rental Assistance Demonstration program; permitting
1.5 corporations of authorities to receive certain funding through the Minnesota
1.6 Housing Finance Agency; amending Minnesota Statutes 2024, sections 15.082;
1.7 462A.202, subdivision 3a; 462C.02, subdivision 6; 469.012, subdivision 2j;
1.8 proposing coding for new law in Minnesota Statutes, chapter 469.

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

1.10 Section 1. Minnesota Statutes 2024, section 15.082, is amended to read:

1.11 15.082 OBLIGATIONS OF PUBLIC CORPORATIONS.

1.12 Notwithstanding any other law, the state is not liable for obligations of a public
1.13 corporation created by statute. Upon dissolution of the public corporation, its wholly owned
1.14 assets become state property. Partially owned assets become state property to the extent
1.15 that state money was used to acquire them.

1.16 This section does not apply to a public corporation governed by chapter 119 or section
1.17 469.0121.

1.18 EFFECTIVE DATE. This section is effective July 1, 2025.

1.19 Sec. 2. Minnesota Statutes 2024, section 462A.202, subdivision 3a, is amended to read:

1.20 Subd. 3a. Permanent rental housing. The agency may make loans, with or without
1.21 interest, to cities and counties to finance the construction, acquisition, or rehabilitation of
1.22 affordable, permanent, and publicly owned rental housing, including housing owned by a
1.23 public corporation created pursuant to section 469.0121. Loans made under this subdivision

2.1 are subject to the restrictions of subdivision 7. In making loans under this subdivision, the
2.2 agency shall give priority to projects that increase the supply of affordable family housing.

2.3 Sec. 3. Minnesota Statutes 2024, section 462C.02, subdivision 6, is amended to read:

2.4 Subd. 6. **City.** "City" means any statutory or home rule charter city, a county housing
2.5 and redevelopment authority created by special law or authorized by its county to exercise
2.6 its powers pursuant to section 469.004, or any public body which (a) is the housing and
2.7 redevelopment authority in and for a statutory or home rule charter city, the port authority
2.8 of a statutory or home rule charter city, ~~or~~ an economic development authority of a city
2.9 established under sections 469.090 to 469.108, or a public corporation created pursuant to
2.10 section 469.0121, and (b) is authorized by ordinance to exercise, on behalf of a statutory or
2.11 home rule charter city, the powers conferred by sections 462C.01 to 462C.10.

2.12 Sec. 4. Minnesota Statutes 2024, section 469.012, subdivision 2j, is amended to read:

2.13 Subd. 2j. **May be in LLP, LLC, or corporation; bound as if HRA.** (a) An authority
2.14 may become a member or shareholder in and enter into or form limited partnerships, limited
2.15 liability companies, or corporations for the purpose of developing, constructing, rehabilitating,
2.16 managing, supporting, or preserving housing projects and housing development projects,
2.17 including low-income housing tax credit projects. These limited partnerships, limited liability
2.18 companies, or corporations are subject to all of the provisions of sections 469.001 to 469.047
2.19 and other laws that apply to housing and redevelopment authorities, as if the limited
2.20 partnership, limited liability company, or corporation were a housing and redevelopment
2.21 authority.

2.22 (b) An authority may create a public corporation in accordance with section 469.0121
2.23 for the purpose of purchasing, owning, and operating real property converted through the
2.24 federal Rental Assistance Demonstration program under Public Law 112-55, as amended.

2.25 **EFFECTIVE DATE.** This section is effective July 1, 2025.

2.26 Sec. 5. **[469.0121] PUBLIC CORPORATION; RENTAL ASSISTANCE**
2.27 **DEMONSTRATION PROGRAM.**

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

2.30 (b) "Authority" has the meaning given under section 469.002, subdivision 2.

2.31 (c) "Board" means the board of directors of a corporation created under this section.

3.1 (d) "Corporation" means a public corporation created under this section.

3.2 (e) "RAD" means the federal Rental Assistance Demonstration program under Public
3.3 Law 112-55, as amended.

3.4 Subd. 2. **Public corporation created.** An authority may create a public corporation to
3.5 purchase, own, and operate real property that has been converted through RAD to preserve
3.6 and improve public housing properties. A public corporation created under this section is
3.7 also a political subdivision of the state and is limited to the powers in this section.

3.8 Subd. 3. **Corporation powers.** (a) The corporation has the following general powers:

3.9 (1) to have succession until dissolved by law;

3.10 (2) to sue and be sued in its corporate name;

3.11 (3) to adopt, alter, and use a corporate seal which shall be judicially noticed;

3.12 (4) to accept, hold, and administer gifts and bequests of money, securities, or other
3.13 personal property of whatsoever character, absolutely or in trust, for the purposes for which
3.14 the corporation is created. Unless otherwise restricted by the terms of the gift or bequest,
3.15 the corporation is authorized to sell, exchange, or otherwise dispose of and to invest or
3.16 reinvest in such investments as the corporation may determine with the money, securities,
3.17 or other property given or bequeathed to the corporation. The principal of and income from
3.18 the corporate funds and all other revenues received by the corporation from any source
3.19 whatsoever shall be placed in such depositories as the board of directors shall determine
3.20 and shall be subject to expenditure for corporate purposes;

3.21 (5) to enter into contracts generally and to execute all instruments necessary or appropriate
3.22 to carry out the corporate purposes;

3.23 (6) to appoint and prescribe the duties of officers, agents, and employees as may be
3.24 necessary to carry out the work of the corporation and to compensate officers, agents, and
3.25 employees;

3.26 (7) to purchase all supplies and materials necessary for carrying out the purposes of the
3.27 corporation;

3.28 (8) to accept from the United States, the state of Minnesota, or any of their agencies
3.29 money or other assistance whether by gift, loan, or otherwise to carry out the purposes of
3.30 the corporation, and enter into contracts with the United States, the state of Minnesota, any
3.31 of the agencies of either, or any of the political subdivisions of the state as it may deem
3.32 proper and consistent with the purposes of this section;

4.1 (9) to contract and make cooperative agreements with federal, state, and municipal
4.2 departments and agencies and private corporations, associations, and individuals for the use
4.3 of the corporation property, including but not limited to rental agreements; and

4.4 (10) to acquire real or personal property or any interest therein in any manner authorized
4.5 under section 469.012, subdivision 1g, including by the exercise of eminent domain.

4.6 (b) A corporation may acquire properties converted under RAD, subject to restrictions
4.7 and conditions compatible with funding acquisitions of and improvements to real property
4.8 with state general obligation bond proceeds. The commissioner of management and budget
4.9 must determine the necessary restrictions and conditions under this paragraph.

4.10 Subd. 4. **Board of directors.** (a) A corporation is governed by a board of directors, with
4.11 each commissioner of the authority that created the corporation serving as a member.

4.12 (b) The term of a director shall coincide with their term as a commissioner of the authority
4.13 that created the corporation, except that a director's term shall continue after their term as
4.14 a commissioner is complete until a successor commissioner is duly appointed and qualified.

4.15 (c) Board members must not be compensated for their service as board members but
4.16 may receive reimbursement for reasonable expenses incurred in connection with their duties
4.17 as board members. The state auditor must review the reimbursements to board members
4.18 each year.

4.19 (d) The board must annually elect from among its members a chair and other officers
4.20 necessary for the performance of its duties.

4.21 Subd. 5. **Bylaws.** The board of directors must adopt bylaws and rules as it deems
4.22 necessary for the administration of its functions and the accomplishment of its purpose,
4.23 including among other matters the establishment of a business office and the rules, the use
4.24 of the project-based rental assistance properties, and the administration of corporation funds.

4.25 Subd. 6. **Place of business.** The board must locate and maintain the corporation's place
4.26 of business in the city in which the authority that created the corporation is located.

4.27 Subd. 7. **Open meetings; data practices.** Meetings of the board are subject to chapter
4.28 13D and meetings of the board conducted by interactive technology are subject to section
4.29 13D.02. The board is subject to chapter 13, the Minnesota Government Data Practices Act,
4.30 and shall protect data classified as not public from unlawful disclosure.

4.31 Subd. 8. **Compliance.** The corporation must comply with all federal, state, and local
4.32 laws, rules, ordinances, and other regulations required to own and operate properties as
4.33 project-based rental assistance properties.

- 5.1 Subd. 9. **Dissolution.** Upon dissolution of the corporation for any reason, its wholly
- 5.2 owned assets become property of the authority that created the corporation.
- 5.3 **EFFECTIVE DATE.** This section is effective July 1, 2025.