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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 4271

02/26/2024 Authored by Howard; Lee, F., and Hemmingsen-Jaeger
The bill was read for the first time and referred to the Committee on Capital Investment
03/07/2024 Adoption of Report: Re-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; amending
1.5 Minnesota Statutes 2022, sections 15.082; 469.012, subdivision 2j; proposing
1.6 coding for new law in Minnesota Statutes, chapter 469.

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

1.8 Section 1. Minnesota Statutes 2022, section 15.082, is amended to read:

1.9 15.082 OBLIGATIONS OF PUBLIC CORPORATIONS.

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

1.14 This section does not apply to a public corporation governed by chapter 119 or section
1.15 469.0121.

1.16 Sec. 2. Minnesota Statutes 2022, section 469.012, subdivision 2j, is amended to read:

1.17 Subd. 2j. May be in LLP, LLC, or corporation; bound as if HRA. (a) An authority
1.18 may become a member or shareholder in and enter into or form limited partnerships, limited
1.19 liability companies, or corporations for the purpose of developing, constructing, rehabilitating,
1.20 managing, supporting, or preserving housing projects and housing development projects,
1.21 including low-income housing tax credit projects. These limited partnerships, limited liability
1.22 companies, or corporations are subject to all of the provisions of sections 469.001 to 469.047
1.23 and other laws that apply to housing and redevelopment authorities, as if the limited

2.1 partnership, limited liability company, or corporation were a housing and redevelopment
2.2 authority.

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

2.6 Sec. 3. **[469.0121] PUBLIC CORPORATION; RENTAL ASSISTANCE**
2.7 **DEMONSTRATION PROGRAM.**

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

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

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

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

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

2.15 Subd. 2. Public corporation created. An authority may create a public corporation to
2.16 purchase, own, and operate real property that has been converted through RAD to preserve
2.17 and improve public housing properties.

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

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

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

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

2.22 (4) to accept, hold, and administer gifts and bequests of money, securities, or other
2.23 personal property of whatsoever character, absolutely or in trust, for the purposes for which
2.24 the corporation is created. Unless otherwise restricted by the terms of the gift or bequest,
2.25 the corporation is authorized to sell, exchange, or otherwise dispose of and to invest or
2.26 reinvest in such investments as it may determine from time to time the money, securities,
2.27 or other property given or bequeathed to it. The principal of such corporate funds and the
2.28 income therefrom, and all other revenues received by it from any source whatsoever shall
2.29 be placed in such depositories as the board of directors shall determine and shall be subject
2.30 to expenditure for corporate purposes;

3.1 (5) to enter into contracts generally and to execute all instruments necessary or appropriate
3.2 to carry out its corporate purposes;

3.3 (6) to appoint and prescribe the duties of officers, agents, and employees as may be
3.4 necessary to carry out its work and to compensate them;

3.5 (7) to purchase all supplies and materials necessary for carrying out its purposes;

3.6 (8) to accept from the United States or the state of Minnesota, or any of their agencies,
3.7 moneys or other assistance whether by gift, loan, or otherwise to carry out its corporate
3.8 purposes, and to enter into such contracts with the United States or the state of Minnesota,
3.9 or any of the agencies of either, or with any of the political subdivisions of the state, as it
3.10 may deem proper and consistent with the purposes of this section; and

3.11 (9) to contract and make cooperative agreements with federal, state, and municipal
3.12 departments and agencies and private corporations, associations, and individuals for the use
3.13 of the corporation property, including but not limited to rental agreements.

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

3.18 Subd. 4. **Board of directors.** (a) A corporation is governed by a board of directors as
3.19 follows:

3.20 (1) a member of the city council from the city in which the corporation is incorporated;

3.21 (2) a commissioner of the authority that created the corporation; and

3.22 (3) the commissioner of the Minnesota Housing Finance Agency or the commissioner's
3.23 delegate.

3.24 (b) The term of a director is six years. Two members of the initial board of directors
3.25 must be appointed for terms of four years, and one for a term of two years.

3.26 (c) Vacancies on the board must be filled by the authority.

3.27 (d) Board members must not be compensated for their service as board members other
3.28 than to be reimbursed for reasonable expenses incurred in connection with their duties as
3.29 board members. Reimbursement shall be reviewed each year by the state auditor.

3.30 (e) The board must annually elect from among its members a chair and other officers
3.31 necessary for the performance of its duties.

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

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

4.7 Subd. 7. **Open meetings.** Meetings of the board are subject to chapter 13D and meetings
4.8 of the board conducted by interactive technology are subject to section 13D.02.

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

4.12 Subd. 9. **Dissolution.** Upon dissolution of the corporation for any reason, its wholly
4.13 owned assets become property of the authority that created the corporation.

4.14 Sec. 4. **EFFECTIVE DATE.**

4.15 This act is effective July 1, 2024.