

**SENATE  
STATE OF MINNESOTA  
NINETIETH SESSION**

**S.F. No. 1540**

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DATE	D-PG	OFFICIAL STATUS
02/27/2017	801	Introduction and first reading Referred to Agriculture, Rural Development, and Housing Finance

1.1 A bill for an act

1.2 relating to housing; modifying housing trust fund and family homeless prevention

1.3 and assistance program requirements; establishing a rental assistance program for

1.4 homeless highly mobile students; appropriating money; amending Minnesota

1.5 Statutes 2016, sections 462A.201, subdivision 2; 462A.204, subdivision 8.

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

1.7 Section 1. Minnesota Statutes 2016, section 462A.201, subdivision 2, is amended to read:

1.8 Subd. 2. **Low-income housing.** (a) The agency may use money from the housing trust

1.9 fund account to provide loans or grants for:

1.10 (1) projects for the development, construction, acquisition, preservation, and rehabilitation

1.11 of low-income rental and limited equity cooperative housing units, including temporary

1.12 and transitional housing;

1.13 (2) the costs of operating rental housing, as determined by the agency, that are unique

1.14 to the operation of low-income rental housing or supportive housing; ~~and~~

1.15 (3) rental assistance, either project-based or tenant-based; and

1.16 (4) rental assistance to secure stable housing for families with children eligible for

1.17 enrollment in a prekindergarten through grade 12 academic program.

1.18 For purposes of this section, "transitional housing" has the meaning given by the United

1.19 States Department of Housing and Urban Development. Loans or grants for residential

1.20 housing for migrant farmworkers may be made under this section.

1.21 (b) The housing trust fund account must be used for the benefit of persons and families

1.22 whose income, at the time of initial occupancy, does not exceed 60 percent of median income

2.1 as determined by the United States Department of Housing and Urban Development for the  
2.2 metropolitan area. At least 75 percent of the funds in the housing trust fund account must  
2.3 be used for the benefit of persons and families whose income, at the time of initial occupancy,  
2.4 does not exceed 30 percent of the median family income for the metropolitan area as defined  
2.5 in section 473.121, subdivision 2. For purposes of this section, a household with a housing  
2.6 assistance voucher under Section 8 of the United States Housing Act of 1937, as amended,  
2.7 is deemed to meet the income requirements of this section.

2.8 The median family income may be adjusted for families of five or more.

2.9 (c) Rental assistance under this section must be provided by governmental units which  
2.10 administer housing assistance supplements or by for-profit or nonprofit organizations  
2.11 experienced in housing management. Rental assistance shall be limited to households whose  
2.12 income at the time of initial receipt of rental assistance does not exceed 60 percent of median  
2.13 income, as determined by the United States Department of Housing and Urban Development  
2.14 for the metropolitan area. Priority among comparable applications for tenant-based rental  
2.15 assistance will be given to proposals that will serve households whose income at the time  
2.16 of initial application for rental assistance does not exceed 30 percent of median income, as  
2.17 determined by the United States Department of Housing and Urban Development for the  
2.18 metropolitan area. Rental assistance must be terminated when it is determined that 30 percent  
2.19 of a household's monthly income for four consecutive months equals or exceeds the market  
2.20 rent for the unit in which the household resides plus utilities for which the tenant is  
2.21 responsible. Rental assistance may only be used for rental housing units that meet the housing  
2.22 maintenance code of the local unit of government in which the unit is located, if such a code  
2.23 has been adopted, or the housing quality standards adopted by the United States Department  
2.24 of Housing and Urban Development, if no local housing maintenance code has been adopted.

2.25 (d) In making the loans or grants, the agency shall determine the terms and conditions  
2.26 of repayment and the appropriate security, if any, should repayment be required. To promote  
2.27 the geographic distribution of grants and loans, the agency may designate a portion of the  
2.28 grant or loan awards to be set aside for projects located in specified congressional districts  
2.29 or other geographical regions specified by the agency. The agency may adopt rules for  
2.30 awarding grants and loans under this subdivision.

2.31 Sec. 2. Minnesota Statutes 2016, section 462A.204, subdivision 8, is amended to read:

2.32 Subd. 8. **School stability.** (a) The agency in consultation with the Interagency ~~Task~~  
2.33 ~~Force~~ Council on Homelessness may establish a school stability project under the family  
2.34 homeless prevention and assistance program. The purpose of the project is to secure stable

3.1 housing for families with school-age children who have moved frequently and for  
3.2 unaccompanied youth. For purposes of this subdivision, "unaccompanied youth" are minors  
3.3 who are leaving foster care or juvenile correctional facilities, or minors who meet the  
3.4 definition of a child in need of services or protection under section 260C.007, subdivision  
3.5 6, but for whom no court finding has been made pursuant to that statute.

3.6 (b) The agency shall make grants to family homeless prevention and assistance projects  
3.7 in communities with a school or schools that have a significant degree of student mobility.

3.8 (c) Each project must be designed to reduce school absenteeism; stabilize children in  
3.9 one home setting or, at a minimum, in one school setting; and reduce shelter usage. Each  
3.10 project must include plans for the following:

3.11 (1) ~~targeting of families with children under age 12 who, in the last 12 months have~~  
3.12 ~~either: changed schools or homes at least once or been absent from school at least 15 percent~~  
3.13 ~~of the school year and who have either been evicted from their housing;~~ who are eligible  
3.14 for a prekindergarten through grade 12 academic program and are living in overcrowded  
3.15 conditions in their current housing; or who are paying more than 50 percent of their income  
3.16 for rent; or who lack a fixed, regular, and adequate nighttime residence;

3.17 (2) targeting of unaccompanied youth in need of an alternative residential setting;

3.18 (3) connecting families with the social services necessary to maintain the families'  
3.19 stability in their home; and

3.20 (4) one or more of the following:

3.21 (i) provision of rental assistance for a specified period of time, which may exceed 24  
3.22 months; or

3.23 (ii) ~~development of permanent supportive housing or transitional housing~~ provision of  
3.24 support and case management services to improve housing stability, including but not limited  
3.25 to housing navigation and family outreach.

3.26 (d) ~~Notwithstanding subdivision 2, grants under this section may be used to acquire,~~  
3.27 ~~rehabilitate, or construct transitional or permanent housing~~ In selecting projects for funding  
3.28 under this subdivision, preference shall be given to organizations granted funding under  
3.29 section 462A.201, subdivision 2, paragraph (a), clause (4), and groups working in  
3.30 collaboration with such organizations.

3.31 (e) ~~Each grantee under the project must include representatives of the local school district~~  
3.32 ~~or targeted schools, or both, and of the local community correction agencies on its advisory~~

4.1 ~~committee~~ No grantee under this subdivision is required to have an advisory committee as  
4.2 described in subdivision 6.

4.3 Sec. 3. **APPROPRIATIONS.**

4.4 (a) \$16,471,000 in fiscal year 2018 and \$16,471,000 in fiscal year 2019 are appropriated  
4.5 from the general fund to the commissioner of the Housing Finance Agency for transfer to  
4.6 the housing trust fund for the purposes provided under Minnesota Statutes, section 462A.201.  
4.7 Of the amount appropriated, \$4,000,000 in fiscal year 2018 and \$4,000,000 in fiscal year  
4.8 2019 are for the rental assistance to highly mobile students program under Minnesota  
4.9 Statutes, section 462A.201, subdivision 2, paragraph (a), clause (4).

4.10 (b) \$10,019,000 in fiscal year 2018 and \$10,019,000 in fiscal year 2019 are appropriated  
4.11 from the general fund to the commissioner of the Housing Finance Agency for the family  
4.12 homeless prevention and assistance programs under Minnesota Statutes, section 462A.204.  
4.13 Of the amount appropriated, \$1,000,000 in fiscal year 2018 and \$1,000,000 in fiscal year  
4.14 2019 are for grants to programs under Minnesota Statutes, section 462A.204, subdivision  
4.15 8.

4.16 (c) \$500,000 in fiscal year 2018 and \$500,000 in fiscal year 2019 are appropriated from  
4.17 the general fund to the commissioner of the Housing Finance Agency for competitive grants  
4.18 to nonprofit housing organizations, housing and redevelopment authorities, or other political  
4.19 subdivisions to provide intensive financial education and coaching services to individuals  
4.20 or families who have the goal of homeownership. Financial education and coaching services  
4.21 include but are not limited to asset building, development of spending plans, credit report  
4.22 education, repair and rebuilding, consumer protection training, and debt reduction. Priority  
4.23 must be given to organizations that have experience serving underserved populations.

4.24 (d) \$5,088,000 in fiscal year 2018 and \$5,088,000 in fiscal year 2019 are appropriated  
4.25 from the general fund to the commissioner of the Housing Finance Agency for the rental  
4.26 housing assistance program for persons with a mental illness or families with an adult  
4.27 member with a mental illness under Minnesota Statutes, section 462A.2097.

4.28 (e) \$3,385,000 in fiscal year 2018 and \$3,385,000 in fiscal year 2019 are appropriated  
4.29 from the general fund to the commissioner of the Housing Finance Agency for the home  
4.30 ownership assistance program under Minnesota Statutes, section 462A.21, subdivision 8.

4.31 (f) \$15,925,000 in fiscal year 2018 and \$15,925,000 in fiscal year 2019 are appropriated  
4.32 from the general fund to the commissioner of the Housing Finance Agency for the economic  
4.33 development and housing challenge program under Minnesota Statutes, section 462A.33.