

**SENATE
STATE OF MINNESOTA
NINETY-THIRD SESSION**

S.F. No. 4158

(SENATE AUTHORS: PORT, Boldon, Pha, Mohamed and Xiong)

DATE	D-PG	OFFICIAL STATUS
02/22/2024	11720	Introduction and first reading
		Referred to Housing and Homelessness Prevention
04/18/2024	14108a	Comm report: To pass as amended and re-refer to Finance See HF4124

1.1 A bill for an act

1.2 relating to state government; appropriating money to the Minnesota Housing

1.3 Finance Agency; making policy, finance, and technical changes to housing

1.4 provisions; authorizing housing infrastructure bonds; requiring reports; amending

1.5 Minnesota Statutes 2022, sections 462A.02, subdivision 10; 462A.05, subdivisions

1.6 14a, 14b, 15, 15b, 21, 23; 462A.07, by adding a subdivision; 462A.21, subdivision

1.7 7; 462A.35, subdivision 2; 462A.37, by adding a subdivision; 462A.40, subdivisions

1.8 2, 3; 469.012, by adding a subdivision; Minnesota Statutes 2023 Supplement,

1.9 sections 462A.05, subdivisions 14, 45; 462A.22, subdivision 1; 462A.37,

1.10 subdivisions 2, 5; 462A.39, subdivision 2; 462A.395; Laws 2023, chapter 37,

1.11 article 1, section 2, subdivisions 2, 17, 25, 29, 32; article 2, section 12, subdivision

1.12 2; proposing coding for new law in Minnesota Statutes, chapter 462A; repealing

1.13 Laws 2023, chapter 37, article 2, section 13.

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

1.15 **ARTICLE 1**

1.16 **HOUSING APPROPRIATIONS**

1.17 Section 1. **APPROPRIATIONS.**

1.18 The sums shown in the columns marked "Appropriations" are appropriated to the agencies

1.19 and for the purposes specified in this article. The appropriations are from the general fund,

1.20 or another named fund, and are available for the fiscal years indicated for each purpose.

1.21 The figures "2024" and "2025" used in this article mean that the appropriations listed under

1.22 them are available for the fiscal year ending June 30, 2024, or June 30, 2025, respectively.

1.23 "The first year" is fiscal year 2024. "The second year" is fiscal year 2025. "The biennium"

1.24 is fiscal years 2024 and 2025.

	<u>APPROPRIATIONS</u>	
	<u>Available for the Year</u>	
	<u>Ending June 30</u>	
	<u>2024</u>	<u>2025</u>
1.25		
1.26		
1.27		
1.28		

2.1 **Sec. 2. HOUSING FINANCE AGENCY**

2.2 **Subdivision 1. Total Appropriation** \$ -0- \$ 63,025,000

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

2.6 (b) Unless otherwise specified, this
 2.7 appropriation is for transfer to the housing
 2.8 development fund for the programs specified
 2.9 in this section.

2.10 **Subd. 2. Family Homeless Prevention** -0- 8,804,000

2.11 This appropriation is for the family homeless
 2.12 prevention and assistance program under
 2.13 Minnesota Statutes, section 462A.204.
 2.14 Notwithstanding procurement provisions
 2.15 outlined in Minnesota Statutes, section
 2.16 16C.06, subdivisions 1, 2, and 6, the agency
 2.17 may award grants to existing program
 2.18 grantees. This is a onetime appropriation.

2.19 **Subd. 3. Minnesota Homeless Study** -0- 500,000

2.20 This appropriation is for a grant to the
 2.21 Amherst H. Wilder Foundation for the
 2.22 Minnesota homeless study. Notwithstanding
 2.23 Minnesota Statutes, section 16B.98,
 2.24 subdivision 14, the commissioner may use up
 2.25 to one percent of this appropriation for
 2.26 administrative costs. This is a onetime
 2.27 appropriation.

2.28 **Subd. 4. Wilder Park Association Capital Repair**
 2.29 **Project** -0- 3,250,000

2.30 This appropriation is for a grant to the Wilder
 2.31 Park Association to assist with the cost of a
 2.32 major capital repair project for the
 2.33 rehabilitation of portions of the
 2.34 owner-occupied senior high-rise facility.

3.1 Notwithstanding Minnesota Statutes, section
 3.2 16B.98, subdivision 14, the commissioner may
 3.3 use up to one percent of this appropriation for
 3.4 administrative costs. This is a onetime
 3.5 appropriation.

3.6 **Subd. 5. Housing Affordability Preservation**
 3.7 **Investment**

-0-

50,000,000

3.8 This appropriation is for the housing
 3.9 affordability preservation investment program
 3.10 under article 2, section 25. This is a onetime
 3.11 appropriation.

3.12 **Subd. 6. Expediting Rental Assistance**

-0-

471,000

3.13 This appropriation is for the agency's work
 3.14 under article 3 of this act. This is a onetime
 3.15 appropriation.

3.16 **Sec. 3. DEPARTMENT OF LABOR AND**
 3.17 **INDUSTRY**

\$

-0- \$

225,000

3.18 This appropriation is for the single-exit
 3.19 stairway apartment building report under
 3.20 article 2, section 27. This is a onetime
 3.21 appropriation.

3.22 Sec. 4. Laws 2023, chapter 37, article 1, section 2, subdivision 17, is amended to read:

3.23
 3.24 **Subd. 17. Housing Infrastructure**

100,000,000

~~100,000,000~~
60,000,000

3.25 This appropriation is for the housing
 3.26 infrastructure program for the eligible
 3.27 purposes under Minnesota Statutes, section
 3.28 462A.37, subdivision 2. This is a onetime
 3.29 appropriation.

4.1 Sec. 5. Laws 2023, chapter 37, article 1, section 2, subdivision 25, is amended to read:

4.2 Subd. 25. **Manufactured Home Lending Grants**
4.3 **Program**

10,000,000

-0-

4.4 (a) This appropriation is for the a grant to
4.5 NeighborWorks Home Partners for a
4.6 manufactured home lending grant program.
4.7 This is a onetime appropriation.

4.8 (b) The funds must be used for new
4.9 manufactured home financing programs;
4.10 manufactured home down payment assistance;
4.11 or manufactured home repair, renovation,
4.12 removal, and site preparation financing
4.13 programs.

4.14 (c) Interest earned and repayments of principal
4.15 from loans issued under this subdivision must
4.16 be used for the purposes of this subdivision.

4.17 (d) For the purposes of this subdivision, the
4.18 term "manufactured home" has the meaning
4.19 given in Minnesota Statutes, section 327B.01,
4.20 subdivision 13.

4.21 Sec. 6. Laws 2023, chapter 37, article 1, section 2, subdivision 29, is amended to read:

4.22 Subd. 29. **Community Stabilization** 45,000,000 45,000,000
4.23 31,750,000

4.24 This appropriation is for the community
4.25 stabilization program. This a onetime
4.26 appropriation. Of this amount, \$10,000,000 is
4.27 for a grant to AEON for Huntington Place.

4.28 Sec. 7. **REPEALER.**

4.29 Laws 2023, chapter 37, article 2, section 13, is repealed.

5.1 **ARTICLE 2**

5.2 **HOUSING POLICY**

5.3 Section 1. Minnesota Statutes 2022, section 462A.02, subdivision 10, is amended to read:

5.4 Subd. 10. **Energy ~~conservation~~ decarbonization and climate resilience**. It is further
 5.5 declared that supplies of conventional energy resources are rapidly depleting in quantity
 5.6 and rising in price and that the burden of these occurrences falls heavily upon the citizens
 5.7 of Minnesota generally and persons of low and moderate income in particular. These
 5.8 conditions are adverse to the health, welfare, and safety of all of the citizens of this state.
 5.9 It is further declared that it is a public purpose to ensure the availability of financing to be
 5.10 used by all citizens of the state, while giving preference to low and moderate income people,
 5.11 to assist in the installation in their dwellings of reasonably priced energy conserving systems
 5.12 including the use of alternative energy resources and equipment so that by the improvement
 5.13 of the energy efficiency of, clean energy, greenhouse gas emissions reduction, climate
 5.14 resiliency, and other qualified projects for all housing, the adequacy of the total energy
 5.15 supply may be preserved for the benefit of all citizens.

5.16 Sec. 2. Minnesota Statutes 2023 Supplement, section 462A.05, subdivision 14, is amended
 5.17 to read:

5.18 Subd. 14. **Rehabilitation loans**. It may agree to purchase, make, or otherwise participate
 5.19 in the making, and may enter into commitments for the purchase, making, or participation
 5.20 in the making, of eligible loans for rehabilitation, with terms and conditions as the agency
 5.21 deems advisable, to persons and families of low and moderate income, and to owners of
 5.22 existing residential housing for occupancy by such persons and families, for the rehabilitation
 5.23 of existing residential housing owned by them. Rehabilitation may include the addition or
 5.24 rehabilitation of a detached accessory dwelling unit. The loans may be insured or uninsured
 5.25 and may be made with security, or may be unsecured, as the agency deems advisable. The
 5.26 loans may be in addition to or in combination with long-term eligible mortgage loans under
 5.27 subdivision 3. They may be made in amounts sufficient to refinance existing indebtedness
 5.28 secured by the property, if refinancing is determined by the agency to be necessary to permit
 5.29 the owner to meet the owner's housing cost without expending an unreasonable portion of
 5.30 the owner's income thereon. No loan for rehabilitation shall be made unless the agency
 5.31 determines that the loan will be used primarily to make the housing more desirable to live
 5.32 in, to increase the market value of the housing, for compliance with state, county or municipal
 5.33 building, housing maintenance, fire, health or similar codes and standards applicable to
 5.34 housing, or to accomplish energy ~~conservation-related improvements~~ decarbonization,

6.1 climate resiliency, and other qualified projects. In unincorporated areas and municipalities
 6.2 not having codes and standards, the agency may, solely for the purpose of administering
 6.3 the provisions of this chapter, establish codes and standards. No loan under this subdivision
 6.4 for the rehabilitation of owner-occupied housing shall be denied solely because the loan
 6.5 will not be used for placing the owner-occupied residential housing in full compliance with
 6.6 all state, county, or municipal building, housing maintenance, fire, health, or similar codes
 6.7 and standards applicable to housing. Rehabilitation loans shall be made only when the
 6.8 agency determines that financing is not otherwise available, in whole or in part, from private
 6.9 lenders upon equivalent terms and conditions. Accessibility rehabilitation loans authorized
 6.10 under this subdivision may be made to eligible persons and families without limitations
 6.11 relating to the maximum incomes of the borrowers if:

6.12 (1) the borrower or a member of the borrower's family requires a level of care provided
 6.13 in a hospital, skilled nursing facility, or intermediate care facility for persons with
 6.14 developmental disabilities;

6.15 (2) home care is appropriate; and

6.16 (3) the improvement will enable the borrower or a member of the borrower's family to
 6.17 reside in the housing.

6.18 The agency may waive any requirement that the housing units in a residential housing
 6.19 development be rented to persons of low and moderate income if the development consists
 6.20 of four or fewer dwelling units, one of which is occupied by the owner.

6.21 Sec. 3. Minnesota Statutes 2022, section 462A.05, subdivision 14a, is amended to read:

6.22 Subd. 14a. **Rehabilitation loans; existing owner-occupied residential housing.** It may
 6.23 make loans to persons and families of low and moderate income to rehabilitate or to assist
 6.24 in rehabilitating existing residential housing owned and occupied by those persons or
 6.25 families. Rehabilitation may include replacement of manufactured homes. No loan shall be
 6.26 made unless the agency determines that the loan will be used primarily for rehabilitation
 6.27 work necessary for health or safety, essential accessibility improvements, or to improve the
 6.28 energy efficiency of, clean energy, greenhouse gas emissions reductions, climate resiliency,
 6.29 and other qualified projects in the dwelling. No loan for rehabilitation of owner-occupied
 6.30 residential housing shall be denied solely because the loan will not be used for placing the
 6.31 residential housing in full compliance with all state, county or municipal building, housing
 6.32 maintenance, fire, health or similar codes and standards applicable to housing. The amount
 6.33 of any loan shall not exceed the lesser of (a) a maximum loan amount determined under
 6.34 rules adopted by the agency not to exceed \$37,500, or (b) the actual cost of the work

7.1 performed, or (c) that portion of the cost of rehabilitation which the agency determines
 7.2 cannot otherwise be paid by the person or family without the expenditure of an unreasonable
 7.3 portion of the income of the person or family. Loans made in whole or in part with federal
 7.4 funds may exceed the maximum loan amount to the extent necessary to comply with federal
 7.5 lead abatement requirements prescribed by the funding source. In making loans, the agency
 7.6 shall determine the circumstances under which and the terms and conditions under which
 7.7 all or any portion of the loan will be repaid and shall determine the appropriate security for
 7.8 the repayment of the loan. Loans pursuant to this subdivision may be made with or without
 7.9 interest or periodic payments.

7.10 Sec. 4. Minnesota Statutes 2022, section 462A.05, subdivision 14b, is amended to read:

7.11 Subd. 14b. **Energy ~~conservation~~ decarbonization and climate resiliency loans.** It
 7.12 may agree to purchase, make, or otherwise participate in the making, and may enter into
 7.13 commitments for the purchase, making, or participating in the making, of loans to persons
 7.14 and families, without limitations relating to the maximum incomes of the borrowers, to
 7.15 assist in energy ~~conservation-rehabilitation measures~~ decarbonization, climate resiliency,
 7.16 and other qualified projects for existing housing owned by those persons or families
 7.17 including, but not limited to: weatherstripping and caulking; chimney construction or
 7.18 improvement; furnace or space heater repair, cleaning or replacement; central air conditioner
 7.19 installation, repair, maintenance, or replacement; air source or geothermal heat pump
 7.20 installation, repair, maintenance, or replacement; insulation; windows and doors; and
 7.21 structural or other directly related repairs or installations essential for energy ~~conservation~~
 7.22 decarbonization, climate resiliency, and other qualified projects. Loans shall be made only
 7.23 when the agency determines that financing is not otherwise available, in whole or in part,
 7.24 from private lenders upon equivalent terms and conditions. Loans under this subdivision
 7.25 or subdivision 14 may:

7.26 (1) be integrated with a utility's on-bill repayment program approved under section
 7.27 216B.241, subdivision 5d; and

7.28 (2) also be made for the installation of on-site solar energy or energy storage systems.

7.29 Sec. 5. Minnesota Statutes 2022, section 462A.05, subdivision 15, is amended to read:

7.30 Subd. 15. **Rehabilitation grants.** (a) It may make grants to persons and families of low
 7.31 and moderate income to pay or to assist in paying a loan made pursuant to subdivision 14,
 7.32 or to rehabilitate or to assist in rehabilitating existing residential housing owned or occupied
 7.33 by such persons or families. For the purposes of this section, persons of low and moderate

8.1 income include administrators appointed pursuant to section 504B.425, paragraph (d). No
 8.2 grant shall be made unless the agency determines that the grant will be used primarily to
 8.3 make the housing more desirable to live in, to increase the market value of the housing or
 8.4 for compliance with state, county or municipal building, housing maintenance, fire, health
 8.5 or similar codes and standards applicable to housing, or to accomplish energy ~~conservation~~
 8.6 ~~related improvements~~ decarbonization, climate resiliency, or other qualified projects. In
 8.7 unincorporated areas and municipalities not having codes and standards, the agency may,
 8.8 solely for the purpose of administering this provision, establish codes and standards. No
 8.9 grant for rehabilitation of owner occupied residential housing shall be denied solely because
 8.10 the grant will not be used for placing the residential housing in full compliance with all
 8.11 state, county or municipal building, housing maintenance, fire, health or similar codes and
 8.12 standards applicable to housing. The amount of any grant shall not exceed the lesser of (a)
 8.13 \$6,000, or (b) the actual cost of the work performed, or (c) that portion of the cost of
 8.14 rehabilitation which the agency determines cannot otherwise be paid by the person or family
 8.15 without spending an unreasonable portion of the income of the person or family thereon.
 8.16 In making grants, the agency shall determine the circumstances under which and the terms
 8.17 and conditions under which all or any portion thereof will be repaid and shall determine the
 8.18 appropriate security should repayment be required.

8.19 (b) The agency may also make grants to rehabilitate or to assist in rehabilitating housing
 8.20 under this subdivision to persons of low and moderate income for the purpose of qualifying
 8.21 as foster parents.

8.22 Sec. 6. Minnesota Statutes 2022, section 462A.05, subdivision 15b, is amended to read:

8.23 Subd. 15b. **Energy ~~conservation~~ decarbonization and climate resiliency grants.** (a)
 8.24 It may make grants to assist in energy ~~conservation~~ rehabilitation measures decarbonization,
 8.25 climate resiliency, and other qualified projects for existing owner occupied housing including,
 8.26 but not limited to: insulation, storm windows and doors, furnace or space heater repair,
 8.27 cleaning or replacement, chimney construction or improvement, weatherstripping and
 8.28 caulking, ~~and structural or other directly related repairs, or installations~~ essential for energy
 8.29 ~~conservation~~ decarbonization, climate resiliency, and other qualified projects. The grant to
 8.30 any household shall not exceed \$2,000.

8.31 (b) To be eligible for an emergency energy ~~conservation~~ decarbonization and climate
 8.32 resiliency grant, a household must be certified as eligible to receive emergency residential
 8.33 heating assistance under either the federal or the state program, and either (1) have had a
 8.34 heating cost for the preceding heating season that exceeded 120 percent of the regional

9.1 average for the preceding heating season for that energy source as determined by the
 9.2 commissioner of employment and economic development, or (2) be eligible to receive a
 9.3 federal energy conservation grant, but be precluded from receiving the grant because of a
 9.4 need for directly related repairs that cannot be paid for under the federal program. The
 9.5 Housing Finance Agency shall make a reasonable effort to determine whether other state
 9.6 or federal loan and grant programs are available and adequate to finance the intended
 9.7 improvements. An emergency energy conservation grant may be made in conjunction with
 9.8 grants or loans from other state or federal programs that finance other needed rehabilitation
 9.9 work. The receipt of a grant pursuant to this section shall not affect the applicant's eligibility
 9.10 for other Housing Finance Agency loan or grant programs.

9.11 Sec. 7. Minnesota Statutes 2022, section 462A.05, subdivision 21, is amended to read:

9.12 Subd. 21. **Rental property loans.** The agency may make or purchase loans to owners
 9.13 of rental property that is occupied or intended for occupancy primarily by low- and
 9.14 moderate-income tenants and which does not comply with the standards established in
 9.15 section 326B.106, subdivision 1, for the purpose of energy ~~improvements~~ decarbonization,
 9.16 climate resiliency, and other qualified projects necessary to bring the property into full or
 9.17 partial compliance with these standards. For property which meets the other requirements
 9.18 of this subdivision, a loan may also be used for moderate rehabilitation of the property. The
 9.19 authority granted in this subdivision is in addition to and not in limitation of any other
 9.20 authority granted to the agency in this chapter. The limitations on eligible mortgagors
 9.21 contained in section 462A.03, subdivision 13, do not apply to loans under this subdivision.
 9.22 Loans for the improvement of rental property pursuant to this subdivision may contain
 9.23 provisions that repayment is not required in whole or in part subject to terms and conditions
 9.24 determined by the agency to be necessary and desirable to encourage owners to maximize
 9.25 rehabilitation of properties.

9.26 Sec. 8. Minnesota Statutes 2022, section 462A.05, subdivision 23, is amended to read:

9.27 Subd. 23. **Insuring financial institution loans.** The agency may participate in loans or
 9.28 establish a fund to insure loans, or portions of loans, that are made by any banking institution,
 9.29 savings association, or other lender approved by the agency, organized under the laws of
 9.30 this or any other state or of the United States having an office in this state, to owners of
 9.31 renter-occupied homes or apartments that do not comply with standards set forth in section
 9.32 326B.106, subdivision 1, without limitations relating to the maximum incomes of the owners
 9.33 or tenants. The proceeds of the insured portion of the loan must be used to pay the costs of
 9.34 improvements, including all related structural and other improvements, that will reduce

10.1 energy consumption, that will decarbonize, and that will ensure the climate resiliency of
10.2 housing.

10.3 Sec. 9. Minnesota Statutes 2023 Supplement, section 462A.05, subdivision 45, is amended
10.4 to read:

10.5 Subd. 45. **Indian Tribes.** Notwithstanding any other provision in this chapter, at its
10.6 discretion the agency may make any federally recognized Indian Tribe in Minnesota, or
10.7 their associated Tribally Designated Housing Entity (TDHE) as defined by United States
10.8 Code, title 25, section 4103(22), eligible for agency funding authorized under this chapter.

10.9 Sec. 10. Minnesota Statutes 2022, section 462A.07, is amended by adding a subdivision
10.10 to read:

10.11 Subd. 19. **Eligibility for agency programs.** The agency may determine that a household
10.12 or project unit meets the rent or income requirements for a program if the household or unit
10.13 receives or participates in income-based state or federal public assistance benefits, including
10.14 but not limited to:

10.15 (1) child care assistance programs under chapter 119B;

10.16 (2) general assistance, Minnesota supplemental aid, or food support under chapter 256D;

10.17 (3) housing support under chapter 256I;

10.18 (4) Minnesota family investment program and diversionary work program under chapter
10.19 256J; and

10.20 (5) economic assistance programs under chapter 256P.

10.21 Sec. 11. Minnesota Statutes 2022, section 462A.21, subdivision 7, is amended to read:

10.22 Subd. 7. **Energy efficiency loans.** The agency may make loans to low and moderate
10.23 income persons who own existing residential housing for the purpose of improving the
10.24 ~~efficient energy utilization~~ decarbonization and climate resiliency of the housing. Permitted
10.25 improvements shall include installation or upgrading of ceiling, wall, floor and duct
10.26 insulation, storm windows and doors, and caulking and weatherstripping. The improvements
10.27 shall not be inconsistent with the energy standards as promulgated as part of the State
10.28 Building Code; provided that the improvements need not bring the housing into full
10.29 compliance with the energy standards. Any loan for such purpose shall be made only upon
10.30 determination by the agency that such loan is not otherwise available, wholly or in part,
10.31 from private lenders upon equivalent terms and conditions. The agency may promulgate

11.1 rules as necessary to implement and make specific the provisions of this subdivision. The
 11.2 rules shall be designed to permit the state, to the extent not inconsistent with this chapter,
 11.3 to seek federal grants or loans for energy purposes decarbonization, climate resiliency, and
 11.4 other qualified projects.

11.5 Sec. 12. Minnesota Statutes 2023 Supplement, section 462A.22, subdivision 1, is amended
 11.6 to read:

11.7 Subdivision 1. **Debt ceiling.** The aggregate principal amount of general obligation bonds
 11.8 and notes which are outstanding at any time, excluding the principal amount of any bonds
 11.9 and notes refunded by the issuance of new bonds or notes, shall not exceed the sum of
 11.10 ~~\$5,000,000,000~~ \$7,000,000,000.

11.11 Sec. 13. Minnesota Statutes 2022, section 462A.35, subdivision 2, is amended to read:

11.12 Subd. 2. **Expending funds.** The agency may expend the money in the Minnesota
 11.13 manufactured home relocation trust fund to the extent necessary to carry out the objectives
 11.14 of section 327C.095, subdivision 13, by making payments to manufactured home owners,
 11.15 or other parties approved by the third-party neutral, under subdivision 13, paragraphs (a)
 11.16 and (e), and to pay the costs of administering the fund. Money in the fund is appropriated
 11.17 to the agency for these purposes and to the commissioner of ~~management and budget~~ the
 11.18 Minnesota Housing Finance Agency to pay costs incurred by the commissioner of
 11.19 ~~management and budget~~ the Minnesota Housing Finance Agency to administer the fund.

11.20 Sec. 14. Minnesota Statutes 2023 Supplement, section 462A.37, subdivision 2, is amended
 11.21 to read:

11.22 Subd. 2. **Authorization.** (a) The agency may issue up to \$30,000,000 in aggregate
 11.23 principal amount of housing infrastructure bonds in one or more series to which the payment
 11.24 made under this section may be pledged. The housing infrastructure bonds authorized in
 11.25 this subdivision may be issued to fund loans, or grants for the purposes of clauses (4) and
 11.26 (7), on terms and conditions the agency deems appropriate, made for one or more of the
 11.27 following purposes:

11.28 (1) to finance the costs of the construction, acquisition, and rehabilitation of supportive
 11.29 housing for individuals and families who are without a permanent residence;

11.30 (2) to finance the costs of the acquisition and rehabilitation of foreclosed or abandoned
 11.31 housing to be used for affordable rental housing and the costs of new construction of rental

12.1 housing on abandoned or foreclosed property where the existing structures will be demolished
12.2 or removed;

12.3 (3) to finance that portion of the costs of acquisition of property that is attributable to
12.4 the land to be leased by community land trusts to low- and moderate-income home buyers;

12.5 (4) to finance the acquisition, improvement, and infrastructure of manufactured home
12.6 parks under section 462A.2035, subdivision 1b;

12.7 (5) to finance the costs of acquisition, rehabilitation, adaptive reuse, or new construction
12.8 of senior housing;

12.9 (6) to finance the costs of acquisition, rehabilitation, and replacement of federally assisted
12.10 rental housing and for the refinancing of costs of the construction, acquisition, and
12.11 rehabilitation of federally assisted rental housing, including providing funds to refund, in
12.12 whole or in part, outstanding bonds previously issued by the agency or another government
12.13 unit to finance or refinance such costs;

12.14 (7) to finance the costs of acquisition, rehabilitation, adaptive reuse, or new construction
12.15 of single-family housing; and

12.16 (8) to finance the costs of construction, acquisition, and rehabilitation of permanent
12.17 housing that is affordable to households with incomes at or below 50 percent of the area
12.18 median income for the applicable county or metropolitan area as published by the Department
12.19 of Housing and Urban Development, as adjusted for household size.

12.20 (b) Among comparable proposals for permanent supportive housing, preference shall
12.21 be given to permanent supportive housing for veterans and other individuals or families
12.22 who:

12.23 (1) either have been without a permanent residence for at least 12 months or at least four
12.24 times in the last three years; or

12.25 (2) are at significant risk of lacking a permanent residence for 12 months or at least four
12.26 times in the last three years.

12.27 (c) Among comparable proposals for senior housing, the agency must give priority to
12.28 requests for projects that:

12.29 (1) demonstrate a commitment to maintaining the housing financed as affordable to
12.30 senior households;

12.31 (2) leverage other sources of funding to finance the project, including the use of
12.32 low-income housing tax credits;

13.1 (3) provide access to services to residents and demonstrate the ability to increase physical
13.2 supports and support services as residents age and experience increasing levels of disability;
13.3 and

13.4 (4) include households with incomes that do not exceed 30 percent of the median
13.5 household income for the metropolitan area.

13.6 (d) To the extent practicable, the agency shall balance the loans made between projects
13.7 in the metropolitan area and projects outside the metropolitan area. Of the loans made to
13.8 projects outside the metropolitan area, the agency shall, to the extent practicable, balance
13.9 the loans made between projects in counties or cities with a population of 20,000 or less,
13.10 as established by the most recent decennial census, and projects in counties or cities with
13.11 populations in excess of 20,000.

13.12 (e) Among comparable proposals for permanent housing, the agency must give preference
13.13 to projects that will provide housing that is affordable to households at or below 30 percent
13.14 of the area median income.

13.15 (f) If a loan recipient uses the loan for new construction or substantial rehabilitation as
13.16 defined by the agency on a building containing more than four units, the loan recipient must
13.17 construct, convert, or otherwise adapt the building to include:

13.18 (1) the greater of: (i) at least one unit; or (ii) at least five percent of units that are
13.19 accessible units, as defined by section 1002 of the current State Building Code Accessibility
13.20 Provisions for Dwelling Units in Minnesota, and include at least one roll-in shower in at
13.21 least one accessible unit as defined by section 1002 of the current State Building Code
13.22 Accessibility Provisions for Dwelling Units in Minnesota; and

13.23 (2) the greater of: (i) at least one unit; or (ii) at least five percent of units that are
13.24 sensory-accessible units that include:

13.25 (A) soundproofing between shared walls for first and second floor units;

13.26 (B) no florescent lighting in units and common areas;

13.27 (C) low-fume paint;

13.28 (D) low-chemical carpet; and

13.29 (E) low-chemical carpet glue in units and common areas.

13.30 Nothing in this paragraph relieves a project funded by the agency from meeting other
13.31 applicable accessibility requirements.

14.1 Sec. 15. Minnesota Statutes 2022, section 462A.37, is amended by adding a subdivision
14.2 to read:

14.3 Subd. 2j. **Additional authorization.** In addition to the amount authorized in subdivisions
14.4 2 to 2i, the agency may issue up to \$50,000,000 in one or more series to which the payments
14.5 under this section may be pledged.

14.6 Sec. 16. Minnesota Statutes 2023 Supplement, section 462A.37, subdivision 5, is amended
14.7 to read:

14.8 Subd. 5. **Additional appropriation.** (a) The agency must certify annually to the
14.9 commissioner of management and budget the actual amount of annual debt service on each
14.10 series of bonds issued under this section.

14.11 (b) Each July 15, beginning in 2015 and through 2037, if any housing infrastructure
14.12 bonds issued under subdivision 2a, or housing infrastructure bonds issued to refund those
14.13 bonds, remain outstanding, the commissioner of management and budget must transfer to
14.14 the housing infrastructure bond account established under section 462A.21, subdivision 33,
14.15 the amount certified under paragraph (a), not to exceed \$6,400,000 annually. The amounts
14.16 necessary to make the transfers are appropriated from the general fund to the commissioner
14.17 of management and budget.

14.18 (c) Each July 15, beginning in 2017 and through 2038, if any housing infrastructure
14.19 bonds issued under subdivision 2b, or housing infrastructure bonds issued to refund those
14.20 bonds, remain outstanding, the commissioner of management and budget must transfer to
14.21 the housing infrastructure bond account established under section 462A.21, subdivision 33,
14.22 the amount certified under paragraph (a), not to exceed \$800,000 annually. The amounts
14.23 necessary to make the transfers are appropriated from the general fund to the commissioner
14.24 of management and budget.

14.25 (d) Each July 15, beginning in 2019 and through 2040, if any housing infrastructure
14.26 bonds issued under subdivision 2c, or housing infrastructure bonds issued to refund those
14.27 bonds, remain outstanding, the commissioner of management and budget must transfer to
14.28 the housing infrastructure bond account established under section 462A.21, subdivision 33,
14.29 the amount certified under paragraph (a), not to exceed \$2,800,000 annually. The amounts
14.30 necessary to make the transfers are appropriated from the general fund to the commissioner
14.31 of management and budget.

14.32 (e) Each July 15, beginning in 2020 and through 2041, if any housing infrastructure
14.33 bonds issued under subdivision 2d, or housing infrastructure bonds issued to refund those

15.1 bonds, remain outstanding, the commissioner of management and budget must transfer to
15.2 the housing infrastructure bond account established under section 462A.21, subdivision 33,
15.3 the amount certified under paragraph (a). The amounts necessary to make the transfers are
15.4 appropriated from the general fund to the commissioner of management and budget.

15.5 (f) Each July 15, beginning in 2020 and through 2041, if any housing infrastructure
15.6 bonds issued under subdivision 2e, or housing infrastructure bonds issued to refund those
15.7 bonds, remain outstanding, the commissioner of management and budget must transfer to
15.8 the housing infrastructure bond account established under section 462A.21, subdivision 33,
15.9 the amount certified under paragraph (a). The amounts necessary to make the transfers are
15.10 appropriated from the general fund to the commissioner of management and budget.

15.11 (g) Each July 15, beginning in 2022 and through 2043, if any housing infrastructure
15.12 bonds issued under subdivision 2f, or housing infrastructure bonds issued to refund those
15.13 bonds, remain outstanding, the commissioner of management and budget must transfer to
15.14 the housing infrastructure bond account established under section 462A.21, subdivision 33,
15.15 the amount certified under paragraph (a). The amounts necessary to make the transfers are
15.16 appropriated from the general fund to the commissioner of management and budget.

15.17 (h) Each July 15, beginning in 2022 and through 2043, if any housing infrastructure
15.18 bonds issued under subdivision 2g, or housing infrastructure bonds issued to refund those
15.19 bonds, remain outstanding, the commissioner of management and budget must transfer to
15.20 the housing infrastructure bond account established under section 462A.21, subdivision 33,
15.21 the amount certified under paragraph (a). The amounts necessary to make the transfers are
15.22 appropriated from the general fund to the commissioner of management and budget.

15.23 (i) Each July 15, beginning in 2023 and through 2044, if any housing infrastructure
15.24 bonds issued under subdivision 2h, or housing infrastructure bonds issued to refund those
15.25 bonds, remain outstanding, the commissioner of management and budget must transfer to
15.26 the housing infrastructure bond account established under section 462A.21, subdivision 33,
15.27 the amount certified under paragraph (a). The amounts necessary to make the transfers are
15.28 appropriated from the general fund to the commissioner of management and budget.

15.29 (j) Each July 15, beginning in 2026 and through 2047, if any housing infrastructure
15.30 bonds issued under subdivision 2j, or housing infrastructure bonds issued to refund those
15.31 bonds, remain outstanding, the commissioner of management and budget must transfer to
15.32 the housing infrastructure bond account established under section 462A.21, subdivision 33,
15.33 the amount certified under paragraph (a). The amounts necessary to make the transfers are
15.34 appropriated from the general fund to the commissioner of management and budget.

16.1 ~~(j)~~ (k) The agency may pledge to the payment of the housing infrastructure bonds the
 16.2 payments to be made by the state under this section.

16.3 Sec. 17. Minnesota Statutes 2023 Supplement, section 462A.39, subdivision 2, is amended
 16.4 to read:

16.5 Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the
 16.6 meanings given.

16.7 (b) "Eligible project area" means a home rule charter or statutory city located outside
 16.8 of a metropolitan county as defined in section 473.121, subdivision 4, ~~with a population~~
 16.9 ~~exceeding 500; a community that has a combined population of 1,500 residents located~~
 16.10 ~~within 15 miles of a home rule charter or statutory city located outside a metropolitan county~~
 16.11 ~~as defined in section 473.121, subdivision 4;~~ federally recognized Tribal reservations; or
 16.12 an area served by a joint county-city economic development authority.

16.13 (c) "Joint county-city economic development authority" means an economic development
 16.14 authority formed under Laws 1988, chapter 516, section 1, as a joint partnership between
 16.15 a city and county and excluding those established by the county only.

16.16 (d) "Market rate residential rental properties" means properties that are rented at market
 16.17 value, including new modular homes, new manufactured homes, and new manufactured
 16.18 homes on leased land or in a manufactured home park, and may include rental developments
 16.19 that have a portion of income-restricted units.

16.20 (e) "Qualified expenditure" means expenditures for market rate residential rental
 16.21 properties including acquisition of property; construction of improvements; and provisions
 16.22 of loans or subsidies, grants, interest rate subsidies, public infrastructure, and related financing
 16.23 costs.

16.24 Sec. 18. Minnesota Statutes 2023 Supplement, section 462A.395, is amended to read:

16.25 **462A.395 GREATER MINNESOTA HOUSING INFRASTRUCTURE GRANT**
 16.26 **PROGRAM.**

16.27 Subdivision 1. **Grant program established.** The commissioner of the Minnesota Housing
 16.28 Finance Agency may make grants to counties and cities to provide up to 50 percent of the
 16.29 capital costs of public infrastructure necessary for an eligible workforce housing development
 16.30 project. The commissioner may make a grant award only after determining that nonstate
 16.31 resources are committed to complete the project. The nonstate contribution may be cash,
 16.32 other committed grant funds, or in kind. In-kind contributions may include the value of the

17.1 site, whether the site is prepared before or after the law appropriating money for the grant
17.2 is enacted.

17.3 Subd. 2. **Definitions.** (a) For the purposes of this section, the following terms have the
17.4 meanings given.

17.5 (b) "City" means a statutory or home rule charter city located outside the metropolitan
17.6 area, as defined in section 473.121, subdivision 2.

17.7 (c) "Housing infrastructure" means publicly owned physical infrastructure necessary to
17.8 support housing development projects, including but not limited to sewers, water supply
17.9 systems, utility extensions, streets, wastewater treatment systems, stormwater management
17.10 systems, and facilities for pretreatment of wastewater to remove phosphorus.

17.11 Subd. 3. **Eligible projects.** Housing projects eligible for a grant under this section may
17.12 be a single-family or multifamily housing development, and either owner-occupied or rental.
17.13 Housing projects eligible for a grant under this section may also be a manufactured home
17.14 development qualifying for homestead treatment under section 273.124, subdivision 3a.

17.15 Subd. 4. **Application.** (a) The commissioner must develop forms and procedures for
17.16 soliciting and reviewing applications for grants under this section. At a minimum, a city or
17.17 county must include in its application a resolution of the county board or city council
17.18 certifying that the required nonstate match is available. The commissioner must evaluate
17.19 complete applications for funding for eligible projects to determine that:

17.20 (1) the project is necessary to increase sites available for housing development that will
17.21 provide adequate housing stock for the current or future workforce; and

17.22 (2) the increase in workforce housing will result in substantial public and private capital
17.23 investment in the county or city in which the project would be located.

17.24 (b) The determination of whether to make a grant for a site is within the discretion of
17.25 the commissioner, subject to this section. The commissioner's decisions and application of
17.26 the criteria are not subject to judicial review, except for abuse of discretion.

17.27 Subd. 5. **Maximum grant amount.** A county or city may receive no more than ~~\$30,000~~
17.28 \$40,000 per lot for single-family, duplex, triplex, or fourplex housing developed, no more
17.29 than \$60,000 per manufactured housing lot, and no more than \$180,000 per lot for
17.30 multifamily housing with more than four units per building. A county or city may receive
17.31 no more than \$500,000 in two years for one or more housing developments. The \$500,000
17.32 limitation does not apply to use on manufactured housing developments.

18.1 Sec. 19. Minnesota Statutes 2022, section 462A.40, subdivision 2, is amended to read:

18.2 Subd. 2. **Use of funds; grant and loan program.** (a) The agency may award grants and
 18.3 loans to be used for multifamily and single family developments for persons and families
 18.4 of low and moderate income. Allowable use of the funds include: gap financing, as defined
 18.5 in section 462A.33, subdivision 1; new construction; acquisition; rehabilitation; demolition
 18.6 or removal of existing structures; construction financing; permanent financing; interest rate
 18.7 reduction; and refinancing.

18.8 (b) The agency may give preference for grants and loans to comparable proposals that
 18.9 include regulatory changes or waivers that result in identifiable cost avoidance or cost
 18.10 reductions, including but not limited to increased density, flexibility in site development
 18.11 standards, or zoning code requirements.

18.12 ~~(c) The agency shall separately set aside:~~

18.13 ~~(1) at least ten percent of the financing under this section for housing units located in a~~
 18.14 ~~township or city with a population of 2,500 or less that is located outside the metropolitan~~
 18.15 ~~area, as defined in section 473.121, subdivision 2;~~

18.16 ~~(2) at least 35 percent of the financing under this section for housing for persons and~~
 18.17 ~~families whose income is 50 percent or less of the area median income for the applicable~~
 18.18 ~~county or metropolitan area as published by the Department of Housing and Urban~~
 18.19 ~~Development, as adjusted for household size; and~~

18.20 ~~(3) at least 25 percent of the financing under this section for single family housing.~~

18.21 ~~(d) If by September 1 of each year the agency does not receive requests to use all of the~~
 18.22 ~~amounts set aside under paragraph (c), the agency may use any remaining financing for~~
 18.23 ~~other projects eligible under this section.~~

18.24 Sec. 20. Minnesota Statutes 2022, section 462A.40, subdivision 3, is amended to read:

18.25 Subd. 3. **Eligible recipients; definitions; restrictions; use of funds.** (a) The agency
 18.26 may award a grant or a loan to any recipient that qualifies under subdivision 2. The agency
 18.27 must not award a grant or a loan to a disqualified individual or disqualified business.

18.28 (b) For the purposes of this subdivision disqualified individual means ~~an individual who:~~

18.29 (1) an individual who or an individual whose immediate family member made a
 18.30 contribution to the account in the current or prior taxable year and received a credit certificate;

18.31 (2) an individual who or an individual whose immediate family member owns the housing
 18.32 for which the grant or loan will be used ~~and is using that housing as their domicile;~~

19.1 (3) an individual who meets the following criteria:

19.2 (i) the individual is an officer or principal of a business entity; and

19.3 (ii) that business entity made a contribution to the account in the current or previous
19.4 taxable year and received a credit certificate; or

19.5 (4) an individual who meets the following criteria:

19.6 (i) the individual directly owns, controls, or holds the power to vote 20 percent or more
19.7 of the outstanding securities of a business entity; and

19.8 (ii) that business entity made a contribution to the account in the current or previous
19.9 taxable year and received a credit certificate.

19.10 (c) For the purposes of this subdivision disqualified business means a business entity
19.11 that:

19.12 (1) made a contribution to the account in the current or prior taxable year and received
19.13 a credit certificate;

19.14 (2) has an officer or principal who is an individual who made a contribution to the
19.15 account in the current or previous taxable year and received a credit certificate; or

19.16 (3) meets the following criteria:

19.17 (i) the business entity is directly owned, controlled, or is subject to the power to vote 20
19.18 percent or more of the outstanding securities by an individual or business entity; and

19.19 (ii) that controlling individual or business entity made a contribution to the account in
19.20 the current or previous taxable year and received a credit certificate.

19.21 ~~(d) The disqualifications in paragraphs (b) and (c) apply if the taxpayer would be~~
19.22 ~~disqualified either individually or in combination with one or more members of the taxpayer's~~
19.23 ~~family, as defined in the Internal Revenue Code, section 267(e)(4). For purposes of this~~
19.24 ~~subdivision, "immediate family" means the taxpayer's spouse, parent or parent's spouse,~~
19.25 ~~sibling or sibling's spouse, or child or child's spouse. For a married couple filing a joint~~
19.26 ~~return, the limitations in this paragraph subdivision apply collectively to the taxpayer and~~
19.27 ~~spouse. For purposes of determining the ownership interest of a taxpayer under paragraph~~
19.28 ~~(a), clause (4), the rules under sections 267(c) and 267(e) of the Internal Revenue Code~~
19.29 ~~apply.~~

19.30 (e) Before applying for a grant or loan, all recipients must sign a disclosure that the
19.31 disqualifications under this subdivision do not apply. The Minnesota Housing Finance

20.1 Agency must prescribe the form of the disclosure. The Minnesota Housing Finance Agency
 20.2 may rely on the disclosure to determine the eligibility of recipients under paragraph (a).

20.3 (f) The agency may award grants or loans to a city as defined in section 462A.03,
 20.4 subdivision 21; a federally recognized American Indian tribe or subdivision located in
 20.5 Minnesota; a tribal housing corporation; a private developer; a nonprofit organization; a
 20.6 housing and redevelopment authority under sections 469.001 to 469.047; a public housing
 20.7 authority or agency authorized by law to exercise any of the powers granted by sections
 20.8 469.001 to 469.047; or the owner of the housing. The provisions of subdivision 2, and
 20.9 paragraphs (a) to (e) and (g) of this subdivision, regarding the use of funds and eligible
 20.10 recipients apply to grants and loans awarded under this paragraph.

20.11 (g) ~~Except for the set-aside provided in subdivision 2, paragraph (d),~~ Eligible recipients
 20.12 must use the funds to serve households that meet the income limits as provided in section
 20.13 462A.33, subdivision 5.

20.14 Sec. 21. Minnesota Statutes 2022, section 469.012, is amended by adding a subdivision
 20.15 to read:

20.16 Subd. 14. Assistance to preserve naturally occurring affordable housing. An authority
 20.17 may provide financial assistance of any kind, including but not limited to grants, loans,
 20.18 forgivable loans, payment of interest, interest rate reduction, issuance of bonds and the
 20.19 spending of the proceeds of the bonds, to assist with the capital repair or replacement of an
 20.20 asset or category of assets with a regular life span in excess of 25 years and with a project
 20.21 cost in excess of \$5,000,000, where: (1) the capital repair project is in a multifamily housing
 20.22 building, whether owner-occupied or rental; (2) at least 25 percent of the units were sold
 20.23 or are rented to households meeting low-income requirements set by the United States
 20.24 Department of Housing and Urban Development; and (3) more than 25 years has elapsed
 20.25 since the asset or category of assets has been repaired or replaced. In the case of a common
 20.26 interest community, the assistance authorized herein may be provided whether or not the
 20.27 assets being repaired or replaced are owned by the individual unit owners or by the common
 20.28 interest community of which the individual unit owners are part of the membership, and
 20.29 may be provided to the common interest community or to individual unit owners, or both.

20.30 Sec. 22. Laws 2023, chapter 37, article 1, section 2, subdivision 2, is amended to read:

20.31 Subd. 2. **Challenge Program** 60,425,000 60,425,000

20.32 (a) This appropriation is for the economic
 20.33 development and housing challenge program

21.1 under Minnesota Statutes, sections 462A.33
21.2 and 462A.07, subdivision 14.

21.3 (b) Of this amount, \$6,425,000 each year shall
21.4 be made available during the first 11 months
21.5 of the fiscal year exclusively for housing
21.6 projects for American Indians. Any funds not
21.7 committed to housing projects for American
21.8 Indians within the annual consolidated request
21.9 for funding processes may be available for
21.10 any eligible activity under Minnesota Statutes,
21.11 sections 462A.33 and 462A.07, subdivision
21.12 14.

21.13 (c) Of the amount in the first year, \$5,000,000
21.14 is for a grant to Urban Homeworks to expand
21.15 initiatives pertaining to deeply affordable
21.16 homeownership in Minneapolis neighborhoods
21.17 with over 40 percent of residents identifying
21.18 as Black, Indigenous, or People of Color and
21.19 at least 40 percent of residents making less
21.20 than 50 percent of the area median income.
21.21 The grant is to be used for acquisition,
21.22 rehabilitation, gap financing as defined in
21.23 Minnesota Statutes, section 462A.33,
21.24 subdivision 1, and construction of homes to
21.25 be sold to households with incomes ~~of 50 to~~
21.26 at or below 60 percent of the area median
21.27 income. This is a onetime appropriation, and
21.28 ~~is available until June 30, 2027.~~ By December
21.29 15 each year ~~until 2027,~~ Urban Homeworks
21.30 must submit a report to the chairs and ranking
21.31 minority members of the legislative
21.32 committees having jurisdiction over housing
21.33 finance and policy. The report must include
21.34 the amount used for (1) acquisition, (2)
21.35 rehabilitation, and (3) construction of housing

22.1 units, along with the number of housing units
 22.2 acquired, rehabilitated, or constructed, and the
 22.3 amount of the appropriation that has been
 22.4 spent. If any home was sold or transferred
 22.5 within the year covered by the report, Urban
 22.6 Homeworks must include the price at which
 22.7 the home was sold, as well as how much was
 22.8 spent to complete the project before sale.

22.9 (d) Of the amount in the first year, \$2,000,000
 22.10 is for a grant to Rondo Community Land
 22.11 Trust. This is a onetime appropriation.

22.12 (e) The base for this program in fiscal year
 22.13 2026 and beyond is \$12,925,000.

22.14 **EFFECTIVE DATE.** This section is effective the day following final enactment.

22.15 Sec. 23. Laws 2023, chapter 37, article 1, section 2, subdivision 32, is amended to read:

22.16	Subd. 32. Northland Foundation	1,000,000	-0-
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22.17 This appropriation is for a grant to Northland
 22.18 Foundation for use on expenditures authorized
 22.19 under Minnesota Statutes, section 462C.16,
 22.20 subdivision 3, to assist and support
 22.21 communities in providing housing locally, and
 22.22 ~~on~~ for assisting local governments to establish
 22.23 local or regional housing trust funds.
 22.24 Northland Foundation may award grants and
 22.25 loans to other entities to expend on authorized
 22.26 expenditures under this section. This
 22.27 appropriation is onetime and available until
 22.28 June 30, 2025.

22.29 Sec. 24. Laws 2023, chapter 37, article 2, section 12, subdivision 2, is amended to read:

22.30 Subd. 2. **Eligible homebuyer.** For the purposes of this section, an "eligible homebuyer"
 22.31 means an individual:

22.32 (1) whose income is at or below 130 percent of area median income;

23.1 ~~(2) who resides in a census tract where at least 60 percent of occupied housing units are~~
 23.2 ~~renter-occupied, based on the most recent estimates or experimental estimates provided by~~
 23.3 ~~the American Community Survey of the United States Census Bureau;~~

23.4 ~~(3)~~ (2) who is financing the purchase of an eligible property with an interest-free,
 23.5 fee-based mortgage; and

23.6 ~~(4)~~ (3) who is a first-time homebuyer as defined by Code of Federal Regulations, title
 23.7 24, section 92.2.

23.8 Sec. 25. **HOUSING AFFORDABILITY PRESERVATION INVESTMENT.**

23.9 Subdivision 1. Establishment. The commissioner of the Minnesota Housing Finance
 23.10 Agency must establish and administer a grant program to support recapitalization of distressed
 23.11 buildings.

23.12 Subd. 2. Definitions. For purposes of this section:

23.13 (1) "distressed building" means an existing rental housing building in which the units
 23.14 are restricted to households at or below 60 percent of the area median income, and:

23.15 (i) is in foreclosure proceedings;

23.16 (ii) has two or more years of negative net operating income;

23.17 (iii) has two or more years with a debt service coverage ratio of less than one; or

23.18 (iv) has necessary costs of repair, replacement, or maintenance that exceed the project
 23.19 reserves available for those purposes; and

23.20 (2) "recapitalization" means financing for the physical and financial needs of a distressed
 23.21 building, including restructuring and forgiveness of amortizing and deferred debt, principal
 23.22 and interest paydown, interest rate write-down, deferral of debt payments, mortgage payment
 23.23 forbearance, deferred maintenance, security services, property insurance, capital
 23.24 improvements, funding of reserves for supportive services, and property operations.

23.25 Subd. 3. Grant program. The commissioner must use a request for proposal process
 23.26 to consider funding requests and award grants to finance recapitalization of distressed
 23.27 buildings. In awarding grants, the commissioner must give priority to distressed buildings
 23.28 most at risk of losing affordable housing, to the extent practicable.

23.29 Subd. 4. Report. By February 1, 2025, and November 30, 2025, the commissioner shall
 23.30 submit a report to the chairs and ranking minority members of the legislative committees
 23.31 having jurisdiction over housing and homelessness. The report must detail the number of

24.1 applications received, the amount of funding requested, the grants awarded, and the number
24.2 of affordable housing units preserved through awards under this section.

24.3 **Sec. 26. REPORT ON RENTAL HOUSING PROGRAMS.**

24.4 The commissioner of the Minnesota Housing Finance Agency must review the financial
24.5 impacts of the low-income rental property tax classification in Minnesota Statutes, section
24.6 273.128, and the low-income housing tax credit program under section 42 of the Internal
24.7 Revenue Code, including the extent of rent increases and housing related expenses. By
24.8 December 15, 2024, the commissioner must report on the findings and recommendations
24.9 for legislative changes to the chairs and ranking minority members of the legislative
24.10 committees with jurisdiction over human services, housing finance, and taxes. The
24.11 commissioner must use existing financial resources for this review and report.

24.12 **Sec. 27. SINGLE-EXIT STAIRWAY APARTMENT BUILDING REPORT.**

24.13 The commissioner of labor and industry must evaluate conditions under which single-exit
24.14 stairway apartment buildings above three stories up to 75 feet, would achieve life safety
24.15 outcomes equal to or superior to currently adopted codes, including those for multifamily
24.16 buildings with very large footprints and single-family houses. The commissioner must use
24.17 research techniques that include smoke modeling, egress modeling, an analysis of fire loss
24.18 history in jurisdictions that have already adopted similar provisions, and interviews with
24.19 fire services regarding fire suppression and rescue techniques in such buildings. The
24.20 commissioner shall consult with relevant stakeholders, including but not limited to the
24.21 Minnesota Fire Chiefs Association, Minnesota Professional Firefighters Association,
24.22 Association of Minnesota Building Officials, Housing First Minnesota, Center for Building
24.23 in North America, and faculty from the relevant department of a university which grants
24.24 degrees in fire protection engineering. The commissioner may contract with external experts
24.25 or an independent third party to develop the report and perform other functions required of
24.26 the commissioner under this section. By December 31, 2025, the commissioner must report
24.27 on the findings to the chairs and ranking minority members of the legislative committees
24.28 with jurisdiction over housing and state building codes.

24.29 **Sec. 28. REPORT TO THE LEGISLATURE.**

24.30 By January 15 each year, the commissioner of the Minnesota Housing Finance Agency
24.31 must submit a report to the chairs and ranking minority members of the legislative committees
24.32 having jurisdiction over housing finance and policy containing the following information:

- 25.1 (1) the total number of applications for funding;
- 25.2 (2) the amount of funding requested;
- 25.3 (3) the amounts of funding awarded; and
- 25.4 (4) the number of housing units that are affected by funding awards, including the number
- 25.5 of:
- 25.6 (i) newly constructed owner-occupied units;
- 25.7 (ii) renovated owner-occupied units;
- 25.8 (iii) newly constructed rental units; and
- 25.9 (iv) renovated rental units.

25.10 **Sec. 29. REVISOR INSTRUCTION.**

25.11 The revisor of statutes shall renumber Minnesota Statutes, section 462A.37, subdivision

25.12 2i, as Minnesota Statutes, section 462A.37, subdivision 3a. The revisor shall also make

25.13 necessary cross-reference changes in Minnesota Statutes.

25.14 **ARTICLE 3**

25.15 **EXPEDITING RENTAL ASSISTANCE**

25.16 **Section 1. [462A.2096] ANNUAL PROJECTION OF EMERGENCY RENTAL**

25.17 **ASSISTANCE NEEDS.**

25.18 The agency must develop a projection of emergency rental assistance needs in

25.19 consultation with the commissioner of human services and representatives from county and

25.20 Tribal housing administrators and housing nonprofit agencies. The projection must identify

25.21 the amount of funding required to meet all emergency rental assistance needs, including

25.22 the family homelessness prevention and assistance program, the emergency assistance

25.23 program, and emergency general assistance. By January 15 each year, the commissioner

25.24 must submit a report on the projected need for emergency rental assistance to the chairs and

25.25 ranking minority members of the legislative committees having jurisdiction over housing

25.26 and human services finance and policy.

25.27 **Sec. 2. DATA COLLECTION TO MEASURE TIMELINESS OF RENTAL**

25.28 **ASSISTANCE.**

25.29 The commissioner of the Minnesota Housing Finance Agency must work with the

25.30 commissioner of human services to develop criteria for measuring the timeliness of

26.1 processing applications for rental assistance. The commissioner of the Minnesota Housing
 26.2 Finance Agency must collect data to monitor application speeds of the family homelessness
 26.3 prevention and assistance program and use the collected data to inform improvements to
 26.4 application processing systems. By January 15, 2027, the commissioner of the Minnesota
 26.5 Housing Finance Agency must submit a report to the chairs and ranking minority members
 26.6 of the legislative committees having jurisdiction over housing finance and policy. The report
 26.7 must include analysis of the data collected and whether goals have been met to (1) process
 26.8 an emergency rental assistance application within two weeks of the receipt of a complete
 26.9 application, and (2) if approved, make payment to a landlord within 30 days of the receipt
 26.10 of a complete application.

26.11 **Sec. 3. E-SIGNATURE OPTIONS FOR RENTAL ASSISTANCE.**

26.12 The commissioner of the Minnesota Housing Finance Agency, working with the
 26.13 commissioner of human services, shall develop uniform e-signature options to be used in
 26.14 applications for the family homelessness prevention and assistance program. No later than
 26.15 June 30, 2026, the commissioner shall require administrators of the family homelessness
 26.16 prevention and assistance program to incorporate and implement the developed e-signature
 26.17 options. The commissioner must notify the chairs and ranking minority members of the
 26.18 legislative committees with jurisdiction over housing of the date when the e-signature options
 26.19 are implemented.

26.20 **Sec. 4. VERIFICATION PROCEDURES FOR RENTAL ASSISTANCE.**

26.21 (a) The commissioner of the Minnesota Housing Finance Agency, working with program
 26.22 administrators, must develop recommendations to simplify the process of verifying
 26.23 information in applications for the family homelessness prevention and assistance program.
 26.24 In developing recommendations, the commissioner must consider:

26.25 (1) allowing self-attestation of emergencies, assets, and income;

26.26 (2) allowing verbal authorization by applicants to allow emergency rental assistance
 26.27 administrators to communicate with landlords and utility providers regarding applications
 26.28 for assistance; and

26.29 (3) allowing landlords to apply for emergency rental assistance on tenants' behalf.

26.30 (b) The commissioner must:

26.31 (1) prepare recommendations by January 1, 2025;

26.32 (2) adopt any recommendations by July 1, 2025; and

27.1 (3) provide technical assistance to counties, Tribes, and other emergency rental assistance
27.2 administrators to implement these recommendations.

27.3 (c) By January 13, 2025, the commissioner must report to the chairs and ranking minority
27.4 members of the legislative committees with jurisdiction over housing detailing the proposed
27.5 recommendations required by this section. By July 7, 2025, the commissioner must report
27.6 to the chairs and ranking minority members of the legislative committees with jurisdiction
27.7 over housing detailing the recommendations adopted as required by this section.

APPENDIX
Repealed Minnesota Session Laws: S4158-1

Laws 2023, chapter 37, article 2, section 13 by Laws 2024, chapter 127, article 14, section 13

Subd. 2. **Eligible services.** The commissioner may award a grant under this section to an organization providing lending funds for the following services:

- (1) new manufactured home financing programs;
- (2) manufactured home down payment assistance; or
- (3) manufactured home repair, renovation, removal, and site preparation financing programs.

Subd. 3. **Eligible organization.** To be eligible for a grant under this section, a nonprofit organization must:

- (1) qualify for tax exempt status under United States Code, title 26, section 501(c)(3);
- (2) have primary operations located in Minnesota;
- (3) be a qualified nonprofit lender or certified as a community development financial institution by the United States Department of the Treasury; and
- (4) serve low-income populations in manufactured home communities owned by residents, cooperatives, nonprofits, or municipalities.

Subd. 4. **Commissioner duties.** The commissioner shall develop the forms, applications, and reporting requirements for use by eligible organizations. In developing these materials, the commissioner shall consult with manufactured housing cooperatives, resident-owned manufactured home communities, and nonprofit organizations working with manufactured housing cooperatives and resident-owned communities.

Subd. 5. **Loan payments and interest.** Interest earned and repayments of principal from loans issued under this section must be used for the purposes of this section.