

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

S.F. No. 2178

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Introduction and first reading
Referred to Agriculture, Rural Development, and Housing Policy

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to housing; modifying requirement for economic and housing challenge
1.3 grants; amending Minnesota Statutes 2018, section 462A.33, subdivision 1, by
1.4 adding a subdivision.

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

1.6 Section 1. Minnesota Statutes 2018, section 462A.33, subdivision 1, is amended to read:

1.7 Subdivision 1. **Created.** The economic development and housing challenge program is
1.8 created to be administered by the agency. Notwithstanding section 462A.24, this section
1.9 shall be construed based on the specific language within this section and within an
1.10 appropriation pursuant to this section.

1.11 (a) The program shall provide grants or loans for the purpose of construction, acquisition,
1.12 rehabilitation, demolition or removal of existing structures, construction financing, permanent
1.13 financing, interest rate reduction, refinancing, and gap financing of housing to support
1.14 economic development and redevelopment activities or job creation or job preservation
1.15 within a community or region by meeting locally identified housing needs.

1.16 Gap financing is either:

1.17 (1) the difference between the costs of the property, including acquisition, demolition,
1.18 rehabilitation, and construction, and the market value of the property upon sale; or

1.19 (2) the difference between the cost of the property and the amount the targeted household
1.20 can afford for housing, based on industry standards and practices.

1.21 (b) Preference for grants and loans shall be given to comparable proposals that include
1.22 regulatory changes or waivers that result in identifiable cost avoidance or cost reductions,

2.1 such as increased density, flexibility in site development standards, or zoning code
2.2 requirements. Preference must also be given among comparable proposals to proposals for
2.3 projects that are accessible to transportation systems, jobs, schools, and other services.

2.4 (c) If a grant or loan is used for demolition or removal of existing structures, the cleared
2.5 land must be used for the construction of housing to be owned or rented by persons who
2.6 meet the income limits of this section or for other housing-related purposes that primarily
2.7 benefit the persons residing in the adjacent housing. In making selections for grants or loans
2.8 for projects that demolish affordable housing units, the agency must review the potential
2.9 displacement of residents and consider the extent to which displacement of residents is
2.10 minimized.

2.11 Sec. 2. Minnesota Statutes 2018, section 462A.33, is amended by adding a subdivision to
2.12 read:

2.13 Subd. 9. Definitions. For purposes of this section, the following terms have the meanings
2.14 given them:

2.15 (1) "locally identified housing needs" means housing for the area workforce supported
2.16 by the local municipality, housing redevelopment authority, economic development authority,
2.17 or other political subdivision responsible for housing; and

2.18 (2) "workforce" means people working at least 30 hours per week or enrolled full time
2.19 in an accredited postsecondary school.