

CHAPTER 32--S.F.No. 2298

An act relating to state government; establishing budget for Minnesota Housing Finance Agency; making policy, finance, and technical changes to housing provisions; modifying requirements for landlord and tenant provisions; authorizing issuance of housing infrastructure bonds; modifying and clarifying requirements for certain housing development and aid programs; repealing housing support account; requiring reports; appropriating money; amending Minnesota Statutes 2024, sections 327C.095, subdivision 12; 462A.051, subdivision 2; 462A.07, by adding a subdivision; 462A.2095, subdivisions 2, 3; 462A.33, subdivisions 2, 9; 462A.37, subdivisions 2, 5, by adding a subdivision; 462C.16, subdivision 1; 477A.35, subdivision 5; 477A.36, subdivision 5; 504B.161, subdivision 1; 504B.206, subdivision 2; 504B.385, subdivision 1; 504B.395, subdivision 4; 507.18, subdivisions 5, 6; Laws 2023, chapter 37, article 1, section 2, subdivisions 20, 21, 29, as amended; article 2, sections 9; 10; Laws 2023, chapter 52, article 19, sections 90; 102; Laws 2024, chapter 96, article 1, section 91; article 2, section 13; repealing Minnesota Statutes 2024, sections 16A.287; 462A.43.

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

ARTICLE 1**HOUSING BUDGET**Section 1. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agency for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2026" and "2027" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2026, or June 30, 2027, respectively. "The first year" is fiscal year 2026. "The second year" is fiscal year 2027. "The biennium" is fiscal years 2026 and 2027.

APPROPRIATIONS**Available for the Year****Ending June 30****2026****2027**Sec. 2. **HOUSING FINANCE AGENCY**

Subdivision 1. <u>Total Appropriation</u>	\$	<u>101,148,000</u>	\$	<u>82,798,000</u>
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(a) The amounts that may be spent for each purpose are specified in the following subdivisions.

(b) Unless otherwise specified, the appropriations for the programs in this section are appropriated and made available for the purposes of the housing development fund. Except as otherwise indicated, the amounts appropriated are part of the agency's permanent budget base.

Subd. 2. Challenge Program

14,925,000

12,925,000

(a) This appropriation is for the economic development and housing challenge program under Minnesota Statutes, sections 462A.33 and 462A.07, subdivision 14.

(b) Of this amount, \$1,208,000 each year shall be made available during the first 11 months of the fiscal year exclusively for housing projects for American Indians. Any funds not committed to housing projects for American Indians within the annual consolidated request for funding processes may be available for any eligible activity under Minnesota Statutes, sections 462A.33 and 462A.07, subdivision 14.

(c) The base for this program in fiscal year 2028 and beyond is \$12,925,000.

Subd. 3. Workforce Housing Development

2,000,000

2,000,000

This appropriation is for the greater Minnesota workforce housing development program under Minnesota Statutes, section 462A.39. If requested by the applicant and approved by the agency, funded properties may include a portion of income- and rent-restricted units. Funded properties may include owner-occupied homes.

Subd. 4. Manufactured Home Park Infrastructure Grants

1,000,000

1,000,000

This appropriation is for manufactured home park infrastructure grants under Minnesota Statutes, section 462A.2035, subdivision 1b.

Subd. 5. Workforce Homeownership Program

2,250,000

250,000

(a) This appropriation is for the workforce homeownership program under Minnesota Statutes, section 462A.38.

(b) The base for this program in fiscal year 2028 and beyond is \$250,000.

Subd. 6. Rent Assistance Program

23,000,000

23,000,000

This appropriation is for the rent assistance program under Minnesota Statutes, section 462A.2095.

Subd. 7. Housing Trust Fund

11,646,000

11,646,000

This appropriation is for deposit in the housing trust fund account created under Minnesota Statutes, section 462A.201, and may be used for the purposes provided in that section.

Subd. 8. Homework Starts with Home

2,750,000

2,750,000

This appropriation is for the homework starts with home program under Minnesota Statutes, sections 462A.201, subdivision 2, paragraph (a), clause (4), and 462A.204, subdivision 8, to provide assistance to homeless families, those at risk of homelessness, or highly mobile families.

Subd. 9. Rental Assistance for Mentally Ill

5,338,000

5,338,000

(a) This appropriation is for the rental housing assistance program for persons with a mental illness or families with an adult member with a mental illness under Minnesota Statutes, section 462A.2097. Among comparable proposals, the agency shall prioritize those proposals that target, in part, eligible persons who desire to move to more integrated, community-based settings.

(b) Notwithstanding any law to the contrary, this appropriation may be used for risk mitigation funds, landlord incentives, or other costs necessary to decrease the risk of homelessness, as determined by the agency.

Subd. 10. Family Homeless Prevention

18,619,000

10,269,000

(a) This appropriation is for the family homeless prevention and assistance program under Minnesota Statutes, section 462A.204.

(b) Notwithstanding any law to the contrary, this appropriation may be used for program costs necessary

to decrease the risk of homelessness and improve the effectiveness of the program, as determined by the agency.

(c) When a new grantee works with a current or former grantee in a given geographic area, a new grantee may work with either an advisory committee as required under Minnesota Statutes, section 462A.204, subdivision 6, or the local continuum of care and is not required to meet the requirements of Minnesota Statutes, section 462A.204, subdivision 4.

(d) Notwithstanding procurement provisions outlined in Minnesota Statutes, section 16C.06, subdivisions 1, 2, and 6, the agency may award grants to existing program grantees.

(e) The base for this program in fiscal year 2028 and beyond is \$10,719,000.

Subd. 11. Home Ownership Assistance Fund

2,885,000

885,000

(a) This appropriation is for the home ownership assistance program under Minnesota Statutes, section 462A.21, subdivision 8. The agency shall continue to strengthen its efforts to address the disparity gap in the homeownership rate between white households and Indigenous American Indians and communities of color. To better understand and address the disparity gap, the agency is required to collect, on a voluntary basis, demographic information regarding race, color, national origin, and sex of applicants for agency programs intended to benefit homeowners and homebuyers.

(b) The base for this program in fiscal year 2028 and beyond is \$885,000.

Subd. 12. Affordable Rental Investment Fund

4,218,000

4,218,000

(a) This appropriation is for the affordable rental investment fund program under Minnesota Statutes, section 462A.21, subdivision 8b, to finance the acquisition, rehabilitation, and debt restructuring of federally assisted rental property and for making equity take-out loans under Minnesota Statutes, section 462A.05, subdivision 39.

(b) The owner of federally assisted rental property must agree to participate in the applicable federally

assisted housing program and to extend any existing low-income affordability restrictions on the housing for the maximum term permitted.

(c) The appropriation also may be used to finance the acquisition, rehabilitation, and debt restructuring of existing supportive housing properties and naturally occurring affordable housing as determined by the commissioner. For purposes of this paragraph, "supportive housing" means affordable rental housing with links to services necessary for individuals, youth, and families with children to maintain housing stability.

Subd. 13. Owner-Occupied Housing Rehabilitation

2,772,000

2,772,000

(a) This appropriation is for the rehabilitation of owner-occupied housing under Minnesota Statutes, section 462A.05, subdivisions 14 and 14a.

(b) Notwithstanding any law to the contrary, grants or loans under this subdivision may be made without rent or income restrictions of owners or tenants. To the extent practicable, grants or loans must be made available statewide.

Subd. 14. Rental Housing Rehabilitation

3,743,000

3,743,000

(a) This appropriation is for the rehabilitation of eligible rental housing under Minnesota Statutes, section 462A.05, subdivision 14. In administering a rehabilitation program for rental housing, the agency may apply the processes and priorities adopted for administration of the economic development and housing challenge program under Minnesota Statutes, section 462A.33, and may provide grants or forgivable loans if approved by the agency.

(b) Notwithstanding any law to the contrary, grants or loans under this subdivision may be made without rent or income restrictions of owners or tenants. To the extent practicable, grants or loans must be made available statewide.

Subd. 15. Homeownership Education, Counseling, and Training

857,000

857,000

This appropriation is for the homeownership education, counseling, and training program under Minnesota Statutes, section 462A.209.

Subd. 16. <u>Capacity Building Grants</u>	<u>645,000</u>	<u>645,000</u>
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This appropriation is for capacity building grants under Minnesota Statutes, section 462A.21, subdivision 3b.

Subd. 17. <u>Build Wealth Minnesota</u>	<u>500,000</u>	<u>500,000</u>
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This appropriation is for a grant to Build Wealth Minnesota to provide a family stabilization plan program including program outreach, financial literacy education, and budget and debt counseling.

Subd. 18. <u>Greater Minnesota Housing Infrastructure Grants</u>	<u>2,000,000</u>	<u>-0-</u>
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This appropriation is for the greater Minnesota housing infrastructure grant program under Minnesota Statutes, section 462A.395. This is a onetime appropriation.

Subd. 19. <u>Community-Based First-Generation Homebuyers Down Payment Assistance</u>	<u>2,000,000</u>	<u>-0-</u>
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This appropriation is for a grant to Midwest Minnesota Community Development Corporation (MMCDC), through its wholly owned subsidiary CDC Investments, Inc., for the community-based first-generation homebuyers down payment assistance program under Laws 2023, chapter 37, article 2, section 9, as amended. At the end of each biennium, MMCDC must remit any unused funds to the Minnesota Housing Finance Agency. Funds remitted to the agency under this subdivision are appropriated to the agency to administer the workforce and affordable homeownership development program under Minnesota Statutes, section 462A.38. This is a onetime appropriation.

Subd. 20. Availability and Transfer of Funds

Money appropriated in the first year in this article is available the second year. After notifying the chairs and ranking minority members of the legislative committees having jurisdiction over housing finance and policy, the commissioner may shift or transfer

money in the second year in subdivisions 2, 3, 4, 5, 12, 13, and 14 to address high-priority housing needs.

Sec. 3. Laws 2023, chapter 37, article 1, section 2, subdivision 29, as amended by Laws 2024, chapter 127, article 14, section 11, is amended to read:

Subd. 29. Community Stabilization	45,000,000	70,000,000 <u>68,000,000</u>
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(a) This appropriation is for the community stabilization program. This a onetime appropriation.

(b) The first year and second year appropriations are available as follows:

(1) \$10,000,000 is for a grant to AEON for Huntington Place;

(2) notwithstanding Minnesota Statutes, sections 16B.98, subdivisions 5 and 12, and 16B.981, subdivision 2, \$3,250,000 is for a grant to the Wilder Park Association to assist with the cost of a major capital repair project for the rehabilitation of portions of the owner-occupied senior high-rise facility. The grantee must verify that 50 percent of units are occupied by households with incomes at or below 60 percent of area median income;

(3) \$41,750,000 is for multiunit rental housing;

(4) ~~\$10,000,000~~ \$8,000,000 is for single-family housing; and

(5) \$50,000,000 is for recapitalization of distressed buildings. Of this amount, up to \$15,000,000 is for preservation or recapitalization of housing that includes supportive housing.

(c) Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner may use up to one percent of this appropriation for administrative costs for the grants in paragraph (b), clauses (1) and (2). This is a onetime appropriation.

Sec. 4. **REPEALER.**

(a) Minnesota Statutes 2024, section 16A.287, is repealed.

(b) Minnesota Statutes 2024, section 462A.43, is repealed.

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

ARTICLE 2**HOUSING INFRASTRUCTURE BONDS**

Section 1. Minnesota Statutes 2024, section 462A.37, is amended by adding a subdivision to read:

Subd. 2k. **Additional authorization.** In addition to the amount authorized in subdivisions 2 to 2j and 3a, the agency may issue up to \$50,000,000 in one or more series to which the payments under this section may be pledged.

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

Sec. 2. Minnesota Statutes 2024, section 462A.37, subdivision 5, is amended to read:

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

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

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

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

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

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

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

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

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

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

(k) Each July 15, beginning in 2027 and through 2048, if any housing infrastructure bonds issued under subdivision 2k, or housing infrastructure bonds issued to refund those bonds, remain outstanding, the commissioner of management and budget must transfer to the housing infrastructure bond account established under section 462A.21, subdivision 33, the amount certified under paragraph (a). The amounts necessary to make the transfers are appropriated from the general fund to the commissioner of management and budget.

(l) The agency may pledge to the payment of the housing infrastructure bonds the payments to be made by the state under this section.

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

ARTICLE 3

HOUSING POLICY

Section 1. Minnesota Statutes 2024, section 327C.095, subdivision 12, is amended to read:

Subd. 12. **Payment to the Minnesota manufactured home relocation trust fund.** (a) If a manufactured home owner is required to move due to the conversion of all or a portion of a manufactured home park to another use, the closure of a park, or cessation of use of the land as a manufactured home park, the manufactured park owner shall, upon the change in use, pay to the Minnesota Housing Finance Agency for deposit in the Minnesota manufactured home relocation trust fund under section 462A.35, the lesser amount of the actual costs of moving or purchasing the manufactured home approved by the neutral third party and paid by the Minnesota Housing Finance Agency under subdivision 13, paragraph (a) or (e), or \$3,250 for each single section manufactured home, and \$6,000 for each multisection manufactured home, for which a manufactured home owner has made application for payment of relocation costs under subdivision 13, paragraph (c). The manufactured home park owner shall make payments required under this section to the

Minnesota manufactured home relocation trust fund within 60 days of receipt of invoice from the neutral third party.

(b) A manufactured home park owner is not required to make the payment prescribed under paragraph (a), nor is a manufactured home owner entitled to compensation under subdivision 13, paragraph (a) or (e), if:

(1) the manufactured home park owner relocates the manufactured home owner to another space in the manufactured home park or to another manufactured home park at the park owner's expense;

(2) the manufactured home owner is vacating the premises and has informed the manufactured home park owner or manager of this prior to the mailing date of the closure statement under subdivision 1;

(3) a manufactured home owner has abandoned the manufactured home, or the manufactured home owner is not current on the monthly lot rental, personal property taxes;

(4) the manufactured home owner has a pending eviction action for nonpayment of lot rental amount under section 327C.09, which was filed against the manufactured home owner prior to the mailing date of the closure statement under subdivision 1, and the writ of recovery has been ordered by the district court;

(5) the conversion of all or a portion of a manufactured home park to another use, the closure of a park, or cessation of use of the land as a manufactured home park is the result of a taking or exercise of the power of eminent domain by a governmental entity or public utility; or

(6) the owner of the manufactured home is not a resident of the manufactured home park, as defined in section 327C.015, subdivision 14; the owner of the manufactured home is a resident, but came to reside in the manufactured home park after the mailing date of the closure statement under subdivision 1; or the owner of the manufactured home has not paid the \$15 assessment when due under paragraph (c).

(c) If the unencumbered fund balance in the manufactured home relocation trust fund is less than \$2,000,000 as of June 30 of each year, the Minnesota Housing Finance Agency shall assess each manufactured home park owner by mail the total amount of \$15 for each licensed lot in their park, payable on or before December 15 of that year. Failure to notify and timely assess the manufactured home park owner by July 31 of any year shall waive the assessment and payment obligations of the manufactured home park owner for that year. Together with said assessment notice, each year the Minnesota Housing Finance Agency shall prepare and distribute to park owners a letter explaining whether funds are being collected for that year, information about the collection, an invoice for all licensed lots, a notice for distribution to the residents, and a sample form for the park owners to collect information on which park residents and lots have been accounted for. The agency must also include information in the letter about the tax credit available for sales of manufactured home parks to cooperatives in section 290.0694 and about notice requirements for unsolicited sales in section 327C.097. The agency may include additional information in the letter about programs and resources available to manufactured home park residents and owners. In a font no smaller than 14-point, the notice provided by the Minnesota Housing Finance Agency for distribution to residents by the park owner will include the payment deadline of October 31 and the following language: "THIS IS NOT AN OPTIONAL FEE. IF YOU OWN A MANUFACTURED HOME ON A LOT YOU RENT IN A MANUFACTURED HOME PARK, AND YOU RESIDE IN THAT HOME, YOU MUST PAY WHEN PROVIDED NOTICE." If assessed under this paragraph, the park owner may recoup the cost of the \$15 assessment as a lump sum or as a monthly fee of no more than \$1.25 collected from park residents together with monthly lot rent as provided in section 327C.03, subdivision 6. If, by September 15, a park owner provides the notice to residents for the \$15 lump sum, a park owner may adjust payment for lots in their park that are vacant or otherwise not eligible for contribution to the trust fund under section 327C.095,

subdivision 12, paragraph (b), and for park residents who have not paid the \$15 assessment when due to the park owner by October 31, and deduct from the assessment accordingly. The Minnesota Housing Finance Agency shall deposit any payments in the Minnesota manufactured home relocation trust fund and maintain an annual record for each manufactured home park of the amount received for that park and the number of deductions made for each of the following reasons: vacant lots, ineligible lots, and uncollected fees.

(d) This subdivision and subdivision 13, paragraph (c), clause (5), are enforceable by the neutral third party, on behalf of the Minnesota Housing Finance Agency, or by action in a court of appropriate jurisdiction. The court may award a prevailing party reasonable attorney fees, court costs, and disbursements.

Sec. 2. Minnesota Statutes 2024, section 462A.051, subdivision 2, is amended to read:

Subd. 2. **Application.** This section applies to all forms of financial assistance provided by the Minnesota Housing Finance Agency, as well as the allocation and award of federal low-income housing credits by all allocating agencies as defined under section 462A.221, for the development, construction, rehabilitation, renovation, or retrofitting of ~~multiunit residential~~ multifamily housing, including loans, grants, tax credits, loan guarantees, loan insurance, and other financial assistance.

Sec. 3. Minnesota Statutes 2024, section 462A.07, is amended by adding a subdivision to read:

Subd. 21. **Promotion of materials on rights and obligations of landlords and residential tenants.** The commissioner shall publish information on the rights and obligations of landlords and residential tenants, including promotion of the statement required under section 504B.275. The commissioner must prominently display this information on the agency website.

Sec. 4. Minnesota Statutes 2024, section 462A.2095, subdivision 2, is amended to read:

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

(b) "Eligible household" means a household with an annual income of up to 50 percent of the area median income as determined by the United States Department of Housing and Urban Development, adjusted for family size, that is paying more than 30 percent of the household's annual income on rent. Eligibility is determined at the time a household first receives rent assistance under this section. Eligibility Income shall be recertified every year thereafter for the purposes of determining the amount of rent assistance under subdivision 4. Eligible household does not include a household receiving federal tenant-based or project-based assistance under Section 8 of the United States Housing Act of 1937, as amended.

(c) "Program administrator" means:

(1) a housing and redevelopment authority or other local government agency or authority that administers federal tenant-based or project-based assistance under Section 8 of the United States Housing Act of 1937, as amended;

(2) a Tribal government or Tribally designated housing entity; or

(3) if there is no entity under clause (1) or (2) with the capacity to administer the program, a nongovernmental organization determined by the agency to have the capacity to administer the program.

Sec. 5. Minnesota Statutes 2024, section 462A.2095, subdivision 3, is amended to read:

Subd. 3. **Grants to program administrators.** (a) The agency may make grants to program administrators to provide rental assistance for eligible households. Notwithstanding section 16C.06, the commissioner may use a formula to determine award amounts to program administrators. For both tenant-based and project-based assistance, program administrators shall pay assistance directly to housing providers. Rental assistance may be provided in the form of tenant-based assistance or project-based assistance. Notwithstanding the amounts awarded under subdivision 1, paragraph (b), and to the extent practicable, the agency must make grants statewide in proportion to the number of households eligible for assistance in each county according to the most recent American Community Survey of the United States Census Bureau. The agency may, at its discretion, redistribute unused or underutilized funds among eligible program administrators to increase program efficiency and effectiveness.

(b) The program administrator may use its existing procedures to administer the rent assistance program or may develop alternative procedures with the goals of reaching households most in need and incentivizing landlord participation. The agency must approve a program administrator's alternative procedures. Priority for rental assistance shall be given to households with children 18 years of age and under, and annual incomes of up to 30 percent of the area median income. Program administrators may establish additional priority populations based on local need.

Sec. 6. Minnesota Statutes 2024, section 462A.33, subdivision 2, is amended to read:

Subd. 2. **Eligible recipients.** Challenge grants or loans may be made to a city; a federally recognized American Indian Tribe or subdivision located in Minnesota; a Tribal housing corporation; a private developer; a nonprofit organization; a school district; a cooperative unit, as defined in section 123A.24, subdivision 2; a charter school; a contract alternative school; a Tribal contract school; or the owner of the housing, including individuals. For the purpose of this section, "city" has the meaning given ~~it~~ in section 462A.03, subdivision 21. To the extent practicable, grants and loans shall be made so ~~that~~ an approximately equal number of housing units are financed in the metropolitan area and in the nonmetropolitan area.

Sec. 7. Minnesota Statutes 2024, section 462A.33, subdivision 9, is amended to read:

Subd. 9. **Grant funding to schools.** A school district; a cooperative unit, as defined in section 123A.24, subdivision 2; ~~or~~ a charter school; a contract alternative school; a Tribal contract school; or a nonprofit organization contracted by one of the preceding entities may receive funding under this section in the form of a grant less than \$100,000. ~~A school district, intermediate district, or charter school~~ A grantee under this subdivision that uses a grant under this ~~section~~ subdivision to construct a home for owner occupancy must require the future occupant to participate in the homeownership education counseling and training program under section 462A.209.

Sec. 8. Minnesota Statutes 2024, section 462A.37, subdivision 2, is amended to read:

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

(1) to finance the costs of the construction, acquisition, adaptive reuse, and rehabilitation of supportive housing where at least 50 percent of units are set aside for individuals and families who are without a permanent residence;

(2) to finance the costs of the acquisition and rehabilitation of foreclosed or abandoned housing to be used for affordable rental housing or for affordable home ownership and the costs of new construction of rental housing on abandoned or foreclosed property where the existing structures will be demolished or removed;

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

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

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

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

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

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

(9) to finance the costs of construction, acquisition, rehabilitation, conversion, and development of cooperatively owned housing created under chapter 308A, 308B, or 308C that is affordable to low- and moderate-income households.

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

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

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

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

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

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

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

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

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

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

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

(1) the greater of: (i) at least one unit; or (ii) at least five percent of units that are accessible units, and each accessible unit includes at least one roll-in shower, water closet, and kitchen work surface meeting the requirements of section 1002 of the current State Building Code Accessibility Provisions for Dwelling Units in Minnesota; and

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

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

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

(C) low-fume paint;

(D) low-chemical carpet; and

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

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

Sec. 9. Laws 2023, chapter 37, article 1, section 2, subdivision 20, is amended to read:

**Subd. 20. Community-Based First-Generation
Homebuyers Down Payment Assistance**

100,000,000

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This appropriation is for a grant to Midwest Minnesota Community Development Corporation (MMCDC) to act as the administrator of the community-based first-generation homebuyers down payment assistance program. The funds shall be available to MMCDC for a three-year period commencing with issuance of the funds to MMCDC. At the expiration of that period, any unused funds shall be remitted to the agency. ~~Any~~

~~funds recaptured by MMCDC after the expiration of that period shall be remitted to the agency.~~ Funds remitted to the agency under this paragraph are appropriated to the agency for administration of the first-generation homebuyers down payment assistance fund.

Sec. 10. Laws 2023, chapter 37, article 1, section 2, subdivision 21, is amended to read:

Subd. 21. Local Housing Trust Fund Grants	4,800,000	-0-
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(a) This appropriation is for deposit in the housing development fund for grants to local housing trust funds established under Minnesota Statutes, section 462C.16, to incentivize local funding. This is a onetime appropriation.

(b) A grantee is eligible to receive a grant amount equal to 100 percent of the public revenue committed to the local housing trust fund from any source other than the state or federal government, up to \$150,000, and in addition, an amount equal to 50 percent of the public revenue committed to the local housing trust fund from any source other than the state or federal government that is more than \$150,000 but not more than \$300,000.

(c) A grantee must use grant funds within ~~eight~~ five years of receipt for purposes (1) authorized under Minnesota Statutes, section 462C.16, subdivision 3, and (2) benefiting households with incomes at or below 115 percent of the state median income. A grantee must return any grant funds not used for these purposes within eight years of receipt to the commissioner of the Minnesota Housing Finance Agency for deposit into the housing development fund.

Sec. 11. Laws 2023, chapter 37, article 2, section 9, is amended to read:

Sec. 9. COMMUNITY-BASED FIRST-GENERATION HOMEBUYERS ASSISTANCE PROGRAM.

Subdivision 1. **Establishment.** A community-based first-generation homebuyers down payment assistance program is established as a ~~pilot project program~~ under the administration of the Midwest Minnesota Community Development Corporation (MMCDC), a community development financial institution (CDFI) as defined under the Riegle Community Development and Regulatory Improvement Act of 1994, to provide targeted assistance to eligible ~~households~~ homebuyers.

Subd. 2. **Eligible ~~household~~ homebuyer.** For purposes of this section, "~~eligible household~~" "eligible homebuyer" means ~~a household~~ an adult person:

(1) whose income is at or below 100 percent of the ~~area~~ statewide median income at the time of ~~purchase~~ application; ~~and~~

~~(2) that includes at least one adult member;~~

~~(i) (2)~~ who is preapproved for a first mortgage loan; and

~~(ii) (3)(i)~~ who either never owned a home or who owned a home but lost it due to foreclosure; and

~~(iii) (ii)~~ whose parent or prior legal guardian either never owned a home or owned a home but lost it due to foreclosure.

~~At least one adult household member meeting the criteria under clause (2)~~ The eligible homebuyer must complete an approved homebuyer education course prior to signing a purchase agreement and, following the purchase of the home, must occupy it as their primary residence.

Subd. 3. **Use of funds.** Assistance under this section is limited to ten percent of the purchase price of a one or two unit home, not to exceed \$32,000. Beginning in fiscal year 2027, the maximum amount of assistance may be increased to up to ten percent of the median home sales price as reported in the previous year's Minnesota Realtors Annual Report on the Minnesota Housing Market. Funds are reserved at the issuance of preapproval. Reservation of funds is not contingent on having an executed purchase agreement. The assistance must be provided in the form of a no-interest loan that is forgiven over five years, forgivable at a rate of 20 percent per year on the day after the anniversary date of the note, with the final 20 percent forgiven on the down payment assistance loan maturity date. There is no monthly pro rata or partial year credit. The loan has no monthly payment and does not accrue interest. The prorated balance due is repayable if the property converts to nonowner occupancy, is sold, is subjected to an ineligible refinance, is subjected to an unauthorized transfer of title, or is subjected to a completed foreclosure action within the five-year loan term. Recapture can be waived in the event of financial or personal hardship. MMCDC may retain recaptured funds for assisting eligible homebuyers as provided in this section. Funds may be used for closing costs, down payment, or principal reduction. The eligible household may select any first mortgage lender or broker of their choice, provided that the funds are used in conjunction with a conforming first mortgage loan that is fully amortizing and meets the standards of a qualified mortgage or meets the minimum standards for exemption under Code of Federal Regulations, title 12, section 1026.43. Funds may be used in conjunction with other programs the eligible household may qualify for and the loan placed in any priority position.

Subd. 4. **Administration.** The community-based first-generation homebuyers down payment assistance program is available statewide and shall be administered by MMCDC, the designated central CDFI. MMCDC may originate and service funds and authorize other CDFIs, Tribal entities, and nonprofit organizations administering down payment assistance to reserve, originate, fund, and service funds for eligible ~~households~~ homebuyers. Administrative costs must not exceed ~~\$3,200 per loan~~ ten percent of the fiscal year appropriation.

Subd. 5. **Report to legislature.** By January 15 each year, the fund administrator, MMCDC, must report to the chairs and ranking minority members of the legislative committees with jurisdiction over housing finance and policy the following information:

- (1) the number and amount of loans closed;
- (2) the median loan amount;
- (3) the number and amount of loans issued by race or ethnic categories;
- (4) the median home purchase price;

(5) the interest rates and types of mortgages;

(6) the credit scores of both applicants and households served;

(7) the total amount returned to the fund; ~~and~~

(8) the number and amount of loans issued by county;

(9) the number of each type of housing purchased, including but not limited to single-family houses, townhouses, condominiums, and manufactured housing; and

(10) the mean and median price of each type of housing, including but not limited to single-family houses, townhouses, condominiums, and manufactured housing.

Sec. 12. Laws 2023, chapter 37, article 2, section 10, is amended to read:

Sec. 10. **HIGH-RISE SPRINKLER SYSTEM GRANT AND LOAN PROGRAM.**

Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Eligible building" means an existing residential building in which:

(1) ~~at least one story used for human occupancy is~~ the building is seven stories or more in height or 75 feet or more above the lowest level of fire department vehicle access; and

(2) at least two-thirds of its units are affordable to households with an annual income at or below ~~50~~ 60 percent of the area median income as determined by the United States Department of Housing and Urban Development, adjusted for family size, ~~that is paying no more than 30 percent of annual income on rent.~~

(c) "Sprinkler system" means the same as the term "fire protection system" as defined in Minnesota Statutes, section 299M.01.

Subd. 2. **Grant program Use of funds.** The commissioner of the Housing Finance Agency must make grants or loans to owners of eligible buildings for installation of sprinkler systems and, if necessary, for relocation of residents during the installation of sprinkler systems. Priority shall be given to nonprofit applicants. The maximum grant per eligible building shall be \$2,000,000. Each grant to a nonprofit organization shall require a 25 percent match. Each grant to a for-profit organization shall require a 50 percent match.

Sec. 13. **LOCAL ACTIONS TO SUPPORT HOUSING.**

Where practicable, the commissioner of the Housing Finance Agency shall award an additional point or points, not to exceed five percent of the total available points in a given competitive development program, to proposals in competitive capital development programs if the proposed project is located in a jurisdiction that meets any of the following criteria to reduce barriers to affordable housing development:

(1) the jurisdiction allows for the development of multifamily housing in at least 50 percent of the area within the jurisdiction zoned as a commercial district, excluding areas covered by state or local shoreland regulations;

(2) the jurisdiction allows for duplexes, accessory dwelling units, or townhomes within 50 percent of the area within the jurisdiction zoned for single-family housing, excluding areas covered by state or local shoreland regulations;

(3) the jurisdiction does not have parking mandates greater than one stall per unit of housing for single-family housing;

(4) the jurisdiction does not have parking mandates greater than one stall per unit of housing for multifamily developments;

(5) the jurisdiction does not mandate lot sizes larger than one-eighth of an acre for new single-family home construction, excluding areas covered by state or local shoreland regulations;

(6) the jurisdiction does not place aesthetic mandates on new single-family construction, including type of exterior finish materials, including siding; the presence of shutters, columns, gables, decks, balconies, or porches; or minimum garage square footage, size, width, or depth;

(7) the jurisdiction has a density bonus for affordable housing that provides for an increase in floor area and lot coverage if the housing is affordable housing; or

(8) the jurisdiction has adopted an inclusionary zoning policy for the purpose of increasing the supply of affordable housing.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to selection criteria and scoring systems developed on or after that day. This section expires December 31, 2029.

Sec. 14. PRESERVATION FRAMEWORK FOR TARGETED STABILIZATION OF REGULATED AFFORDABLE HOUSING.

(a) The commissioner of the Minnesota Housing Finance Agency must work with members of the affordable housing industry, representing diverse racial and geographic perspectives including the Interagency Stabilization Group, affordable housing providers, supportive service providers, legal services, and housing stakeholders, to develop a preservation framework for the targeted stabilization of regulated affordable rental housing. The goal of this framework is to preserve and sustain affordable housing development organizations, the affordable rental buildings they own, and the housing for the people who live in the buildings today and in the future. To the extent practicable, the framework must identify:

(1) strategies, tools, and funding mechanisms to support targeted stabilization of affordable rental housing and recapitalization of distressed properties;

(2) options for temporary or permanent modifications to financing and regulatory terms and conditions, which may include changes to compliance requirements such as rent and income limits;

(3) potential improvements to processes and programs that are critical to the operations of permanent supportive housing including but not limited to coordinated entry, front desk and service funding, and relief options if there is a lack of identified service dollars or service providers;

(4) strategies for asset management to support long-term stabilization of regulated affordable housing; and

(5) state statutory changes needed to support or enable identified strategies.

(b) The framework shall identify options for tenant protections that may be needed during stabilization efforts. The agency must also consider such factors as protecting public resources and legal requirements.

(c) By February 15, 2026, the commissioner of the Minnesota Housing Finance Agency must submit the preservation framework to the chairs and ranking minority members of the legislative committees having

jurisdiction over housing finance and policy on the preservation framework, including any improvements implemented as well as any potential changes to existing state statute that may be needed to support targeted stabilization of regulated affordable housing and recapitalization of distressed properties.

Sec. 15. REPORT ON MINNESOTA HOUSING FINANCE AGENCY ASSET PORTFOLIO.

By March 31, 2026, and March 31, 2027, the commissioner of the Minnesota Housing Finance Agency shall report to the chairs and ranking minority members of the legislative committees with jurisdiction over housing finance and policy on the financial stability of the agency's asset management portfolio. The report must include the following information from the previous year for individual properties:

- (1) the ratio of operating expenses to revenue, including debt service and replacement reserves; and
- (2) a summary of aggregate tenant receivables, which includes the amount of late rent, tenant fees, and tenant damages.

Sec. 16. REPORT ON ACCESSIBLE HOUSING.

By February 15, 2026, the commissioner of the Minnesota Housing Finance Agency must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over housing finance and policy on the state's Olmstead Plan activities related to affordable and accessible housing for persons with disabilities, including topics or areas that may require legislative action.

ARTICLE 4

HOUSING MISCELLANEOUS POLICY

Section 1. Minnesota Statutes 2024, section 462C.16, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given to them.

(b) "Commissioner" means the commissioner of the Minnesota Housing Finance Agency.

(c) "Fund" means a local housing trust fund or a regional housing trust fund.

(d) "Local government" means any statutory or home rule charter city, a housing and redevelopment authority, or a county.

(e) "Local housing trust fund" means a fund established by a local government with one or more dedicated sources of public revenue for housing.

(f) "Regional housing trust fund" means a fund established and administered under a joint powers agreement entered into by two or more local governments with one or more dedicated sources of public revenue for housing.

Sec. 2. Minnesota Statutes 2024, section 477A.35, subdivision 5, is amended to read:

Subd. 5. **Use of proceeds.** (a) Any funds distributed under this section must be spent on a qualifying project. Funds are considered spent on a qualifying project if:

(1) a tier I city or county demonstrates to the Minnesota Housing Finance Agency that the city or county cannot expend funds on a qualifying project by the deadline imposed by paragraph (b) due to factors outside the control of the city or county; and

(2) the funds are transferred to a local housing trust fund.

Funds transferred to a local housing trust fund under this paragraph must be spent on a project or household that meets the affordability requirements of subdivision 4, paragraph (a).

(b) Funds must be spent by December 31 in the third year following the year after the aid was received. The requirements of this paragraph are satisfied if funds are:

(1) committed to a qualifying project by December 31 in the third year following the year after the aid was received; and

(2) expended by December 31 in the fourth year following the year after the aid was received.

(c) An aid recipient may not use aid money to reimburse itself for prior expenditures.

(d) Any program income generated from funds distributed under this section must be used on a qualifying project.

Sec. 3. Minnesota Statutes 2024, section 477A.36, subdivision 5, is amended to read:

Subd. 5. **Use of proceeds.** (a) Any funds distributed under this section must be spent on a qualifying project. If a tier I city or county demonstrates to the Minnesota Housing Finance Agency that the tier I city or county cannot expend funds on a qualifying project by the deadline imposed by paragraph (b) due to factors outside the control of the tier I city or county, funds shall be considered spent on a qualifying project if the funds are transferred to a local housing trust fund. Funds transferred to a local housing trust fund must be spent on a project or household that meets the affordability requirements of subdivision 4, paragraph (a).

(b) Funds must be spent by December 31 in the third year following the year after the aid was received. The requirements of this paragraph are satisfied if funds are:

(1) committed to a qualifying project by December 31 in the third year following the year after the aid was received; and

(2) expended by December 31 in the fourth year following the year after the aid was received.

(c) An aid recipient may not use aid funds to reimburse itself for prior expenditures.

(d) Any program income generated from funds distributed under this section must be used on a qualifying project.

Sec. 4. Minnesota Statutes 2024, section 504B.161, subdivision 1, is amended to read:

Subdivision 1. **Requirements.** (a) In every lease or license of residential premises, the landlord or licensor covenants:

(1) that the premises and all common areas are fit for the use intended by the parties;

(2) to keep the premises and all common areas in reasonable repair during the term of the lease or license, including services and conditions listed in section 504B.381, subdivision 1, and extermination of insects, rodents, vermin, or other pests on the premises, except when the disrepair has been caused by the willful,

malicious, or irresponsible conduct of the tenant or licensee or a person under the direction or control of the tenant or licensee;

(3) to make the premises and all common areas reasonably energy efficient by installing weatherstripping, caulking, storm windows, and storm doors when any such measure will result in energy procurement cost savings, based on current and projected average residential energy costs in Minnesota, that will exceed the cost of implementing that measure, including interest, amortized over the ten-year period following the incurring of the cost;

(4) to maintain the premises and all common areas in compliance with the applicable health and safety laws of the United States, of the state, and of the local units of government, including ordinances regulating rental licensing, where the premises are located during the term of the lease or license, except when violation of the health and safety laws has been caused by the willful, malicious, or irresponsible conduct of the tenant or licensee or a person under the direction or control of the tenant or licensee; and

(5) to ~~supply~~ equip or furnish heat capable of maintaining at a minimum temperature of 68 degrees Fahrenheit in all places intended for habitation including kitchens and bathrooms from October 1 through April 30, unless a utility company requires and instructs the heat to be reduced.

(b) The parties to a lease or license of residential premises may not waive or modify the covenants imposed by this section.

Sec. 5. Minnesota Statutes 2024, section 504B.206, subdivision 2, is amended to read:

Subd. 2. **Treatment of information.** (a) A landlord must not disclose:

(1) any information provided to the landlord by a tenant in the written notice required under subdivision 1, paragraph (b);

(2) any information contained in the qualifying document;

(3) the address or location to which the tenant has relocated; or

(4) the status of the tenant as a victim of violence.

(b) The information referenced in paragraph (a) must not be entered into any shared database or provided to any person or entity but may be used when required as evidence in an eviction proceeding, action for unpaid rent or damages arising out of the tenancy, claims under section 504B.178, with the consent of the tenant, or as otherwise required by law.

(c) The requirements of this subdivision to treat the information enumerated in paragraph (a) are paramount and supersede any other document or form previously signed by the tenant, including but not limited to any release of information form.

~~(d)~~ (d) A landlord who violates this section is liable to the tenant for statutory damages of \$2,000, plus reasonable attorney fees and costs.

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

Sec. 6. Minnesota Statutes 2024, section 504B.385, subdivision 1, is amended to read:

Subdivision 1. **Escrow of rent.** (a) If a violation exists in a residential building, a residential tenant may deposit the amount of rent due to the landlord with the court administrator using the procedures described in paragraphs (b) to (d).

(b) For a violation as defined in section 504B.001, subdivision 14, clause (1), the residential tenant may deposit with the court administrator the rent due to the landlord along with a copy of the written notice of the code violation as provided in section 504B.185, subdivision 2. The residential tenant may not deposit the rent or file the written notice of the code violation until the time granted to make repairs has expired without satisfactory repairs being made, unless the residential tenant alleges that the time granted is excessive.

(c) For a violation as defined in section 504B.001, subdivision 14, clause (2) ~~or~~ (3), (4), or (5), the residential tenant must give written notice to the landlord specifying the violation. The notice must be delivered personally or sent to the person or place where rent is normally paid. If the violation is not corrected within 14 days, the residential tenant may deposit the amount of rent due to the landlord with the court administrator along with an affidavit specifying the violation. The court must provide a simplified form affidavit for use under this paragraph.

(d) The residential tenant need not deposit rent if none is due to the landlord at the time the residential tenant files the notice required by paragraph (b) or (c). All rent which becomes due to the landlord after that time but before the hearing under subdivision 6 must be deposited with the court administrator. As long as proceedings are pending under this section, the residential tenant must pay rent to the landlord or as directed by the court and may not withhold rent to remedy a violation.

Sec. 7. Minnesota Statutes 2024, section 504B.395, subdivision 4, is amended to read:

Subd. 4. **Landlord must be informed.** A landlord must be informed in writing of an alleged violation at least 14 days before an action is brought by:

(1) a residential tenant of a residential building in which a violation as defined in section 504B.001, subdivision 14, clause (2) ~~or~~ (3), (4), or (5), is alleged to exist; or

(2) a housing-related neighborhood organization, with the written permission of a residential tenant of a residential building in which a violation, as defined in section 504B.001, subdivision 14, clause (2), (3), (4), or (5), is alleged to exist. The notice requirement may be waived if the court finds that the landlord cannot be located despite diligent efforts.

Sec. 8. Minnesota Statutes 2024, section 507.18, subdivision 5, is amended to read:

Subd. 5. **Discharge of restrictive covenants related to protected classes.** The owner of any interest in real property may record, at no cost, the statutory form provided in subdivision 6 in the office of the county recorder of any county where the real property is located to discharge and release a restrictive covenant related to a protected class permanently from the title. This subdivision does not apply to real property registered under chapters 508 and 508A. The discharge of the restrictive covenant is valid and enforceable under the law of Minnesota when the statutory form provided in subdivision 6 is properly recorded, but the instrument containing such restrictive covenants shall have full force in all other respects and shall be construed as if no such restrictive covenant were contained therein. A restrictive covenant affecting a protected class is void regardless of whether a statutory form as provided for in this section has been recorded in the office of the county recorder in the county where the real property affected by the restrictive covenant is located.

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

Sec. 9. Minnesota Statutes 2024, section 507.18, subdivision 6, is amended to read:

Subd. 6. **Filing; recording.** (a) The county recorder must accept the statutory form provided in this subdivision for recording when the form:

- (1) has been executed before a notary;
- (2) contains the legal description of the real property affected by the restrictive covenant related to a protected class;
- (3) contains the date of recording of the instrument containing the restrictive covenant, and the volume and page number or document number of the instrument; and
- (4) complies with all other recording requirements, ~~and applicable recording fees have been paid.~~

(b) The commissioner of commerce must provide electronic copies of the statutory form in this subdivision to the public ~~free of~~ at no cost.

(c) The recording of this form does not alter or affect the duration or expiration of covenants, conditions, or restrictions under section 500.20 and may not be used to extend the effect of a covenant, condition, or restriction.

(d) The statutory form that follows may be used to discharge restrictive covenants on property that limit the ownership, occupancy, use, or financing based on protected class:

DISCHARGE OF RESTRICTIVE COVENANT AFFECTING PROTECTED CLASSES

Pursuant to Minnesota Statutes, section 507.18, any restrictive covenant affecting a protected class, including covenants which were placed on the real property with the intent of restricting the use, occupancy, ownership, or financing because of a person's race, color, creed, national origin, or religious beliefs, is discharged and released from the land described herein.

State of Minnesota, County of

I/we,, having an ownership or other interest in all or part of the real property described herein, solemnly swear that the contents of this form are true to the best of my/our knowledge, except as to those matters stated on information and belief, and that as to those matters I/we believe them to be true.

Name and Address of Owner(s)

The real property owned by owner(s) is located in County, Minnesota, and is legally described as follows:

OWNER(s),, swears and affirms that Owner(s) is/are 18 years of age or older and is/are not under any legal incapacity and that the information provided in this form is true and correct based on the information available and based on reasonable information and belief:

(1) a restrictive covenant which had the intent to restrict the use, occupancy, ownership, or financing of this property based on a protected class, including race, color, creed, national origin, or religion, existed at one time related to the property described in this form;

(2) the restrictive covenant is contained in an instrument dated, and recorded as Document Number (or in Book of, Page.....) in the Office of the County Recorder of, Minnesota;

(3) restrictive covenants relating to or affecting protected classes are unenforceable and void pursuant to Minnesota Statutes, sections 507.18 and 363A.09, the United States Constitution, and the Minnesota Constitution;

(4) Minnesota Statutes, section 507.18, provides for the discharge of a restrictive covenant of the nature described herein through the use of this statutory form to permanently discharge such covenants from the land described herein and release the current and future landowner(s) from any such restrictive covenant related to or affecting protected classes;

(5) the instrument containing such restrictive covenants shall have full force in all other respects and shall be construed as if no such restrictive covenant was contained therein; and

(6) the filing of this form does not alter or change the duration or expiration of covenants, conditions, or restrictions under Minnesota Statutes, section 500.20.

The affiant(s) know(s) the matters herein stated are true and make(s) this affidavit for the purpose of documenting the discharge of the illegal and unenforceable restrictive covenants affecting protected classes.

.....
Affiant (Owner(s) Signature)

Signed and sworn before me on
(Date), by

.....(Affiant/Owner)

.....
Signature of Notary

Stamp

My commission expires

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

Sec. 10. Laws 2023, chapter 52, article 19, section 90, is amended to read:

Sec. 90. **EFFECTIVE DATE.**

(a) Sections 83 to 89 are effective January 1, 2024, and apply to leases signed on or after that date.

(b) Sections 83 to 89 are effective January 1, 2026, for leases renewed or extended on or after that date. For the purposes of this section, estates at will shall be deemed to be renewed or extended at the commencement of each rental period.

EFFECTIVE DATE. Paragraph (b) is effective January 1, 2026, and applies to leases entered into, renewed, or extended on or after that date.

Sec. 11. Laws 2023, chapter 52, article 19, section 102, is amended to read:

Sec. 102. **EFFECTIVE DATE.**

(a) Sections 97, 98, and 100 are effective January 1, 2024, and apply to leases entered into or renewed on or after January 1, 2024.

(b) Sections 97, 98, and 100 are effective January 1, 2026, for leases extended on or after January 1, 2026. For the purposes of this section, estates at will shall be deemed to be renewed or extended at the commencement of each rental period.

EFFECTIVE DATE. Paragraph (b) is effective January 1, 2026, and applies to leases entered into, renewed, or extended on or after that date.

Sec. 12. Laws 2024, chapter 96, article 1, section 91, is amended to read:

Sec. 91. **EFFECTIVE DATE.**

This article is effective August 1, ~~2025~~ 2026.

Sec. 13. Laws 2024, chapter 96, article 2, section 13, is amended to read:

Sec. 13. **EFFECTIVE DATE.**

This article is effective August 1, ~~2025~~ 2026.

Sec. 14. **APPLICABLE PREVAILING WAGE RATE.**

(a) An allocating agency, as defined in Minnesota Statutes, section 116J.871, subdivision 1, paragraph (f), may adopt a policy or ordinance utilizing the applicable carpenter rate for residential construction under the federal Davis-Bacon and Related Acts for wood frame carpenter work as defined in paragraph (b). This paragraph only applies to projects subject to prevailing wage requirements pursuant to Minnesota Statutes, section 116J.871, subdivision 2, where any financial assistance, as defined in Minnesota Statutes, section 116J.871, subdivision 1, paragraph (c), consists solely of allocations or awards of low-income housing tax credits as provided in Minnesota Statutes, section 462A.222, and where the project does not receive any other state financing or funding.

(b) For purposes of this section, "wood frame carpenter work" means carpenter work as described in Minnesota Rules, part 5200.1102, subpart 4, performed in the erection, remodeling, or finishing of a structure of up to six stories, or any portion thereof, that is wood framed and intended for residential use.

(c) This section expires December 31, 2027.

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

Sec. 15. **REPORT AND GUIDANCE ON REPOSITIONING PUBLIC HOUSING AND ON GENERAL OBLIGATION BOND FUNDING FOR PUBLIC HOUSING AUTHORITIES.**

(a) By February 15, 2026, the commissioner of management and budget shall submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over housing finance and policy and over capital investment.

(b) The report must:

(1) summarize guidance identifying possible options available under current law for public housing authorities to participate in repositioning programs with the United States Department of Housing and Urban Development while remaining eligible for funding through state general obligation bonds;

(2) review current legal barriers related to the eligibility of public housing authorities to receive state general obligation bond funding while participating in repositioning programs of the United States Department of Housing and Urban Development; and

(3) identify any provisions that present unresolved legal questions regarding ownership, repayment, or public purpose requirements applicable to the use of general obligation bond proceeds for repositioned public housing.

(c) In preparing the report, the commissioner of management and budget must consult with entities that have expertise on repositioning programs with the United States Department of Housing and Urban Development, including the commissioner of the Minnesota Housing Finance Agency and the Minnesota Chapter of the National Association of Housing and Redevelopment Officials.

Presented to the governor May 20, 2025

Signed by the governor May 23, 2025, 10:54 a.m.