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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. **1607**

02/23/2017 Authored by Haley, Hausman, Hamilton, Gunther, Fabian and others
The bill was read for the first time and referred to the Committee on Government Operations and Elections Policy
03/13/2017 Adoption of Report: Amended and re-referred to the Committee on Job Growth and Energy Affordability Policy and Finance

1.1 A bill for an act
1.2 relating to housing; authorizing the creation of housing trust funds by local
1.3 governments; requiring reports; appropriating money; proposing coding for new
1.4 law in Minnesota Statutes, chapter 462C.

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

1.6 Section 1. **[462C.16] HOUSING TRUST FUNDS FOR LOCAL HOUSING**
1.7 **DEVELOPMENT.**

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

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

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

1.12 (d) "Local government" means any statutory or home rule charter city or a county.

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

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

1.18 Subd. 2. **Creation and administration.** (a) A local government may establish a local
1.19 housing trust fund by ordinance or participate in a joint powers agreement to establish a
1.20 regional housing trust fund.

2.1 (b) A local or regional housing trust fund may be, but is not required to be, administered
2.2 through a nonprofit organization. If administered through a nonprofit organization, that
2.3 organization shall encourage private charitable donations to the fund.

2.4 Subd. 3. **Authorized expenditures.** Money in a local or regional housing trust fund may
2.5 be used only to:

2.6 (1) pay for administrative expenses, but not more than ten percent of the balance of the
2.7 fund may be spent on administration;

2.8 (2) make grants, loans, and loan guarantees for the development, rehabilitation, or
2.9 financing of housing;

2.10 (3) match other funds from federal, state, or private resources for housing projects; or

2.11 (4) provide down payment assistance, rental assistance, and homebuyer counseling
2.12 services.

2.13 Subd. 4. **Funding.** (a) A local government may finance its local or regional housing
2.14 trust fund with any money available to the local government, unless expressly prohibited
2.15 by state law. Sources of these funds include, but are not limited to:

2.16 (1) donations;

2.17 (2) bond proceeds;

2.18 (3) grants and loans from a state, federal, or private source;

2.19 (4) appropriations by a local government to the fund;

2.20 (5) investment earnings of the fund; and

2.21 (6) housing and redevelopment authority levies.

2.22 (b) The local government may alter a source of funding for the local or regional housing
2.23 trust fund, but only if, once altered, sufficient funds will exist to cover the projected debts
2.24 or expenditures authorized by the fund in its budget.

2.25 Subd. 5. **Matching contributions.** (a) In fiscal year 2018 and fiscal year 2019 only, if
2.26 a local or regional housing trust fund receives funds from a housing and redevelopment
2.27 authority levy or special tax pursuant to sections 469.001 to 469.047 or section 469.033,
2.28 subdivision 6, at the end of the fiscal year, the commissioner must transfer to the trust:

2.29 (1) 100 percent of the amount not exceeding \$100,000 that the trust receives in a fiscal
2.30 year under this paragraph; and

3.1 (2) 50 percent of the amount over \$100,000 and not exceeding \$500,000 that the trust
3.2 receives in a fiscal year under this paragraph.

3.3 (b) Matching contributions from the state under this subdivision must be expended on
3.4 authorized expenditures listed in subdivision 3 within eight years of being collected and
3.5 may only be used for activities serving individuals and households with incomes at or below
3.6 115 percent of the state median income. Amounts not expended within this time period
3.7 must be transferred to the Minnesota Housing Finance Agency.

3.8 Subd. 6. **Reports.** (a) A local or regional housing trust fund established under this section
3.9 must report annually to the local government that created the fund. The local government
3.10 or governments must post this report on its public Web site.

3.11 (b) A local or regional housing trust fund that receives matching contributions under
3.12 subdivision 5, paragraph (a), must report annually to the commissioner its compliance with
3.13 the income restrictions in subdivision 5, paragraph (b).

3.14 Subd. 7. **Effect of legislation on existing local or regional housing trust funds.** A
3.15 local or regional housing trust fund existing on the effective date of this section is not
3.16 required to alter the existing terms of its governing documents or take any additional
3.17 authorizing actions required by subdivision 2.

3.18 Sec. 2. **APPROPRIATION.**

3.19 \$1,000,000 in fiscal year 2018 and \$1,000,000 in fiscal year 2019 are appropriated from
3.20 the general fund to the commissioner of the Minnesota Housing Finance Agency for transfers
3.21 required under Minnesota Statutes, section 462C.16, subdivision 5. If the amount appropriated
3.22 under this section is not sufficient to make all of the required transfers, the commissioner
3.23 must proportionately reduce the amount transferred to each fund. This is a onetime
3.24 appropriation.