

This Document can be made available in alternative formats upon request

State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 4194

- 02/22/2024 Authored by Howard and Kozlowski
- 03/07/2024 The bill was read for the first time and referred to the Committee on Capital Investment
- 03/07/2024 Adoption of Report: Re-referred to the Committee on Housing Finance and Policy
- 04/18/2024 Adoption of Report: Amended and re-referred to the Committee on Ways and Means

1.1 A bill for an act

1.2 relating to housing; modifying prior appropriations; establishing new programs

1.3 and modifying existing programs; expanding eligible uses of housing infrastructure

1.4 bonds; authorizing the issuance of housing infrastructure bonds; establishing a

1.5 working group and a task force; requiring reports; appropriating money; amending

1.6 Minnesota Statutes 2022, sections 15.082; 462A.02, subdivision 10; 462A.03, by

1.7 adding subdivisions; 462A.05, subdivisions 3b, 14a, 14b, 15, 15b, 21, 23; 462A.07,

1.8 by adding subdivisions; 462A.202, subdivision 3a; 462A.21, subdivisions 7, 8b;

1.9 462A.222, by adding a subdivision; 462A.35, subdivision 2; 462A.37, by adding

1.10 a subdivision; 462A.40, subdivisions 2, 3; 462C.02, subdivision 6; 469.012,

1.11 subdivision 2j; Minnesota Statutes 2023 Supplement, sections 462A.05,

1.12 subdivisions 14, 45; 462A.22, subdivision 1; 462A.37, subdivisions 2, 5; 462A.39,

1.13 subdivision 2; 477A.35, subdivisions 1, 2, 4, 5, 6, by adding a subdivision; Laws

1.14 2023, chapter 37, article 1, section 2, subdivisions 1, 2, 17, 29, 32; article 2, section

1.15 12, subdivision 2; Laws 2023, chapter 52, article 19, section 120; proposing coding

1.16 for new law in Minnesota Statutes, chapters 462A; 469; 504B.

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

1.18 ARTICLE 1

1.19 APPROPRIATIONS

1.20 Section 1. Laws 2023, chapter 37, article 1, section 2, subdivision 1, is amended to read:

1.21			273,298,000
1.22	Subdivision 1. Total Appropriation	\$ 792,098,000	\$ <u>223,298,000</u>

1.23 (a) The amounts that may be spent for each

1.24 purpose are specified in the following

1.25 subdivisions.

1.26 (b) Unless otherwise specified, this

1.27 appropriation is for transfer to the housing

1.28 development fund for the programs specified

2.1 in this section. Except as otherwise indicated,
 2.2 this transfer is part of the agency's permanent
 2.3 budget base.

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

2.5		100,000,000	
2.6	Subd. 17. Housing Infrastructure	100,000,000	<u>60,000,000</u>

2.7 This appropriation is for the housing
 2.8 infrastructure program for the eligible
 2.9 purposes under Minnesota Statutes, section
 2.10 462A.37, subdivision 2. This is a onetime
 2.11 appropriation.

2.12 Sec. 3. Laws 2023, chapter 37, article 1, section 2, subdivision 29, is amended to read:

2.13		45,000,000	
2.14	Subd. 29. Community Stabilization	45,000,000	<u>35,000,000</u>

2.15 This appropriation is for the community
 2.16 stabilization program. This a onetime
 2.17 appropriation. Of this amount, \$10,000,000 is
 2.18 for a grant to AEON for Huntington Place.

2.19 Sec. 4. **APPROPRIATION; MINNESOTA HOUSING FINANCE AGENCY.**

2.20 \$59,255,000 in fiscal year 2025 is appropriated from the general fund to the commissioner
 2.21 of the Minnesota Housing Finance Agency. This appropriation is onetime and in addition
 2.22 to amounts appropriated in 2023. This appropriation is for transfer to the housing
 2.23 development fund. Of this amount:

2.24 (1) \$50,000,000 is for the housing affordability preservation investment program;

2.25 (2) \$8,885,000 is for the family homelessness prevention and assistance program under
 2.26 Minnesota Statutes, section 462A.204. Notwithstanding Minnesota Statutes, section 16C.06,
 2.27 \$943,000 of this appropriation is allocated to federally recognized American Indian Tribes
 2.28 located in Minnesota. Notwithstanding procurement provisions outlined in Minnesota
 2.29 Statutes, section 16C.06, subdivisions 1, 2, and 6, the agency may award grants to existing
 2.30 program grantees;

2.31 (3) \$270,000 is for administering the requirements of article 2, sections 18 and 43 to 46;
 2.32 and

3.1 (4) \$100,000 is for a grant to the Amherst H. Wilder Foundation for the Minnesota
3.2 homeless study.

3.3 Sec. 5. **APPROPRIATION; MINNESOTA MANAGEMENT AND BUDGET.**

3.4 \$200,000 in fiscal year 2025 is appropriated from the general fund to the commissioner
3.5 of Minnesota Management and Budget for management analysis and development to facilitate
3.6 the working group on common interest communities and homeowners associations established
3.7 in article 3. This is a onetime appropriation.

3.8 Sec. 6. **APPROPRIATION; SUPREME COURT.**

3.9 \$545,000 in fiscal year 2025 is appropriated from the general fund to the supreme court
3.10 for the implementation of Laws 2023, chapter 52, article 19, section 120, as amended in
3.11 article 3, section 3. This is a onetime appropriation and is available until June 30, 2026.

3.12 **ARTICLE 2**
3.13 **HOUSING POLICY**

3.14 Section 1. Minnesota Statutes 2022, section 15.082, is amended to read:

3.15 **15.082 OBLIGATIONS OF PUBLIC CORPORATIONS.**

3.16 Notwithstanding any other law, the state is not liable for obligations of a public
3.17 corporation created by statute. Upon dissolution of the public corporation, its wholly owned
3.18 assets become state property. Partially owned assets become state property to the extent
3.19 that state money was used to acquire them.

3.20 This section does not apply to a public corporation governed by chapter 119 or section
3.21 469.0121.

3.22 **EFFECTIVE DATE.** This section is effective July 1, 2024.

3.23 Sec. 2. Minnesota Statutes 2022, section 462A.02, subdivision 10, is amended to read:

3.24 Subd. 10. **Energy ~~conservation~~ decarbonization and climate resilience.** It is further
3.25 declared that supplies of conventional energy resources are rapidly depleting in quantity
3.26 and rising in price and that the burden of these occurrences falls heavily upon the citizens
3.27 of Minnesota generally and persons of low and moderate income in particular. These
3.28 conditions are adverse to the health, welfare, and safety of all of the citizens of this state.
3.29 It is further declared that it is a public purpose to ensure the availability of financing to be
3.30 used by all citizens of the state, while giving preference to low and moderate income people,

4.1 to assist in the installation in their dwellings of reasonably priced energy conserving systems
4.2 including the use of alternative energy resources and equipment so that by the improvement
4.3 of the energy efficiency of, clean energy, greenhouse gas emissions reduction, climate
4.4 resiliency, and other qualified projects for all housing, the adequacy of the total energy
4.5 supply may be preserved for the benefit of all citizens.

4.6 Sec. 3. Minnesota Statutes 2022, section 462A.03, is amended by adding a subdivision to
4.7 read:

4.8 Subd. 2a. **Distressed building.** "Distressed building" means an existing rental housing
4.9 building:

4.10 (1) in which the units are restricted to households at or below 60 percent of the area
4.11 median income; and

4.12 (2) that:

4.13 (i) is in foreclosure proceedings;

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

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

4.16 (iv) has necessary costs of repair, replacement, or maintenance that exceed the project
4.17 reserves available for those purposes.

4.18 Sec. 4. Minnesota Statutes 2022, section 462A.03, is amended by adding a subdivision to
4.19 read:

4.20 Subd. 6a. **Recapitalization.** "Recapitalization" means financing for the physical and
4.21 financial needs of a distressed building, including restructuring and forgiveness of amortizing
4.22 and deferred debt, principal and interest paydown, interest rate write-down, deferral of debt
4.23 payments, mortgage payment forbearance, deferred maintenance, security services, property
4.24 insurance, reasonably necessary capital improvements, funding of reserves for supportive
4.25 services, and property operations. Recapitalization may include reimbursement to a nonprofit
4.26 sponsor or owner for expenditures that would have otherwise qualified for recapitalization.

4.27 Sec. 5. Minnesota Statutes 2022, section 462A.05, subdivision 3b, is amended to read:

4.28 Subd. 3b. **Refinancing mortgages.** The agency may make loans for recapitalization or
4.29 to refinance the existing indebtedness, of owners of rental property, secured by federally
4.30 assisted housing for the purpose of obtaining agreement of the owner to participate in the
4.31 federally assisted rental housing program and to extend any existing low-income affordability

5.1 restrictions on the housing for the maximum term permitted. For purposes of this subdivision,
5.2 "federally assisted rental housing" includes housing that is:

5.3 (1) subject to a project-based housing or rental assistance payment contract funded by
5.4 the federal government;

5.5 (2) financed by the Rural Housing Service of the United States Department of Agriculture
5.6 under section 515 of the Housing Act of 1949, as amended; or

5.7 (3) financed under section 236; section 221(d)(3) below market interest rate program;
5.8 section 202; or section 811 of the Housing and Urban Development Act of 1968, as amended.

5.9 Sec. 6. Minnesota Statutes 2023 Supplement, section 462A.05, subdivision 14, is amended
5.10 to read:

5.11 Subd. 14. **Rehabilitation loans.** It may agree to purchase, make, or otherwise participate
5.12 in the making, and may enter into commitments for the purchase, making, or participation
5.13 in the making, of eligible loans for rehabilitation, with terms and conditions as the agency
5.14 deems advisable, to persons and families of low and moderate income, and to owners of
5.15 existing residential housing for occupancy by such persons and families, for the rehabilitation
5.16 of existing residential housing owned by them. Rehabilitation may include the addition or
5.17 rehabilitation of a detached accessory dwelling unit. The loans may be insured or uninsured
5.18 and may be made with security, or may be unsecured, as the agency deems advisable. The
5.19 loans may be in addition to or in combination with long-term eligible mortgage loans under
5.20 subdivision 3. They may be made in amounts sufficient to refinance existing indebtedness
5.21 secured by the property, if refinancing is determined by the agency to be necessary to permit
5.22 the owner to meet the owner's housing cost without expending an unreasonable portion of
5.23 the owner's income thereon. No loan for rehabilitation shall be made unless the agency
5.24 determines that the loan will be used primarily to make the housing more desirable to live
5.25 in, to increase the market value of the housing, for compliance with state, county or municipal
5.26 building, housing maintenance, fire, health or similar codes and standards applicable to
5.27 housing, or to accomplish energy ~~conservation-related improvements~~ decarbonization,
5.28 climate resiliency, and other qualified projects. In unincorporated areas and municipalities
5.29 not having codes and standards, the agency may, solely for the purpose of administering
5.30 the provisions of this chapter, establish codes and standards. No loan under this subdivision
5.31 for the rehabilitation of owner-occupied housing shall be denied solely because the loan
5.32 will not be used for placing the owner-occupied residential housing in full compliance with
5.33 all state, county, or municipal building, housing maintenance, fire, health, or similar codes
5.34 and standards applicable to housing. Rehabilitation loans shall be made only when the

6.1 agency determines that financing is not otherwise available, in whole or in part, from private
6.2 lenders upon equivalent terms and conditions. Accessibility rehabilitation loans authorized
6.3 under this subdivision may be made to eligible persons and families without limitations
6.4 relating to the maximum incomes of the borrowers if:

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

6.8 (2) home care is appropriate; and

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

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

6.14 Sec. 7. Minnesota Statutes 2022, section 462A.05, subdivision 14a, is amended to read:

6.15 Subd. 14a. **Rehabilitation loans; existing owner-occupied residential housing.** It may
6.16 make loans to persons and families of low and moderate income to rehabilitate or to assist
6.17 in rehabilitating existing residential housing owned and occupied by those persons or
6.18 families. Rehabilitation may include replacement of manufactured homes. No loan shall be
6.19 made unless the agency determines that the loan will be used primarily for rehabilitation
6.20 work necessary for health or safety, essential accessibility improvements, or to improve the
6.21 energy efficiency of, clean energy, greenhouse gas emissions reductions, climate resiliency,
6.22 and other qualified projects in the dwelling. No loan for rehabilitation of owner-occupied
6.23 residential housing shall be denied solely because the loan will not be used for placing the
6.24 residential housing in full compliance with all state, county or municipal building, housing
6.25 maintenance, fire, health or similar codes and standards applicable to housing. The amount
6.26 of any loan shall not exceed the lesser of (a) a maximum loan amount determined under
6.27 rules adopted by the agency not to exceed \$37,500, or (b) the actual cost of the work
6.28 performed, or (c) that portion of the cost of rehabilitation which the agency determines
6.29 cannot otherwise be paid by the person or family without the expenditure of an unreasonable
6.30 portion of the income of the person or family. Loans made in whole or in part with federal
6.31 funds may exceed the maximum loan amount to the extent necessary to comply with federal
6.32 lead abatement requirements prescribed by the funding source. In making loans, the agency
6.33 shall determine the circumstances under which and the terms and conditions under which
6.34 all or any portion of the loan will be repaid and shall determine the appropriate security for

7.1 the repayment of the loan. Loans pursuant to this subdivision may be made with or without
7.2 interest or periodic payments.

7.3 Sec. 8. Minnesota Statutes 2022, section 462A.05, subdivision 14b, is amended to read:

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

7.19 (1) be integrated with a utility's on-bill repayment program approved under section
7.20 216B.241, subdivision 5d; and

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

7.22 Sec. 9. Minnesota Statutes 2022, section 462A.05, subdivision 15, is amended to read:

7.23 Subd. 15. **Rehabilitation grants.** (a) It may make grants to persons and families of low
7.24 and moderate income to pay or to assist in paying a loan made pursuant to subdivision 14,
7.25 or to rehabilitate or to assist in rehabilitating existing residential housing owned or occupied
7.26 by such persons or families. For the purposes of this section, persons of low and moderate
7.27 income include administrators appointed pursuant to section 504B.425, paragraph (d). No
7.28 grant shall be made unless the agency determines that the grant will be used primarily to
7.29 make the housing more desirable to live in, to increase the market value of the housing or
7.30 for compliance with state, county or municipal building, housing maintenance, fire, health
7.31 or similar codes and standards applicable to housing, or to accomplish energy ~~conservation~~
7.32 ~~related improvements~~ decarbonization, climate resiliency, or other qualified projects. In
7.33 unincorporated areas and municipalities not having codes and standards, the agency may,

8.1 solely for the purpose of administering this provision, establish codes and standards. No
8.2 grant for rehabilitation of owner occupied residential housing shall be denied solely because
8.3 the grant will not be used for placing the residential housing in full compliance with all
8.4 state, county or municipal building, housing maintenance, fire, health or similar codes and
8.5 standards applicable to housing. The amount of any grant shall not exceed the lesser of (a)
8.6 \$6,000, or (b) the actual cost of the work performed, or (c) that portion of the cost of
8.7 rehabilitation which the agency determines cannot otherwise be paid by the person or family
8.8 without spending an unreasonable portion of the income of the person or family thereon.
8.9 In making grants, the agency shall determine the circumstances under which and the terms
8.10 and conditions under which all or any portion thereof will be repaid and shall determine the
8.11 appropriate security should repayment be required.

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

8.15 Sec. 10. Minnesota Statutes 2022, section 462A.05, subdivision 15b, is amended to read:

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

8.24 (b) To be eligible for an emergency energy ~~conservation~~ decarbonization and climate
8.25 resiliency grant, a household must be certified as eligible to receive emergency residential
8.26 heating assistance under either the federal or the state program, and either (1) have had a
8.27 heating cost for the preceding heating season that exceeded 120 percent of the regional
8.28 average for the preceding heating season for that energy source as determined by the
8.29 commissioner of employment and economic development, or (2) be eligible to receive a
8.30 federal energy conservation grant, but be precluded from receiving the grant because of a
8.31 need for directly related repairs that cannot be paid for under the federal program. The
8.32 Housing Finance Agency shall make a reasonable effort to determine whether other state
8.33 or federal loan and grant programs are available and adequate to finance the intended
8.34 improvements. An emergency energy conservation grant may be made in conjunction with

9.1 grants or loans from other state or federal programs that finance other needed rehabilitation
9.2 work. The receipt of a grant pursuant to this section shall not affect the applicant's eligibility
9.3 for other Housing Finance Agency loan or grant programs.

9.4 Sec. 11. Minnesota Statutes 2022, section 462A.05, subdivision 21, is amended to read:

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

9.19 Sec. 12. Minnesota Statutes 2022, section 462A.05, subdivision 23, is amended to read:

9.20 Subd. 23. **Insuring financial institution loans.** The agency may participate in loans or
9.21 establish a fund to insure loans, or portions of loans, that are made by any banking institution,
9.22 savings association, or other lender approved by the agency, organized under the laws of
9.23 this or any other state or of the United States having an office in this state, to owners of
9.24 renter-occupied homes or apartments that do not comply with standards set forth in section
9.25 326B.106, subdivision 1, without limitations relating to the maximum incomes of the owners
9.26 or tenants. The proceeds of the insured portion of the loan must be used to pay the costs of
9.27 improvements, including all related structural and other improvements, that will reduce
9.28 energy consumption, that will decarbonize, and that will ensure the climate resiliency of
9.29 housing.

9.30 Sec. 13. Minnesota Statutes 2023 Supplement, section 462A.05, subdivision 45, is amended
9.31 to read:

9.32 Subd. 45. **Indian Tribes.** Notwithstanding any other provision in this chapter, at its
9.33 discretion the agency may make any federally recognized Indian Tribe in Minnesota, or

10.1 their associated Tribally Designated Housing Entity (TDHE) as defined by United States
10.2 Code, title 25, section 4103(22), eligible for agency funding authorized under this chapter.

10.3 **Sec. 14. [462A.051] WAGE THEFT PREVENTION AND USE OF RESPONSIBLE**
10.4 **CONTRACTORS.**

10.5 Subdivision 1. **Application.** This section applies to all forms of financial assistance
10.6 provided by the Minnesota Housing Finance Agency, as well as the allocation of federal
10.7 low-income housing credits, for the development, construction, rehabilitation, renovation,
10.8 or retrofitting of multiunit residential housing, including loans, grants, tax credits, loan
10.9 guarantees, loan insurance, and other financial assistance.

10.10 Subd. 2. **Disclosures.** An applicant for financial assistance under this chapter shall
10.11 disclose in the application any conviction, court judgment, agency determination, legal
10.12 settlement, ongoing criminal or civil investigation, or lawsuit involving alleged violations
10.13 of sections 177.24, 177.25, 177.32, 177.41 to 177.44, 181.03, 181.101, 181.13, 181.14,
10.14 181.722, 181.723, 181A.01 to 181A.12, or 609.52, subdivision 2, paragraph (a), clause (19),
10.15 or United States Code, title 29, sections 201 to 219, or title 40, sections 3141 to 3148, arising
10.16 or occurring within the preceding five years on a construction project owned or managed
10.17 by the developer or owner of the proposed project, the intended general contractor for the
10.18 proposed project, or any of their respective parent companies, subsidiaries, or other affiliated
10.19 companies. An applicant for financial assistance shall make the disclosures required by this
10.20 subdivision available within 14 calendar days to any member of the public who submits a
10.21 request by mail or electronic correspondence. The applicant shall designate a public
10.22 information officer who will serve as a point of contact for public inquiries.

10.23 Subd. 3. **Responsible contractors required.** As a condition of receiving financial
10.24 assistance, the applicant shall verify that every contractor or subcontractor of any tier
10.25 performing work on the proposed project meets the minimum criteria to be a responsible
10.26 contractor under section 16C.285, subdivision 3. This verification must meet the criteria
10.27 defined in section 16C.285, subdivision 4.

10.28 Subd. 4. **Certified contractor lists.** As a condition of receiving financial assistance, the
10.29 applicant shall have available at the development site main office a list of every contractor
10.30 and subcontractor of any tier that performs work or is expected to perform work on the
10.31 proposed project, as described in section 16C.285, subdivision 5, including the following
10.32 information for each contractor and subcontractor: business name, scope of work, Department
10.33 of Labor and Industry registration number, business name of the entity contracting its
10.34 services, business telephone number and email address, and actual or anticipated number

11.1 of workers on the project. The applicant shall establish the initial contractor list 30 days
11.2 before the start of construction and shall update the list each month thereafter until
11.3 construction is complete. The applicant shall post the contractor list in a conspicuous location
11.4 at the project site and make the contractor list available to members of the public upon
11.5 request.

11.6 Subd. 5. **Wage theft remedy.** If any contractor or subcontractor of any tier is found to
11.7 have failed to pay statutorily required wages under section 609.52, subdivision 1, clause
11.8 (13), on a project receiving financial assistance or an allocation of federal low-income
11.9 housing tax credits from or through the agency, the recipient is responsible for correcting
11.10 the violation.

11.11 Subd. 6. **Wage theft prevention plans; disqualification.** (a) If any contractor or
11.12 subcontractor of any tier fails to pay statutorily required wages on a project receiving
11.13 financial assistance from or through the agency as determined by an enforcement entity,
11.14 the recipient must have a wage theft prevention plan to be eligible for further financial
11.15 assistance from the agency. The project developer's wage theft prevention plan must describe
11.16 detailed measures that the project developer and its general contractor have taken and are
11.17 committed to take to prevent wage theft on the project, including provisions in any
11.18 construction contracts and subcontracts on the project. The plan must be submitted to the
11.19 Department of Labor and Industry who will review the plan. The Department of Labor and
11.20 Industry may require the project developer to amend the plan or adopt policies or protocols
11.21 in the plan. Once approved by the Department of Labor and Industry, the wage theft
11.22 prevention plan must be submitted by the project developer to the agency with any subsequent
11.23 application for financial assistance from the agency. Such wage theft prevention plans shall
11.24 be made available to members of the public by the agency upon request.

11.25 (b) A developer is disqualified from receiving financial assistance from or through the
11.26 agency for three years if any of the developer's contractors or subcontractors of any tier are
11.27 found by an enforcement agency to have, within three years after entering into a wage theft
11.28 prevention plan under paragraph (a), failed to pay statutorily required wages on a project
11.29 receiving financial assistance from or through the agency for a total underpayment of \$25,000
11.30 or more.

11.31 Subd. 7. **Enforcement.** The agency may deny an application for financial assistance
11.32 that does not comply with this section or if the applicant refuses to enter into the agreements
11.33 required by this section. The agency may withhold financial assistance that has been
11.34 previously approved if the agency determines that the applicant has engaged in unacceptable
11.35 practices by failing to comply with this section until the violation is cured.

12.1 **EFFECTIVE DATE.** This section is effective for financial assistance provided after
12.2 August 1, 2024, except Minnesota Statutes, section 462A.051, subdivision 2, does not apply
12.3 to requests for proposals that were initiated prior to August 1, 2024.

12.4 Sec. 15. Minnesota Statutes 2022, section 462A.07, is amended by adding a subdivision
12.5 to read:

12.6 Subd. 18. **Rent and income limits.** Notwithstanding any law to the contrary, to promote
12.7 efficiency in program administration, underwriting, and compliance, the commissioner may
12.8 adjust income or rent limits for any multifamily capital funding program authorized under
12.9 state law to align with federal rent or income limits in sections 42 and 142 of the Internal
12.10 Revenue Code of 1986, as amended. Adjustments made under this subdivision are exempt
12.11 from the rulemaking requirements of chapter 14.

12.12 Sec. 16. Minnesota Statutes 2022, section 462A.07, is amended by adding a subdivision
12.13 to read:

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

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

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

12.20 (3) housing support under chapter 256I;

12.21 (4) Minnesota family investment program and diversionary work program under chapter
12.22 256J; and

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

12.24 Sec. 17. Minnesota Statutes 2022, section 462A.202, subdivision 3a, is amended to read:

12.25 Subd. 3a. **Permanent rental housing.** The agency may make loans, with or without
12.26 interest, to cities and counties to finance the construction, acquisition, or rehabilitation of
12.27 affordable, permanent, publicly owned rental housing, including housing owned by a public
12.28 corporation created pursuant to section 469.0121. Loans made under this subdivision are
12.29 subject to the restrictions of subdivision 7. In making loans under this subdivision, the
12.30 agency shall give priority to projects that increase the supply of affordable family housing.

13.1 Sec. 18. [462A.2096] ANNUAL PROJECTION OF EMERGENCY RENTAL
13.2 ASSISTANCE NEEDS.

13.3 The agency must develop a projection of emergency rental assistance needs in
13.4 consultation with the commissioner of human services and representatives from county and
13.5 Tribal housing administrators and housing nonprofit agencies. The projection must identify
13.6 the amount of funding required to meet all emergency rental assistance needs, including
13.7 the family homelessness prevention and assistance program, the emergency assistance
13.8 program, and emergency general assistance. By January 15 each year, the commissioner
13.9 must submit a report on the projected need for emergency rental assistance to the chairs and
13.10 ranking minority members of the legislative committees having jurisdiction over housing
13.11 and human services finance and policy.

13.12 Sec. 19. Minnesota Statutes 2022, section 462A.21, subdivision 7, is amended to read:

13.13 Subd. 7. **Energy efficiency loans.** The agency may make loans to low and moderate
13.14 income persons who own existing residential housing for the purpose of improving the
13.15 ~~efficient energy utilization~~ decarbonization and climate resiliency of the housing. Permitted
13.16 improvements shall include installation or upgrading of ceiling, wall, floor and duct
13.17 insulation, storm windows and doors, and caulking and weatherstripping. The improvements
13.18 shall not be inconsistent with the energy standards as promulgated as part of the State
13.19 Building Code; provided that the improvements need not bring the housing into full
13.20 compliance with the energy standards. Any loan for such purpose shall be made only upon
13.21 determination by the agency that such loan is not otherwise available, wholly or in part,
13.22 from private lenders upon equivalent terms and conditions. The agency may promulgate
13.23 rules as necessary to implement and make specific the provisions of this subdivision. The
13.24 rules shall be designed to permit the state, to the extent not inconsistent with this chapter,
13.25 to seek federal grants or loans for energy ~~purposes~~ decarbonization, climate resiliency, and
13.26 other qualified projects.

13.27 Sec. 20. Minnesota Statutes 2022, section 462A.21, subdivision 8b, is amended to read:

13.28 Subd. 8b. **Family rental housing.** It may establish a family rental housing assistance
13.29 program to provide loans or direct rental subsidies for housing for families with incomes
13.30 of up to 80 percent of state median income, or to provide grants for the operating cost of
13.31 public housing. Priority must be given to those developments with resident families with
13.32 the lowest income. The development may be financed by the agency or other public or
13.33 private lenders. Direct rental subsidies must be administered by the agency for the benefit

14.1 of eligible families. Financial assistance provided under this subdivision to recipients of aid
14.2 to families with dependent children must be in the form of vendor payments whenever
14.3 possible. Loans, grants, and direct rental subsidies under this subdivision may be made only
14.4 with specific appropriations by the legislature. The limitations on eligible mortgagors
14.5 contained in section 462A.03, subdivision 13, do not apply to loans for the recapitalization
14.6 or rehabilitation of existing housing under this subdivision.

14.7 Sec. 21. Minnesota Statutes 2023 Supplement, section 462A.22, subdivision 1, is amended
14.8 to read:

14.9 Subdivision 1. **Debt ceiling.** The aggregate principal amount of general obligation bonds
14.10 and notes which are outstanding at any time, excluding the principal amount of any bonds
14.11 and notes refunded by the issuance of new bonds or notes, shall not exceed the sum of
14.12 ~~\$5,000,000,000~~ \$7,000,000,000.

14.13 Sec. 22. Minnesota Statutes 2022, section 462A.222, is amended by adding a subdivision
14.14 to read:

14.15 Subd. 5. **Limitation on rental increases.** (a) This subdivision applies to any project
14.16 that is restricted to seniors, as defined by section 462A.37, subdivision 1, paragraph (h),
14.17 and that receives low-income housing tax credits provided under section 42 of the Internal
14.18 Revenue Code of 1986, as amended. The rent in a project may not increase in any 12-month
14.19 period by a percentage more than the greater of:

14.20 (1) the percentage that benefit amounts for Social Security or Supplemental Security
14.21 Income recipients were increased pursuant to United States Code, title 42, sections 415(i)
14.22 and 1382f, in the preceding 12-month period; or

14.23 (2) zero percent.

14.24 (b) This subdivision does not apply to projects owned by a nonprofit entity or to a unit
14.25 occupied by an individual receiving ongoing government-subsidized rental assistance.

14.26 Sec. 23. Minnesota Statutes 2022, section 462A.35, subdivision 2, is amended to read:

14.27 Subd. 2. **Expending funds.** The agency may expend the money in the Minnesota
14.28 manufactured home relocation trust fund to the extent necessary to carry out the objectives
14.29 of section 327C.095, subdivision 13, by making payments to manufactured home owners,
14.30 or other parties approved by the third-party neutral, under subdivision 13, paragraphs (a)
14.31 and (e), and to pay the costs of administering the fund. Money in the fund is appropriated

15.1 to the agency for these purposes and ~~to the commissioner of management and budget~~ to pay
15.2 costs incurred ~~by the commissioner of management and budget~~ to administer the fund.

15.3 Sec. 24. Minnesota Statutes 2023 Supplement, section 462A.37, subdivision 2, is amended
15.4 to read:

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

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

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

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

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

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

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

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

15.31 (8) to finance the costs of construction, acquisition, recapitalization, and rehabilitation
15.32 of permanent housing that is affordable to households with incomes at or below 50 percent

16.1 of the area median income for the applicable county or metropolitan area as published by
16.2 the Department of Housing and Urban Development, as adjusted for household size;

16.3 (9) to finance the recapitalization of a distressed building; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

17.16 (C) low-fume paint;

17.17 (D) low-chemical carpet; and

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

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

17.21 Sec. 25. Minnesota Statutes 2022, section 462A.37, is amended by adding a subdivision
17.22 to read:

17.23 Subd. 2j. **Additional authorization.** In addition to the amount authorized in subdivisions
17.24 2 to 2i, the agency may issue up to \$50,000,000.

17.25 Sec. 26. Minnesota Statutes 2023 Supplement, section 462A.37, subdivision 5, is amended
17.26 to read:

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

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

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

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

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

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

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

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

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

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

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

19.27 Sec. 27. Minnesota Statutes 2023 Supplement, section 462A.39, subdivision 2, is amended
19.28 to read:

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

19.31 (b) "Eligible project area" means a home rule charter or statutory city located outside
19.32 of a metropolitan county as defined in section 473.121, subdivision 4, ~~with a population~~
19.33 ~~exceeding 500; a community that has a combined population of 1,500 residents located~~

20.1 ~~within 15 miles of a home rule charter or statutory city located outside a metropolitan county~~
20.2 ~~as defined in section 473.121, subdivision 4;~~ federally recognized Tribal reservations; or
20.3 an area served by a joint county-city economic development authority.

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

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

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

20.15 Sec. 28. Minnesota Statutes 2022, section 462A.40, subdivision 2, is amended to read:

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

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

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

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

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

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

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

21.5 Sec. 29. Minnesota Statutes 2022, section 462A.40, subdivision 3, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

21.29 (3) meets the following criteria:

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

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

22.5 ~~(d) The disqualifications in paragraphs (b) and (c) apply if the taxpayer would be~~
22.6 ~~disqualified either individually or in combination with one or more members of the taxpayer's~~
22.7 ~~family, as defined in the Internal Revenue Code, section 267(c)(4). For purposes of this~~
22.8 ~~subdivision, "immediate family" means the taxpayer's spouse, parent or parent's spouse,~~
22.9 ~~sibling or sibling's spouse, or child or child's spouse. For a married couple filing a joint~~
22.10 ~~return, the limitations in this paragraph subdivision apply collectively to the taxpayer and~~
22.11 ~~spouse. For purposes of determining the ownership interest of a taxpayer under paragraph~~
22.12 ~~(a), clause (4), the rules under sections 267(c) and 267(e) of the Internal Revenue Code~~
22.13 ~~apply.~~

22.14 (e) Before applying for a grant or loan, all recipients must sign a disclosure that the
22.15 disqualifications under this subdivision do not apply. The Minnesota Housing Finance
22.16 Agency must prescribe the form of the disclosure. The Minnesota Housing Finance Agency
22.17 may rely on the disclosure to determine the eligibility of recipients under paragraph (a).

22.18 (f) The agency may award grants or loans to a city as defined in section 462A.03,
22.19 subdivision 21; a federally recognized American Indian tribe or subdivision located in
22.20 Minnesota; a tribal housing corporation; a private developer; a nonprofit organization; a
22.21 housing and redevelopment authority under sections 469.001 to 469.047; a public housing
22.22 authority or agency authorized by law to exercise any of the powers granted by sections
22.23 469.001 to 469.047; or the owner of the housing. The provisions of subdivision 2, and
22.24 paragraphs (a) to (e) and (g) of this subdivision, regarding the use of funds and eligible
22.25 recipients apply to grants and loans awarded under this paragraph.

22.26 (g) ~~Except for the set-aside provided in subdivision 2, paragraph (d),~~ Eligible recipients
22.27 must use the funds to serve households that meet the income limits as provided in section
22.28 462A.33, subdivision 5.

22.29 Sec. 30. Minnesota Statutes 2022, section 462C.02, subdivision 6, is amended to read:

22.30 Subd. 6. **City.** "City" means any statutory or home rule charter city, a county housing
22.31 and redevelopment authority created by special law or authorized by its county to exercise
22.32 its powers pursuant to section 469.004, or any public body which (a) is the housing and
22.33 redevelopment authority in and for a statutory or home rule charter city, the port authority

23.1 of a statutory or home rule charter city, ~~or~~ an economic development authority of a city
 23.2 established under sections 469.090 to 469.108, or a public corporation created pursuant to
 23.3 section 469.0121, and (b) is authorized by ordinance to exercise, on behalf of a statutory or
 23.4 home rule charter city, the powers conferred by sections 462C.01 to 462C.10.

23.5 Sec. 31. Minnesota Statutes 2022, section 469.012, subdivision 2j, is amended to read:

23.6 Subd. 2j. **May be in LLP, LLC, or corporation; bound as if HRA.** (a) An authority
 23.7 may become a member or shareholder in and enter into or form limited partnerships, limited
 23.8 liability companies, or corporations for the purpose of developing, constructing, rehabilitating,
 23.9 managing, supporting, or preserving housing projects and housing development projects,
 23.10 including low-income housing tax credit projects. These limited partnerships, limited liability
 23.11 companies, or corporations are subject to all of the provisions of sections 469.001 to 469.047
 23.12 and other laws that apply to housing and redevelopment authorities, as if the limited
 23.13 partnership, limited liability company, or corporation were a housing and redevelopment
 23.14 authority.

23.15 (b) An authority may create a public corporation in accordance with section 469.0121
 23.16 for the purpose of purchasing, owning, and operating real property converted through the
 23.17 federal Rental Assistance Demonstration program under Public Law 112-55, as amended.

23.18 **EFFECTIVE DATE.** This section is effective July 1, 2024.

23.19 Sec. 32. **[469.0121] PUBLIC CORPORATION; RENTAL ASSISTANCE**
 23.20 **DEMONSTRATION PROGRAM.**

23.21 Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have
 23.22 the meanings given.

23.23 (b) "Authority" has the meaning given under section 469.002, subdivision 2.

23.24 (c) "Board" means the board of directors of a corporation created under this section.

23.25 (d) "Corporation" means a public corporation created under this section.

23.26 (e) "RAD" means the federal Rental Assistance Demonstration program under Public
 23.27 Law 112-55, as amended.

23.28 Subd. 2. **Public corporation created.** An authority may create a public corporation to
 23.29 purchase, own, and operate real property that has been converted through RAD to preserve
 23.30 and improve public housing properties. A public corporation created under this section is
 23.31 also a political subdivision of the state and is limited to the powers in this section.

- 24.1 Subd. 3. Corporation powers. (a) The corporation has the following general powers:
- 24.2 (1) to have succession until dissolved by law;
- 24.3 (2) to sue and be sued in its corporate name;
- 24.4 (3) to adopt, alter, and use a corporate seal which shall be judicially noticed;
- 24.5 (4) to accept, hold, and administer gifts and bequests of money, securities, or other
- 24.6 personal property of whatsoever character, absolutely or in trust, for the purposes for which
- 24.7 the corporation is created. Unless otherwise restricted by the terms of the gift or bequest,
- 24.8 the corporation is authorized to sell, exchange, or otherwise dispose of and to invest or
- 24.9 reinvest in such investments as it may determine from time to time the money, securities,
- 24.10 or other property given or bequeathed to it. The principal of such corporate funds and the
- 24.11 income therefrom, and all other revenues received by it from any source whatsoever shall
- 24.12 be placed in such depositories as the board of directors shall determine and shall be subject
- 24.13 to expenditure for corporate purposes;
- 24.14 (5) to enter into contracts generally and to execute all instruments necessary or appropriate
- 24.15 to carry out its corporate purposes;
- 24.16 (6) to appoint and prescribe the duties of officers, agents, and employees as may be
- 24.17 necessary to carry out its work and to compensate them;
- 24.18 (7) to purchase all supplies and materials necessary for carrying out its purposes;
- 24.19 (8) to accept from the United States or the state of Minnesota, or any of their agencies,
- 24.20 money or other assistance whether by gift, loan, or otherwise to carry out its corporate
- 24.21 purposes, and enter into such contracts with the United States or the state of Minnesota, or
- 24.22 any of the agencies of either, or with any of the political subdivisions of the state, as it may
- 24.23 deem proper and consistent with the purposes of this section;
- 24.24 (9) to contract and make cooperative agreements with federal, state, and municipal
- 24.25 departments and agencies and private corporations, associations, and individuals for the use
- 24.26 of the corporation property, including but not limited to rental agreements; and
- 24.27 (10) to acquire real or personal property or any interest therein in any manner authorized
- 24.28 under section 469.012, subdivision 1g, including by the exercise of eminent domain.
- 24.29 (b) A corporation may acquire properties converted under RAD, subject to restrictions
- 24.30 and conditions compatible with funding acquisitions of and improvements to real property
- 24.31 with state general obligation bond proceeds. The commissioner of management and budget
- 24.32 must determine the necessary restrictions and conditions under this paragraph.

25.1 Subd. 4. **Board of directors.** (a) A corporation is governed by a board of directors as
25.2 follows:

25.3 (1) a member of the city council from the city in which the corporation is incorporated;
25.4 and

25.5 (2) a commissioner of the authority that created the corporation.

25.6 (b) The term of a director is six years. Two members of the initial board of directors
25.7 must be appointed for terms of four years, and one for a term of two years.

25.8 (c) Vacancies on the board must be filled by the authority.

25.9 (d) Board members must not be compensated for their service as board members other
25.10 than to be reimbursed for reasonable expenses incurred in connection with their duties as
25.11 board members. Reimbursement shall be reviewed each year by the state auditor.

25.12 (e) The board must annually elect from among its members a chair and other officers
25.13 necessary for the performance of its duties.

25.14 Subd. 5. **Bylaws.** The board of directors must adopt bylaws and rules as it deems
25.15 necessary for the administration of its functions and the accomplishment of its purpose,
25.16 including among other matters the establishment of a business office and the rules, the use
25.17 of the project-based rental assistance properties, and the administration of corporation funds.

25.18 Subd. 6. **Place of business.** The board must locate and maintain the corporation's place
25.19 of business in the city in which the authority that created the corporation is located.

25.20 Subd. 7. **Open meetings; data practices.** Meetings of the board are subject to chapter
25.21 13D and meetings of the board conducted by interactive technology are subject to section
25.22 13D.02. The board is subject to chapter 13, the Minnesota Government Data Practices Act,
25.23 and shall protect from unlawful disclosure data classified as not public.

25.24 Subd. 8. **Compliance.** The corporation must comply with all federal, state, and local
25.25 laws, rules, ordinances, and other regulations required to own and operate properties as
25.26 project-based rental assistance properties.

25.27 Subd. 9. **Dissolution.** Upon dissolution of the corporation for any reason, its wholly
25.28 owned assets become property of the authority that created the corporation.

25.29 **EFFECTIVE DATE.** This section is effective July 1, 2024.

26.1 Sec. 33. Minnesota Statutes 2023 Supplement, section 477A.35, subdivision 1, is amended
26.2 to read:

26.3 Subdivision 1. **Purpose.** The purpose of this section is to help metropolitan local
26.4 governments to develop and preserve affordable housing and supportive services for residents
26.5 within their jurisdictions in order to keep families from losing housing and to help those
26.6 experiencing homelessness find housing.

26.7 Sec. 34. Minnesota Statutes 2023 Supplement, section 477A.35, subdivision 2, is amended
26.8 to read:

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

26.11 ~~(+)~~ (b) "City distribution factor" means the number of households in a tier I city that are
26.12 cost-burdened divided by the total number of households that are cost-burdened in tier I
26.13 cities. The number of cost-burdened households shall be determined using the most recent
26.14 estimates or experimental estimates provided by the American Community Survey of the
26.15 United States Census Bureau as of May 1 of the aid calculation year.

26.16 ~~(2)~~ (c) "Cost-burdened household" means a household in which gross rent is 30 percent
26.17 or more of household income or in which homeownership costs are 30 percent or more of
26.18 household income.

26.19 ~~(3)~~ (d) "County distribution factor" means the number of households in a county that
26.20 are cost-burdened divided by the total number of households in metropolitan counties that
26.21 are cost-burdened. The number of cost-burdened households shall be determined using the
26.22 most recent estimates or experimental estimates provided by the American Community
26.23 Survey of the United States Census Bureau as of May 1 of the aid calculation year.

26.24 (e) "Locally funded housing expenditures" means expenditures of the aid recipient,
26.25 including expenditures by a public corporation or legal entity created by the aid recipient,
26.26 that are:

26.27 (1) funded from the recipient's general fund, a property tax levy of the recipient or its
26.28 housing and redevelopment authority, or unrestricted money available to the recipient, but
26.29 not including tax increments; and

26.30 (2) expended on one of the following qualifying activities:

26.31 (i) financial assistance to residents in arrears on rent, mortgage, utilities, or property tax
26.32 payments;

27.1 (ii) support services, case management services, and legal services for residents in arrears
27.2 on rent, mortgage, utilities, or property tax payments;

27.3 (iii) down payment assistance or homeownership education, counseling, and training;

27.4 (iv) acquisition, construction, rehabilitation, adaptive reuse, improvement, financing,
27.5 and infrastructure of residential dwellings;

27.6 (v) costs of operating emergency shelter, transitional housing, supportive housing, or
27.7 publicly owned housing, including costs of providing case management services and support
27.8 services; and

27.9 (vi) rental assistance.

27.10 ~~(4)~~ (f) "Metropolitan area" has the meaning given in section 473.121, subdivision 2;

27.11 ~~(5)~~ (g) "Metropolitan county" has the meaning given in section 473.121, subdivision 4;

27.12 ~~(6)~~ (h) "Population" has the meaning given in section 477A.011, subdivision 3; and

27.13 ~~(7)~~ (i) "Tier I city" means a statutory or home rule charter city that is a city of the first,
27.14 second, or third class and is located in a metropolitan county.

27.15 Sec. 35. Minnesota Statutes 2023 Supplement, section 477A.35, subdivision 4, is amended
27.16 to read:

27.17 Subd. 4. **Qualifying projects.** (a) Qualifying projects shall include:

27.18 (1) emergency rental assistance for households earning less than 80 percent of area
27.19 median income as determined by the United States Department of Housing and Urban
27.20 Development;

27.21 (2) financial support to nonprofit affordable housing providers in their mission to provide
27.22 safe, dignified, affordable and supportive housing; ~~and~~

27.23 (3) projects designed for the purpose of construction, acquisition, rehabilitation,
27.24 demolition or removal of existing structures, construction financing, permanent financing,
27.25 interest rate reduction, refinancing, and gap financing of housing to provide affordable
27.26 housing to households that have incomes which do not exceed, for homeownership projects,
27.27 115 percent of the greater of state or area median income as determined by the United States
27.28 Department of Housing and Urban Development, and for rental housing projects, 80 percent
27.29 of the greater of state or area median income as determined by the United States Department
27.30 of Housing and Urban Development, except that the housing developed or rehabilitated
27.31 with funds under this section must be affordable to the local work force;

28.1 (4) financing the operations and management of financially distressed residential
28.2 properties;

28.3 (5) funding of supportive services or staff of supportive services providers for supportive
28.4 housing as defined by section 462A.37, subdivision 1. Financial support to nonprofit housing
28.5 providers to finance supportive housing operations may be awarded as a capitalized reserve
28.6 or as an award of ongoing funding; and

28.7 (6) costs of operating emergency shelter facilities, including the costs of providing
28.8 services.

28.9 ~~Projects shall be prioritized~~ (b) Recipients must prioritize projects that provide affordable
28.10 housing to households that have incomes which do not exceed, for homeownership projects,
28.11 80 percent of the greater of state or area median income as determined by the United States
28.12 Department of Housing and Urban Development, and for rental housing projects, 50 percent
28.13 of the greater of state or area median income as determined by the United States Department
28.14 of Housing and Urban Development. Priority may be given to projects that: reduce disparities
28.15 in home ownership; reduce housing cost burden, housing instability, or homelessness;
28.16 improve the habitability of homes; create accessible housing; or create more energy- or
28.17 water-efficient homes.

28.18 ~~(b)~~ (c) Gap financing is either:

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

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

28.23 ~~(e)~~ (d) If aid under this section is used for demolition or removal of existing structures,
28.24 the cleared land must be used for the construction of housing to be owned or rented by
28.25 persons who meet the income limits of paragraph (a).

28.26 ~~(d)~~ (e) If an aid recipient uses the aid on new construction or substantial rehabilitation
28.27 of a building containing more than four units, the loan recipient must construct, convert, or
28.28 otherwise adapt the building to include:

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

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

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

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

29.3 (C) low-fume paint;

29.4 (D) low-chemical carpet; and

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

29.6 Nothing in this paragraph relieves a project funded by this section from meeting other
29.7 applicable accessibility requirements.

29.8 Sec. 36. Minnesota Statutes 2023 Supplement, section 477A.35, subdivision 5, is amended
29.9 to read:

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

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

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

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

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

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

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

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

29.26 Sec. 37. Minnesota Statutes 2023 Supplement, section 477A.35, is amended by adding a
29.27 subdivision to read:

29.28 Subd. 5a. **Conditions for receipt.** (a) As a condition of receiving aid under this section,
29.29 a recipient must commit to using money to supplement, not supplant, existing locally funded

30.1 housing expenditures, so that they are using the money to create new, or to expand existing,
30.2 housing programs.

30.3 (b) In the annual report required under subdivision 6, a recipient must certify its
30.4 compliance with this subdivision, including an accounting of locally funded housing
30.5 expenditures in the prior fiscal year. In a tier I city's or county's first report to the Minnesota
30.6 Housing Finance Agency, it must document its locally funded housing expenditures in the
30.7 two prior fiscal years. If a recipient reduces one of its locally funded housing expenditures,
30.8 the recipient must detail the expenditure, the amount of the reduction, and the reason for
30.9 the reduction. The certification required under this paragraph must be made available publicly
30.10 on the website of the recipient.

30.11 Sec. 38. Minnesota Statutes 2023 Supplement, section 477A.35, subdivision 6, is amended
30.12 to read:

30.13 Subd. 6. **Administration.** (a) The commissioner of revenue must compute the amount
30.14 of aid payable to each tier I city and county under this section. By August 1 of each year,
30.15 the commissioner must certify the distribution factors of each tier I city and county to be
30.16 used in the following year. The commissioner must pay local affordable housing aid annually
30.17 at the times provided in section 477A.015, distributing the amounts available on the
30.18 immediately preceding June 1 under the accounts established in section 477A.37, subdivisions
30.19 2 and 3.

30.20 (b) Beginning in 2025, tier I cities and counties shall submit a report annually, no later
30.21 than December 1 of each year, to the Minnesota Housing Finance Agency. The report must
30.22 include documentation of the location of any unspent funds distributed under this section
30.23 and of qualifying projects completed or planned with funds under this section. If a tier I
30.24 city or county fails to submit a report, if a tier I city or county fails to spend funds within
30.25 the timeline imposed under subdivision 5, paragraph (b), ~~or~~ if a tier I city or county uses
30.26 funds for a project that does not qualify under this section, or if a tier I city or county fails
30.27 to meet its requirements of subdivision 5a, the Minnesota Housing Finance Agency shall
30.28 notify the Department of Revenue and the cities and counties that must repay funds under
30.29 paragraph (c) by February 15 of the following year.

30.30 (c) By May 15, after receiving notice from the Minnesota Housing Finance Agency, a
30.31 tier I city or county must pay to the Minnesota Housing Finance Agency funds the city or
30.32 county received under this section if the city or county:

30.33 (1) fails to spend the funds within the time allowed under subdivision 5, paragraph (b);

31.1 (2) spends the funds on anything other than a qualifying project; ~~or~~

31.2 (3) fails to submit a report documenting use of the funds; or

31.3 (4) fails to meet the requirements of subdivision 5a.

31.4 (d) The commissioner of revenue must stop distributing funds to a tier I city or county
 31.5 that requests in writing that the commissioner stop payment or that, in three consecutive
 31.6 years, the Minnesota Housing Finance Agency has reported, pursuant to paragraph (b), to
 31.7 have failed to use funds, misused funds, or failed to report on its use of funds.

31.8 (e) The commissioner may resume distributing funds to a tier I city or county to which
 31.9 the commissioner has stopped payments in the year following the August 1 after the
 31.10 Minnesota Housing Finance Agency certifies that the city or county has submitted
 31.11 documentation of plans for a qualifying project. The commissioner may resume distributing
 31.12 funds to a tier I city or county to which the commissioner has stopped payments at the
 31.13 request of the city or county in the year following the August 1 after the Minnesota Housing
 31.14 Finance Agency certifies that the city or county has submitted documentation of plans for
 31.15 a qualifying project.

31.16 (f) By June 1, any funds paid to the Minnesota Housing Finance Agency under paragraph
 31.17 (c) must be deposited in the housing development fund. Funds deposited under this paragraph
 31.18 are appropriated to the commissioner of the Minnesota Housing Finance Agency for use
 31.19 on the family homeless prevention and assistance program under section 462A.204, the
 31.20 economic development and housing challenge program under section 462A.33, and the
 31.21 workforce and affordable homeownership development program under section 462A.38.

31.22 Sec. 39. Laws 2023, chapter 37, article 1, section 2, subdivision 2, is amended to read:

31.23 Subd. 2. Challenge Program	60,425,000	60,425,000
---	------------	------------

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

31.28 (b) Of this amount, \$6,425,000 each year shall
 31.29 be made available during the first 11 months
 31.30 of the fiscal year exclusively for housing
 31.31 projects for American Indians. Any funds not
 31.32 committed to housing projects for American
 31.33 Indians within the annual consolidated request

32.1 for funding processes may be available for
32.2 any eligible activity under Minnesota Statutes,
32.3 sections 462A.33 and 462A.07, subdivision
32.4 14.

32.5 (c) Of the amount in the first year, \$5,000,000
32.6 is for a grant to Urban Homeworks to expand
32.7 initiatives pertaining to deeply affordable
32.8 homeownership in Minneapolis neighborhoods
32.9 with over 40 percent of residents identifying
32.10 as Black, Indigenous, or People of Color and
32.11 at least 40 percent of residents making less
32.12 than 50 percent of the area median income.

32.13 The grant is to be used for acquisition,
32.14 rehabilitation, gap financing as defined in
32.15 section 462A.33, subdivision 1, and
32.16 construction of homes to be sold to households
32.17 with incomes ~~of 50 to~~ at or below 60 percent
32.18 of the area median income. This is a onetime
32.19 appropriation, ~~and is available until June 30,~~
32.20 ~~2027.~~ By December 15 each year ~~until 2027,~~
32.21 Urban Homeworks must submit a report to
32.22 the chairs and ranking minority members of
32.23 the legislative committees having jurisdiction
32.24 over housing finance and policy. The report
32.25 must include the amount used for (1)
32.26 acquisition, (2) rehabilitation, and (3)
32.27 construction of housing units, along with the
32.28 number of housing units acquired,
32.29 rehabilitated, or constructed, and the amount
32.30 of the appropriation that has been spent. If any
32.31 home was sold or transferred within the year
32.32 covered by the report, Urban Homeworks must
32.33 include the price at which the home was sold,
32.34 as well as how much was spent to complete
32.35 the project before sale.

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

33.4 (e) The base for this program in fiscal year
 33.5 2026 and beyond is \$12,925,000.

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

33.7 Sec. 40. Laws 2023, chapter 37, article 1, section 2, subdivision 32, is amended to read:

33.8	Subd. 32. Northland Foundation	1,000,000	-0-
------	---------------------------------------	-----------	-----

33.9 This appropriation is for a grant to Northland
 33.10 Foundation for use on expenditures authorized
 33.11 under Minnesota Statutes, section 462C.16,
 33.12 subdivision 3, to assist and support
 33.13 communities in providing housing locally, and
 33.14 ~~on~~ for assisting local governments to establish
 33.15 local or regional housing trust funds.
 33.16 Northland Foundation may award grants and
 33.17 loans to other entities to expend on authorized
 33.18 expenditures under this section. This
 33.19 appropriation is onetime and available until
 33.20 June 30, 2025.

33.21 Sec. 41. Laws 2023, chapter 37, article 2, section 12, subdivision 2, is amended to read:

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

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

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

33.28 ~~(3)~~ (2) who is financing the purchase of an eligible property with an interest-free,
 33.29 fee-based mortgage; and

33.30 ~~(4)~~ (3) who is a first-time homebuyer as defined by Code of Federal Regulations, title
 33.31 24, section 92.2.

34.1 Sec. 42. **TASK FORCE ON LONG-TERM SUSTAINABILITY OF AFFORDABLE**
34.2 **HOUSING.**

34.3 Subdivision 1. **Establishment.** A task force is established to study the financial health
34.4 and stability of affordable housing providers and to provide recommendations to the
34.5 Minnesota legislature to promote long-term sustainability of affordable housing providers,
34.6 prevent loss of affordable units, and promote housing security for renters.

34.7 Subd. 2. **Duties.** (a) The task force must assess underlying financial challenges for
34.8 affordable housing providers in their pursuit of developing and preserving safe, affordable,
34.9 and dignified housing, including examining:

34.10 (1) factors that are leading to increasing costs, including but not limited to insurance
34.11 rates, security costs, and rehabilitation needs;

34.12 (2) factors that are leading to declining revenues for affordable housing providers,
34.13 including but not limited to loss of rent and vacancy issues;

34.14 (3) the significant financial needs across the entire sector of affordable housing providers;
34.15 and

34.16 (4) the potential impact of loss of housing units under current conditions.

34.17 (b) The task force must evaluate the current financing and administrative tools that are
34.18 being deployed to support housing providers and their effectiveness, including examining:

34.19 (1) current funding needs, financing programs, and the availability of funding to assess
34.20 the level of funding as it relates to overall needs;

34.21 (2) administrative tools utilized by the Minnesota Housing Finance Agency to support
34.22 affordable housing providers; and

34.23 (3) the effectiveness of current funding programs and tools.

34.24 (c) The task force must evaluate potential solutions to address identified financial
34.25 challenges for affordable housing providers, including:

34.26 (1) additional funding for existing programs and tools;

34.27 (2) new financial tools, including new uses of housing infrastructure bonds;

34.28 (3) mechanisms to fund supportive services in the development process for new affordable
34.29 housing projects;

34.30 (4) underwriting practices at the Minnesota Housing Finance Agency; and

35.1 (5) recommendations for changes to financial or management practices for affordable
35.2 housing providers.

35.3 Subd. 3. **Meetings and report.** The Minnesota Housing Finance Agency shall convene
35.4 the first meeting of the task force no later than August 31, 2024, and shall provide accessible
35.5 physical or virtual meeting space as necessary for the task force to conduct its work. The
35.6 task force must submit final recommendations to the house of representatives and senate
35.7 housing committees and for the commissioner of the Minnesota Housing Finance Agency
35.8 no later than February 1, 2025.

35.9 Subd. 4. **Membership.** The task force shall consist of 13 members representing a cross
35.10 section of the affordable housing industry and relevant agency staff. The chair of the house
35.11 of representatives committee with jurisdiction over housing finance shall appoint four
35.12 members. The chair of the senate committee with jurisdiction over housing finance shall
35.13 appoint four members. The commissioner of the Minnesota Housing Finance Agency shall
35.14 appoint five members. Members must be appointed no later than July 1, 2024.

35.15 Subd. 5. **Expiration.** The task force expires upon submission of the final
35.16 recommendations required under subdivision 4.

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

35.18 Sec. 43. **DIRECTION TO COMMISSIONERS OF HUMAN SERVICES AND THE**
35.19 **MINNESOTA HOUSING FINANCE AGENCY; EMERGENCY ASSISTANCE**
35.20 **PROGRAM MODIFICATIONS.**

35.21 (a) The commissioner of the Minnesota Housing Finance Agency, in consultation with
35.22 the commissioner of human services, shall develop program recommendations for emergency
35.23 rental assistance that have the flexibility to provide relief for crises within a time frame that
35.24 corresponds to the emergency and that are simple enough for applicants to understand across
35.25 all emergency rental assistance programs. In the development of these recommendations,
35.26 the commissioners must:

35.27 (1) recognize differences between administrative and legislative authority and propose
35.28 legislative changes to the definition of emergency general assistance;

35.29 (2) adopt policies and practices that prioritize easy-to-understand eligibility criteria and
35.30 definitions that prioritize accessible, culturally responsive, and trauma-informed approaches
35.31 when assisting persons through a crisis; and

35.32 (3) develop guidance to emergency rental assistance program administrators that
35.33 encourage the program administrators to be flexible with the required forms of documentation

36.1 for the program and to avoid establishing documentation requirements that are likely to be
36.2 barriers to participation in emergency rental assistance for eligible households.

36.3 (b) For the purposes of this section, the following terms have the meanings given:

36.4 (1) "culturally responsive" means agencies, programs, and providers of services respond
36.5 respectfully and effectively to people of all cultures, languages, classes, races, ethnic
36.6 backgrounds, disabilities, religions, genders, sexual orientations, and other identities in a
36.7 manner that recognizes, values, and affirms differences and eliminates barriers to access;
36.8 and

36.9 (2) "trauma-informed" means to recognize that many people have experienced trauma
36.10 in their lifetime and that programs must be designed to respond to people with respect and
36.11 accommodate the needs of people who have or are currently experiencing trauma.

36.12 **Sec. 44. E-SIGNATURE OPTIONS FOR RENTAL ASSISTANCE.**

36.13 The commissioner of the Minnesota Housing Finance Agency and the commissioner of
36.14 human services are encouraged to develop uniform e-signature options to be used in
36.15 applications for emergency general assistance, emergency assistance, and family homeless
36.16 prevention and assistance program assistance.

36.17 **Sec. 45. LANGUAGE ACCESS IN APPLICATIONS FOR RENTAL ASSISTANCE.**

36.18 The commissioner of the Minnesota Housing Finance Agency and the commissioner of
36.19 human services shall research state and federal laws and regulations to determine language
36.20 access standards applying to the organizations' emergency general assistance, emergency
36.21 assistance, and family homelessness prevention and assistance programs and shall ensure
36.22 compliance with all applicable language access requirements. The commissioners are
36.23 encouraged to identify specific languages into which program materials could be translated
36.24 to improve access to emergency general assistance, emergency assistance, and family
36.25 homeless prevention and assistance program assistance and shall translate the materials into
36.26 the identified languages. The commissioners are encouraged to develop and implement a
36.27 plan to translate any website applications for emergency general assistance, emergency
36.28 assistance, and family homeless prevention and assistance program assistance into
36.29 multilingual website applications.

36.30 **Sec. 46. VERIFICATION PROCEDURES FOR RENTAL ASSISTANCE.**

36.31 (a) The commissioner of the Minnesota Housing Finance Agency, in consultation with
36.32 the commissioner of human services, is encouraged to consult with local officials to develop

37.1 recommendations aimed at simplifying the process of verifying the information in
37.2 applications for emergency general assistance, emergency assistance, and family homeless
37.3 prevention and assistance program assistance. In developing recommendations, the
37.4 commissioners must consider:

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

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

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

37.10 (b) The commissioners are encouraged to:

37.11 (1) prepare recommendations by January 1, 2025; and

37.12 (2) report those recommendations to the chairs and ranking minority members of the
37.13 legislative committees having jurisdiction over housing.

37.14 Sec. 47. **HOUSING AFFORDABILITY PRESERVATION INVESTMENT.**

37.15 Subdivision 1. **Establishment.** The commissioner of the Minnesota Housing Finance
37.16 Agency must establish and administer a grant program to support recapitalization of distressed
37.17 buildings.

37.18 Subd. 2. **Definitions.** For purposes of this section:

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

37.21 (i) is in foreclosure proceedings;

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

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

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

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

38.1 Subd. 3. **Grant program.** The commissioner must use a request for proposal process
38.2 to consider funding requests and award grants to finance recapitalization of distressed
38.3 buildings. In awarding grants, the commissioner must give priority to distressed buildings
38.4 most at risk of losing affordable housing.

38.5 Subd. 4. **Report.** By February 1, 2025, and November 30, 2025, the commissioner shall
38.6 submit a report to the chairs and ranking minority members of the legislative committees
38.7 having jurisdiction over housing and homelessness. The report must detail the number of
38.8 applications received, the amount of funding requested, the grants awarded, and the number
38.9 of affordable housing units preserved through awards under this section.

38.10 Sec. 48. **REVISOR INSTRUCTION.**

38.11 (a) If H.F. 3800 or another substantively similar bill that establishes a new cooperative
38.12 chapter coded as Minnesota Statutes, chapter 308C, is enacted during the 2024 legislative
38.13 session, the revisor of statutes must add "308C" to the list of chapters referenced in Minnesota
38.14 Statutes, section 462A.37, subdivision 2, paragraph (a), clause (10), as amended in this act.

38.15 (b) The revisor of statutes shall renumber Minnesota Statutes, section 462A.37,
38.16 subdivision 2i, as Minnesota Statutes, section 462A.37, subdivision 3a. The revisor shall
38.17 also make necessary cross-reference changes in Minnesota Statutes.

38.18 **ARTICLE 3**

38.19 **DISCRIMINATION; CIC; WORKING GROUP**

38.20 Section 1. **[504B.505] DISCRIMINATION; HOUSING ASSISTANCE.**

38.21 (a) A landlord must not discriminate against a tenant based on the tenant's use of federal,
38.22 state, or local government rental assistance; a housing choice voucher program; or another
38.23 form of public assistance that helps a tenant pay rent; or refuse to rent to a tenant because
38.24 the landlord may be responsible for meeting the terms and conditions of a public assistance
38.25 program. A landlord must not deny a tenant or prospective tenant a viewing or application
38.26 for a rental unit, deny them the opportunity to rent a unit, or discriminate against a tenant
38.27 or prospective tenant who uses rental assistance or a housing choice voucher. A landlord
38.28 cannot advertise that they will not rent to a tenant who uses rental assistance or a housing
38.29 choice voucher program.

38.30 (b) A violation of this section is an unfair discriminatory practice under section 363A.09,
38.31 and an individual has all the rights and remedies available under chapter 363A.

39.1 Sec. 2. Laws 2023, chapter 52, article 19, section 120, is amended to read:

39.2 Sec. 120. **EFFECTIVE DATE.**

39.3 Sections 117 ~~to~~ and 119 are effective January 1, 2024. Section 118 is effective January
39.4 1, 2024, and applies to cases filed before, on, or after that date.

39.5 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2024.

39.6 Sec. 3. **WORKING GROUP ON COMMON INTEREST COMMUNITIES AND**
39.7 **HOMEOWNERS ASSOCIATIONS.**

39.8 Subdivision 1. **Creation; duties.** (a) A working group is created to study the prevalence
39.9 and impact of common interest communities (CICs) and homeowners associations (HOAs)
39.10 in Minnesota and how the existing laws regulating CICs and HOAs help homeowners and
39.11 tenants access safe and affordable housing. The working group shall study:

39.12 (1) how many CICs and HOAs exist, how many people may reside in those housing
39.13 units, and where they are located in the state;

39.14 (2) the governing documents commonly used by CICs and HOAs and whether the
39.15 governing documents or common practices create barriers for participation by homeowners
39.16 in the board of directors for CICs or HOAs;

39.17 (3) the fees and costs commonly associated with CICs and HOAs and how those fees
39.18 have increased, including the cost of outside management, accounting, and attorney fees
39.19 that are assessed to owners and residents;

39.20 (4) whether there should be uniform, statutory standards regarding fees, fines, and costs
39.21 assessed to residents;

39.22 (5) how the organization and management of CICs and HOAs, including boards and
39.23 management companies, impact the affordability of CICs and HOAs;

39.24 (6) the impact of CICs and HOAs on the housing market and housing costs;

39.25 (7) the racial disparity in homeownership as it relates to CICs and HOAs;

39.26 (8) the accessibility and affordability of CICs and HOAs for Minnesotans with disabilities;

39.27 (9) how other states regulate CICs and HOAs and best practices related to board
39.28 transparency, dispute resolution, and foreclosures; and

39.29 (10) how the current laws governing CICs and HOAs may be consolidated and reformed
39.30 for clarity and to improve the experience of homeowners and residents in CICs and HOAs.

40.1 (b) The focus and duties of the working group shall be to recommend legislative reforms
40.2 or other methods to regulate CICs and HOAs, including the consolidation or recodification
40.3 of existing chapters regulating CICs and HOAs.

40.4 Subd. 2. **Membership.** The working group shall consist of the following:

40.5 (1) two members of the house of representatives, one appointed by the speaker of the
40.6 house and one appointed by the minority leader;

40.7 (2) two members of the senate, one appointed by the senate majority leader and one
40.8 appointed by the senate minority leader;

40.9 (3) one member from the Minnesota Homeownership Center;

40.10 (4) one member from the Community Associations Institute;

40.11 (5) one member from a business association that supports, educates, or provides services
40.12 to CICs and HOAs in Minnesota designated by the commissioner of commerce;

40.13 (6) one member from a legal aid association familiar with housing laws and representing
40.14 low-income clients;

40.15 (7) one member from the Minnesota Association of Realtors;

40.16 (8) one member who is an attorney who regularly works advising homeowners or
40.17 residents in CICs and HOAs and is familiar with the state foreclosure laws designed by the
40.18 State Bar Association;

40.19 (9) one member who is an attorney who regularly works advising CIC and HOA boards
40.20 designated by the State Bar Association;

40.21 (10) one member from a metropolitan area government who is familiar with issues
40.22 homeowners and tenants face while living in CICs and HOAs in the metropolitan area;

40.23 (11) the commissioner of the Minnesota Housing Finance Agency or the commissioner's
40.24 designee;

40.25 (12) one member from the attorney general's office designated by the attorney general;

40.26 (13) two members who are currently, or have within the last five years, served on a CIC
40.27 or HOA board and have knowledge about the management of CIC and HOA boards; and

40.28 (14) four members who are current or recent owners of a residence that is part of a CIC
40.29 or HOA.

40.30 Subd. 3. **Facilitation; organization; meetings.** (a) The Management Analysis Division
40.31 of Minnesota Management and Budget shall facilitate the working group, provide

41.1 administrative assistance, and convene the first meeting by July 15, 2024. Members of the
41.2 working group may receive compensation and reimbursement for expenses as authorized
41.3 by Minnesota Statutes, section 15.059, subdivision 3.

41.4 (b) The working group must meet at regular intervals as often as necessary to accomplish
41.5 the goals enumerated under subdivision 1. Meetings of the working group are subject to the
41.6 Minnesota Open Meeting Law under Minnesota Statutes, chapter 13D.

41.7 Subd. 4. **External consultation.** The working group shall consult with other individuals
41.8 and organizations that have expertise and experience that may assist the working group in
41.9 fulfilling its responsibilities, including entities engaging in additional external stakeholder
41.10 input from those with experience living in CICs and HOAs as well as working with the
41.11 board of directors for CICs and HOAs.

41.12 Subd. 5. **Report required.** The working group shall submit a final report by February
41.13 1, 2025, to the chairs and ranking minority members of the legislative committees with
41.14 jurisdiction over housing finance and policy, commerce, and real property. The report shall
41.15 include recommendations and draft legislation based on the duties and focus for the working
41.16 group provided in subdivision 1.

41.17 Subd. 6. **Expiration.** The working group expires upon submission of the final report in
41.18 subdivision 5, or February 28, 2025, whichever is later.

41.19 **EFFECTIVE DATE.** This section is effective the day following final enactment and
41.20 expires March 1, 2025.