

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

**S.F. No. 3994**

(SENATE AUTHORS: DRAHEIM, Duckworth and Rest)

DATE	D-PG	OFFICIAL STATUS
03/14/2022	5315	Introduction and first reading Referred to Housing Finance and Policy
03/16/2022	5371	Author added Rest
03/31/2022	6132a	Comm report: To pass as amended and re-refer to Finance

1.1 A bill for an act

1.2 relating to housing; appropriating money for the Minnesota Housing Finance

1.3 Agency supplemental budget; amending Minnesota Statutes 2020, sections

1.4 462A.03, subdivision 13; 462A.05, by adding subdivisions; 462A.07, subdivisions

1.5 9, 10, 14; 462A.2035, by adding a subdivision; 462A.204, subdivision 3; 462A.21,

1.6 subdivision 4a; 462A.24; 462A.33, by adding a subdivision; 462A.36, subdivision

1.7 4, by adding a subdivision; 462A.37, subdivision 4, by adding a subdivision;

1.8 462A.38, subdivision 1; 462A.39, subdivisions 1, 2, 4, 5, 6, by adding a subdivision;

1.9 471.9996, subdivision 1; 474A.061, subdivision 2a; 474A.091, subdivision 3;

1.10 Minnesota Statutes 2021 Supplement, sections 462A.05, subdivision 14a; 462A.37,

1.11 subdivision 5; Laws 2021, First Special Session chapter 8, article 6, section 1,

1.12 subdivision 7; proposing coding for new law in Minnesota Statutes, chapters 12;

1.13 462; 462A; repealing Minnesota Statutes 2020, section 471.9996, subdivision 2.

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

1.15 **ARTICLE 1**

1.16 **HOUSING APPROPRIATIONS**

1.17 Section 1. **APPROPRIATIONS.**

1.18 The sums shown in the columns marked "Appropriations" are added to the appropriations

1.19 in Laws 2021, First Special Session chapter 8, or other law, to specified agencies. The

1.20 appropriations are from the general fund, or another named fund, and are available for the

1.21 fiscal years indicated for each purpose. The figures "2022" and "2023" used in this article

1.22 mean that the appropriations listed under them are available for the fiscal year ending June

1.23 30, 2022, or June 30, 2023, respectively.

	<b><u>APPROPRIATIONS</u></b>	
	<b><u>Available for the Year</u></b>	
	<b><u>Ending June 30</u></b>	
	<b><u>2022</u></b>	<b><u>2023</u></b>
1.24		
1.25		
1.26		
1.27		

1.28 Sec. 2. **HOUSING FINANCE AGENCY**

- 2.1 **Subdivision 1. Total Appropriation** **\$ 50,000,000**
- 2.2 (a) The amounts that may be spent for each
- 2.3 purpose are specified in the following
- 2.4 subdivisions.
- 2.5 (b) Unless otherwise specified, this
- 2.6 appropriation is for transfer to the housing
- 2.7 development fund for the programs specified
- 2.8 in this section.
- 2.9 **Subd. 2. Workforce Homeownership Program** **10,000,000**
- 2.10 This appropriation is for the workforce
- 2.11 homeownership program under Minnesota
- 2.12 Statutes, section 462A.38. This is a onetime
- 2.13 appropriation.
- 2.14 **Subd. 3. Homeownership Investment Grants** **35,000,000**
- 2.15 This appropriation is for homeownership
- 2.16 investment grants under section 4. This is a
- 2.17 onetime appropriation.
- 2.18 **Subd. 4. Targeted Loan Pool** **5,000,000**
- 2.19 This appropriation is for a grant to Build
- 2.20 Wealth Minnesota to establish the 9,000
- 2.21 Equities Fund, a targeted loan pool, to provide
- 2.22 affordable first mortgages or equivalent
- 2.23 financing opportunities to households
- 2.24 struggling to access mortgages in underserved
- 2.25 communities of color. The goal for this
- 2.26 appropriation for Build Wealth Minnesota and
- 2.27 the 9,000 Equities Fund is to create at least
- 2.28 4,500 new homeownership opportunities and
- 2.29 to close the homeownership disparity gap by
- 2.30 eight percent in the Twin Cities metropolitan
- 2.31 area in five years. By February 15, 2023, and
- 2.32 for the next eight years, Build Wealth
- 2.33 Minnesota shall report to the Minnesota
- 2.34 Housing Finance Agency and the legislature

3.1 on activities and expenditures of the 9,000  
3.2 Equities Fund and its homeownership  
3.3 outcomes. Up to ten percent of the  
3.4 appropriation may be used by Build Wealth  
3.5 Minnesota to administer the target loan pool.  
3.6 This is a onetime appropriation.

3.7 **Sec. 3. HOUSING AFFORDABILITY FUND; FISCAL YEAR 2023 ALLOCATION.**

3.8 (a) \$10,000,000 of the allocations from the Housing Finance Agency's housing  
3.9 affordability fund, or Pool 3, in fiscal year 2023 shall be for a revolving loan fund under  
3.10 Minnesota Statutes, section 462A.05, subdivision 35, to provide loans with a two percent  
3.11 interest rate for residents of manufactured home parks to purchase the manufactured home  
3.12 park in which they reside for the purpose of conversion of the manufactured home park to  
3.13 cooperative ownership. Repayments of principal and interest from loans issued under this  
3.14 section must be used for the purposes of this section. The commissioner must make a  
3.15 determination regarding the issuance of a loan under this section and disburse the funds  
3.16 within 90 days of receiving a completed application. No money from the allocation under  
3.17 this paragraph may be used to administer this program. The commissioner must not supplant  
3.18 other homeownership programs out of Pool 3 to capitalize this revolving loan fund.

3.19 (b) \$5,000,000 of the allocations from the Housing Finance Agency's housing affordability  
3.20 fund, or Pool 3, in fiscal year 2023 shall be for grants to nonprofit organizations for the  
3.21 installation of sprinkler systems in eligible residential buildings. "Eligible residential  
3.22 buildings" means an existing building owned by a nonprofit organization that has at least  
3.23 one story used for human occupancy which is 75 feet or more above the lowest level of fire  
3.24 department vehicle access, and at least two-thirds of its units are rented to an individual or  
3.25 family with an annual income of up to 50 percent of the area median income as determined  
3.26 by the United States Department of Housing and Urban Development, adjusted for family  
3.27 size, that is paying no more than 30 percent of annual income on rent. The agency shall  
3.28 develop forms and procedures for soliciting and reviewing applications for grants under  
3.29 this paragraph. The maximum grant per eligible building shall be \$250,000, and each grant  
3.30 must have a nonstate match of at least 25 percent of the grant award. An in-kind contribution  
3.31 may be used to meet all or a portion of the match requirement. This allocation expires on  
3.32 June 30, 2025.

3.33 (c) Each year on January 15, the commissioner of the Housing Finance Agency shall  
3.34 report to the legislature the allocation of housing affordability funds under paragraphs (a)

4.1 and (b) separately, including the amount issued in loans, the amount of loans repaid, the  
 4.2 remaining balance of the revolving loan fund, the number of projects funded or financed,  
 4.3 the number of residents included in each project, and the location of each project.

4.4 (d) Nothing in this section shall impair the obligation of the agency to use funds in Pool  
 4.5 3 to satisfy the agency's obligations to holders of bonds secured by the general obligation  
 4.6 pledge of the agency to suggested use of agency resources.

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

4.8 Sec. 4. **HOMEOWNERSHIP INVESTMENT GRANTS PROGRAM.**

4.9 Subdivision 1. **Definitions.** For the purposes of this section, the following terms have  
 4.10 the meanings given:

4.11 (1) "commissioner" means the commissioner of the Housing Finance Agency; and

4.12 (2) "eligible organization" means a nonprofit organization the commissioner determines  
 4.13 to be eligible under subdivision 2.

4.14 Subd. 2. **Eligible organization.** To be eligible for a grant under this subdivision, a  
 4.15 nonprofit organization must:

4.16 (1) be an organization defined under section 501(c)(3) of the Internal Revenue Code or  
 4.17 an equivalent organization;

4.18 (2) have primary operations located in the state of Minnesota; and

4.19 (3) be certified as a community development financial institution by the United States  
 4.20 Department of the Treasury and must provide affordable housing lending or financing  
 4.21 programs.

4.22 Subd. 3. **Eligible services.** (a) Eligible organizations may apply for housing investment  
 4.23 grants for affordable owner-occupied housing projects for the following:

4.24 (1) housing development to increase the supply of affordable owner-occupied homes;

4.25 (2) financing programs, including revolving loans, for affordable owner-occupied new  
 4.26 home construction;

4.27 (3) acquisition, rehabilitation, and resale of affordable owner-occupied homes or homes  
 4.28 to be converted to owner-occupied homes;

4.29 (4) financing programs, including revolving loans, for affordable owner-occupied  
 4.30 manufactured housing;

5.1 (5) services to increase access to stable, affordable, owner-occupied housing in  
 5.2 low-income communities, Indigenous American Indian communities, and communities of  
 5.3 color; and

5.4 (6) residential counseling or housing navigation assistance for homeownership.

5.5 (b) No more than five percent of the total amount awarded in this section may be for  
 5.6 grants under paragraph (a), clause (3), and no more than five percent of the total amount  
 5.7 awarded under this section may be for grants under paragraph (a), clause (6).

5.8 Subd. 4. Commissioner duties. (a) The commissioner shall consult with eligible  
 5.9 organizations and develop forms, applications, and reporting requirements for use by eligible  
 5.10 organizations. All organizations applying for a grant must include as part of their application  
 5.11 a plan to create new affordable home ownership and home preservation opportunities for  
 5.12 targeted areas. The commissioner shall develop a grant award scoring system that ensures  
 5.13 a distribution of awards throughout the state based on population and eligible households  
 5.14 and communities.

5.15 (b) The commissioner shall complete the requirements under paragraph (a) within 90  
 5.16 days of enactment of this section.

5.17 (c) By January 15, 2023, the commissioner must submit a report to the chairs and ranking  
 5.18 minority members of the legislative committees with jurisdiction over housing finance and  
 5.19 policy detailing the use of funds under this section.

5.20

## ARTICLE 2

5.21

### HOUSING POLICY

5.22 Section 1. **[12.47] LIMITATION OF POWERS; EVICTION PROCEEDINGS.**

5.23 Notwithstanding any law to the contrary, an order issued under this chapter prohibiting  
 5.24 or delaying eviction proceedings under chapter 504B or 327C is valid for a period not to  
 5.25 exceed 30 days. The governor must not extend the order beyond 30 days unless the extension  
 5.26 is approved by a majority vote of each house of the legislature. The governor shall not allow  
 5.27 the order to expire and issue a new order delaying or prohibiting eviction proceedings under  
 5.28 chapter 504B or 327C in an effort to avoid obtaining legislative approval for an extension  
 5.29 of the order as provided in this section. An order issued to avoid obtaining legislative  
 5.30 approval as required under this section is null and void.

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

6.1 Sec. 2. [462.3575] LIMITING REGULATIONS ON RESIDENTIAL  
6.2 DEVELOPMENT.

6.3 Subdivision 1. **Application.** This section applies to official controls adopted under  
6.4 sections 462.357, 462.358, and 462.3595.

6.5 Subd. 2. **Planned unit development.** (a) A municipality shall not require a planned unit  
6.6 development agreement in lieu of a proposed residential development if the proposed  
6.7 residential development complies with the existing city zoning ordinances, subdivision  
6.8 regulation, or qualifies as a conditional use.

6.9 (b) A planned unit development agreement must be made available to the public by  
6.10 posting the agreement on the website of the municipality at least seven days before the  
6.11 governing body's review of the agreement. If the municipality does not have a website, a  
6.12 copy of the planned unit development agreement must be available for review at the city  
6.13 hall building of the municipality. If the agreement is approved by the governing body, the  
6.14 agreement cannot be modified unless all parties to the agreement concur.

6.15 Subd. 3. **Limitation on aesthetic mandates.** A municipality shall not condition approval  
6.16 of a building permit, subdivision development, or planned unit development on the use of  
6.17 specific materials, design, or other aesthetic conditions that are not required by the State  
6.18 Building Code under chapter 326B. This subdivision shall not apply within a historic district  
6.19 as determined under section 138.72 that was in existence as of January 1, 2022.

6.20 Subd. 4. **Exception.** This section shall not apply to a proposed residential development  
6.21 that is to be developed by the municipality itself or to multifamily rental, commercial, or  
6.22 industrial properties.

6.23 Sec. 3. Minnesota Statutes 2020, section 462A.03, subdivision 13, is amended to read:

6.24 Subd. 13. **Eligible mortgagor.** "Eligible mortgagor" means a nonprofit or cooperative  
6.25 housing corporation; the Department of Administration for the purpose of developing  
6.26 community-based programs as defined in section 252.50; a limited profit entity or a builder  
6.27 as defined by the agency in its rules, which sponsors or constructs residential housing as  
6.28 defined in subdivision 7; or a natural person of low or moderate income, except that the  
6.29 return to a limited dividend entity shall not exceed 15 percent of the capital contribution of  
6.30 the investors or such lesser percentage as the agency shall establish in its rules, provided  
6.31 that residual receipts funds of a limited dividend entity may be used for agency-approved,  
6.32 housing-related investments owned by the limited dividend entity without regard to the  
6.33 limitation on returns. Owners of existing residential housing occupied by renters shall be

7.1 eligible for rehabilitation loans, only if, as a condition to the issuance of the loan, the owner  
7.2 agrees to conditions established by the agency in its rules relating to rental or other matters  
7.3 that will ~~insure~~ ensure that the housing will be occupied by persons and families of low or  
7.4 moderate income. The agency shall require by rules that the owner give preference to those  
7.5 persons of low or moderate income who occupied the residential housing at the time of  
7.6 application for the loan.

7.7 Sec. 4. Minnesota Statutes 2021 Supplement, section 462A.05, subdivision 14a, is amended  
7.8 to read:

7.9 Subd. 14a. **Rehabilitation loans; existing owner-occupied residential housing.** It may  
7.10 make loans to persons and families of low and moderate income to rehabilitate or to assist  
7.11 in rehabilitating existing residential housing owned and occupied by those persons or  
7.12 families. Rehabilitation may include replacement of manufactured homes. No loan shall be  
7.13 made unless the agency determines that the loan will be used primarily for rehabilitation  
7.14 work necessary for health or safety, essential accessibility improvements, or to improve the  
7.15 energy efficiency of the dwelling. No loan for rehabilitation of owner-occupied residential  
7.16 housing shall be denied solely because the loan will not be used for placing the residential  
7.17 housing in full compliance with all state, county or municipal building, housing maintenance,  
7.18 fire, health or similar codes and standards applicable to housing. The amount of any loan  
7.19 shall not exceed the lesser of (a) a maximum loan amount determined under rules adopted  
7.20 by the agency not to exceed ~~\$37,500~~ \$40,000, or (b) the actual cost of the work performed,  
7.21 or (c) that portion of the cost of rehabilitation which the agency determines cannot otherwise  
7.22 be paid by the person or family without the expenditure of an unreasonable portion of the  
7.23 income of the person or family. Loans made in whole or in part with federal funds may  
7.24 exceed the maximum loan amount to the extent necessary to comply with federal lead  
7.25 abatement requirements prescribed by the funding source. In making loans, the agency shall  
7.26 determine the circumstances under which and the terms and conditions under which all or  
7.27 any portion of the loan will be repaid and shall determine the appropriate security for the  
7.28 repayment of the loan. Loans pursuant to this subdivision may be made with or without  
7.29 interest or periodic payments.

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

8.1 Sec. 5. Minnesota Statutes 2020, section 462A.05, is amended by adding a subdivision to  
8.2 read:

8.3 Subd. 14f. **Reporting; rehabilitation loans.** By January 15 of each year, the agency  
8.4 must report to the legislative committees with jurisdiction over housing the following with  
8.5 respect to the rehabilitation loan programs referenced in subdivisions 14 and 14a:

8.6 (1) a list of programs, the sources of funding for those programs, and the amounts  
8.7 allocated from each source;

8.8 (2) the total number of loans and total amount of outstanding rehabilitation loans per  
8.9 program;

8.10 (3) the total number of loans issued, total dollar amount in loans, the mean and median  
8.11 loan amount, and the number of loans at the maximum loan amount for the prior fiscal year  
8.12 per program;

8.13 (4) the total number of loans forgiven, the total dollar amount forgiven, and the mean  
8.14 and median loan amount forgiven in the prior fiscal year per program;

8.15 (5) the total amount of loans issued by county over the prior fiscal year per program;  
8.16 and

8.17 (6) a history of the maximum loan amount over time and computation of what the  
8.18 maximum loan amount would be if adjusted for inflation.

8.19 Sec. 6. Minnesota Statutes 2020, section 462A.05, is amended by adding a subdivision to  
8.20 read:

8.21 Subd. 42. **Indian Tribes.** Notwithstanding any other provision in this chapter, at its  
8.22 discretion the agency may make any federally recognized Indian Tribe in Minnesota, or  
8.23 their associated Tribally Designated Housing Entity (TDHE) as defined by United States  
8.24 Code, title 25, section 4103(22), eligible for funding authorized under this chapter.

8.25 Sec. 7. Minnesota Statutes 2020, section 462A.05, is amended by adding a subdivision to  
8.26 read:

8.27 Subd. 43. **Housing disparities.** The agency must prioritize its use of appropriations for  
8.28 any homeownership program under this chapter to narrow the racial disparity gap in  
8.29 homeownership.

9.1 Sec. 8. Minnesota Statutes 2020, section 462A.07, subdivision 9, is amended to read:

9.2 Subd. 9. **Priority where State Building Code is adopted.** It may establish such rules  
9.3 as may be necessary to ~~insure~~ ensure that priority for assistance by the agency will be given  
9.4 to projects located in municipal jurisdictions or counties, which have adopted the uniform  
9.5 State Building Code.

9.6 Sec. 9. Minnesota Statutes 2020, section 462A.07, subdivision 10, is amended to read:

9.7 Subd. 10. **Human rights.** It may establish and enforce such rules as may be necessary  
9.8 to ~~insure~~ ensure compliance with chapter 363A, and to ~~insure~~ ensure that occupancy of  
9.9 housing assisted under this chapter shall be open to all persons, and that contractors and  
9.10 subcontractors engaged in the construction of such housing shall provide an equal opportunity  
9.11 for employment to all persons, without discrimination as to race, color, creed, religion,  
9.12 national origin, sex, marital status, age, and status with regard to public assistance or  
9.13 disability.

9.14 Sec. 10. Minnesota Statutes 2020, section 462A.07, subdivision 14, is amended to read:

9.15 Subd. 14. **American Indians.** (a) It may engage in housing programs for low- and  
9.16 moderate-income American Indians developed and administered separately or in combination  
9.17 by the Minnesota Chippewa tribe, the Red Lake band of Chippewa Indians, and the Sioux  
9.18 communities as determined by such tribe, band, or communities. In furtherance of the policy  
9.19 of economic integration stated in section 462A.02, subdivision 6, it may engage in housing  
9.20 programs for American Indians who intend to reside on reservations and who are not persons  
9.21 of low and moderate income, provided that the aggregate dollar amount of the loans for  
9.22 persons who are not of low- or moderate-income closed in each lender's fiscal year shall  
9.23 not exceed an amount equal to 25 percent of the total dollar amount of all loans closed by  
9.24 that lender during the same fiscal year. In developing such housing programs, the tribe,  
9.25 band, or communities shall take into account the housing needs of all American Indians  
9.26 residing both on and off reservations within the state. A plan for each such program, which  
9.27 specifically describes the program content, utilization of funds, administration, operation,  
9.28 implementation and other matter, as determined by the agency, must be submitted to the  
9.29 agency for its review and approval prior to the making of eligible loans pursuant to section  
9.30 462A.21. All such programs must conform to rules promulgated by the agency concerning  
9.31 program administration, including but not limited to rules concerning costs of administration;  
9.32 the quality of housing; interest rates, fees, and charges in connection with making eligible  
9.33 loans; and other matters determined by the agency to be necessary in order to effectuate the

10.1 purposes of this subdivision and section 462A.21, subdivisions 4b and 4c. All such programs  
10.2 must provide for a reasonable balance in the distribution of funds appropriated for the  
10.3 purpose of this section between American Indians residing on and off reservations within  
10.4 the state. Nothing in this section shall preclude such tribe, band, or communities from  
10.5 requesting and receiving cooperation, advice, and assistance from the agency as regards  
10.6 program development, operation, delivery, financing, or administration. As a condition to  
10.7 the making of such eligible loans, the Minnesota Chippewa tribe, the Red Lake band of  
10.8 Chippewa Indians, and the Sioux communities shall:

10.9 (1) enter into a loan agreement and other contractual arrangements with the agency for  
10.10 the purpose of transferring the allocated portion of loan funds and to ~~insure~~ ensure compliance  
10.11 with the provisions of this section and this chapter; and

10.12 (2) agree that all of their official books and records related to such housing programs  
10.13 shall be subjected to audit by the legislative auditor in the manner prescribed for agencies  
10.14 of state government.

10.15 The agency shall submit a biennial report concerning the various housing programs for  
10.16 American Indians, and related receipts and expenditures as provided in section 462A.22,  
10.17 subdivision 9, and such tribe, band, or communities to the extent that they administer such  
10.18 programs, shall be responsible for any costs and expenses related to such administration  
10.19 provided, however, they shall be eligible for payment for costs, expenses, and services  
10.20 pursuant to subdivision 12 and section 462A.21. The agency may provide or cause to be  
10.21 provided essential general technical services as set forth in subdivision 2, and general  
10.22 consultative project assistance services, including, but not limited to, management training,  
10.23 and home ownership counseling as set forth in subdivision 3. Members of boards,  
10.24 committees, or other governing bodies of the tribe, band, and communities administering  
10.25 the programs authorized by this subdivision must be compensated for those services as  
10.26 provided in section 15.0575.

10.27 (b) The agency may engage in demonstration projects to encourage the participation of  
10.28 financial institutions or other leveraging sources in providing housing opportunities for  
10.29 American Indians. The agency shall consult with the Minnesota Chippewa tribe, the Red  
10.30 Lake band of Chippewa Indians, and the Sioux communities in developing the demonstration  
10.31 projects. The income limits specified in paragraph (a) do not apply to the demonstration  
10.32 projects.

10.33 (c) The agency may make home improvement loans under this subdivision without  
10.34 regard to household income.

11.1 Sec. 11. Minnesota Statutes 2020, section 462A.2035, is amended by adding a subdivision  
11.2 to read:

11.3 Subd. 5. **Report.** By January 15 of each year, the agency must report to the legislative  
11.4 committees with jurisdiction over housing the following with respect to grants issued under  
11.5 subdivision 1b:

11.6 (1) grants requested and grants funded during the prior fiscal year, organized by  
11.7 ownership type of the manufactured home park, such as private, cooperative, and municipal  
11.8 ownership, and by county; and

11.9 (2) the average amounts of grants awarded.

11.10 Sec. 12. Minnesota Statutes 2020, section 462A.204, subdivision 3, is amended to read:

11.11 Subd. 3. **Set aside.** At least one grant must be awarded in an area located outside of the  
11.12 metropolitan area. A county, a group of contiguous counties jointly acting together, a Tribe,  
11.13 a group of Tribes, or a community-based nonprofit organization ~~with a sponsoring resolution~~  
11.14 ~~from each of the county boards of the counties located within its operating jurisdiction~~ may  
11.15 apply for and receive grants ~~for areas located outside the metropolitan area.~~

11.16 Sec. 13. Minnesota Statutes 2020, section 462A.21, subdivision 4a, is amended to read:

11.17 Subd. 4a. **Correction of housing defects.** It may make rehabilitation grants and  
11.18 expenditures for correction of residential housing defects as provided in section 462A.05,  
11.19 subdivisions 15 and 16. In order to ~~insure~~ ensure the preservation of the maximum number  
11.20 of housing units with the money appropriated by the legislature, grants shall be recovered  
11.21 by the agency to the extent provided in this section to be used for future grants. Grants made  
11.22 under the terms of this subdivision shall contain a requirement that the grant be recovered  
11.23 by the agency in accordance with the following schedule:

11.24 (1) if the property is sold, transferred, or otherwise conveyed within the first three years  
11.25 after the date of a grant, the recipient shall repay the full amount of the grant;

11.26 (2) if the property is sold, transferred, or otherwise conveyed within the fourth year after  
11.27 the date of a grant, the recipient shall repay 75 percent of the amount of the grant;

11.28 (3) if the property is sold, transferred, or otherwise conveyed within the fifth year after  
11.29 the date of a grant, the recipient shall repay 50 percent of the amount of the grant;

11.30 (4) if the property is sold, transferred, or otherwise conveyed within the sixth year after  
11.31 the date of a grant, the recipient shall repay 25 percent of the amount of the grant;

12.1 (5) if the property is sold, transferred, or otherwise conveyed within the seventh year  
 12.2 after the date of the grant, or thereafter, there is no repayment requirement; provided that  
 12.3 no repayment is required to the extent that the grants are made to improve the accessibility  
 12.4 of residential housing to a disabled occupant.

12.5 Sec. 14. Minnesota Statutes 2020, section 462A.24, is amended to read:

12.6 **462A.24 CONSTRUCTION; GRANTS AND LOANS; PRIORITIES.**

12.7 (a) This chapter is necessary for the welfare of the state of Minnesota and its inhabitants;  
 12.8 therefore, it shall be liberally construed to effect its purpose.

12.9 (b) To the extent practicable, the agency shall award grant and loan amounts with a  
 12.10 reasonable balance between nonmetropolitan and metropolitan areas of the state.

12.11 (c) Beginning with applications made in response to requests for proposals issued after  
 12.12 July 1, 2020, after final decisions are made on applications for programs of the agency, the  
 12.13 results of any quantitative scoring system used to rank applications shall be posted on the  
 12.14 agency website.

12.15 (d) The agency shall award points in the agency's decision-making criteria for all  
 12.16 programs of the agency based on how quickly a project can be constructed.

12.17 Sec. 15. Minnesota Statutes 2020, section 462A.33, is amended by adding a subdivision  
 12.18 to read:

12.19 Subd. 9. **Report.** By January 15 of each year, the agency must report to the legislative  
 12.20 committees with jurisdiction over housing the following with respect to activities of the  
 12.21 program created by this section during the prior fiscal year:

12.22 (1) the number of units of new construction and number of rehabilitated units funded  
 12.23 by county; and

12.24 (2) the number of owner-occupied units and number of rental units funded by county.

12.25 Sec. 16. Minnesota Statutes 2020, section 462A.36, is amended by adding a subdivision  
 12.26 to read:

12.27 Subd. 2a. **Refunding bonds.** (a) The agency may issue nonprofit housing bonds in one  
 12.28 or more series to refund bonds authorized in subdivision 2. The amount of refunding nonprofit  
 12.29 housing bonds that may be issued from time to time will not be subject to the dollar limitation  
 12.30 contained in subdivision 2 nor will those bonds be included in computing the amount of  
 12.31 bonds that may be issued within that dollar limitation.

13.1 (b) In the refunding of nonprofit housing bonds, each bond must be called for redemption  
 13.2 prior to its maturity in accordance with its terms no later than the earliest date on which it  
 13.3 may be redeemed. No refunding bonds may be issued unless as of the date of the refunding  
 13.4 bonds the present value of the dollar amount of the debt service on the refunding bonds,  
 13.5 computed to their stated maturity dates, is lower than the present value of the dollar amount  
 13.6 of debt service on all nonprofit housing bonds refunded computed to their stated maturity  
 13.7 dates. For purposes of this subdivision, "present value of the dollar amount of debt service"  
 13.8 means the dollar amount of debt service to be paid, discounted to the nominal date of the  
 13.9 refunding bonds at a rate equal to the yield on the refunding bonds.

13.10 (c) If as a result of the issuance of refunding bonds the amount of debt service for an  
 13.11 annual period is less than the amount transferred by the commissioner of management and  
 13.12 budget to pay debt service for that annual period, the agency must deduct the excess amount  
 13.13 from the actual amount of debt service on those bonds certified for the next subsequent  
 13.14 annual period.

13.15 Sec. 17. Minnesota Statutes 2020, section 462A.36, subdivision 4, is amended to read:

13.16 Subd. 4. **Appropriation; payment to agency or trustee.** (a) The agency must certify  
 13.17 annually to the commissioner of management and budget the actual amount of annual debt  
 13.18 service on each series of bonds issued under subdivision 2.

13.19 (b) Each July 15, beginning in 2009 and through 2031, if any nonprofit housing bonds  
 13.20 issued under subdivision 2, or nonprofit housing bonds issued to refund those bonds, remain  
 13.21 outstanding, the commissioner of management and budget must transfer to the nonprofit  
 13.22 housing bond account established under section 462A.21, subdivision 32, the amount  
 13.23 certified under paragraph (a), not to exceed \$2,400,000 annually. The amounts necessary  
 13.24 to make the transfers are appropriated from the general fund to the commissioner of  
 13.25 management and budget.

13.26 (c) The agency may pledge to the payment of the nonprofit housing bonds the payments  
 13.27 to be made by the state under this section.

13.28 Sec. 18. Minnesota Statutes 2020, section 462A.37, is amended by adding a subdivision  
 13.29 to read:

13.30 Subd. 2i. **Refunding bonds.** (a) The agency may issue housing infrastructure bonds in  
 13.31 one or more series to refund bonds authorized in this section. The amount of refunding  
 13.32 housing infrastructure bonds that may be issued from time to time will not be subject to the  
 13.33 dollar limitation contained in any of the authorizations in this section nor will those bonds

14.1 be included in computing the amount of bonds that may be issued within those dollar  
 14.2 limitations.

14.3 (b) In the refunding of housing infrastructure bonds, each bond must be called for  
 14.4 redemption prior to its maturity in accordance with its terms no later than the earliest date  
 14.5 on which it may be redeemed. No refunding bonds may be issued unless as of the date of  
 14.6 the refunding bonds the present value of the dollar amount of the debt service on the  
 14.7 refunding bonds, computed to their stated maturity dates, is lower than the present value of  
 14.8 the dollar amount of debt service on all housing infrastructure bonds refunded computed to  
 14.9 their stated maturity dates. For purposes of this subdivision, "present value of the dollar  
 14.10 amount of debt service" means the dollar amount of debt service to be paid, discounted to  
 14.11 the nominal date of the refunding bonds at a rate equal to the yield on the refunding bonds.

14.12 (c) If as a result of the issuance of refunding bonds the amount of debt service for an  
 14.13 annual period is less than the amount transferred by the commissioner of management and  
 14.14 budget to pay debt service for that annual period, the agency must deduct the excess amount  
 14.15 from the actual amount of debt service on those bonds certified for the next subsequent  
 14.16 annual period.

14.17 Sec. 19. Minnesota Statutes 2020, section 462A.37, subdivision 4, is amended to read:

14.18 Subd. 4. **Appropriation; payment to agency or trustee.** (a) The agency must certify  
 14.19 annually to the commissioner of management and budget the actual amount of annual debt  
 14.20 service on each series of bonds issued under subdivision 2.

14.21 (b) Each July 15, beginning in 2013 and through 2035, if any housing infrastructure  
 14.22 bonds issued under subdivision 2, or housing infrastructure bonds issued to refund those  
 14.23 bonds, remain outstanding, the commissioner of management and budget must transfer to  
 14.24 the ~~affordable~~ housing infrastructure bond account established under section 462A.21,  
 14.25 subdivision 33, the amount certified under paragraph (a), not to exceed \$2,200,000 annually.  
 14.26 The amounts necessary to make the transfers are appropriated from the general fund to the  
 14.27 commissioner of management and budget.

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

15.1 Sec. 20. Minnesota Statutes 2021 Supplement, section 462A.37, subdivision 5, is amended  
15.2 to read:

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

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

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

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

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

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

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

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

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

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

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

16.25 Sec. 21. Minnesota Statutes 2020, section 462A.38, subdivision 1, is amended to read:

16.26 Subdivision 1. **Establishment.** A workforce and affordable homeownership development  
16.27 program is established to award homeownership development grants to cities, counties,  
16.28 Tribal governments, nonprofit organizations, cooperatives created under chapter 308A or  
16.29 308B, and community land trusts created for the purposes outlined in section 462A.31,  
16.30 subdivision 1, for development of workforce and affordable homeownership projects. The  
16.31 purpose of the program is to increase the supply of workforce and affordable, owner-occupied  
16.32 multifamily or single-family housing throughout Minnesota.

17.1 Sec. 22. Minnesota Statutes 2020, section 462A.39, subdivision 1, is amended to read:

17.2 Subdivision 1. **Establishment.** The commissioner of Minnesota housing finance shall  
17.3 establish a workforce housing development program to award grants or deferred loans to  
17.4 eligible project areas to be used for qualified expenditures. Grants or deferred loans  
17.5 authorized under this section may be made without limitations relating to the maximum  
17.6 incomes of the renters or homeowners.

17.7 Sec. 23. Minnesota Statutes 2020, section 462A.39, subdivision 2, is amended to read:

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

17.10 (b) "Eligible project area" means a home rule charter or statutory city located outside  
17.11 of the metropolitan area as defined in section 473.121, subdivision 2, with a population  
17.12 exceeding 500; a community that has a combined population of 1,500 residents located  
17.13 within 15 miles of a home rule charter or statutory city located outside the metropolitan  
17.14 area as defined in section 473.121, subdivision 2; federally recognized Tribal Reservations;  
17.15 or an area served by a joint county-city economic development authority.

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

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

17.23 (e) "Qualified expenditure" means expenditures for owner-occupied housing or market  
17.24 rate residential rental properties including acquisition of property; construction of  
17.25 improvements; and provisions of loans or subsidies, grants, interest rate subsidies, public  
17.26 infrastructure, and related financing costs.

17.27 Sec. 24. Minnesota Statutes 2020, section 462A.39, subdivision 4, is amended to read:

17.28 Subd. 4. **Program requirements.** (a) The commissioner must not award a grant or  
17.29 deferred loans to an eligible project area under this section until the following determinations  
17.30 are made:

18.1 (1) the average vacancy rate for rental housing located in the eligible project area, and  
 18.2 in any other city located within 15 miles or less of the boundaries of the area, has been five  
 18.3 percent or less for at least the prior two-year period;

18.4 (2) one or more businesses located in the eligible project area, or within 25 miles of the  
 18.5 area, that employs a minimum of 20 full-time equivalent employees in aggregate have  
 18.6 provided a written statement to the eligible project area indicating that the lack of available  
 18.7 ~~rental~~ housing has impeded their ability to recruit and hire employees; and

18.8 (3) the eligible project area has certified that the grants or deferred loans will be used  
 18.9 for qualified expenditures for the development of ~~rental~~ housing to serve employees of  
 18.10 businesses located in the eligible project area or surrounding area.

18.11 (b) Preference for grants or deferred loans awarded under this section shall be given to  
 18.12 eligible project areas with less than 30,000 people.

18.13 (c) Among comparable proposals, preference must be given to projects with a higher  
 18.14 proportion of units that are not income-restricted.

18.15 Sec. 25. Minnesota Statutes 2020, section 462A.39, subdivision 5, is amended to read:

18.16 Subd. 5. **Allocation.** The amount of a grant or deferred loans may not exceed 25 percent  
 18.17 of the rental housing development project cost. The commissioner shall not award a grant  
 18.18 or deferred loans to ~~a city~~ an eligible project area without certification by the ~~city~~ eligible  
 18.19 project area that the amount of the grant or deferred loans shall be matched by a local unit  
 18.20 of government, business, ~~or~~ nonprofit organization, or federally recognized Tribe, with \$1  
 18.21 for every \$2 provided in grant or deferred loans funds.

18.22 Sec. 26. Minnesota Statutes 2020, section 462A.39, is amended by adding a subdivision  
 18.23 to read:

18.24 Subd. 5a. **No change in project scope.** (a) When a contingency is provided in a grant  
 18.25 award under this section, changes to the project made by the developer to meet the  
 18.26 contingency shall not be considered a change in project scope and the grant must be funded,  
 18.27 provided that:

18.28 (1) the number of affordable units is not reduced;

18.29 (2) an increase in the number of affordable units is allowed if required to cover the  
 18.30 increased financial costs of meeting the agency contingency; and

18.31 (3) additional state funds are not solicited for the project.

19.1 (b) Additional local matching funds may be solicited for the project under this  
 19.2 subdivision, including but not limited to funds from local units of government.

19.3 Sec. 27. Minnesota Statutes 2020, section 462A.39, subdivision 6, is amended to read:

19.4 Subd. 6. **Report.** ~~Beginning~~ By January 15, 2018 of each year, the commissioner must  
 19.5 annually submit a report to the chairs and ranking minority members of the senate and house  
 19.6 of representatives committees having jurisdiction over taxes ~~and~~ workforce development,  
 19.7 and housing specifying the projects that received grants or deferred loans under this section  
 19.8 and the specific purposes for which the grant funds were used. The report must include a  
 19.9 breakdown of the amount issued in loans and the amount issued in grants for the prior fiscal  
 19.10 year, together with the number of new units funded and the number of rehabilitated units  
 19.11 funded in the prior fiscal year.

19.12 Sec. 28. [462A.41] PROGRAM FOR MANUFACTURED HOME MORTGAGE  
 19.13 FINANCING AND DOWN PAYMENT ASSISTANCE FOR CERTAIN  
 19.14 MANUFACTURED HOMES.

19.15 (a) By August 1, 2023, the agency, in conjunction with Fannie Mae's HomeReady  
 19.16 program or other federal mortgage programs that may authorize it, must develop and  
 19.17 implement a program that offers mortgage financing and down payment assistance for  
 19.18 purchasers of eligible manufactured homes.

19.19 (b) For purposes of this section "eligible manufactured homes" means a manufactured  
 19.20 home titled as real property in this state and affixed to real property owned by a  
 19.21 resident-owned community.

19.22 (c) The agency may include manufactured homes in private parks as an eligible  
 19.23 manufactured home if allowed under federal law. The commissioner must report to the  
 19.24 chairs and ranking minority members of the legislative committees with jurisdiction over  
 19.25 housing by August 1, 2023, on steps required to set up a similar program for manufactured  
 19.26 homes in private parks if they do not qualify under federal law.

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

19.28 Sec. 29. Minnesota Statutes 2020, section 471.9996, subdivision 1, is amended to read:

19.29 Subdivision 1. **In general Prohibition.** (a) No statutory or home rule charter city, county,  
 19.30 or town may adopt or renew by ordinance or otherwise any law to control rents on private  
 19.31 residential property except as provided in subdivision 2. This section does not impair the  
 19.32 right of any statutory or home rule charter city, county, or town:

20.1 (1) to manage or control property in which it has a financial interest through a housing  
20.2 authority or similar agency;

20.3 (2) to contract with a property owner;

20.4 (3) to act as required or authorized by laws or regulations of the United States government  
20.5 or this state; or

20.6 (4) to mediate between property owners and tenants for the purpose of negotiating rents.

20.7 (b) Nothing in this section shall be deemed to limit or restrict the classification of  
20.8 low-income rental property as class 4d under section 273.13, subdivision 25.

20.9 **EFFECTIVE DATE.** This section is effective retroactively from November 1, 2021.

20.10 Sec. 30. Minnesota Statutes 2020, section 474A.061, subdivision 2a, is amended to read:

20.11 Subd. 2a. **Housing pool allocation.** (a) Commencing on the second Tuesday in January  
20.12 and continuing on each Monday through the last Monday in June, the commissioner shall  
20.13 allocate available bonding authority from the housing pool to applications received on or  
20.14 before the Monday of the preceding week for residential rental projects that meet the  
20.15 eligibility criteria under section 474A.047. Allocations of available bonding authority from  
20.16 the housing pool for eligible residential rental projects shall be awarded in the following  
20.17 order of priority:

20.18 (1) preservation projects;

20.19 (2) 30 percent AMI residential rental projects;

20.20 (3) 50 percent AMI residential rental projects;

20.21 (4) 100 percent LIHTC projects;

20.22 (5) 20 percent LIHTC projects; and

20.23 (6) other residential rental projects for which the amount of bonds requested in their  
20.24 respective applications do not exceed the aggregate bond limitation.

20.25 If there are two or more applications for residential rental projects at the same priority level  
20.26 and there is insufficient bonding authority to provide allocations for all the projects in any  
20.27 one allocation period, available bonding authority shall be ~~randomly~~ awarded by lot giving  
20.28 preference for projects with a lower cost per square foot but only for projects that can receive  
20.29 the full amount of their respective requested allocations. If a residential rental project does  
20.30 not receive any of its requested allocation pursuant to this paragraph and the project applies  
20.31 for an allocation of bonds again in the same calendar year or to the next successive housing

21.1 pool, the project shall be fully funded up to its original application request for bonding  
21.2 authority before any new project, applying in the same allocation period, that has an equal  
21.3 priority shall receive bonding authority. An issuer that receives an allocation under this  
21.4 paragraph must issue obligations equal to all or a portion of the allocation received on or  
21.5 before 180 days of the allocation. If an issuer that receives an allocation under this paragraph  
21.6 does not issue obligations equal to all or a portion of the allocation received within the time  
21.7 period provided in this paragraph or returns the allocation to the commissioner, the amount  
21.8 of the allocation is canceled and returned for reallocation through the housing pool or to  
21.9 the unified pool after July 1.

21.10 (b) After January 1, and through January 15, The Minnesota Housing Finance Agency  
21.11 may accept applications from cities for single-family housing programs which meet program  
21.12 requirements as follows:

21.13 (1) the housing program must meet a locally identified housing need and be economically  
21.14 viable;

21.15 (2) the adjusted income of home buyers may not exceed 80 percent of the greater of  
21.16 statewide or area median income as published by the Department of Housing and Urban  
21.17 Development, adjusted for household size;

21.18 (3) house price limits may not exceed the federal price limits established for mortgage  
21.19 revenue bond programs. Data on the home purchase price amount, mortgage amount, income,  
21.20 household size, and race of the households served in the previous year's single-family  
21.21 housing program, if any, must be included in each application; and

21.22 (4) for applicants who choose to have the agency issue bonds on their behalf, an  
21.23 application fee pursuant to section 474A.03, subdivision 4, and an application deposit equal  
21.24 to one percent of the requested allocation must be submitted to the Minnesota Housing  
21.25 Finance Agency before the agency forwards the list specifying the amounts allocated to the  
21.26 commissioner under paragraph (d). The agency shall submit the city's application fee and  
21.27 application deposit to the commissioner when requesting an allocation from the housing  
21.28 pool.

21.29 Applications by a consortium shall include the name of each member of the consortium  
21.30 and the amount of allocation requested by each member.

21.31 (c) Any amounts remaining in the housing pool after June 15 are available for  
21.32 single-family housing programs for cities that applied in January and received an allocation  
21.33 under this section in the same calendar year. For a city that chooses to issue bonds on its  
21.34 own behalf or pursuant to a joint powers agreement, the agency must allot available bonding

22.1 authority based on the formula in paragraphs (d) and (f). Allocations will be made loan by  
22.2 loan, on a first-come, first-served basis among cities on whose behalf the Minnesota Housing  
22.3 Finance Agency issues bonds.

22.4 Any city that received an allocation pursuant to paragraph (f) in the same calendar year  
22.5 that wishes to issue bonds on its own behalf or pursuant to a joint powers agreement for an  
22.6 amount becoming available for single-family housing programs after June 15 shall notify  
22.7 the Minnesota Housing Finance Agency by June 15. The Minnesota Housing Finance  
22.8 Agency shall notify each city making a request of the amount of its allocation within three  
22.9 business days after June 15. The city must comply with paragraph (f).

22.10 For purposes of paragraphs (a) to (h), "city" means a county or a consortium of local  
22.11 government units that agree through a joint powers agreement to apply together for  
22.12 single-family housing programs, and has the meaning given it in section 462C.02, subdivision  
22.13 6. "Agency" means the Minnesota Housing Finance Agency.

22.14 (d) The total amount of allocation for mortgage bonds for one city is limited to the lesser  
22.15 of: (i) the amount requested, or (ii) the product of the total amount available for mortgage  
22.16 bonds from the housing pool, multiplied by the ratio of each applicant's population as  
22.17 determined by the most recent estimate of the city's population released by the state  
22.18 demographer's office to the total of all the applicants' population, except that each applicant  
22.19 shall be allocated a minimum of \$100,000 regardless of the amount requested or the amount  
22.20 determined under the formula in clause (ii). If a city applying for an allocation is located  
22.21 within a county that has also applied for an allocation, the city's population will be deducted  
22.22 from the county's population in calculating the amount of allocations under this paragraph.

22.23 Upon determining the amount of each applicant's allocation, the agency shall forward  
22.24 to the commissioner a list specifying the amounts allotted to each application with all  
22.25 application fees and deposits from applicants who choose to have the agency issue bonds  
22.26 on their behalf.

22.27 Total allocations from the housing pool for single-family housing programs may not  
22.28 exceed 27 percent of the adjusted allocation to the housing pool until after June 15 in 2020  
22.29 and 2021, after which the allocations may not exceed 31 percent of the adjusted allocation  
22.30 to the housing pool until after June 15.

22.31 (e) The agency may issue bonds on behalf of participating cities. The agency shall request  
22.32 an allocation from the commissioner for all applicants who choose to have the agency issue  
22.33 bonds on their behalf and the commissioner shall allocate the requested amount to the  
22.34 agency. The agency may request an allocation at any time after the second Tuesday in

23.1 January and through the last Monday in June. After awarding an allocation and receiving  
23.2 a notice of issuance for the mortgage bonds issued on behalf of the participating cities, the  
23.3 commissioner shall transfer the application deposits to the Minnesota Housing Finance  
23.4 Agency to be returned to the participating cities. The Minnesota Housing Finance Agency  
23.5 shall return any application deposit to a city that paid an application deposit under paragraph  
23.6 (b), clause (4), but was not part of the list forwarded to the commissioner under paragraph  
23.7 (d).

23.8 (f) A city may choose to issue bonds on its own behalf or through a joint powers  
23.9 agreement and may request an allocation from the commissioner by forwarding an application  
23.10 with an application fee pursuant to section 474A.03, subdivision 4, and a one percent  
23.11 application deposit to the commissioner no later than the Monday of the week preceding  
23.12 an allocation. If the total amount requested by all applicants exceeds the amount available  
23.13 in the pool, the city may not receive a greater allocation than the amount it would have  
23.14 received under the list forwarded by the Minnesota Housing Finance Agency to the  
23.15 commissioner. No city may request or receive an allocation from the commissioner until  
23.16 the list under paragraph (d) has been forwarded to the commissioner. A city must request  
23.17 an allocation from the commissioner no later than the last Monday in June. No city may  
23.18 receive an allocation from the housing pool for mortgage bonds which has not first applied  
23.19 to the Minnesota Housing Finance Agency. The commissioner shall allocate the requested  
23.20 amount to the city or cities subject to the limitations under this paragraph.

23.21 If a city issues mortgage bonds from an allocation received under this paragraph, the  
23.22 issuer must provide for the recycling of funds into new loans. If the issuer is not able to  
23.23 provide for recycling, the issuer must notify the commissioner in writing of the reason that  
23.24 recycling was not possible and the reason the issuer elected not to have the Minnesota  
23.25 Housing Finance Agency issue the bonds. "Recycling" means the use of money generated  
23.26 from the repayment and prepayment of loans for further eligible loans or for the redemption  
23.27 of bonds and the issuance of current refunding bonds.

23.28 (g) No entitlement city or county or city in an entitlement county may apply for or be  
23.29 allocated authority to issue mortgage bonds or use mortgage credit certificates from the  
23.30 housing pool. No city in an entitlement county may apply for or be allocated authority to  
23.31 issue residential rental bonds from the housing pool or the unified pool.

23.32 (h) A city that does not use at least 50 percent of its allotment by the date applications  
23.33 are due for the first allocation that is made from the housing pool for single-family housing  
23.34 programs in the immediately succeeding calendar year may not apply to the housing pool  
23.35 for a single-family mortgage bond or mortgage credit certificate program allocation that

24.1 exceeds the amount of its allotment for the preceding year that was used by the city in the  
 24.2 immediately preceding year or receive an allotment from the housing pool in the succeeding  
 24.3 calendar year that exceeds the amount of its allotment for the preceding year that was used  
 24.4 in the preceding year. The minimum allotment is \$100,000 for an allocation made prior to  
 24.5 June 15, regardless of the amount used in the preceding calendar year, except that a city  
 24.6 whose allocation in the preceding year was the minimum amount of \$100,000 and who did  
 24.7 not use at least 50 percent of its allocation from the preceding year is ineligible for an  
 24.8 allocation in the immediate succeeding calendar year. Each local government unit in a  
 24.9 consortium must meet the requirements of this paragraph.

24.10 **EFFECTIVE DATE.** This section is effective January 1, 2023.

24.11 Sec. 31. Minnesota Statutes 2020, section 474A.091, subdivision 3, is amended to read:

24.12 **Subd. 3. Allocation procedure.** (a) The commissioner shall allocate available bonding  
 24.13 authority under this section on the Monday of every other week beginning with the first  
 24.14 Monday in July through and on the last Monday in November. Applications for allocations  
 24.15 must be received by the department by 4:30 p.m. on the Monday preceding the Monday on  
 24.16 which allocations are to be made. If a Monday falls on a holiday, the allocation will be made  
 24.17 or the applications must be received by the next business day after the holiday.

24.18 (b) Prior to October 1, only the following applications shall be awarded allocations from  
 24.19 the unified pool. Allocations shall be awarded in the following order of priority:

24.20 (1) applications for residential rental project bonds;

24.21 (2) applications for small issue bonds for manufacturing projects; and

24.22 (3) applications for small issue bonds for agricultural development bond loan projects.

24.23 (c) On the first Monday in October through the last Monday in November, allocations  
 24.24 shall be awarded from the unified pool in the following order of priority:

24.25 (1) applications for student loan bonds issued by or on behalf of the Minnesota Office  
 24.26 of Higher Education;

24.27 (2) applications for mortgage bonds;

24.28 (3) applications for public facility projects funded by public facility bonds;

24.29 (4) applications for small issue bonds for manufacturing projects;

24.30 (5) applications for small issue bonds for agricultural development bond loan projects;

24.31 (6) applications for residential rental project bonds;

25.1 (7) applications for enterprise zone facility bonds;

25.2 (8) applications for governmental bonds; and

25.3 (9) applications for redevelopment bonds.

25.4 (d) If there are two or more applications for manufacturing projects from the unified  
25.5 pool and there is insufficient bonding authority to provide allocations for all manufacturing  
25.6 projects in any one allocation period, the available bonding authority shall be awarded based  
25.7 on the number of points awarded a project under section 474A.045 with those projects  
25.8 receiving the greatest number of points receiving allocation first. If two or more applications  
25.9 for manufacturing projects receive an equal amount of points, available bonding authority  
25.10 shall be awarded by lot unless otherwise agreed to by the respective issuers.

25.11 (e) If there are two or more applications for enterprise zone facility projects from the  
25.12 unified pool and there is insufficient bonding authority to provide allocations for all enterprise  
25.13 zone facility projects in any one allocation period, the available bonding authority shall be  
25.14 awarded based on the number of points awarded a project under section 474A.045 with  
25.15 those projects receiving the greatest number of points receiving allocation first. If two or  
25.16 more applications for enterprise zone facility projects receive an equal amount of points,  
25.17 available bonding authority shall be awarded by lot unless otherwise agreed to by the  
25.18 respective issuers.

25.19 (f) If there are two or more applications for residential rental projects from the unified  
25.20 pool and there is insufficient bonding authority to provide allocations for all residential  
25.21 rental projects in any one allocation period, the available bonding authority shall be awarded  
25.22 in the following order of priority: (1) preservation projects; (2) 30 percent AMI residential  
25.23 rental projects; (3) 50 percent AMI residential rental projects for which the amount of bonds  
25.24 requested in their respective applications do not exceed the aggregate bond limitations; (4)  
25.25 100 percent LIHTC projects; (5) 20 percent LIHTC projects; and (6) other residential rental  
25.26 projects. If there are two or more applications for residential rental projects at the same  
25.27 priority level and there is insufficient bonding authority to provide allocations for all the  
25.28 projects in any one allocation period, available bonding authority shall be ~~randomly~~ awarded  
25.29 by lot giving preference for projects with a lower cost per square foot but only for projects  
25.30 that can receive the full amount of their respective requested allocations. If a residential  
25.31 rental project does not receive any of its requested allocation pursuant to this paragraph and  
25.32 the project applies in the next successive housing pool or the next successive unified pool  
25.33 for an allocation of bonds, the project shall be fully funded up to its original application

26.1 request for bonding authority before any new project, applying in the same allocation period,  
26.2 that has an equal priority shall receive bonding authority.

26.3 (g) From the first Monday in July through the last Monday in November, \$20,000,000  
26.4 of bonding authority or an amount equal to the total annual amount of bonding authority  
26.5 allocated to the small issue pool under section 474A.03, subdivision 1, less the amount  
26.6 allocated to issuers from the small issue pool for that year, whichever is less, is reserved  
26.7 within the unified pool for small issue bonds to the extent the amounts are available within  
26.8 the unified pool.

26.9 (h) The total amount of allocations for mortgage bonds from the housing pool and the  
26.10 unified pool may not exceed:

26.11 (1) \$10,000,000 for any one city; or

26.12 (2) \$20,000,000 for any number of cities in any one county.

26.13 (i) The total amount of allocations for student loan bonds from the unified pool may not  
26.14 exceed \$25,000,000 per year.

26.15 (j) If there is insufficient bonding authority to fund all projects within any qualified bond  
26.16 category other than enterprise zone facility projects, manufacturing projects, and residential  
26.17 rental projects, allocations shall be awarded by lot unless otherwise agreed to by the  
26.18 respective issuers.

26.19 (k) If an application is rejected, the commissioner must notify the applicant and return  
26.20 the application deposit to the applicant within 30 days unless the applicant requests in writing  
26.21 that the application be resubmitted.

26.22 (l) The granting of an allocation of bonding authority under this section must be evidenced  
26.23 by issuance of a certificate of allocation.

26.24 **EFFECTIVE DATE.** This section is effective January 1, 2023.

26.25 Sec. 32. Laws 2021, First Special Session chapter 8, article 6, section 1, subdivision 7, is  
26.26 amended to read:

26.27 Subd. 7. **Report.** (a) No later than February 1, 2022, the task force shall submit an initial  
26.28 report to the chairs and ranking minority members of the house of representatives and senate  
26.29 committees and divisions with jurisdiction over housing and preventing homelessness on  
26.30 its findings and recommendations.

26.31 (b) No later than ~~August 31, 2022~~ December 15, 2022, the task force shall submit a final  
26.32 report to the chairs and ranking minority members of the house of representatives and senate

27.1 committees and divisions with jurisdiction over housing and preventing homelessness on  
 27.2 its findings and recommendations.

27.3 **Sec. 33. PROHIBITION OF GRANT FUNDS FOR HIRING A LOBBYIST.**

27.4 No grant funds awarded by the Housing Finance Agency may be used to hire a lobbyist  
 27.5 as defined in Minnesota Statutes, section 10A.01, subdivision 21.

27.6 **Sec. 34. REPORT ON RENT CONTROL; PROHIBITION ON USE OF FUNDS.**

27.7 (a) The Housing Finance Agency must complete a report regarding the impact of rent  
 27.8 control on housing markets. The report must explore the impact of rent control throughout  
 27.9 the United States, and may explore international housing markets. The report must also  
 27.10 include but is not limited to an examination of the following:

27.11 (1) the current housing market, including an analysis of supply and demand, in Minnesota,  
 27.12 in the Twin Cities metropolitan area, and within the cities of Minneapolis and St. Paul;

27.13 (2) the impact, both nationally and within Minnesota, on the construction of new housing  
 27.14 units within jurisdictions that have enacted rent control policies, as well as on nearby  
 27.15 jurisdictions without rent control policies;

27.16 (3) the impact of rent control on the maintenance of residential properties;

27.17 (4) whether enactment of rent control policies has led to increases in other regulatory  
 27.18 burdens related to housing in jurisdictions that have imposed rent control; and

27.19 (5) how rent control policies enacted within Minnesota compare to policies in jurisdictions  
 27.20 across the United States, including how various jurisdictions define "rent" for the purposes  
 27.21 of their policies, whether such policies exempt new construction, whether such policies  
 27.22 allow for tenancy decontrol, and how "fair return on investment" policies operate in other  
 27.23 jurisdictions with rent control policies, including an examination of how such policies are  
 27.24 administered and the criteria used to determine what constitutes a fair return on investment.

27.25 (b) The agency must consult with stakeholders, including renters, landlords, developers,  
 27.26 tradespeople, financiers and lending institutions, and local governments during the preparation  
 27.27 of the report. The agency must also consult relevant academic literature and may consult  
 27.28 with academic institutions during the preparation of the report.

27.29 (c) The report must be submitted to chairs and ranking minority members of the legislative  
 27.30 committees with jurisdiction over housing by August 1, 2023.

28.1 (d) Until the report required by this section is delivered, the Housing Finance Agency  
28.2 must not use any funds from any source on multifamily housing projects in cities that have  
28.3 adopted a rent control ordinance.

28.4 Sec. 35. **REPEALER.**

28.5 Minnesota Statutes 2020, section 471.9996, subdivision 2, is repealed.

28.6 **EFFECTIVE DATE.** This section is effective retroactively from November 1, 2021.

**471.9996 RENT CONTROL PROHIBITED.**

Subd. 2. **Exception.** Subdivision 1 does not preclude a statutory or home rule charter city, county, or town from controlling rents on private residential property to the extent that the city, county, or town has the power to adopt an ordinance, charter amendment, or law to control these rents if the ordinance, charter amendment, or law that controls rents is approved in a general election. Subdivision 1 does not limit any power or authority of the voters of a statutory or home rule charter city, county, or town to petition for an ordinance or charter amendment to control rents on private residential property to the extent that the power or authority is otherwise provided for by law, and if the ordinance or charter amendment is approved in a general election. This subdivision does not grant any additional power or authority to the citizens of a statutory or home rule charter city, county, or town to vote on any question beyond that contained in other law.

Subdivision 1 does not apply to any statutory city unless the citizens of the statutory city have the authority to vote on the issue of rent control granted by other law.