

**SENATE
STATE OF MINNESOTA
NINETIETH SESSION**

S.F. No. 1789

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DATE	D-PG	OFFICIAL STATUS
03/06/2017	1067	Introduction and first reading Referred to Agriculture, Rural Development, and Housing Finance

1.1 A bill for an act

1.2 relating to housing finance; providing for housing project bonding authority

1.3 allocations; amending Minnesota Statutes 2016, sections 474A.02, by adding

1.4 subdivisions; 474A.03, subdivision 1; 474A.061, subdivisions 1, 2a; 474A.091,

1.5 subdivisions 2, 3, 3a, by adding a subdivision.

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

1.7 Section 1. Minnesota Statutes 2016, section 474A.02, is amended by adding a subdivision

1.8 to read:

1.9 Subd. 1a. **Aggregate bond limitation.** "Aggregate bond limitation" means 55 percent

1.10 of the reasonably expected aggregate basis of the project and the land on which the project

1.11 is located.

1.12 Sec. 2. Minnesota Statutes 2016, section 474A.02, is amended by adding a subdivision to

1.13 read:

1.14 Subd. 1b. **AMI.** "AMI" means the area median income as published by the Department

1.15 of Housing and Urban Development, adjusted for household size.

1.16 Sec. 3. Minnesota Statutes 2016, section 474A.02, is amended by adding a subdivision to

1.17 read:

1.18 Subd. 30. **Workforce housing.** "Workforce housing" means a multifamily housing

1.19 project in which, for a period of at least 15 years following completion, at least 80 percent

1.20 of rental units are occupied or held for occupancy by persons or families whose adjusted

1.21 income does not exceed 60 percent of AMI and at least 80 percent of rental units in the

1.22 project are rent restricted in an amount of 30 percent of 60 percent of AMI.

2.1 Sec. 4. Minnesota Statutes 2016, section 474A.03, subdivision 1, is amended to read:

2.2 Subdivision 1. **Under federal tax law; allocations.** At the beginning of each calendar
2.3 year after December 31, 2001, the commissioner shall determine the aggregate dollar amount
2.4 of the annual volume cap under federal tax law for the calendar year, and of this amount
2.5 the commissioner shall make the following allocation:

2.6 (1) \$74,530,000 to the small issue pool;

2.7 (2) \$122,060,000 to the housing pool, ~~of which 31 percent of the adjusted allocation is~~
2.8 ~~reserved until the last Monday in July for single-family housing programs;~~

2.9 (3) \$12,750,000 to the public facilities pool; and

2.10 (4) amounts to be allocated as provided in subdivision 2a.

2.11 If the annual volume cap is greater or less than the amount of bonding authority allocated
2.12 under clauses (1) to (4) and subdivision 2a, paragraph (a), clauses (1) to (4), the allocation
2.13 must be adjusted so that each adjusted allocation is the same percentage of the annual volume
2.14 cap as each original allocation is of the total bonding authority originally allocated.

2.15 Sec. 5. Minnesota Statutes 2016, section 474A.061, subdivision 1, is amended to read:

2.16 Subdivision 1. **Allocation application.** (a) An issuer may apply for an allocation under
2.17 this section by submitting to the department an application on forms provided by the
2.18 department, accompanied by (1) a preliminary resolution, (2) a statement of bond counsel
2.19 that the proposed issue of obligations requires an allocation under this chapter and the
2.20 Internal Revenue Code, (3) the type of qualified bonds to be issued, (4) an application
2.21 deposit in the amount of one percent of the requested allocation before the last Monday in
2.22 July, or in the amount of two percent of the requested allocation on or after the last Monday
2.23 in July, (5) a public purpose scoring worksheet for manufacturing project and enterprise
2.24 zone facility project applications, and (6) for residential rental projects, a statement from
2.25 the applicant or bond counsel as to: (i) whether the project preserves existing federally
2.26 subsidized housing for; (ii) whether the project owner intends to apply for and receive
2.27 low-income housing tax credits for the project under section 42 of the Internal Revenue
2.28 Code of 1986, as amended, from the applicable allocating agency; (iii) whether the residential
2.29 rental project applications and whether the project is restricted to persons who are 55 years
2.30 of age or older meets the definition of workforce housing; and (iv) whether the aggregate
2.31 of the amount of tax-exempt bonds previously allocated to a project, if any, and the amount
2.32 of bonds requested in the application for that same project exceeds the aggregate bond
2.33 limitation.

3.1 (b) The issuer must pay the application deposit by a check made payable to the
 3.2 Department of Management and Budget. The Minnesota Housing Finance Agency, the
 3.3 Minnesota Rural Finance Authority, and the Minnesota Office of Higher Education may
 3.4 apply for and receive an allocation under this section without submitting an application
 3.5 deposit.

3.6 ~~(b)~~ (c) An entitlement issuer may not apply for an allocation from the public facilities
 3.7 pool unless it has either permanently issued bonds equal to the amount of its entitlement
 3.8 allocation for the current year plus any amount of bonding authority carried forward from
 3.9 previous years or returned for reallocation all of its unused entitlement allocation. An
 3.10 entitlement issuer may not apply for an allocation from the housing pool unless it either has
 3.11 permanently issued bonds equal to any amount of bonding authority carried forward from
 3.12 a previous year or has returned for reallocation any unused bonding authority carried forward
 3.13 from a previous year. For purposes of this subdivision, its entitlement allocation includes
 3.14 an amount obtained under section 474A.04, subdivision 6. This paragraph does not apply
 3.15 to an application from the Minnesota Housing Finance Agency for an allocation under
 3.16 subdivision 2a for cities who choose to have the agency issue bonds on their behalf.

3.17 ~~(c)~~ (d) If an application is rejected under this section, the commissioner must notify the
 3.18 applicant and return the application deposit to the applicant within 30 days unless the
 3.19 applicant requests in writing that the application be resubmitted. The granting of an allocation
 3.20 of bonding authority under this section must be evidenced by a certificate of allocation.

3.21 Sec. 6. Minnesota Statutes 2016, section 474A.061, subdivision 2a, is amended to read:

3.22 Subd. 2a. **Housing pool allocation.** (a) Commencing on the second Tuesday in January
 3.23 and continuing on each Monday through July 15, the commissioner shall allocate available
 3.24 bonding authority from the housing pool to applications received on or before the Monday
 3.25 of the preceding week for residential rental projects that meet the eligibility criteria under
 3.26 section 474A.047, and after the second Tuesday in January through July 15, for single
 3.27 housing programs. Allocations of available bonding authority from the housing pool for
 3.28 eligible ~~residential rental projects~~ uses shall be awarded in the following order of priority:
 3.29 (1) residential rental projects that preserve existing federally subsidized housing and the
 3.30 aggregate amount of bonds requested in the application and any previous allocation of bonds
 3.31 do not exceed the aggregate bond limitation; ~~(2) projects that are not restricted to persons~~
 3.32 ~~who are 55 years of age or older; and~~ ~~(3)~~ (2) residential rental projects that: (i) intend to
 3.33 apply for and receive low-income housing tax credits under section 42 of the Internal
 3.34 Revenue Code and meet the definition of workforce housing; and (ii) the aggregate amount

4.1 of bonds requested in the application and any previous allocation of bonds to the project do
4.2 not exceed the aggregate bond limitation; (3) other residential rental projects. Prior to May
4.3 15, no allocation shall be made to a project restricted to persons who are 55 years of age or
4.4 older, that intend to apply for and receive low-income housing tax credits under Section 42
4.5 of the Internal Revenue Code; (4) single-family housing programs described in paragraph
4.6 (b); and (5) other residential rental projects. If there are two or more applications for
4.7 residential rental projects from the housing pool with equal priority and there is insufficient
4.8 bonding authority to provide allocations for all residential rental projects in any one allocation
4.9 period, the available bonding authority shall be awarded by lot including a partial allocation
4.10 until all remaining bonding authority is allocated unless otherwise agreed to by the respective
4.11 issuers. If a residential rental project receives some, but less than the requested amount of
4.12 allocation contained in its application, and the project applies in the future to the housing
4.13 pool for additional allocation of bonds, the project shall be fully funded up to its original
4.14 application request for bonding authority before any new project, applying in the same
4.15 allocation period, that has an equal priority shall receive bonding authority. If an issuer that
4.16 receives an allocation under this paragraph does not issue obligations equal to all or a portion
4.17 of the allocation received within 120 days of the allocation or returns the allocation to the
4.18 commissioner, the amount of the allocation is canceled and returned for reallocation through
4.19 the housing pool or to the unified pool after July 15.

4.20 (b) After January 1, and through January 15, subject to paragraph (a), the Minnesota
4.21 Housing Finance Agency may accept applications from cities for single-family housing
4.22 programs which meet program requirements as follows:

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

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

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

4.32 (4) for applicants who choose to have the agency issue bonds on their behalf, an
4.33 application fee pursuant to section 474A.03, subdivision 4, and an application deposit equal
4.34 to one percent of the requested allocation must be submitted to the Minnesota Housing

5.1 Finance Agency before the agency forwards the list specifying the amounts allocated to the
5.2 commissioner under paragraph (d). The agency shall submit the city's application fee and
5.3 application deposit to the commissioner when requesting an allocation from the housing
5.4 pool.

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

5.7 (c) Any amounts remaining in the housing pool after July 15 are available for
5.8 single-family housing programs for cities that applied in January and received an allocation
5.9 under this section in the same calendar year. For a city that chooses to issue bonds on its
5.10 own behalf or pursuant to a joint powers agreement, the agency must allot available bonding
5.11 authority based on the formula in paragraphs (d) and (f). Allocations will be made loan by
5.12 loan, on a first-come, first-served basis among cities on whose behalf the Minnesota Housing
5.13 Finance Agency issues bonds.

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

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

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

5.33 Upon determining the amount of each applicant's allocation, the agency shall forward
5.34 to the commissioner a list specifying the amounts allotted to each application with all

6.1 application fees and deposits from applicants who choose to have the agency issue bonds
6.2 on their behalf.

6.3 Total allocations from the housing pool for single-family housing programs may not
6.4 exceed 31 percent of the adjusted allocation to the housing pool until after July 15.

6.5 (e) The agency may issue bonds on behalf of participating cities. The agency shall request
6.6 an allocation from the commissioner for all applicants who choose to have the agency issue
6.7 bonds on their behalf and the commissioner shall allocate the requested amount to the
6.8 agency. The agency may request an allocation at any time after the second Tuesday in
6.9 January and through the last Monday in July. After awarding an allocation and receiving a
6.10 notice of issuance for the mortgage bonds issued on behalf of the participating cities, the
6.11 commissioner shall transfer the application deposits to the Minnesota Housing Finance
6.12 Agency to be returned to the participating cities. The Minnesota Housing Finance Agency
6.13 shall return any application deposit to a city that paid an application deposit under paragraph
6.14 (b), clause (4), but was not part of the list forwarded to the commissioner under paragraph
6.15 (d).

6.16 (f) A city may choose to issue bonds on its own behalf or through a joint powers
6.17 agreement and may request an allocation from the commissioner by forwarding an application
6.18 with an application fee pursuant to section 474A.03, subdivision 4, and a one percent
6.19 application deposit to the commissioner no later than the Monday of the week preceding
6.20 an allocation. If the total amount requested by all applicants exceeds the amount available
6.21 in the pool, the city may not receive a greater allocation than the amount it would have
6.22 received under the list forwarded by the Minnesota Housing Finance Agency to the
6.23 commissioner. No city may request or receive an allocation from the commissioner until
6.24 the list under paragraph (d) has been forwarded to the commissioner. A city must request
6.25 an allocation from the commissioner no later than the last Monday in July. No city may
6.26 receive an allocation from the housing pool for mortgage bonds which has not first applied
6.27 to the Minnesota Housing Finance Agency. The commissioner shall allocate the requested
6.28 amount to the city or cities subject to the limitations under this paragraph.

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

7.1 (g) No entitlement city or county or city in an entitlement county may apply for or be
 7.2 allocated authority to issue mortgage bonds or use mortgage credit certificates from the
 7.3 housing pool. No city in an entitlement county may apply for or be allocated authority to
 7.4 issue residential rental bonds from the housing pool or the unified pool.

7.5 (h) A city that does not use at least 50 percent of its allotment by the date applications
 7.6 are due for the first allocation that is made from the housing pool for single-family housing
 7.7 programs in the immediately succeeding calendar year may not apply to the housing pool
 7.8 for a single-family mortgage bond or mortgage credit certificate program allocation that
 7.9 exceeds the amount of its allotment for the preceding year that was used by the city in the
 7.10 immediately preceding year or receive an allotment from the housing pool in the succeeding
 7.11 calendar year that exceeds the amount of its allotment for the preceding year that was used
 7.12 in the preceding year. The minimum allotment is \$100,000 for an allocation made prior to
 7.13 July 15, regardless of the amount used in the preceding calendar year, except that a city
 7.14 whose allocation in the preceding year was the minimum amount of \$100,000 and who did
 7.15 not use at least 50 percent of its allocation from the preceding year is ineligible for an
 7.16 allocation in the immediate succeeding calendar year. Each local government unit in a
 7.17 consortium must meet the requirements of this paragraph.

7.18 Sec. 7. Minnesota Statutes 2016, section 474A.091, subdivision 2, is amended to read:

7.19 Subd. 2. **Application.** (a) Issuers may apply for an allocation under this section by
 7.20 submitting to the department an application on forms provided by the department
 7.21 accompanied by (1) a preliminary resolution, (2) a statement of bond counsel that the
 7.22 proposed issue of obligations requires an allocation under this chapter and the Internal
 7.23 Revenue Code, (3) the type of qualified bonds to be issued, (4) an application deposit in
 7.24 the amount of two percent of the requested allocation, (5) a public purpose scoring worksheet
 7.25 for manufacturing and enterprise zone applications, and (6) for residential rental projects,
 7.26 a statement from the applicant or bond counsel as to: (i) whether the project preserves
 7.27 existing federally subsidized housing and whether the project is restricted to persons who
 7.28 are 55 years of age or older; (ii) whether the project owner intends to apply for and receive
 7.29 low-income housing tax credits under Section 42 of the Internal Revenue Code for the
 7.30 project from the applicable allocating agency; (iii) whether the proposed residential rental
 7.31 project meets the definition of workforce housing; and (iv) whether the aggregate of the
 7.32 amount of tax-exempt bonds previously allocated under this section, if any, to a project and
 7.33 the amount of bonds requested in the application for that same project exceeds the aggregate
 7.34 bond limitation.

8.1 **(b)** The issuer must pay the application deposit by check. An entitlement issuer may not
8.2 apply for an allocation for public facility bonds, residential rental project bonds, or mortgage
8.3 bonds under this section unless it has either permanently issued bonds equal to the amount
8.4 of its entitlement allocation for the current year plus any amount carried forward from
8.5 previous years or returned for reallocation all of its unused entitlement allocation. For
8.6 purposes of this subdivision, its entitlement allocation includes an amount obtained under
8.7 section 474A.04, subdivision 6.

8.8 **(c)** Notwithstanding the restrictions imposed on entitlement issuers under this subdivision,
8.9 the Minnesota Housing Finance Agency may not receive an allocation for mortgage bonds
8.10 under this section prior to the first Monday in October, but may be awarded allocations for
8.11 mortgage bonds from the unified pool on or after the first Monday in October. The Minnesota
8.12 Housing Finance Agency, the Minnesota Office of Higher Education, and the Minnesota
8.13 Rural Finance Authority may apply for and receive an allocation under this section without
8.14 submitting an application deposit.

8.15 Sec. 8. Minnesota Statutes 2016, section 474A.091, subdivision 3, is amended to read:

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

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

8.24 (1) applications for residential rental project bonds;

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

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

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

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

8.31 (2) applications for mortgage bonds;

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

- 9.1 (4) applications for small issue bonds for manufacturing projects;
- 9.2 (5) applications for small issue bonds for agricultural development bond loan projects;
- 9.3 (6) applications for residential rental project bonds;
- 9.4 (7) applications for enterprise zone facility bonds;
- 9.5 (8) applications for governmental bonds; and
- 9.6 (9) applications for redevelopment bonds.

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

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

9.22 (f) If there are two or more applications for residential rental projects from the unified
 9.23 pool and there is insufficient bonding authority to provide allocations for all residential
 9.24 rental projects in any one allocation period, the available bonding authority shall be awarded
 9.25 in the following order of priority: (1) residential rental projects that preserve existing federally
 9.26 subsidized housing and the aggregate amount of bonds requested in the application and any
 9.27 previous allocation of bonds do not exceed the aggregate bond limitation; ~~(2) projects that~~
 9.28 ~~are not restricted to persons who are 55 years of age or older; and (3) other~~ (2) residential
 9.29 rental projects: that: (i) intend to apply for and receive low-income housing tax credits under
 9.30 section 42 of the Internal Revenue Code and meet the definition of workforce housing; and
 9.31 (ii) the aggregate amount of bonds requested in the application and any previous allocation
 9.32 of bonds to that same project do not exceed the aggregate bond limitation; (3) other residential
 9.33 rental projects that intend to apply for and receive low-income housing tax credits under

10.1 section 42 of the Internal Revenue Code; and (4) other residential rental projects. If there
10.2 are two or more applications for residential rental projects from the unified pool with equal
10.3 priority and there is insufficient bonding authority to provide allocations for all residential
10.4 rental projects in any one allocation period, the available bonding authority shall be awarded
10.5 by lot including a partial allocation until all remaining bonding authority is allocated unless
10.6 otherwise agreed to by the respective issuers. If a residential rental project receives some,
10.7 but less than the requested amount of allocation contained in its application, and the project
10.8 applies in the future to the unified pool for additional allocation of bonds, the project shall
10.9 be fully funded up to its original application request for bonding authority before any new
10.10 residential project, applying in the same allocation period, that has an equal priority shall
10.11 receive bonding authority.

10.12 (g) From the first Monday in August through the last Monday in ~~November~~ October,
10.13 \$20,000,000 of bonding authority or an amount equal to the total annual amount of bonding
10.14 authority allocated to the small issue pool under section 474A.03, subdivision 1, less the
10.15 amount allocated to issuers from the small issue pool for that year, whichever is less, is
10.16 reserved within the unified pool for small issue bonds to the extent such amounts are available
10.17 within the unified pool.

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

10.20 (1) \$10,000,000 for any one city; or

10.21 (2) \$20,000,000 for any number of cities in any one county.

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

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

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

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

11.1 Sec. 9. Minnesota Statutes 2016, section 474A.091, subdivision 3a, is amended to read:

11.2 Subd. 3a. **Mortgage bonds.** (a) Bonding authority remaining in the unified pool on
11.3 October 1 is available for single-family housing programs only for cities that applied in
11.4 January and received an allocation under section 474A.061, subdivision 2a, in the same
11.5 calendar year. The Minnesota Housing Finance Agency shall receive an allocation for
11.6 mortgage bonds pursuant to this section, minus any amounts for a city or consortium that
11.7 intends to issue bonds on its own behalf under paragraph (c).

11.8 (b) The agency may issue bonds on behalf of participating cities. The agency shall request
11.9 an allocation from the commissioner for all applicants who choose to have the agency issue
11.10 bonds on their behalf and the commissioner shall allocate the requested amount to the
11.11 agency. Allocations shall be awarded by the commissioner each Monday commencing on
11.12 the first Monday in October through the last Monday in November for applications received
11.13 by 4:30 p.m. on the Monday of the week preceding an allocation.

11.14 For cities who choose to have the agency issue bonds on their behalf, allocations will
11.15 be made loan by loan, on a first-come, first-served basis among the cities. The agency shall
11.16 submit an application fee pursuant to section 474A.03, subdivision 4, and an application
11.17 deposit equal to two percent of the requested allocation to the commissioner when requesting
11.18 an allocation from the unified pool. After awarding an allocation and receiving a notice of
11.19 issuance for mortgage bonds issued on behalf of the participating cities, the commissioner
11.20 shall transfer the application deposit to the Minnesota Housing Finance Agency.

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

11.25 (c) Any city that received an allocation pursuant to section 474A.061, subdivision 2a,
11.26 paragraph (f), in the current year that wishes to receive an additional allocation from the
11.27 unified pool and issue bonds on its own behalf or pursuant to a joint powers agreement shall
11.28 notify the Minnesota Housing Finance Agency by the third Monday in September. The total
11.29 amount of allocation for mortgage bonds for a city choosing to issue bonds on its own behalf
11.30 or through a joint powers agreement is limited to the lesser of: (i) the amount requested, or
11.31 (ii) the product of the total amount available for mortgage bonds from the unified pool,
11.32 multiplied by the ratio of the population of each city that applied in January and received
11.33 an allocation under section 474A.061, subdivision 2a, in the same calendar year, as
11.34 determined by the most recent estimate of the city's population released by the state

12.1 demographer's office to the total of the population of all the cities that applied in January
12.2 and received an allocation under section 474A.061, subdivision 2a, in the same calendar
12.3 year. If a city choosing to issue bonds on its own behalf or through a joint powers agreement
12.4 is located within a county that has also chosen to issue bonds on its own behalf or through
12.5 a joint powers agreement, the city's population will be deducted from the county's population
12.6 in calculating the amount of allocations under this paragraph.

12.7 The Minnesota Housing Finance Agency shall notify each city choosing to issue bonds
12.8 on its own behalf or pursuant to a joint powers agreement of the amount of its allocation
12.9 by October 15. Upon determining the amount of the allocation of each choosing to issue
12.10 bonds on its own behalf or through a joint powers agreement, the agency shall forward a
12.11 list specifying the amounts allotted to each city.

12.12 A city that chooses to issue bonds on its own behalf or through a joint powers agreement
12.13 may request an allocation from the commissioner by forwarding an application with an
12.14 application fee pursuant to section 474A.03, subdivision 4, and an application deposit equal
12.15 to two percent of the requested amount to the commissioner no later than 4:30 p.m. on the
12.16 Monday of the week preceding an allocation. Allocations to cities that choose to issue bonds
12.17 on their own behalf shall be awarded by the commissioner on the first Monday after October
12.18 15 through the last Monday in November. No city may receive an allocation from the
12.19 commissioner after the last Monday in November. The commissioner shall allocate the
12.20 requested amount to the city or cities subject to the limitations under this subdivision.

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

12.28 (d) No entitlement city or county or city in an entitlement county may apply for or be
12.29 allocated authority to issue mortgage bonds or use mortgage credit certificates from the
12.30 unified pool.

12.31 (e) An allocation awarded to the agency for mortgage bonds under this section may be
12.32 carried forward by the agency subject to notice requirements under section 474A.131.

13.1 Sec. 10. Minnesota Statutes 2016, section 474A.091, is amended by adding a subdivision
13.2 to read:

13.3 Subd. 7. **Allocation plan.** (a) By January 15 of each year, the commissioner of the
13.4 Minnesota Housing Finance Agency shall annually prepare a tax-exempt bond allocation
13.5 plan that identifies:

13.6 (1) the amount of tax-exempt bonds allocated to the Minnesota Housing Finance Agency
13.7 during the previous calendar year;

13.8 (2) whether or not the Minnesota Housing Finance Agency intends to carry forward
13.9 such bonds not otherwise allocated in the previous year as qualified residential rental bonds
13.10 or qualified mortgage bonds or mortgage credit certificates consistent with the requirements
13.11 of Internal Revenue Service Form 8328; and

13.12 (3) the carryforward balance of any tax-exempt bonds allocated to the Minnesota Housing
13.13 Finance Agency including those bonds carried forward as qualified residential rental bonds
13.14 and qualified mortgage bonds or mortgage credit certificates.

13.15 (b) Prior to January 15 of each year, the Minnesota Housing Finance Agency must post
13.16 on its official Web site the plan under paragraph (a) and invite public comment until February
13.17 1. The Minnesota Housing Finance Agency shall not file the Internal Revenue Service Form
13.18 8328 until the public comment period has closed on February 1 unless otherwise required
13.19 by federal law.