

**SENATE**  
**STATE OF MINNESOTA**  
**EIGHTY-NINTH SESSION**

**S.F. No. 468**

(SENATE AUTHORS: STUMPF, Saxhaug and Weber)

DATE	D-PG	OFFICIAL STATUS
02/02/2015	185	Introduction and first reading Referred to Jobs, Agriculture and Rural Development
02/05/2015	221	Authors added Saxhaug; Weber
02/26/2015	427	Comm report: To pass and re-referred to Finance See HF3, Art. 2, Sec. 2, 21 (First Special Session)

A bill for an act

1.1  
 1.2 relating to workforce housing; establishing a workforce housing grants program;  
 1.3 requiring reports; appropriating money; amending Laws 2014, chapter 308,  
 1.4 article 6, section 14, subdivision 5; proposing coding for new law in Minnesota  
 1.5 Statutes, chapter 116J.

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

1.7 Section 1. **[116J.549] WORKFORCE HOUSING GRANTS PROGRAM.**

1.8 Subdivision 1. **Establishment.** A workforce housing grants program is established  
 1.9 to award grants to qualified cities to be used for qualified expenditures related to the  
 1.10 construction of or financing for market rate residential rental properties.

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

1.12 (1) "commissioner" means the commissioner of employment and economic  
 1.13 development;

1.14 (2) "local unit of government" means a home rule charter or statutory city or county;

1.15 (3) "qualified city" means a home rule charter or statutory city located outside the  
 1.16 metropolitan area;

1.17 (4) "qualified expenditure" means expenditures for the acquisition of property,  
 1.18 construction of improvements, provisions of loans or subsidies, grants, interest rate  
 1.19 subsidies, public infrastructure, and related financing costs for market rate residential  
 1.20 rental properties;

1.21 (5) "market rate residential rental properties" means properties that are rented at  
 1.22 market value and excludes: (i) properties constructed with financial assistance requiring  
 1.23 the property to be occupied by residents that meet income limits under federal or state  
 1.24 law of initial occupancy; and (ii) properties constructed with federal, state, or local flood

2.1 recovery assistance, regardless of whether that assistance imposed income limits as a  
 2.2 condition of receiving assistance; and

2.3 (6) "metropolitan area" means the area of Minnesota located outside the  
 2.4 seven-county metropolitan area as defined by section 473.121, subdivision 2.

2.5 Subd. 3. **Application.** The commissioner shall develop forms and procedures  
 2.6 for soliciting and reviewing application for grants under this section. At a minimum, a  
 2.7 city must include in its application a resolution of its governing body certifying that the  
 2.8 matching amount as required under this section is available and committed.

2.9 Subd. 4. **Program requirements.** The commissioner must not award a grant to a  
 2.10 city under this section until the following determinations are made:

2.11 (1) the average vacancy rate for rental housing located in the city, and in any city  
 2.12 located within 15 miles or less of the boundaries of the city, has been three percent or less  
 2.13 for at least the immediately preceding two-year period;

2.14 (2) one or more businesses located in the city, or within 15 miles of the city, that  
 2.15 employ a minimum of 20 full-time equivalent employees in aggregate have provided  
 2.16 a written statement to the city indicating that the lack of available rental housing has  
 2.17 impeded their ability to recruit and hire employees;

2.18 (3) the city has a population exceeding 1,500;

2.19 (4) the city is located outside the metropolitan area; and

2.20 (5) the city certifies that the grants will be used for qualified expenditures for the  
 2.21 development of rental housing to serve employees of businesses located in the city  
 2.22 or surrounding area.

2.23 Subd. 5. **Allocation.** The amount of a grant may not exceed 25 percent of the rental  
 2.24 housing development project cost. The commissioner shall not award a grant to a city  
 2.25 without certification by the city that the amount of the grant shall be matched by a local  
 2.26 unit of government, business, or nonprofit organization.

2.27 Subd. 6. **Report.** Beginning January 15, 2016, the commissioner must annually  
 2.28 submit a report to the chairs and ranking minority members of the senate and house of  
 2.29 representatives committees having jurisdiction over taxes and workforce development  
 2.30 specifying the projects that received grants under this section and the specific purposes for  
 2.31 which the grant funds were used.

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

2.33 Sec. 2. Laws 2014, chapter 308, article 6, section 14, subdivision 5, is amended to read:

2.34 Subd. 5. **Allocation.** The amount of a grant may not exceed the lesser of \$400,000  
 2.35 \$1,000,000 or ~~ten~~ 25 percent of the rental housing development project cost. The

3.1 commissioner shall not award a grant to a city without certification by the city that the  
3.2 amount of the grant shall be matched by a local unit of government, business, or nonprofit  
3.3 organization.

3.4 Sec. 3. **APPROPRIATION.**

3.5 \$5,000,000 in fiscal year 2016 and \$5,000,000 in fiscal year 2017 are appropriated  
3.6 from the general fund to the commissioner of employment and economic development to  
3.7 make grants under the workforce housing grants program in Minnesota Statutes, section  
3.8 116J.549.