462A.44 LOCAL PUBLIC HOUSING PROGRAM.

Subdivision 1. **Establishment.** A local public housing program is established for the agency to award funding to allow eligible recipients to develop or acquire housing to be owned by the recipient.

Subd. 2. **Creation of accounts.** Two local public housing program accounts are created. One account is created in the housing development fund and one account is created in the bond proceeds fund. Money in the accounts is appropriated to the commissioner to award funding under this section. Money in the local public housing program account in the housing development fund consists of money appropriated to the account and transferred from other sources and all earnings from money in the account, including repayments on loans awarded under this section.

Subd. 3. **Eligible recipient.** (a) A city, as defined in section 462C.02, subdivision 6, or a county is eligible to apply for and receive a grant from the bond proceeds fund or a loan from the local public housing development fund.

(b) A federally recognized American Indian Tribe or a Tribally Designated Housing Entity is eligible to apply for and receive a loan from the local public housing program account in the housing development fund.

Subd. 4. **Use of funds; program requirements.** (a) An eligible recipient must use money awarded under this section for qualifying capital costs, including predesign, design, property acquisition, construction, furnishing, and equipping of property, for use as housing, and must maintain ownership of housing funded under this section for at least 50 years after receipt of the funding.

(b) In a multifamily property funded under this section, at least 30 percent of the units must be occupied by households whose income, at the time of application or initial lease agreement, does not exceed 50 percent of the area median income as published by the United States Department of Housing and Urban Development, as adjusted for household size, and at least 30 percent of the units must be occupied by households whose income, at the time of application or initial lease agreement, does not exceed 100 percent of the area median income as published by the United States Department of Housing and Urban Development, as adjusted for household size. At the time of application or initial lease agreement, no household moving into a multifamily property funded under this section may have an income greater than 400 percent of the area median income as published by the United States Department of Housing and Urban Development, as adjusted for household size.

(c) In single-family property funded under this section, the homes must be occupied by households with incomes not exceeding 80 percent of the area median income as published by the United States Department of Housing and Urban Development, as adjusted for household size.

(d) An eligible recipient may act as a community land trust with respect to single-family property funded through the local public housing program account in the housing development fund, provided that the recipient meets the requirements applying to a city acting as a community land trust under sections 462A.30 and 462A.31.

(e) Lease agreements with tenants in housing funded under this section must include all applicable tenant protections included in public housing lease agreements.

Subd. 5. **Operation of local public housing.** (a) An eligible recipient may enter into a lease or management agreement for operation of housing funded under this section. A lease or management agreement for state bond-financed property is subject to section 16A.695, subdivision 2.

(b) Except when money received from the operation of the housing is pledged for repayment of the awarded funds, a recipient may use the money only for the purposes in subdivision 4, paragraph (a), for affordable housing in the recipient's jurisdiction.

Subd. 6. **Administration.** (a) To the extent practicable:

(1) the agency must make funding available so that an approximately equal number of housing units are financed in the metropolitan area and in the nonmetropolitan area;

(2) the agency must fund projects that include accessible units, as defined in section 1002 of the current State Building Code Accessibility Provisions for Dwelling Units in Minnesota; and

(3) the agency must provide technical assistance to eligible recipients seeking to apply for funding under this section and eligible recipients that have been awarded funding under this section.

(b) Money in the local public housing program account in the bond proceeds fund must be awarded as grants. Money in the local public housing development fund must be awarded as loans. The commissioner must operate the local public housing program account in the housing development fund as a revolving loan fund.

Subd. 7. **Reports.** Beginning January 15, 2026, and each year thereafter, the commissioner must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over housing finance and capital investment specifying the projects that received funding under this section in the prior fiscal year.

History: *1Sp2025 c 14 s 9; 2026 c 100 art 3 s 12*